

One Hundred Fourteenth Annual Report

of the

State Corporation Commission

of

Virginia

For the Year Ending December 31, 2016

GENERAL REPORT

Letter of Transmittal

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

RICHMOND, VIRGINIA, *December 31, 2016*

To the Honorable Terence R. McAuliffe

Governor of Virginia

Sir:

We have the honor to transmit herewith the one hundred fourteenth Annual Report of the State Corporation Commission for the year 2016.

Respectfully submitted,

James C. Dimitri, Chairman

Mark C. Christie, Commissioner

Judith Williams Jagdmann, Commissioner

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State Corporation Commission

COMMISSIONERS

**James C. Dimitri

Chairman

*Mark C. Christie

Chairman

Judith Williams Jagdmann

Commissioner

Joel H. Peck

Clerk of the Commission

*Term as Chairman expired January 31, 2016

**Elected Chairman effective for term of one year,
February 1, 2016

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 2016 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	13	Dimitri	8
Jagdmann	11				

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. BAN20100688
OCTOBER 18, 2016**

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

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

CORRECTING AND LICENSE REISSUANCE ORDER

On November 16, 2010, the State Corporation Commission ("Commission") entered an Order in this case ("Approving Order") granting Creditcorp of Virginia, LLC d/b/a Check into Cash ("Licensee"), a license to engage in business as a motor vehicle title lender under Chapter 22 of Title 6.2 of the Code of Virginia. Thereafter, the Bureau of Financial Institutions ("Bureau") reported to the Commission that one of the office addresses contained in the Approving Order is incorrect as a result of information supplied by the Licensee.

Accordingly, IT IS ORDERED THAT:

- (1) The thirtieth office location in the Approving Order is hereby corrected to read "7601 West Broad Street, Suite E, Richmond, Virginia 23294" rather than "7601 West Broad Street, Richmond, Virginia 23294."
- (2) All other provisions of the Approving Order shall remain in full force and effect.
- (3) The Bureau shall issue and deliver to the Licensee a corrected license certificate.

**CASE NO. BAN20150317
JANUARY 27, 2016**

APPLICATION OF
MJH SOLUTIONS, LLC

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

ORDER GRANTING A LICENSE

MJH Solutions, LLC ("Applicant"), a Virginia limited liability company, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 834 Van Buren Street, Herndon, Virginia 20170. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

**CASE NOS. BAN20160020 & BAN20160021
MARCH 25, 2016**

APPLICATIONS OF
PARKWAY ACQUISITION CORP.

To acquire control of Grayson Bankshares, Inc. and Cardinal Bankshares Corporation

ORDER OF APPROVAL

Parkway Acquisition Corp., a Virginia corporation, has filed with the State Corporation Commission ("Commission") the applications required by § 6.2-704 of the Code of Virginia to acquire control of Grayson Bankshares, Inc. and Cardinal Bankshares Corporation, which are Virginia bank holding companies. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisitions.

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

Accordingly, IT IS ORDERED THAT the proposed acquisitions of Grayson Bankshares, Inc. and Cardinal Bankshares Corporation by Parkway Acquisition Corp. are 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 transactions within ten (10) days thereof. The Commission shall retain jurisdiction over these matters pending consummation of the transactions.

**CASE NO. BAN20160023
MARCH 28, 2016**

APPLICATION OF
UNITED BANKSHARES, INC.

To acquire Bank of Georgetown

ORDER OF APPROVAL

United Bankshares, Inc., an out-of-state bank holding company that controls a Virginia bank, has filed with the State Corporation Commission ("Commission") the notice required by § 6.2-715 of the Code of Virginia of its proposed acquisition of Bank of Georgetown, a bank chartered in Washington, D.C. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

Having considered the notice and the report of the Bureau, the Commission finds that the proposed acquisition will not have a detrimental effect on the safety or soundness of the Virginia bank subsidiary of United Bankshares, Inc.

THEREFORE, the proposed acquisition of Bank of Georgetown by United Bankshares, Inc. is APPROVED, provided the acquisition takes place within one (1) year from the date of this Order and United Bankshares, Inc. 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. BAN20160026
MAY 11, 2016**

APPLICATION OF
AUTO EQUITY LOANS OF DE, LLC

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

ORDER GRANTING A LICENSE

Auto Equity Loans of DE, LLC ("Applicant"), a Delaware limited liability company, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 6531 Arlington Boulevard, Falls Church, Virginia 22044. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

**CASE NO. BAN20160050
MAY 10, 2016**

APPLICATION OF
MONARCH FINANCIAL HOLDINGS, INC.

For a certificate of authority to begin business as a bank at 1435 Crossways Boulevard, Suite 301, City of Chesapeake, Virginia

ORDER GRANTING AUTHORITY

Monarch Financial Holdings, Inc. ("Applicant"), a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 8 of Title 6.2 of the Code of Virginia, for a certificate of authority to begin business as a bank at 1435 Crossways Boulevard, Suite 301, City of Chesapeake, Virginia. The application facilitates the merger of the Applicant into Towne Bank, a Virginia state-chartered bank. 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 report of the Bureau, finds that: (1) the public interest will be served by additional banking facilities in the City of Chesapeake where the Applicant proposes to be located; (2) all applicable provisions of law have been complied with; (3) financially responsible individuals have subscribed for capital stock and surplus in an amount deemed to be sufficient to warrant successful operation; (4) the oaths of all directors have been taken and filed in accordance with § 6.2-863 of the Code of Virginia; (5) the Applicant was formed in order to conduct a legitimate banking business; (6) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the proposed bank are such as to command the confidence of the community; and (7) the deposits of the bank are to be insured by the Federal Deposit Insurance Corporation.

Accordingly, IT IS ORDERED THAT a certificate of authority for Monarch Financial Holdings, Inc. to begin business as a bank at the specified location is GRANTED, provided that the Applicant shall not engage in banking business prior to merging with and into Towne Bank, as authorized by the Commission in Case No. BAN20160052. If the Applicant does not merge into Towne Bank within one (1) year from the date of this Order, the authority granted herein shall expire unless extended by Commission order prior to the expiration date.

**CASE NOS. BAN20160051 & BAN20160052
MAY 10, 2016**

APPLICATIONS OF
TOWNE BANK

For a certificate of authority to conduct a banking and trust business following mergers with Monarch Bank and Monarch Financial Holdings, Inc. and for authority to operate the authorized and opened offices of Monarch Bank

ORDER GRANTING AUTHORITY

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

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

Accordingly, IT IS ORDERED THAT the proposed mergers of Monarch Bank and Monarch Financial Holdings, Inc. into Towne Bank are APPROVED and a certificate of authority to conduct a banking and trust business is GRANTED to Towne Bank, effective upon the issuance by the Clerk of the Commission of certificates of merger in the proposed transactions. The resulting bank is authorized to operate a main office at 5716 High Street, City of Portsmouth, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices Monarch Bank listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transactions. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

**CASE NO. BAN20160054
APRIL 22, 2016**

APPLICATION OF
MAINSTREET BANCSHARES, INC.

To acquire control of MainStreet Bank

ORDER OF APPROVAL

MainStreet Bancshares, 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 MainStreet 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 MainStreet Bank by MainStreet Bancshares, 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. BAN20160055
APRIL 28, 2016

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

To merge with Norfolk, Va., Postal Credit Union, Incorporated

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 Norfolk, Va., Postal Credit Union, Incorporated, 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 Norfolk, Va., Postal Credit Union, Incorporated 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 Norfolk, Va., Postal Credit Union, Incorporated 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 Norfolk, Va., Postal Credit Union, Incorporated at 600 Church Street, Room 111, Norfolk, Virginia 23501. 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. BAN20160068
JUNE 2, 2016

APPLICATION OF
HAMPTON ROADS BANKSHARES, INC.

To acquire control of Xenith Bankshares, Inc

ORDER OF APPROVAL

Hampton Roads Bankshares, Inc., a Virginia bank holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Xenith Bankshares, Inc., a Virginia 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 Xenith Bankshares, Inc. by Hampton Roads Bankshares, Inc. is APPROVED, provided that: (i) the authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

CASE NO. BAN20160069
JUNE 2, 2016

APPLICATION OF
THE BANK OF HAMPTON ROADS

For a certificate of authority to conduct a banking business following a merger with Xenith 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 Xenith 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 "Xenith Bank." The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

Accordingly, IT IS ORDERED THAT the proposed merger of Xenith Bank into The Bank of Hampton Roads is APPROVED and 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. The resulting bank, which will be renamed "Xenith Bank," is authorized to operate a main office at 901 East Cary Street, Suite 1700, Richmond, Virginia 23219, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Xenith Bank listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

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

CASE NO. BAN20160084
JUNE 8, 2016

APPLICATION OF
BCP FUND I VIRGINIA HOLDINGS, LLC

To acquire control of Hampton Roads Bankshares, Inc.

ORDER OF APPROVAL

BCP Fund I Virginia Holdings, LLC, a Virginia bank holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Hampton Roads 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 Hampton Roads Bankshares, Inc. by BCP Fund I Virginia Holdings, LLC 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. BAN20160095
JUNE 23, 2016

APPLICATION OF
SUMMIT COMMUNITY BANK, INC.

To acquire control of Highland County Bankshares, Inc.

ORDER OF APPROVAL

Summit Community Bank, Inc., a West Virginia state-chartered bank, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Highland County 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 Highland County Bankshares, Inc. by Summit Community Bank, 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. BAN20160103
JULY 28, 2016**

APPLICATION OF
BLUE RIDGE BANKSHARES, INC.

To acquire control of River Bancorp, Inc.

ORDER OF APPROVAL

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

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

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

**CASE NO. BAN20160115
JULY 14, 2016**

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

For authority to relocate an office

ORDER APPROVING RELOCATION OF AN OFFICE

Dominion Management Services, Inc. d/b/a CashPoint, a licensed motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 426 Weems Lane, Winchester, Virginia 22601 to 15 Weems Lane, Winchester, Virginia 22601. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that the office has been relocated without the approval required by § 6.2-2207 B of the Code of Virginia, but the application otherwise meets the criteria in § 6.2-2207 B of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

1. The application is APPROVED; and
2. The Licensee is admonished that further violations of § 6.2-2207 of the Code of Virginia may result in the imposition of fines under § 6.2-2222 of the Code of Virginia or other appropriate enforcement actions.

**CASE NO. BAN20160117
NOVEMBER 18, 2016**

APPLICATION OF
GUARANTEED PAYDAY LOANS L.L.C.

For a license to engage in business as a payday lender

ORDER GRANTING A LICENSE

Guaranteed Payday Loans L.L.C. ("Applicant"), a Virginia limited liability company, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1803 of the Code of Virginia, for a license to engage in the business of making payday loans at 8191 Brook Road, Suite G, Richmond, Virginia 23227. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that the application meets the criteria in Chapter 18 of Title 6.2 of the Code of Virginia.

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

**CASE NO. BAN20160120
AUGUST 18, 2016**

APPLICATION OF
FIRST-CITIZENS BANK & TRUST COMPANY

To acquire control of Cordia Bancorp Inc.

ORDER OF APPROVAL

First-Citizens Bank & Trust Company, a North Carolina state-chartered bank, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Cordia Bancorp Inc., a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Cordia Bancorp Inc. by First-Citizens Bank & Trust Company 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. BAN20160127 & BAN20160128
AUGUST 10, 2016**

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

For authority to relocate an office

ORDER APPROVING RELOCATION OF AN OFFICE

ACAC, Inc. d/b/a Approved Cash, a licensed payday lender and motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapters 18 and 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 750 North Lee Highway, Lexington, Virginia 24450 to 104 East Midland Trail, Lexington, Virginia 24451. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

**CASE NO. BAN20160129
AUGUST 3, 2016**

APPLICATION OF
FAST CASH TITLE LOANS LLC

For authority to establish an additional office

ORDER APPROVING AN ADDITIONAL OFFICE

Fast Cash Title Loans LLC, a licensed motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of title 6.2 of the Code of Virginia, for authority to establish an additional office at 6526 Arlington Boulevard, Falls Church, Virginia 22042. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

**CASE NO. BAN20160134
AUGUST 16, 2016**

APPLICATION OF
AUTO EQUITY LOANS OF DE, LLC

For authority to establish an additional office

ORDER APPROVING AN ADDITIONAL OFFICE

Auto Equity Loans of DE, LLC, a licensed motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code Of Virginia, for authority to establish an additional office at 9623 Fairfax Boulevard, Fairfax, Virginia 22030. the application was investigated by the Commission's Bureau Of Financial Institutions ("Bureau").

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

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

**CASE NO. BAN20160146
OCTOBER 4, 2016**

APPLICATION OF
JOHN MARSHALL BANCORP, INC

To acquire control of John Marshall Bank

ORDER OF APPROVAL

John Marshall Bancorp, Inc., a Virginia corporation, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of John Marshall 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 John Marshall Bank by John Marshall Bancorp, Inc. is APPROVED, provided that: (i) the authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

**CASE NO. BAN20160155
NOVEMBER 7, 2016**

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

To merge with Valley Community Credit Union

ORDER APPROVING A MERGER

Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union ("Applicant"), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1344 of the Code of Virginia, to merge with Valley Community 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 application meets the requirements of the field of membership exemption set forth in § 6.2-1344 B of the Code of Virginia; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Valley Community Credit Union and the board of directors of the Applicant have approved the plan of merger in accordance with applicable law.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 Valley Community 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 Valley Community Credit Union at 501 W. Broad Street, Waynesboro, Virginia 22980. 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. BAN20160176
DECEMBER 14, 2016**

APPLICATION OF
KENNETH R. LEHMAN

To acquire control of Virginia Partners Bank

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 of Virginia Partners 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 Virginia Partners Bank 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. BAN20160181
DECEMBER 16, 2016**

APPLICATION OF
UNITED BANK

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

ORDER GRANTING AUTHORITY

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

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

Accordingly, IT IS ORDERED THAT the proposed merger of Cardinal Bank into United Bank is APPROVED and a certificate of authority to conduct a banking business is GRANTED to United Bank, effective upon the issuance by the Clerk of the Commission of a certificate of merger in the proposed transaction. The resulting bank is authorized to operate a main office at 11185 Main Street, City of Fairfax, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Cardinal Bank listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

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

**CASE NO. BAN20160182
DECEMBER 16, 2016**

APPLICATION OF
UNITED BANKSHARES, INC.

To acquire control of Cardinal Financial Corporation

ORDER OF APPROVAL

United Bankshares, Inc., an out-of-state bank holding company with headquarters in Charleston, West Virginia, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Cardinal Financial Corporation, a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

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

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

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

**CASE NO. BAN20160183
NOVEMBER 18, 2016**

REQUEST BY
GREATER CHARLOTTESVILLE
HABITAT FOR HUMANITY, INC.

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

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

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

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

**CASE NO. BAN20160187
DECEMBER 2, 2016**

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

For authority to establish an office

ORDER APPROVING ADDITIONAL OFFICE

Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers, a licensed motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to establish an office at 2514 Columbia Pike, Arlington, Virginia 22204. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

**CASE NO. BFI-2015-00056
FEBRUARY 4, 2016**

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Freedom 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 16, 2015; that as a result of such examination the Bureau alleged that the Defendant had violated §§ 6.2-406, 6.2-1614 (1), and 55-66.3 of the Code and 10 VAC 5-160-60 of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; 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 the sum of Seventeen Thousand Dollars (\$17,000), 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-2015-00058
JANUARY 19, 2016**

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Hamilton Group Funding, Inc. ("Defendant") is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia ("Code"); that the Defendant sent a pre-approval letter to a Virginia consumer in violation of 10 VAC 5-160-20 (1) (iii) and 10 VAC 5-160-20 (6) of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Five Thousand Dollars (\$5,000), 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 NOS. BFI-2015-00059, BFI-2015-00060, & BFI-2015-00061
MARCH 31, 2016**

PETITIONS OF
FAST AUTO LOANS, INC.
and
ANDERSON FINANCIAL SERVICES, LLC
LOAN MAX D/B/A LOAN MAX
and
TITLEMAX OF VIRGINIA, INC.

To withhold their 2014 annual reports from public disclosure

FINAL ORDER

On November 30, 2015, Fast Auto Loans, Inc., Anderson Financial Services, LLC, Loan Max d/b/a Loan Max, and TitleMax of Virginia, Inc. (collectively, "Petitioners"), by counsel, each filed separate Petitions with the State Corporation Commission ("Commission") pursuant to Rule 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

The Petitions request that the Commission withhold from disclosure certain annual reports that the Petitioners filed with the Commission's Bureau of Financial Institutions ("Bureau"). The Petitions were prompted by a letter that was sent by the Bureau to each of the Petitioners on November 19, 2015. In its letter, the Bureau notified the Petitioners, who are currently licensed as motor vehicle title lenders under Chapter 22 of Title 6.2 (§ 6.2-2200 *et seq.*) of the Code of Virginia ("Code"), that the Commission had received a request on November 12, 2015, from the Center for Public Integrity ("Center") for the 2014 annual reports ("Reports") that were filed by the Petitioners with the Bureau pursuant to § 6.2-2210 of the Code. The Bureau's letter informed the Petitioners that the Reports would be released to the Center unless the Petitioners filed petitions with the Commission by November 30, 2015.

On December 10, 2015, the Commission issued a Scheduling Order, which consolidated these cases and scheduled responses from the Bureau and the Center. The Bureau filed a response on December 18, 2015, and the Center filed a response on December 31, 2015. On or before January 14, 2016, each Petitioner filed a redacted version of its 2014 Report previously submitted to the Bureau as directed by prior Commission order.

On January 27, 2016, the Commission convened a hearing to receive argument from the Petitioners, the Bureau, and the Center on whether the redacted information should be withheld from public disclosure. At the conclusion of the hearing, the Commission directed the participants to file post-hearing briefs on or before February 19, 2016.¹ On February 19, 2016, each Petitioner and the Bureau filed a post-hearing brief as directed by the Commission.

The Center untimely filed its post-hearing brief on February 22, 2016, and did not file a motion requesting leave to file its brief out-of-time. We conclude, however, that consideration of the Center's post-hearing brief does not alter our findings below.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

At this time, the information contained in the Petitioners' Reports shall be made public in the manner historically employed by the Bureau. The specific data points in such Reports shall be made publicly available in aggregate form so that interested persons, including members of the General Assembly, will have such information in order to evaluate the title lending industry.

The participants in this proceeding agree that Code § 6.2-101 A is applicable to the instant request for information. Specifically, this statute *prohibits* the Commission from disclosing certain information to the public, including "(iii) any personal financial information furnished to, or obtained by the Bureau." The term "personal financial information," however, is not specifically defined. The participants have provided legal arguments on both sides of the question of whether the term "personal financial information" does, or does not, encompass the Petitioners.² After full consideration of the arguments on this matter, the Commission concludes that the term "personal financial information" is ambiguous since it can be understood in more than one way for the purpose of this statute.³

Code § 6.2-101 A represents a direct, explicit directive from the General Assembly that certain information "shall not be disclosed by the Commission or any of its employees" to the public. The Bureau's historical practice has been to treat the specific annual reports as confidential, and there has been no statutory change that would require a change in that practice. Any change to the Bureau's historical practice of how it releases such information to the public should only apply on a prospective basis.

¹ Tr. 131-132.

² For example, there was argument that the term "personal financial information" typically refers to individuals, and there was also argument that the definition of "person" in Code § 6.2-100 explicitly includes "corporation[s]" and "limited liability compan[ies]."

³ See, e.g., *Virginia-American Water Co. v. Prince William County Serv. Auth.*, 246 Va. 509, 514 (1993) ("This Court has held that language is ambiguous if it can be understood in more than one way.").

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In conclusion, since the statute is ambiguous as to whether the Petitioners "financial information" is included in the information that the General Assembly has directed "shall not be disclosed" by the Commission, we find that the Bureau's historical practice of providing cumulative data of all motor vehicle title lender licensees to the public on an *aggregate* basis should continue pending further clarification through the legislative or regulatory process. We also direct the Bureau, during the next Regular Session of the General Assembly, to seek legislative clarification as to these matters through appropriate legislation. The Commission concludes that the result directed herein strikes a fair balance, at this time, given the specific circumstances attendant to this request.

Accordingly, IT IS SO ORDERED, and these matters are dismissed.

**CASE NO. BFI-2016-00003
MARCH 9, 2016**

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

v.

ABUBAKAR SUNNIL KAMARR
A/K/A ABU KAMARA
and
5 STAR GENERAL NETWORKS/MOVING INC.,
Defendants

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Abubakar Sunnil Kamarr a/k/a Abu Kamara and 5 Star General Networks/Moving Inc. ("Defendants") are 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 Defendants by certified mail on January 26, 2016, (i) of his intention to seek an order from the Commission requiring the Defendants to cease and desist from engaging in the business of making motor vehicle title loans without a license, and to comply with the provisions of 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 February 21, 2016; 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 Defendants are 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) Abubakar Sunnil Kamarr a/k/a Abu Kamara and 5 Star General Networks/Moving Inc. shall immediately (i) cease and desist from engaging in the business of making motor vehicle title loans without a license, 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-2016-00004
NOVEMBER 28, 2016**

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

v.

TEMPLE MORTGAGE, L.L.C.
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Temple Mortgage, L.L.C. ("Temple") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the Commission's Bureau of Financial Institutions ("Bureau") completed an examination and investigation of the Defendant and as a result alleged that the Defendant had violated §§ 6.2-406 A 1, 6.2-406 A 2, 6.2-1607 B, 6.2-1609 A, 6.2-1610, 6.2-1612, 6.2-1614 (1), 6.2-1616 B 1 of the Code, 10 VAC 5-160-20 (2), (6), (8), and (11), 10 VAC 5-160-50 B, 10 VAC 5-160-60 A 2, and 10 VAC 5-160-90 D; and that upon being informed that Bureau staff intended to recommend a civil penalty be imposed upon the Defendant, the Defendant has offered to settle this case by (i) paying a civil penalty in the amount of \$10,000 pursuant to the following schedule: \$2,500 payment on or before March 1, 2017, \$2,500 payment on or before June 1, 2017, \$2,500 payment on or before September 1, 2017, and \$2,500 payment on or before December 1, 2017, (ii) agreeing to cease and desist from violating Chapter 16 of Title 6.2 of the Code and the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*, and (iii) waived its right to a hearing in the case.

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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2016-00005
MARCH 10, 2016**

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

v.

NATIONS MORTGAGE AND LOAN ASSOCIATION,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Nations Mortgage and Loan Association ("Defendant") is authorized to conduct business as an industrial loan association under Chapter 14 of Title 6.2 of the Code of Virginia ("Code"); that the Defendant failed to pay its annual fee due July 31, 2015, as required by § 6.2-1414 of the Code and in accordance with the assessment schedule described in 10 VAC 5-50-30 of the Commission's Rules governing Industrial Loan Associations, 10 VAC 5-50-10 *et seq.*; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 27, 2016, (1) of the Commissioner's intention to recommend revocation of the Defendant's authority pursuant to § 6.2-1418 A 9 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 February 26, 2016. 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 authority to conduct business as an industrial loan association.

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 authority granted to the Defendant to conduct business as an industrial loan association 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-2016-00006
JUNE 3, 2016**

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

v.

WASHINGTON HOME MORTGAGE, LLC,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Washington Home Mortgage, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia ("Code"); that the Bureau of Financial Institutions ("Bureau") examined the Defendant on September 12, 2015; that as a result of such examination the Bureau alleged that the Defendant had violated §§ 6.2-406, 6.2-1610, 6.2-1612, and 6.2-1614 (1) of the Code as well as 10 VAC 5-160-50 and 10 VAC 5-160-90 D of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Six Thousand Dollars (\$6,000) and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2016-00009
APRIL 29, 2016**

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

v.

JAMES GUYOUNG PARK,
Defendant

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that James Guyoung Park ("Defendant") is engaging in the business of a mortgage loan originator without a license in violation of § 6.2-1701 of the Code of Virginia ("Code"); that the Commissioner, pursuant to § 6.2-1721 of the Code, gave written notice to the Defendant by certified mail on February 23, 2016, (i) of his intention to seek an order from the Commission requiring the Defendant to cease and desist from engaging in the business of a mortgage loan originator without a license, and to comply with the provisions of Chapter 17 of Title 6.2 (§ 6.2-1700 *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 March 23, 2016; 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 a mortgage loan originator without a license in violation of § 6.2-1701 of the Code.

Accordingly, IT IS ORDERED THAT:

- (1) James Guyoung Park shall immediately (i) cease and desist from engaging in the business of a mortgage loan originator without a license, and (ii) comply with Chapter 17 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-2016-00010
JUNE 17, 2016**

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

v.

THE PREMIER MORTGAGE COMPANY, LLC,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that The Premier Mortgage Company, 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 Bureau of Financial Institutions ("Bureau") completed an investigation of the Defendant and as a result of the investigation alleged that the Defendant had violated §§ 6.2-406 A 1, 6.2-406 A 3, 6.2-1614 (1), and 6.2-1614 (8) (a) of the Code; 10 VAC 5-160-20 (7), 10 VAC 5-160-50 B, 10 VAC 5-160-60 A (2), and 10 VAC 5-160-60 F and G of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and 12 C.F.R. § 1026.24 (c) of the Truth in Lending Act (Regulation Z); and that upon being informed that Bureau staff intended to recommend a civil penalty be imposed upon the Defendant, the Defendant has offered to settle this case by paying a civil penalty in the amount of \$10,000, and waived its right to a hearing.

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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's offer in settlement of this case is accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Defendant shall comply with Chapter 16 of Title 6.2 of the Code.

(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.

**CASE NO. BFI-2016-00012
NOVEMBER 18, 2016**

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that TJC Mortgage, Inc. ("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 on January 21, 2016, the Bureau of Financial Institutions ("Bureau") received a complaint concerning certain solicitations that the Defendant sent to Virginia consumers and that on April 21, 2016, the Bureau examined the Defendant; that as a result of the Bureau's examination and review of the consumer complaint, the Bureau alleged that the Defendant had violated §§ 6.2-1614 (8)(a) and (8)(b) of the Code as well as 10 VAC 5-160-60 A 1, A 2, E, F, and G of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty to the Commonwealth of Virginia in the sum of Twelve Thousand Five Hundred Dollars (\$12,500) and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2016-00018
JUNE 24, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FNC INSURANCE AGENCY, INC.,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that FNC Insurance Agency, Inc. ("Defendant"), engaged in the business of money transmission without obtaining a license in violation of § 6.2-1901 of the Code of Virginia ("Code"), 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 the case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2016-00037
NOVEMBER 18, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALMA PRECIADO,
Defendant

ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Alma Preciado ("Defendant") of Beltsville, Maryland, pled guilty in June 2009 to the felony of theft in violation of MD Code, Criminal Law, § 7-104, and to the misdemeanor of embezzlement by a fiduciary in violation of MD Code, Criminal Law, § 7-113; and that in the opinion of the Commissioner, the criminal pleas and the acts that led to them 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 of Virginia ("Code"). On June 17, 2016, the Commissioner gave written notice to the Defendant by both first class and certified mail (1) of his intention to recommend to the Commission that the Defendant be barred, pursuant to § 6.2-1620 of the Code, from any position of employment, management or control of any licensed mortgage lender or mortgage broker; and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before July 18, 2016, and that no written request for a hearing was received or filed.

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2016-00039
AUGUST 15, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN FINANCIAL NETWORK, INC.,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that American Financial Network, Inc. ("Defendant") is licensed to engage in business as a mortgage lender 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 October 19, 2015; that as a result of such examination the Bureau alleged that the Defendant had violated §§ 6.2-406, 6.2-1601 A, and 6.2-1614 (8)(b) of the Code as well as 10 VAC 5-160-60 A 2 and 10 VAC 5-160-60 F of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Ten Thousand Dollars (\$10,000) and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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-2016-00047
DECEMBER 29, 2016**

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that ACE Cash Express, Inc. ("Defendant"), is a licensed payday lender under Chapter 18 of Title 6.2 of the Code of Virginia ("Code"); and that on November 6, 2015, the Commission's Bureau of Financial Institutions examined the Defendant and alleged that it had violated §§ 6.2-1807 A 3, 6.2-1816 (1), (6), (10), (14), (17), (18), (25), and (26) of the Code, and 10 VAC 5-200-20 C, 10 VAC 5-200-60, 10 VAC 5-200-33 B, 10 VAC 5-200-110 D, 10 VAC 5-200-110 I, and 10 VAC 5-200-110 K of the Commission's rules governing Payday Lending, 10 VAC 5-200-10 *et seq.* The Commissioner further reported that upon being informed that he 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 Forty-five Thousand Dollars (\$45,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2016-00048
NOVEMBER 7, 2016**

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

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

ORDER TO TAKE NOTICE

Sections 6.2-1613 and 6.2-1720 of the Code of Virginia ("Code") provide that the State Corporation Commission ("Commission") shall adopt such regulations as it deems appropriate to effect the purposes of Chapter 16 (§ 6.2-1600 *et seq.*) and Chapter 17 (§ 6.2-1700 *et seq.*) of Title 6.2 of the Code. The Commission's rules governing Mortgage Lenders and Brokers are set forth in Chapter 160 ("Chapter 160") and its rules governing Mortgage Loan Originators are found in Chapter 161 ("Chapter 161") of Title 10 of the Virginia Administrative Code.

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed amendments to Chapter 160. The proposed regulations capture changes made to §§ 6.2-1607 and 6.2-1610 of the Code in the 2016 session of the General Assembly, including requiring that mortgage lenders and brokers ("licensees") file quarterly mortgage call reports through the Nationwide Mortgage Licensing System and Registry ("Registry") instead of an annual report, and clarifying the annual license renewal requirements for licensees. The proposed regulations also define, among other things, "bona fide employee," "lead generator," and "mortgage broker;" require that approved office locations be renewed each calendar year; require licensees to maintain a transaction journal; and clarify that licensees will receive from the Bureau a single license instead of a license for each approved location. In addition, various technical amendments have been proposed.

The Bureau has also submitted to the Commission proposed amendments to 10 VAC 5-161-60 in Chapter 161. The proposed regulation replaces the annual report and reports of condition filings with a requirement that quarterly mortgage call reports be filed through the Registry.

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 May 1, 2017.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 January 31, 2017. Requests for a hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain a reference to Case No. BFI-2016-00048. 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 "160 Rules Governing Mortgage Lenders and Mortgage Brokers" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BFI-2016-00058
DECEMBER 6, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ECONOMIC ADVANTAGES CORPORATION,
Defendant

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Economic Advantages Corporation ("Defendant") is engaging in the business of money transmission without a license in violation of § 6.2-1901 of the Code of Virginia ("Code"); that the Commissioner, pursuant to § 6.2-1909 of the Code, gave written notice to the Defendant by certified mail on October 20, 2016, (i) of his intention to seek an order from the Commission requiring the Defendant to cease and desist from engaging in the business of money transmission without a license, and to comply with the provisions of Chapter 19 of Title 6.2 (§ 6.2-1900 *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 November 21, 2016; 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 money transmission without a license in violation of § 6.2-1901 of the Code.

Accordingly, IT IS ORDERED THAT:

- (1) Economic Advantages Corporation shall immediately (i) cease and desist from engaging in the business of money transmission without a license, and (ii) comply with Chapter 19 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.

CLERK'S OFFICE

CASE NO. CLK-2008-00003
JANUARY 21, 2016

MARY JUERGENS,
Petitioner
v.
FIRST MOUNT VERNON INDUSTRIAL LOAN ASSOCIATION
and
DALE E. DUNCAN,
Respondents

FINAL ORDER

On May 19, 2008, Mary Juergens ("Petitioner"), by counsel, filed a Petition for Declaratory Judgment ("Petition") with the Virginia State Corporation Commission ("Commission"). The Petition alleged that the Respondents fraudulently formed a Virginia limited liability company named "1230 23rd Street LLC" ("LLC") and effected the sale or conveyance of the Petitioner's home located at 1230 23rd Street, Washington, D.C. to the LLC to make a personal loan to Petitioner. The Petition sought a declaration that the formation of the LLC is void *ab initio* and any acts performed by the LLC are void *ab initio*.

On June 23, 2008, the Clerk of the Commission ("Clerk") filed his Response to Petition in which he stated that the Commission issued a certificate of organization pursuant to § 13.1-1011 of the Code of Virginia with respect to the LLC on August 22, 2005. The Clerk disclaimed any knowledge of events relating to the LLC's organization, or its subsequent activities, occurring outside the confines of his office.

On July 14, 2008, First Mount Vernon Industrial Loan Association ("FMV") filed a Motion to Stay/Dismiss Proceedings ("Motion") together with a Memorandum of Points and Authorities in Support of its Motion to Stay/Dismiss Proceedings. In support of its Motion, FMV stated that the Petitioner filed a lawsuit against FMV on August 29, 2006, in the United States District Court for the District of Columbia ("Federal District Court") in which she is seeking the same relief as she is requesting from the Commission.¹

On July 28, 2008, Petitioner filed her Response to the Motion. The Petitioner argued that her civil case in Federal District Court may involve similar issues as the case before the Commission, but those issues are not the same as the issue presented to the Commission.

By Hearing Examiner's Ruling entered on August 19, 2008, the case was stayed on the basis of judicial comity. The Hearing Examiner found that: (i) the Federal District Court proceeding had been ongoing for two years, extensive discovery had been conducted, and a settlement conference was scheduled for September 8, 2008; (ii) there had been no showing that the Federal District Court was unwilling or unable to decide the issue that has been presented to the Commission - whether the LLC was fraudulently formed and as a consequence was void *ab initio*; and (iii) there had been no showing that the Petitioner's rights would be prejudiced by a stay in this proceeding pending a decision on the merits by the Federal District Court.

On December 14, 2015, the Clerk filed a Motion to Dismiss Without Prejudice ("Motion to Dismiss"). In support, the Clerk stated that the Federal District Court case was settled in 2012 and the parties neither have made any further appearance at the Commission nor requested to move the matter forward since 2008. The Clerk requested that the case be dismissed without prejudice from the Commission's docket.

On January 6, 2016, the Hearing Examiner issued his Report, whereby he found that the Clerk's Motion to Dismiss should be granted. He recommended that the Commission enter an order adopting his findings and dismissing the case without prejudice from the docket of active cases. The Hearing Examiner therein also waived the time to file comments to the Report.

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

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner are hereby ADOPTED.
- (2) The Clerk's Motion to Dismiss Without Prejudice is hereby GRANTED.
- (3) This case is dismissed without prejudice from the Commission's docket of active cases, and the papers herein shall be placed in the file for ended causes.

¹ *Juergens v. Urban Title Services, Inc. et al.*, Case No. 06-CV-1524 (D.D.C.).

**CASE NO. CLK-2015-00003
APRIL 22, 2016**

GI SUNG MOON
and
JUNG-MI SON, on behalf of
BO RIM BUDDHIST TEMPLE,
Petitioners
v.
HAE-IN JEOUNG a/k/a DAVID RAE JEOUNG,
Defendant

FINAL ORDER

On January 26, 2015, Gi Sung Moon and Jung-Mi Son, on behalf of Bo Rim Buddhist Temple ("Bo Rim") (collectively, "Petitioners"), by counsel, filed a Petition for Expungement of Records with the State Corporation Commission ("Commission"), pursuant to Rule 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

The Petitioners alleged, among other things, that Defendant Hae-In Jeoung a/k/a David Rae Jeoung ("Jeoung" or "Defendant") filed with the Commission the following annual reports for Bo Rim without authority to make such filings: (i) a 2014 Annual Report dated May 12, 2014, filed on June 9, 2014; (ii) a 2014 Annual Report dated August 26, 2014, filed on September 5, 2014; and (iii) a report described as a 2015 Annual Report dated December 20, 2014, filed on December 24, 2014 (collectively, "Jeoung Annual Reports").¹

The Petitioners alleged that the Defendant acted without authority when he filed the Jeoung Annual Reports, which the Petitioners further alleged were improper and contrary to law.²

The Petitioners requested, among other things, that the Commission: (i) participate in this action and investigate the filing of the Jeoung Annual Reports; and (ii) grant any other relief the Commission deems appropriate and just under the circumstances.³

On February 25, 2015, the Commission entered a Scheduling Order in which it docketed the Petition; directed the Defendant to file an answer to the Petition or other responsive pleading within twenty-one days after service upon him of the Scheduling Order; directed the Clerk of the Commission to file a response to the Petition and address the relief requested therein on or before March 20, 2015; and appointed a Hearing Examiner to conduct all further proceedings in this case on behalf of the Commission and file a final report.

In his Answer to Petition for Expungement of Records and Counter Claim Petition ("Answer and Counterclaim Petition"), the Defendant specifically addressed numerous allegations, and admitted or denied the remaining allegations in the Petition.⁴

The Office of the Clerk of the Commission ("Clerk") filed a Response to the Petition and a Supplemental Response after the Defendant filed his Answer and Counterclaim Petition. The Clerk's position was that the Commission may expunge corporate filings of Bo Rim, including annual reports, upon proof that any of these filings were made without authority, in violation of § 13.1-813 (C) of the Code of Virginia. The Clerk stated that he has no independent knowledge of the Petitioners' and the Defendant's respective allegations regarding the affairs of Bo Rim or filings made on its behalf.

On April 21, 2015, the Petitioners filed an Answer to Defendant's Counterclaim Petition for Expungement of Records ("Answer to Counterclaim Petition").

A prehearing conference was held on May 14, 2015, for the parties to discuss a procedural schedule in this case. By Hearing Examiner's Ruling entered on May 18, 2015, a procedural schedule was established and an evidentiary hearing was scheduled for November 3, 2015.

On September 21, 2015, counsel for the Petitioners filed a Joint Agreed Motion for Extension of Time ("Joint Motion for Extension"). Counsel stated that the parties had entered into settlement discussions and that the parties had agreed to a short extension of time to complete those discussions prior to the Petitioners filing their prefiled testimony and exhibits. By Hearing Examiner's Ruling entered on September 21, 2015, the Joint Motion for Extension was granted.

On October 30, 2015, the parties filed a Joint Agreed Motion for Removal from Hearing Docket. In support, the parties stated that they had agreed to a settlement in principle, and desired to move forward toward a definitive settlement to dismiss this matter from the Commission's docket without further Commission involvement. By Hearing Examiner's Ruling entered on November 2, 2015, the evidentiary hearing scheduled for November 3, 2015, was cancelled, and the case was continued generally.

On March 30, 2016, the parties filed a Joint Agreed Motion for Removal from Docket and for Dismissal with Prejudice ("Joint Motion for Removal"), in which the parties stated that they have agreed to a definitive settlement, and they requested that the Commission dismiss the Petition and the Counterclaim Petition with prejudice.

¹ Petition at 1-2.

² *Id.* at 10.

³ *Id.* at 11.

⁴ *Id.* at 1-7.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On April 1, 2016, the Hearing Examiner issued his Report, whereby he found the Joint Motion for Removal should be granted. In addition, the Hearing Examiner found that the comment period to the Report should be waived due to the parties having agreed to the final disposition of the case.

NOW THE COMMISSION, upon consideration of the record in this matter, the Hearing Examiner's Report, and the applicable statutes, is of the opinion that the Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner are hereby ADOPTED.
- (2) The Joint Motion for Removal is hereby GRANTED.
- (3) The comment period to the Hearing Examiner's Report is hereby waived.
- (4) This case is dismissed with prejudice from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

BUREAU OF INSURANCE

CASE NO. INS-2009-00197
MAY 26, 2016

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

v.

LINCOLN GENERAL INSURANCE COMPANY,
 Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered December 1, 2015, Lincoln General Insurance Company, a Pennsylvania-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 December 11, 2015, revoking the license of the Defendant unless on or before December 11, 2015, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

On October 6, 2009, the Commission entered an Order Suspending License against the Defendant. The order was entered 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 its 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.

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 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 (Nov. 5, 2015).

**CASE NO. INS-2014-00244
AUGUST 15, 2016**

PETITION OF
APPALACHIAN REGIONAL HEALTHCARE, *et al.*

For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal

FINAL ORDER

On November 20, 2014, came Appalachian Regional Healthcare (Proof of Claim No. 000311), *et al.*,¹ (collectively, "Petitioners" or "Kentucky Hospitals"), and, pursuant to the Receivership Appeal Procedure,² filed with the Clerk of the State Corporation Commission ("Commission") a Petition for Review ("Petition") contesting the Deputy Receiver's Determination of Appeal in File No. 65000-003.

In their Petition, the Kentucky Hospitals requested that the Commission reverse the Deputy Receiver's Determination of Appeal issued on October 22, 2014, denying the Petitioners' Notice of Appeal concerning the Proof of Claims submitted for legal expenses incurred by the Petitioners in litigation in Virginia and Kentucky.

On December 12, 2014, the Commission entered its Order Docketing Case, Appointing Hearing Examiner, and Setting Date for Filing Answer. Among other things, the Commission directed the Deputy Receiver to file an answer or other responsive pleading to the Petition on or before January 9, 2015, and appointed a Hearing Examiner to conduct all further proceedings in this matter. On January 8, 2015, the Deputy Receiver filed her answer.

At a prehearing conference convened by the Hearing Examiner on March 4, 2015, the parties agreed to file a Joint Stipulation of Facts on or before April 10, 2015, and that if discovery was needed, the party seeking discovery would file a Motion for Discovery and a proposed discovery schedule on or before April 10, 2015. The parties filed several motions to modify the procedural order between April 10, 2015, and November 25, 2015. Ultimately, the Hearing Examiner issued a Ruling on December 2, 2015, in which the parties were directed to file: (i) dispositive or other pre-trial motions, including Motions for Summary Judgment, on or before December 18, 2015; (ii) responses to the dispositive or other pre-trial motions on or before January 19, 2016; and (iii) replies in support of the dispositive or other pre-trial motions on or before February 19, 2016. Thereafter, both parties filed a Motion for Summary Judgment, a Response to Motion for Summary Judgment, and a Reply to Response to Motion for Summary Judgment. The Parties agree that there are no material issues of fact genuinely in dispute.

Factual Background

On November 1, 1997, the Virginia Insurance Reciprocal and its successor ROA assumed, by contract ("Contracts"), the insurance coverages ("Assumed Liabilities") issued by two Kentucky group self-insurance associations: the Compensation Health Association Trust ("CHAT") and the Kentucky Hospital Association Trust ("KHAT").³ Pursuant to the Contracts, ROA as required to assume responsibility for the Assumed Liabilities and to issue insurance policies to the member insureds of CHAT and KHAT.⁴ ROA thus became directly liable as an insurer to the former CHAT and KHAT policyholders. The Contracts contained indemnification agreements ("Indemnification Agreements") which obligated ROA to indemnify CHAT, KHAT, and their member insureds for all damages arising from the Assumed Liabilities.⁵

On January 29, 2003, ROA was placed into receivership. On July 11, 2003, the Deputy Receiver of ROA filed with the Commission an Application for Order Authorizing the Continuation of Workers' Compensation Disability Payments for Workers' Compensation Claims Denied Coverage by State Guaranty Associations, in which ROA sought approval to continue payment of medical and recurring disability payments for workers' compensation claims assumed by ROA that were likely to be denied coverage by state guaranty associations because the businesses from which the claims were assumed were not member insurers of the state guaranty associations.⁶ The Assumed Liabilities were among such claims.

¹ In addition to Appalachian Regional Healthcare, the following entities are Petitioners in this matter: Baptist Health Madisonville f/k/a Regional Medical Center/Trover Clinic Foundation (Proof of Claim No. 000541); Baptist Health Richmond f/k/a Pattie A. Clay Regional Medical Center (Proof of Claim No. 000492); Caverna Memorial Hospital (Proof of Claim No. 000386); Clinton County Hospital (Proof of Claim No. 000392); Crittenden Health Systems (Proof of Claim No. 000403); Cumberland County Hospital (Proof of Claim No. 000407); Hardin Memorial Hospital (Proof of Claim No. 000437); Highlands Regional Medical Center (Proof of Claim No. 000442); Jane Todd Crawford Memorial Hospital (Proof of Claim No. 000453); Livingston Hospital & Healthcare Service (Proof of Claim No. 000464); Marcum & Wallace Hospital (Proof of Claim No. 000466); Marshall County Hospital (Proof of Claim No. 000469); Monroe County Medical Center (Proof of Claim No. 000482); Murray-Calloway County Hospital (Proof of Claim No. 000485); Ohio County Hospital (Proof of Claim No. 000488); Owensboro Mercy Health System (Proof of Claim No. 000491); Pineville Community Hospital (Proof of Claim No. 000496); Rockcastle County Hospital and Respiratory Care Center (Proof of Claim No. 000508); St. Claire Regional Medical Center (Proof of Claim No. 000529); St. Joseph Mt. Sterling f/k/a Gateway Regional Medical Center (Proof of Claim No. 000426); T.J. Samson Community Hospital (Proof of Claim No. 000535); Twin Lakes Regional Medical Center (Proof of Claim No. 000433); and Westlake Regional Hospital (Proof of Claim No. 000553).

² The Receivership Appeal Procedure is set forth in the Third Directive of Deputy Receiver Adopting Receivership Appeal Procedure and as amended by the Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure as authorized by the Final Order Appointing Receiver for Rehabilitation or Liquidation of Reciprocal of America and The Reciprocal Group (collectively, "ROA" and "TRG") entered on January 29, 2003, in the Circuit Court of the City of Richmond in Cause No. CH03-135.

³ Petition at 3-4.

⁴ *Id.* at 4.

⁵ *Id.*

⁶ *Application for Order Authorizing the Continuation of Workers' Compensation Disability Payments by Reciprocal of America and The Reciprocal Group for Workers' Compensation Claims Denied Coverage by State Guaranty Associations*, Case No. INS-2003-00024.

Multiple guaranty associations asserted that CHAT and KHAT and their member insureds were not considered policyholders arising out of insurance contracts assumed by ROA.⁷ As a result, the Commission convened Case No. INS-2003-00239 in which it sought to determine whether or not Assumed Liabilities of CHAT and KHAT and other similarly situated entities were those of policyholders pursuant to § 38.2-1509 B 1 (ii) of the Code.⁸ The Petitioners were among those entities participating in the case.

On August 24, 2005, the Commission entered its Final Order in Case No. INS-2003-00239, in which it found that the Assumed Liabilities constituted "claims of other policyholders arising out of insurance contracts." The Final Order was appealed to the Supreme Court of Virginia, but the appeal was ultimately withdrawn.⁹

In addition to the litigation in Virginia, the Petitioners also engaged in litigation in Kentucky in an effort to secure guaranty fund coverage for the Assumed Liabilities. On May 27, 2003, the Kentucky Insurance Guaranty Association ("KIGA"), by letter, informed ROA that it would not cover any losses that were pending before the assumption of the Assumed Liabilities.¹⁰ In response, the Petitioners filed a Petition for Declaratory Judgment in Kentucky in which they sought a declaration that the Assumed Liabilities constituted policyholder claims and that KIGA was responsible for administering and paying such claims.¹¹ Ultimately, the Kentucky Court ruled in favor of the Petitioners.¹²

The Petitioners state that as a result of challenges by guaranty associations as to the status and coverage of the Assumed Liabilities, the Petitioners were damaged and called upon to defend themselves in connection with and arising out of the Assumed Liabilities before the Commission, the Supreme Court of Virginia, and in a declaratory judgment action in the Franklin Circuit Court in Kentucky.¹³ Pursuant to the terms of the Indemnification Agreements entered into between ROA, CHAT, and KHAT, which also indemnified the member-insureds of CHAT and KHAT, the Kentucky Hospitals seek damages in the amount of \$439,375.20 for legal fees related to the aforementioned litigation involving the Assumed Liabilities.¹⁴

Petitioners' Arguments

The Petitioners argue that they were forced to spend \$439,375.20 in legal fees defending their status as policyholders of ROA, and that pursuant to the terms of the Indemnification Agreements, ROA agreed to indemnify the Kentucky Hospitals for any damages arising out of the Assumed Liabilities. In support, the Petitioners argue that the Indemnity Agreements are valid, enforceable, unambiguous agreements and should be enforced against the parties.¹⁵ The Petitioners argue that the language of the Indemnification Agreements is broad and unlimited and must be enforced against ROA regardless of any contention on the part of the Deputy Receiver concerning any pre- or post-merger obligation.¹⁶ In the alternative, the Kentucky Hospitals argue that if the Indemnity Agreements are ambiguous, Virginia law mandates that the agreement must be construed against the insurer and in favor of the insureds.¹⁷ The Petitioners also assert that their claims are claims of policyholders arising out of insurance contracts, and are therefore entitled to priority pursuant to § 38.2-1509 B 1 (ii) of the Code.¹⁸

The Deputy Receiver's Arguments

The Deputy Receiver argues that ROA's obligation under the Indemnification Agreements is unambiguously linked to the existence of "Damages" as that term is defined in the agreements. The Deputy Receiver also argues that the definition of "Damages" is unambiguously linked to ROA's assumption of an obligation directly from CHAT and KHAT, and for the claims to be covered by the Indemnification Agreements, ROA must have assumed from CHAT and KHAT the obligation to reimburse the Kentucky Hospitals for the fees and costs that are the subject of the Petition. Consequently, the Deputy Receiver argues that ROA's indemnity obligation under the Indemnification Agreements is equivalent to the pre-merger obligations that CHAT and KHAT owed to the Petitioners and without an equivalent pre-merger obligation of CHAT and KHAT for the costs for which recovery is sought, the Petitioner's claims for indemnity must fail. Finally, the Deputy Receiver takes the position that the Petitioner's claims are an attempt to establish an ROA warranty that Kentucky Insurance Guaranty Association would provide coverage for the Assumed Liabilities, or that ROA would not become insolvent and be placed into receivership. Since the Kentucky Hospitals have admitted that no such warranty was included as part of the mergers, their claims must fail.¹⁹

⁷ Petition at 6.

⁸ Order dated November 12, 2003, in Case No. INS-2003-00024.

⁹ Petition at 7.

¹⁰ Exhibit 10 to Petition.

¹¹ Petition at 8.

¹² Petition at 11.

¹³ Petition at 3.

¹⁴ *Id.* at 19.

¹⁵ Kentucky Hospitals' Motion for Summary Judgment at 15-20.

¹⁶ Kentucky Hospitals' Reply at 1-4.

¹⁷ Kentucky Hospitals' Motion for Summary Judgment at 20-21.

¹⁸ *Id.* at 22.

¹⁹ *Id.* at 3.

The Hearing Examiner's Report

On March 18, 2016, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner found that summary judgment is appropriate in this case because there is no material fact genuinely in dispute.²⁰ The Hearing Examiner, in addressing the nature of the Indemnity Agreements, found that the Indemnity Agreements are not contracts of insurance, rather they are contracts of indemnity, and are the result of equal bargaining by CHAT, KHAT, and ROA. As such, the terms of the Indemnification Agreements must be construed equally to both parties. In addition, because the Indemnity Agreements are not contracts of insurance they are not afforded priority pursuant to § 38.2-1509 B 1 (ii) of the Code.²¹

The Hearing Examiner also found that the plain language of the Indemnification Agreements does not require ROA to indemnify the Kentucky Hospitals for legal fees incurred in litigating the issue of guaranty fund coverage for the Assumed Liabilities.²² The Hearing Examiner states that under the plain language of the Indemnification Agreements for ROA to be liable, the "liability, expense, cost, or obligation, however, incurred or characterized" must be "assumed by [ROA] as provided for in this Agreement."²³ In determining what liabilities, expenses, costs or obligations were assumed by ROA when the Indemnification Agreements were executed, the Hearing Examiner noted that neither the business assumed by ROA, nor the Assumed Liabilities, included guaranty fund coverage.²⁴

The Hearing Examiner concluded that the transfer of the Assumed Liabilities did not include an obligation to seek to establish guaranty fund coverage in the event of insolvency on the part of ROA. The Hearing Examiner therefore recommended that the Commission enter an order adopting his findings, granting the Deputy Receiver's Motion for Summary Judgment, and denying the Kentucky Hospitals Motion for Summary Judgment.²⁵

On April 8, 2016, the Petitioners filed their Exceptions and Comments to the Hearing Examiners Report. In their Comments, the Kentucky Hospitals argue that the unambiguous language of the Indemnification Agreements requires ROA to reimburse them for the legal fees in dispute.²⁶ The Petitioners also argue that the Hearing Examiner's ruling that the Indemnity Agreements are not insurance contracts ignores the Commission's previous finding that the Merger Agreements were insurance contracts.²⁷

NOW THE COMMISSION, upon consideration of the record in this matter, is of the opinion that the Deputy Receiver's Motion for Summary Judgment should be granted. The plain language of the Indemnification Agreements provides that for ROA to be liable, the "liability, expense, cost, or obligation, however, incurred or characterized" must be "assumed by [ROA] as provided for in this Agreement." At no time were CHAT and KHAT members of Kentucky Insurance Guaranty Association. As a result, there was no guaranty fund coverage for the insurance coverage that they offered to their member hospitals. Thus, if CHAT and KHAT had become insolvent, their member hospitals would not have been entitled to guaranty fund coverage.

In executing the agreements, ROA stepped into the shoes of CHAT and KHAT. The Assumed Liabilities did not have guaranty fund coverage at the time of the assumption, and the agreement did not provide for ROA to seek such coverage in the event of insolvency. The Kentucky Hospitals seek to create an obligation where none previously existed. If the parties had wanted to obligate ROA to seek guaranty fund coverage for the Assumed Liabilities, they were free to use clear language to effect such an assumption and liability. Rather, as argued by the Deputy Receiver and concluded by the Hearing Examiner, we find that the plain language of the Indemnification Agreements does not require ROA to provide indemnification for the requested legal fees.

Accordingly, IT IS ORDERED THAT:

- (1) The Deputy Receiver's Motion for Summary Judgment is hereby GRANTED.
- (2) The Kentucky Hospitals' Motion for Summary Judgment is hereby DENIED.
- (3) This case is dismissed and the papers filed for ended causes.

Commissioner Jagdmann did not participate in this matter.

²⁰ Report of Michael D. Thomas, Hearing Examiner at 10.

²¹ *Id.* at 9.

²² *Id.* at 10.

²³ *Id.* citing Kentucky Hospitals' Motion for Summary Judgment at Exhibit 1.

²⁴ *Id.* at 10.

²⁵ *Id.* at 11.

²⁶ Exceptions and Comments of Petitioners to the March 18, 2016 Report of Michael D. Thomas, Hearing Examiner at 9-12.

²⁷ *Id.* at 12-15.

**CASE NO. INS-2015-00123
JANUARY 14, 2016**

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

v.

DKS SETTLEMENTS GROUP, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that DKS Settlements Group, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated 14 VAC 5-395-70 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.*, by failing to make records available for review upon request.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Five Thousand Dollars (\$5,000), waived its right to a hearing, voluntarily surrendered its insurance agent license, and provided the Bureau with the previously requested records.

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-2015-00156
JULY 18, 2016**

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

v.

AFFIRMATIVE INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1036 of the Code of Virginia ("Code"), if the State Corporation Commission ("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 Commonwealth of Virginia ("Virginia") while the impairment in the insurer's surplus exists. In addition, if the insurer fails to comply with the Commission's order within a period of 90 days the Commission may suspend or revoke the license of the insurance company to transact the business of insurance in Virginia.

Affirmative Insurance Company, a foreign corporation domiciled in the state of Illinois ("Defendant"), is licensed by the Commission to transact the business of insurance in Virginia.

By Impairment Order ("Impairment") entered herein September 18, 2015, the Defendant was ordered to eliminate the impairment in its surplus and 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 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 28, 2016, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before July 28, 2016, 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-2015-00156
OCTOBER 3, 2016**

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

ORDER SUSPENDING LICENSE

In an Order to Take Notice ("Order") entered herein July 18, 2016, Affirmative Insurance Company, an Illinois company ("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 28, 2016, suspending the license of the Defendant unless on or before July 28, 2016, 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 Defendant's failure to eliminate the impairment in its surplus and restore the same to at least \$3 million and advise the Commission of the accomplishment thereof by affidavit on or before December 17, 2015.

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

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED.
- (2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.
- (3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED.
- (4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission.
- (5) The Bureau shall cause notice of the suspension of the Defendant's license to be published as set forth in § 38.2-1043 of the Code.

**CASE NO. INS-2015-00163
JANUARY 20, 2016**

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

SETTLEMENT ORDER

Based on a market conduct analysis inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Companion 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 (2) and 38.2-510 A (5) of the Code and 14 VAC 5-400-50 A and 14 VAC 5-400-60 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* ("Rules"), by failing to properly handle claims with such frequency as to indicate a general business practice, as well as Rules 14 VAC 5-400-70 B and 14 VAC 5-400-70 D by failing to properly handle claims; 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 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 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 Virginia the sum of Forty-four Thousand Two Hundred Twenty Dollars (\$44,220), 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-2015-00170
JUNE 7, 2016**

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

Ex Parte: In re: Rules Governing Settlement Agents

ORDER ADOPTING REGULATIONS

On November 9, 2015, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Bureau of Insurance ("Bureau") to amend the Commission's regulations governing settlement agents, which are set forth in Chapter 395 of Title 14 of the Virginia Administrative Code, 14 VAC 5-395-10 *et seq.*¹ The Order to Take Notice and proposed regulations were published in the *Virginia Register of Regulations* on November 30, 2015, posted on the Commission's website, and sent to all licensed title insurance agents, agencies, and companies who are registered settlement agents, and other interested parties. Registrants and other interested parties were afforded the opportunity to file written comments or request a hearing on or before February 16, 2016.

Comments addressing nearly all aspects of the proposed regulations were filed by Virginia's largest title insurance trade association, the Virginia Land Title Association, as well as three title insurance companies, ten title insurance agencies or agents, four attorneys, and one consultant. Comments were also submitted by the Deputy Secretary of the Commonwealth and 176 Notaries Public.

The Bureau's proposed amendments added several definitions to the regulations, as well as numerous consumer protection provisions relating to, among other things, insurance and bonding requirements, escheatment of funds, audits, reporting requirements, and the use of independent contractors. The addition of the definition of "settlement agent" prompted the Deputy Secretary of the Commonwealth and Notaries Public to file comments expressing concerns that the proposed regulations would require a Notary Public who conducts settlement conferences without handling funds to become licensed and registered. General concerns were raised, as well as requests for clarification, with respect to other of the proposed amendments. The Commission did not receive any requests for a hearing.

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 April 29, 2016. The Bureau made changes to several of the definitions and consumer protection provisions in response to the comments. The Bureau also clarified that a Notary Public acting on behalf of a settlement agent may obtain signatures on closing documents without being licensed or registered provided that the Notary Public does not receive or handle money, and/or does not sell, solicit, or negotiate a contract of title insurance. The Bureau recommended that the Commission adopt the proposed regulations as modified.

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 July 1, 2016.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed regulations, as modified herein and attached hereto, are adopted effective July 1, 2016.
- (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.

¹ The amendments to the regulations were proposed in response to the legislative changes to §§ 38.2-1820, 55-525.16, 55-525.24, 55-525.25, and 55-525.26 of the Code of Virginia that will be effective July 1, 2016; to clarify the scope of the regulations; and to enhance consumer protections.

**CASE NO. INS-2015-00181
JANUARY 8, 2016**

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

v.

CAROLYN EYVON HODGE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Carolyn Eyvon Hodge ("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 two license applications filed with the Commission.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated November 17, 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 information on two license applications filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2015-00184
JANUARY 13, 2016**

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

Ex Parte: In the matter of Amending Rules Governing Internal Appeal and External Review

ORDER ADOPTING REVISIONS TO RULES

On November 9, 2015, the State Corporation Commission ("Commission") issued an Order to Take Notice ("Order") to consider revisions to the Rules Governing Internal Appeal and External Review set forth in Chapter 216 of Title 14 of the Virginia Administrative Code ("Rules").¹

These amendments were proposed by the Bureau of Insurance ("Bureau") 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 of Virginia. The amendments also provide further clarification to the urgent care appeals section.

¹ The Rules can be found at: <http://law.lis.virginia.gov/admincode/title14/agency5/chapter216>.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Order required that on or before December 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 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 December 18, 2015. Comments were timely filed by the Virginia Association of Health Plans ("VAHP"). These comments sought to clarify the proposed definition of "exception request" in Rule 14 VAC 5-216-20, and to differentiate the period of time that a standard exception request must be reviewed and acted upon from the time in which a coverage determination must be made in Rule 14 VAC 5-216-65 A 1. The Bureau filed a Response to Comments with the Clerk on January 5, 2016, and recommends that the amendments to Rules 14 VAC 5-216-20 and 14 VAC 5-216-65 A 1 that were suggested by the VAHP be made, as attached.

NOW THE COMMISSION, having considered the proposed amendments, the filed comments, and the Bureau's Response to Comments and recommendation, is of the opinion that the attached amendments to the Rules should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The amendments to the Rules Governing Internal Appeal and External Review at Chapter 216 of Title 14 of the Virginia Administrative Code, 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, and which are attached hereto and made a part hereof, are hereby ADOPTED, to be effective February 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 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-2015-00193
APRIL 8, 2016**

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

v.
MARK EDWARD ZAMPERINI,
Defendant

CONSENT ORDER

The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") conducted an investigation of Mark Edward Zamperini ("Zamperini") pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on the investigation, the Bureau alleges the following:

Zamperini is a resident of Centreville, Virginia, who has been licensed to sell health insurance as well as life insurance and annuities in Virginia since 1978. Zamperini also has been licensed to sell variable contracts in Virginia since 1986.

In January 2014, the Bureau received a complaint on behalf of a consumer regarding Zamperini. The consumer was a long-time, elderly insurance client of Zamperini who appeared to have written several personal checks for large amounts to Zamperini during the time period of 2011 to 2013. As a result of the investigation and as described below, the Bureau alleges that Zamperini deposited the consumer's funds into a personal account into which he commingled deposits of other personal funds and from which he made payments of personal expenses as well as payments on the insurance policy discussed below. The Bureau alleges that this conduct is in violation of § 38.2-1813 of the Code.

Based on its investigation, the Bureau alleges that Zamperini is the owner and beneficiary of a \$3 million life insurance policy covering another one of Zamperini's clients. Zamperini had sold the life insurance policy to the client in 2005, but became the owner several years later when the client no longer wanted the policy due to the annual premium of approximately \$100,000. Zamperini at that time bought the policy from the client and agreed to take over the annual premium payments. After taking over the life insurance policy, the Bureau alleges that premium payments have not always been timely but the policy remains in effect.

In December 2011, the Bureau alleges that Zamperini met with the complaining consumer and informed her about the life insurance policy he had purchased during a discussion about investments. The Bureau further alleges that Zamperini – who now appeared to be treating the life insurance policy as an alleged viatical product ("Viatical") – offered her an opportunity to invest in the Viatical and promised to pay double her investment. At that time, the Bureau alleges that the consumer gave Zamperini a check for \$3,500, as well as another two payments totaling \$20,000 in January 2012.

The Bureau alleges that the consumer subsequently made a larger payment to Zamperini in February 2012. Just prior to making this payment, the consumer surrendered one of her annuities and received a check from the insurer for approximately \$104,000 (without subtracting \$25,000 in surrender charges and taxes) that was sent on February 6, 2012. On February 8, 2012, the consumer wrote a personal check in the amount of \$100,000 to Zamperini.

Around the time that he received these checks, Zamperini and the consumer purportedly entered into a written agreement in February 2012 regarding her investment in the Viatical. Although Zamperini contends that he provided the consumer with a copy of a written agreement at that time regarding the investment in the Viatical, Zamperini could not provide a copy of the agreement, nor has the Bureau located any such agreement.

The Bureau further alleges that the consumer wrote at least eight checks totaling \$185,000 to Zamperini between December 2011 and September 2013.¹ Each of these checks was made out to Zamperini personally and was deposited into his personal checking account. The Bureau alleges that Zamperini also deposited personal funds into the same bank account from which he made payments of personal expenses from that account, including payment of personal bills and household expenses, as well as payments on the Viatical.

The Bureau notes that Zamperini met with the Bureau on several occasions, provided requested information, and was cooperative throughout the investigation.

While the investigation remained pending, Zamperini entered a settlement agreement ("Settlement Agreement") with the consumer in June 2015 agreeing to repay \$221,000 received from the consumer (plus interest) and he has continued to make payments under the Settlement Agreement to date.² Pursuant to the Settlement Agreement and in consideration of the payments to the consumer thereunder, the consumer relinquishes her interest in the Viatical.³

Based on its investigation, the Bureau alleges that Zamperini accepted funds in the amount of \$185,000 from a consumer to invest in annuities or other similar investments, that he deposited such funds into a personal bank account, that he commingled personal funds with the funds received from the consumer in that account, and that he made payments on the Viatical as well as made payments on personal expenses from that account. The Bureau thus alleges that Zamperini violated § 38.2-1813 of the Code, which requires that: (1) 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; and (2) such funds shall be maintained in a fiduciary account separate from all other business and personal funds and not commingled.

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, Zamperini admits to the Commission's jurisdiction and authority to enter this Consent Order, as well as admits that: (1) he accepted \$185,000 from a consumer that was a client for an investment (the Viatical); (2) he deposited the funds into a personal bank account; (3) he commingled personal funds with the funds received from the consumer in that account; (4) he made payments on the Viatical as well as made payments on personal expenses from that account; and (5) he has agreed to make repayment to the consumer of funds received from her.

As a proposal to settle all matters arising from these allegations, Zamperini has made an offer of settlement to the Commission wherein he will abide by and comply with the following terms and undertakings:

(1) Zamperini will make full restitution in the amount of \$185,000 (less any amounts already paid as of the date of entry of this Consent Order) to the consumer no later than August 2017. Payment of these amounts shall be conducted pursuant to the terms of the Settlement Agreement in effect as of the date of this Consent Order and, for purposes of this Consent Order, without modification except upon application to the Commission.

(2) Zamperini will pay \$10,000 to the Treasurer of the Commonwealth of Virginia within ninety days of the completion of his payment(s) to the consumer under the Settlement Agreement.

(3) Zamperini agrees to be placed on probation with the Bureau through June 30, 2018.

(4) (a) On a quarterly basis each year through June 30, 2018, Zamperini shall submit a report to the Bureau providing details of his sales activity for the preceding quarter. For each sales transaction in the report, Zamperini shall provide the following: (i) client name; (ii) client address; and (iii) product purchased. If the product purchased is an annuity, Zamperini also shall provide as part of the report the following information; (iv) amount invested in the annuity or annuities; (v) client's age and employment status; (vi) client's income and net worth; and (vii) client's risk tolerance as reported on the annuity enrollment application.

¹ This amount includes a purported \$14,000 loan to Zamperini in October 2012 that was repaid by April 2013.

² Pursuant to the Settlement Agreement, the settlement amount of \$221,000 is based on checks or funds that the consumer provided to Zamperini while she was a client and that Zamperini purportedly invested in the Viatical or a real estate investment unrelated to the Bureau's investigation. The Settlement Agreement further provides that the parties' dispute concerns whether this money provided to Zamperini was properly obtained and/or applied.

³ As part of the Settlement Agreement, Zamperini has provided the consumer with a partial assignment of the Viatical to secure the payment obligation - which assignment is canceled following satisfaction of certain terms and payment requirements.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(b) Zamperini shall provide the first report to the Bureau for the first quarter of 2016 on May 1, 2016. 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) In the event that he violates any term of this Consent Order in paragraphs (1) through (4) above, Zamperini 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 Zamperini's offer of settlement.

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

Accordingly, IT IS ORDERED THAT:

- (1) Zamperini's offer in settlement of the matter set forth herein is hereby accepted.
- (2) Zamperini 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 Zamperini's failure to comply with the terms and undertakings of the settlement.

**CASE NO. INS-2015-00195
JANUARY 14, 2015**

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

v.

ALLSTATE FIRE AND CASUALTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allstate Fire and Casualty Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-2214 of the Code of Virginia ("Code") by issuing statements defining insureds rating classifications on motor vehicle insurance policies without having filed such statements with the Commission prior to use.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia 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 October 23, 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-2015-00198
JANUARY 14, 2016**

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

v.

ACE PROPERTY AND CASUALTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that ACE Property and Casualty Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-317 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 Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 13, 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-2015-00202
DECEMBER 28, 2016**

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

v.

PURNELL AUGUSTA PEACE,
Defendant

JUDGMENT ORDER

On February 22, 2016, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Bureau of Insurance ("Bureau") alleging that Purnell August Peace ("Peace" or "Defendant") violated § 38.2-518 F of the Code of Virginia ("Code") by knowingly preparing and submitting a certificate of insurance ("COI") that contained false and misleading information.

Upon request of the Bureau, the Commission subsequently issued an Amended Rule to Show Cause on April 6, 2016 ("Amended Rule"), contemplating service upon the Secretary of the Commonwealth and scheduling a hearing for June 2, 2016.¹

The Defendant did not file a response to the Amended Rule and the hearing on the Amended Rule was convened as scheduled on June 2, 2016. William W. Stanton, VII, Esquire ("Stanton"), appeared on behalf of the Bureau. Peace did not appear at the hearing, however, the Bureau submitted testimony and exhibits in support of the allegations in the Amended Rule.² The Bureau also requested that the Defendant be found in default.³

Subsequent to the first hearing, and due to complications of service of process on the Defendant, additional motions were filed by the Bureau to amend the Amended Rule in order to obtain proper service upon the Defendant. On August 31, 2016, the Commission issued a Third Amended Rule to Show Cause ("Third Amended Rule") against the Defendant. Among other things, the Third Amended Rule scheduled a hearing for October 19, 2016.

¹ See Motion to Amend Rule to Show Cause filed by the Bureau on March 31, 2016; and Hearing Examiner's Ruling and Certification to the Commission entered April 1, 2016.

² See transcript ("Tr.").

³ Tr. at 5.

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The hearing on the Third Amended Rule was convened as scheduled on October 19, 2016, ("October 19 Hearing"). Stanton appeared again on behalf of the Bureau. The Defendant did not appear at the October 19 Hearing. At the commencement of the October 19 Hearing, the Bureau moved for the admission of all evidence (testimony and exhibits) from the first hearing and the motion was granted. The Bureau also submitted proof of service of the Third Amended Rule⁴ and renewed its request that the Defendant be found in default.

On October 20, 2016, the 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. In her Report, the Hearing Examiner found, based on the evidence presented, that:

- (1) The Bureau's motion for default judgment should be granted.
- (2) The Defendant willfully violated § 38.2-518 F of the Code by preparing and submitting a COI that contained false and misleading information.
- (3) A civil penalty in the amount of Five Thousand Dollars (\$5,000) should be assessed against the Defendant for his violation of § 38.2-518 F of the Code.
- (4) The Defendant should be enjoined from preparing false COIs in the future.

The Hearing Examiner recommended that the Commission adopt the findings and recommendations in the Report, enjoin the Defendant as described above, and pass the papers in this case to the file for ended causes. Additionally, the Report allowed the parties 21 days from the date of the Report to file comments. Neither the Defendant nor the Bureau filed comments.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable law, is of the opinion and finds that the Hearing Examiner's findings and recommendations as detailed in her Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the October 20, 2016 Report are hereby adopted.
- (2) The Defendant is hereby PENALIZED Five Thousand Dollars (\$5,000).
- (3) The Defendant is hereby PERMANENTLY ENJOINED from preparing false certificates of insurance in the future.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

⁴ See Ex. 5.

**CASE NO. INS-2015-00206
JANUARY 8, 2016**

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

v.
CONTEMPORARY SOLUTIONS – USA, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Contemporary Solutions – USA, Inc. ("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 it is appointed a change in its address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against it by the States of New York, Kansas, Florida, Ohio and Delaware.

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 its right to a hearing before the Commission in this matter by certified letter dated November 17, 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 Virginia as an insurance agent.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 it is appointed a change in its address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against it by the States of New York, Kansas, Florida, Ohio and Delaware.

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-2015-00208
JANUARY 8, 2016**

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

v.

FRANK DAPPAH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Frank Dappah ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Florida, and by providing materially incorrect and untrue information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated December 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 his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Florida, and by providing materially incorrect and untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2015-00209
JANUARY 8, 2016**

IN THE MATTER OF
JACKSON NATIONAL LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Jackson National Life Insurance 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, the Pennsylvania Insurance Department, and the Michigan Department of Insurance and Financial Services 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, Pennsylvania and Michigan and Jackson National Life Insurance¹, a Michigan 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 acceptance of the Agreement.

¹ The Agreement also includes Brooke Life Insurance Company and Jackson National Life Insurance Company of New York. Neither Brooke Life Insurance Company nor Jackson National Life Insurance Company of New York is licensed to transact the business of insurance in Virginia; therefore, this Order does not include these companies.

**CASE NO. INS-2016-00001
JANUARY 13, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANDREW DEAN ROSS,
Defendant

ORDER REVOKING LICENSE

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated December 10, 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 an administrative action that was taken against him by the State of Indiana.

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Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00002
JANUARY 13, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
YUNIOR SANTANA,
Defendant

ORDER REVOKING LICENSE

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

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated November 17, 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 materially incorrect, misleading, incomplete or untrue information in his license applications filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00003
JANUARY 28, 2016**

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

v.

GLENN D. SIMPSON
and

NATIONAL TITLE CORPORATION,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Glenn D. Simpson and National Title Corporation (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as insurance agents in the Commonwealth of Virginia ("Virginia"), violated §§ 55-525.20, 55-525.24 A, 55-525.24 B, and 38.2-1813 of the Code of Virginia ("Code") as well as 14 VAC 5-395-60 of the Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.*, by failing to exercise reasonable care in connection with an escrow, settlement, or closing in a fiduciary capacity; by failing to handle funds deposited in connection with an escrow, settlement or closing in a fiduciary capacity; by failing to disburse funds pursuant to a written instruction or agreement specifying how and to whom such funds may be disbursed; by failing to hold funds in a fiduciary capacity; by commingling business or personal funds with funds required to be maintained in a separate fiduciary account; and by failing to maintain a separate fiduciary trust account for the purpose of handling funds received in connection with escrow, closing, or settlement services involving real estate located only in Virginia.

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 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 have voluntarily surrendered their Virginia insurance licenses.

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-2016-00008
NOVEMBER 10, 2016**

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

v.

NATASHA HENRY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Natasha Henry ("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 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 April 11, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00016
APRIL 26, 2016**

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

v.

JAMES TRACY JACKSON, JR.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James Tracy Jackson, Jr. ("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, 38.2-1812.2, 38.2-1813, and 38.2-1822 E of the Code of Virginia ("Code") by failing to retain all records relative to insurance transactions for the three previous calendar years, by failing to obtain a signed consent form from an applicant or policyholder who has been charged an administrative fee in addition to the premium, by commingling business or personal funds with funds required to be maintained in a separate fiduciary account, and by conducting the business of insurance under an assumed or fictitious name without notifying the Bureau.

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 February 11, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809, 38.2-1812.2, 38.2-1813, and 38.2-1822 E of the Code by failing to retain all records relative to insurance transactions for the three previous calendar years, by failing to obtain a signed consent form from an applicant or policyholder who has been charged an administrative fee in addition to the premium, by commingling business or personal funds with funds required to be maintained in a separate fiduciary account, and by conducting the business of insurance under an assumed or fictitious name without notifying the Bureau.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00016
MAY 9, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JAMES TRACY JACKSON, JR.,
Defendant

ORDER GRANTING RECONSIDERATION

On April 26, 2016, the State Corporation Commission ("Commission") issued an Order Revoking License ("Order") in this docket. On May 3, 2016, James Tracy Jackson, Jr., filed a Petition for Reconsideration pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, requesting that the Commission reconsider the revocation of his Virginia insurance agent license.

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purposes of continuing jurisdiction over this matter and considering the above-referenced request. The Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced request.
- (2) Pending the Commission's reconsideration, the Order is suspended.
- (3) This matter is continued generally pending further order of the Commission.

**CASE NO. INS-2016-00020
FEBRUARY 3, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RACHEL ISABELLE CASTELLANO
F/K/A RACHEL ISABELLE CRISTOBAL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rachel Isabelle Castellano f/k/a Rachel Isabelle Cristobal ("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 §§ 38.2-613 A and 38.2-1826 of the Code of Virginia ("Code") by disclosing privileged information about an individual collected in connection with an insurance transaction without the written authorization of the individual, and by failing to report within 30 calendar days to the Commission and to every insurer for which she is appointed a change in her 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 her right to a hearing before the Commission in this matter by certified letter dated November 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 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 §§ 38.2-613 A and 38.2-1826 of the Code by disclosing privileged information about an individual collected in connection with an insurance transaction without the written authorization of the individual, and by failing to report within 30 calendar days to the Commission and to every insurer for which she is appointed a change in her residence address.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00021
JANUARY 29, 2016**

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

v.

RAFAEL SARABIA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rafael Sarabia ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Florida, and by providing materially incorrect and untrue information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated December 17, 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 an administrative action that was taken against him by the State of Florida, and by providing materially incorrect and untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00023
FEBRUARY 17, 2016**

APPLICATION OF
AMERICAN NETWORK INSURANCE COMPANY

For approval of an assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

ORDER APPROVING APPLICATION

By petition filed with the State Corporation Commission ("Commission") on October 8, 2015, American Network Insurance Company ("Petitioner"), a Pennsylvania-domiciled insurer, requested approval of an assumption reinsurance agreement for the transfer of the Petitioner's disability policies to Assurity Life Insurance Company pursuant to § 38.2-136 C of the Code of Virginia ("Code").

Pursuant to § 38.2-136 C of the Code, the Petitioner has requested that the Commission waive the policy holder consent to this transaction required by § 38.2-136 B of the Code, because a delinquency proceeding has been instituted against the insurer for the purpose of rehabilitating the insurer. In addition, the Petitioner's license has been suspended since July 17, 2009.

The Bureau of Insurance, having reviewed the application, has determined that approval of the assumption reinsurance agreement is in the best interest of policyholders and has recommended that the application be approved.

NOW THE COMMISSION, having considered the application, the recommendation of the Bureau of Insurance that the application be approved, and the law applicable hereto, is of the opinion that the application should be approved;

Accordingly, IT IS ORDERED THAT the application of American Network Insurance Company for the approval of the reinsurance agreement pursuant to § 38.2-136 C of the Code be, and it is hereby, APPROVED.

**CASE NO. INS-2016-00025
APRIL 14, 2016**

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

v.
BRITTANY JOY SMITH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Brittany Joy Smith ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of South Dakota, and by providing materially incorrect, incomplete or untrue information on license applications filed with the Commission.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated February 25, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of South Dakota, and by providing materially incorrect, incomplete or untrue information on license applications filed with the Commission.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00027
FEBRUARY 22, 2016**

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

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Jefferson Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-510 A (3) of the Code of Virginia ("Code"), as well as 14 VAC 5-400-30 of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Two Thousand Dollars (\$2,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its correspondence to the Bureau dated January 15, 2016, and confirmed that restitution was made to 4 consumers in the amount of Six Thousand Two Hundred Twenty-seven Dollars and Fifty Cents (\$6,227.50).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00028
FEBRUARY 17, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALLIED PROPERTY & CASUALTY INSURANCE COMPANY
and
AMCO INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allied Property & Casualty Insurance Company and AMCO Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated October 13, 2015, and confirmed that restitution was made to 463 consumers in the amount of \$68,669.45.

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-2016-00031
APRIL 14, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ERIC ZEPEDA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Eric Zepeda ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing untrue information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated March 7, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00036
FEBRUARY 17, 2016**

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

v.

EDWIN J. THOMPSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Edwin J. Thompson ("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 States of Iowa, South Dakota, Delaware, Washington, Minnesota, and 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 violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 20, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the States of Iowa, South Dakota, Delaware, Washington, Minnesota, and New York.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00037
FEBRUARY 17, 2016**

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

v.

KATELYN DEE GREGORY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Katelyn Dee Gregory ("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 a change in her residence address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the States of Nevada, Indiana, Minnesota, and West Virginia.

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.

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The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated January 20, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 a change in her residence address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the States of Nevada, Indiana, Minnesota, and West Virginia.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00038
FEBRUARY 22, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WEST VIRGINIA NATIONAL AUTO INSURANCE COMPANY,
Defendant

CONSENT ORDER

West Virginia National Auto Insurance Company ("Defendant"), a West Virginia domiciled insurer, was initially licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia") on June 1, 1998.

By letter dated January 15, 2016, and signed by the Defendant's Chief Financial Officer David C. Rimmels, the Defendant informed the Commission that its 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 February 8, 2016, and signed by the Defendant's president, James W. Buchanan, Jr., 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-2016-00039
FEBRUARY 24, 2016**

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

v.

UNITED SECURITY ASSURANCE COMPANY OF PENNSYLVANIA,
Defendant

IMPAIRMENT ORDER

United Security Assurance Company of Pennsylvania, a Pennsylvania 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 September 30, 2015, and filed with the Commission's Bureau of Insurance, indicates surplus of \$2,361,242, an impairment of surplus of \$638,758.

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-2016-00040
OCTOBER 13, 2016**

PETITION OF
DEUTSCHE BANK NATIONAL TRUST COMPANY,
AS TRUSTEE FOR AMERIQUEST MORTGAGE SECURITIES INC.,
ASSET - BACKED PASS - THROUGH CERTIFICATES, SERIES 2005 - R4

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

FINAL ORDER

On February 12, 2016, Deutsche Bank National Trust Company, as Trustee for Ameriquest Mortgage Securities Inc., Asset-Backed Pass-Through Certificates, Series 2005- R4 ("Petitioner"), filed a Petition for Review of Deputy Receiver's Determination of Appeal ("Petition"), with the State Corporation Commission ("Commission"). Concurrent with the filing of the Petition, the Petitioner filed a Motion for Protective Order or Other Confidential Treatment.

On March 21, 2016, the Commission entered an Order Docketing Case, Appointing Hearing Examiner, and Setting Date for Filing Answer. Among other things, the Commission directed the Deputy Receiver to file an answer or other responsive pleading to the Petition on or before April 4, 2016, and appointed a Hearing Examiner to conduct all further proceedings in this matter.

On March 22, 2016, the Deputy Receiver filed an Answer to the Petition. On April 22, 2016, the Hearing Examiner entered a Protective Ruling in which procedures for the protection of confidential information in this matter were established.

On July 27, 2016, the Deputy Receiver filed a Motion for Summary Judgment. On August 15, 2016, the Petitioner filed a Notice of Withdrawal of Petition ("Notice of Withdrawal") in which the Petitioner stated that it had elected to withdraw its Petition.

On August 15, 2016, the Hearing Examiner issued her report ("Hearing Examiner's Report") in which she recommended that the Notice of Withdrawal be granted and this case dismissed.

NOW THE COMMISSION, upon consideration of the record in this matter, is of the opinion that the Petitioner's Notice of Withdrawal should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The findings contained in the Hearing Examiner's Report are hereby ADOPTED.

(2) The Petitioner's Notice of Withdrawal is hereby GRANTED.

(3) This case is dismissed and the papers filed for ended causes.

**CASE NO. INS-2016-00041
APRIL 14, 2016**

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

v.

ANSWER TITLE – VA LLC

and

ANSWER TITLE & ESCROW LLC,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Answer Title - VA LLC, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), and Answer Title & Escrow LLC (collectively, "Defendants"), violated §§ 38.2-1813, 38.2-1822 E, 55-525.20, 55-525.24 B, and 55-525.30 of the Code of Virginia ("Code"), as well as 14 VAC 5-395-40 and 14 VAC 5-395-60 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.*, by failing, in the ordinary course of business, to pay funds received from insureds to the insurer entitled to the payment; by conducting the business of insurance under an assumed or fictitious name without notifying the Bureau of Insurance; by failing to exercise reasonable care in connection with an escrow, settlement, or closing in a fiduciary capacity; by failing to handle funds deposited in connection with an escrow, settlement or closing in a fiduciary capacity; by failing to disburse funds pursuant to a written instruction or agreement specifying how and to whom such funds may be disbursed; by failing to file an original surety bond in an amount not less than \$200,000 on a form prescribed by the Bureau at the time of registration and, if such bond is canceled, at the time a replacement bond is issued; and by failing to maintain a separate fiduciary account for the purposes of handling settlement funds involving real estate located in Virginia.

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 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 (i) have tendered to Virginia the sum of Five Thousand Dollars (\$5,000); (ii) waived their right to a hearing; and (iii) agreed to cease and desist from violating § 38.2-1813 and Chapter 27.3 of Title 55 of the Code.

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 shall cease and desist from violating § 38.2-1813 and Chapter 27.3 of Title 55 of the Code.
- (4) This case is dismissed and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00042
JUNE 2, 2016**

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

v.

WAYNE RENFROW,
Defendant

CONSENT ORDER

The Bureau of Insurance ("Bureau") of the Virginia State Corporation Commission ("Commission") conducted an investigation of Wayne Renfrow ("Renfrow" or "Defendant"), pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on the Bureau's allegations as discussed herein regarding Renfrow's purported violations of Title 38.2 of the Code, and following Renfrow's agreement to the entry of this Consent Order, the Commission hereby enters this Consent Order permanently revoking Renfrow's insurance license, to be effective October 1, 2016, and permanently enjoining him from engaging in the business of insurance in the Commonwealth beginning October 1, 2016.

Based on its investigation of Renfrow, the Bureau alleges that:

a) Renfrow is a licensed insurance agent engaged in the business of insurance as a bail bondsman in and around Virginia Beach, Virginia. He has held a Property & Casualty insurance agent's license since 2003.

b) In 2003, Renfrow was appointed and entered into a contractual relationship with Roche Surety, a Florida domiciled insurer, to issue, among other things, surety bail bonds to criminal defendants appearing in federal court in and around Virginia Beach, Virginia.

c) Under the terms of the contract, Renfrow was required to obtain approval from Roche Surety before executing any federal surety bail bonds previously provided on behalf of Roche Surety. Approval required Renfrow to provide Roche Surety with certain documentation regarding the bond to be issued, including: (i) any pledged collateral; (ii) any encumbrances on the pledged collateral (for example, encumbrances from a bankruptcy proceeding); (iii) the history of the criminal case; and (iv) information sufficient for Roche Surety to run background checks on all of the sureties and the criminal defendant. Roche asserts that if the approval process indicates that a defendant is from a country without an extradition treaty with the United States, its standard policy was to deny approval because of flight risk and potential forfeiture of a bond.

d) If approved, Renfrow would collect a non-refundable premium in the amount of 10% of the face value of the bond from the criminal defendant. Renfrow was permitted to keep 9% of the face value for himself as commission. Under the contract, he was to remit with his recap of business written the remaining 1% to Roche Surety. In exchange, Roche Surety would agree to pay the amount of the bond to a court if the criminal defendant failed to comply with the requirements of the bond.

e) In May of 2014, Renfrow received a request from the attorney for Mohammed Syed ("Syed") for a federal surety bail bond. Syed – an individual with ties to Pakistan (which does not have an extradition treaty with the United States) – was indicted on March 11, 2014, in the United States District Court for the Eastern District of Virginia ("Court")¹ and charged with multiple counts of identity theft and bank fraud. The Court ordered Syed to remain in pretrial detention until trial, or to obtain a secured bond in the amount of \$200,000.

f) Syed's Attorney contacted Renfrow to arrange for a secured bond in that amount. As collateral, Syed's parents agreed to pledge their personal home and other assets – even though at the time Syed's father had filed for personal bankruptcy, and the home was subject to the protections of the bankruptcy proceeding. The Court required Syed's parents to also be accountable for the bond, if written.

g) On or about May 20, 2014, Renfrow issued a federal surety bond to Syed in the amount of \$200,000. In exchange, Renfrow accepted \$20,000 in cash premiums from Syed's parents.

h) Renfrow, however, did not request further approval from Roche Surety before issuing the bond as required under the contract, nor did he timely remit the \$2,000 in premium owed to the company.

i) If he had submitted the documentation required for the approval process, and had Roche Surety known that Syed had ties to Pakistan and that the collateral for the surety was subject to bankruptcy proceedings, Roche Surety would not have authorized issuance of the bond.

j) At a preliminary hearing, held on May 22, 2014, the Court ordered Syed released from pretrial detention upon the entry of the \$200,000 secure bond, which was posted on May 28, 2014. On July 8, 2014, a motion to allow the parents' home as collateral for the bond was denied by the bankruptcy court. Based on this determination, Syed fled the same day, and the government now alleges that he is in Pakistan.

k) As a result of Syed's disappearance, the Court declared Syed's bond forfeited on November 13, 2014. Roche Surety asserts that it was required to pay on a bond that it did not even know was written until after the bond was forfeited.

l) Renfrow never informed Roche Surety of the issuance or the forfeiture of the bond. Instead, Roche Surety independently discovered the bond issued to Syed had been executed and the forfeiture months later while investigating an unrelated matter.

m) When questioned, Renfrow admitted to Roche Surety that he had issued the bond when it contacted him about the matter and only then did he remit \$2,000 to Roche Surety.

n) In July 2015, after receiving a complaint, the Bureau began an investigation into this matter. As part of that investigation, the Bureau contacted Renfrow and requested that he provide business records accounting for the premiums that Renfrow accepted for the bond he issued to Syed. Renfrow, however, failed to account for the premium.

On March 22, 2016, the Bureau met with Renfrow and his counsel to discuss this matter and to request that Renfrow agree to the revocation of his insurance license. Without admitting to the Bureau's allegations, Renfrow, with the assistance of counsel, has agreed to the entry of an order permanently revoking his insurance license and enjoining him from engaging in the business of insurance in the Commonwealth of Virginia ("Virginia").

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 of the Code authorizes the Commission to enter permanent injunctions.

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's insurance license should be revoked, and the Defendant should be enjoined from engaging in the business of insurance.

¹ *United States of America v. Mohammad Syed*, 4:14-cr-00016.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 12.1-13 and 38.2-1831 of the Code, Renfrow's insurance license is hereby revoked, to be effective October 1, 2016.
- (2) Pursuant to § 28.1-220 of the Code, the Defendant is permanently enjoined from engaging in the business of insurance in Virginia beginning October 1, 2016.
- (3) This matter is continued generally.

**CASE NO. INS-2016-00043
FEBRUARY 29, 2016**

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

v.
JOSHUA MITCHELL,
Defendant

ORDER REVOKING LICENSE

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 27, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 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 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-2016-00043
MARCH 17, 2016**

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

v.

JOSHUA MITCHELL,
Defendant

ORDER GRANTING RECONSIDERATION

On February 29, 2016, the State Corporation Commission ("Commission") issued an Order Revoking License ("Order") in this docket.¹ On March 11, 2016, Joshua Mitchell filed a Petition for Reconsideration pursuant to 14 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 14 VAC 5-20-10 *et seq.*, requesting that the Commission reconsider the revocation of his Virginia insurance agent license.

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purposes of continuing jurisdiction over this matter and considering the above-referenced request. The Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced request.
- (2) Pending the Commission's reconsideration, the Order is suspended.
- (3) This matter is continued generally pending further order of the Commission.

¹ Doc. Con. Cen. No. 160250168.

**CASE NO. INS-2016-00043
MARCH 30, 2016**

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

v.

JOSHUA MITCHELL,
Defendant

SETTLEMENT ORDER

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

The Defendant was notified of his right to a hearing before the Commission in this matter by certified letter dated January 27, 2016, and mailed to the Defendant's address shown in the records of the Bureau. The Defendant failed to respond to that correspondence and on February 29, 2016, the Commission issued an order ("Revocation Order")¹ revoking his license to transact the business of insurance as an insurance agent in Virginia. On March 11, 2016, the Defendant filed a petition for reconsideration pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, requesting that the Commission reconsider the revocation of his Virginia insurance agent license.² By order entered on March 17, 2016, the Commission granted reconsideration for the purpose of continuing jurisdiction over this matter, suspended the Revocation Order, and continued the matter pending further order of the Commission.³

The Defendant contacted the Bureau and initiated discussions to settle this matter. Based on those discussions, and after being advised of his right to a hearing in this matter, the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Five Hundred Dollars (\$500) and waived his 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.

¹ Doc. Con. Cen. No. 160250168.

² Doc. Con. Cen. No. 160320059.

³ Doc. Con. Cen. No. 160330007.

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 Revocation Order is vacated.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00044
FEBRUARY 29, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DREW BAUER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Drew Bauer ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Missouri, and by providing materially incorrect, misleading, 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 his right to a hearing before the Commission in this matter by certified letter dated January 28, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Missouri, and by providing materially incorrect, misleading, 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-2016-00045
MARCH 1, 2016**

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

Ex Parte: In the matter of Repealing the Rules Governing Accident Airtrip Insurance

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to repeal the rules set forth in Chapter 10 of Title 14 of the Virginia Administrative Code, entitled "Accident Airtrip Insurance," 14 VAC 5-10-10 ("Rules").

The Virginia General Assembly enacted § 38.2-1807 of the Code in 1958. This Code section allows insurers that are qualified to transact business in the Commonwealth of Virginia and to write accident airtrip insurance to solicit applications for and issue accident airtrip insurance policies by means of mechanical vending machines in public airports. In addition, this Code section requires that such mechanical vending machines be under the supervision of an appointed agent and that the insurer comply with all requirements prescribed by the Commission for the conduct of this business. Chapter 10 was promulgated as a result. The repeal of Chapter 10 is necessary because the use of mechanical vending machines in public airports for the solicitation of applications for and the issuance of accident airtrip insurance policies is now obsolete.

NOW THE COMMISSION is of the opinion that Chapter 10 of Title 14 of the Virginia Administrative Code should be considered for repeal.

Accordingly, IT IS ORDERED THAT:

- (1) The proposal that Chapter 10 of Title 14 of the Virginia Administrative Code be repealed, is attached hereto and made a part hereof.
- (2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose repealing Chapter 10 of Title 14 of the Virginia Administrative Code, shall file such comments or hearing request on or before April 15, 2016, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2016-00045.
- (3) If no written request for a hearing on the proposal to repeal Chapter 10 of Title 14 of the Virginia Administrative Code is received on or before April 15, 2016, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may repeal the Rules.
- (4) AN ATTESTED COPY hereof, together with a copy of the proposal to repeal the 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 proposal to repeal the Rules by mailing a copy of this Order, together with the proposal, to all insurers qualified to transact business in the Commonwealth and to write accident airtrip insurance, as well as 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 repeal 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 to repeal 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.

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

CASE NO. INS-2016-00045
APRIL 22, 2016

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

Ex Parte: In the matter of Repealing the Rules Governing Accident Airtrip Insurance

ORDER REPEALING RULES

By Order to Take Notice ("Order") entered March 1, 2016, all interested persons were ordered to take notice that subsequent to April 15, 2016, the State Corporation Commission ("Commission") would consider the entry of an order repealing the rules entitled "Accident Airtrip Insurance," 14 VAC 5-10-10 ("Rules"), as proposed by the Bureau of Insurance ("Bureau").

The Order required that on or before April 15, 2016, any person objecting to the repeal of the Rules file a 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 their comments in support of or in opposition to the repeal of the Rules on or before April 15, 2016. No comments on the proposed repeal of the Rules were filed with the Clerk.

The Virginia General Assembly enacted § 38.2-1807 of the Code of Virginia ("Code") in 1958. This Code section allows insurers that are qualified to transact business in the Commonwealth of Virginia and to write accident airtrip insurance to solicit applications for and issue accident airtrip insurance policies by means of mechanical vending machines in public airports. In addition, this Code section requires that such mechanical vending machines be under the supervision of an appointed agent and that the insurer comply with all requirements prescribed by the Commission for conduct of this business. Chapter 10 was promulgated as a result. The repeal of Chapter 10 is necessary because the use of mechanical vending machines in public airports for the solicitation of applications for and the issuance of accident airtrip insurance policies is now obsolete.

NOW THE COMMISSION, having considered the recommendation of the Bureau to repeal Chapter 10 of Title 14 of the Virginia Administrative Code, is of the opinion that the Rules should be repealed.

Accordingly, IT IS ORDERED THAT:

(1) The Rules Governing Accident Airtrip Insurance at 14 VAC 5-10-10, which are attached hereto and made a part hereof, should be, and are hereby, REPEALED to be effective June 1, 2016.

(2) AN ATTESTED COPY hereof, together with a copy of the repealed 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 repeal of the Rules by mailing a copy of this Order, together with a copy of the repealed rules, to all insurers qualified to transact business in the Commonwealth and to write accident airtrip insurance, as well as to all interested persons.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the attached repealed 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 repealed Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

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

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

CASE NO. INS-2016-00051
MARCH 30, 2016

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

v.
THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA,
Defendant

SETTLEMENT ORDER

Based on a market conduct analysis performed by the Bureau of Insurance ("Bureau"), it is alleged that Guardian Life Insurance Company of America ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-316 A and 38.2-316 C (1) of the Code of Virginia ("Code") by failing to comply with policy and form filing 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 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 February 23, 2016.

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00052
MARCH 8, 2016**

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

v.

KENNETH HARRIS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kenneth Harris ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Missouri, and by providing materially incorrect, misleading, incomplete and untrue information on the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated January 5, 2016 and February 9, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Missouri, and by providing materially incorrect, misleading, incomplete and 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-2016-00053
APRIL 11, 2016**

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

v.

UNIVERSAL NORTH AMERICA INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Universal North America Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-502 of the Code of Virginia ("Code") by misrepresenting the benefits, advantages, conditions or terms of insurance policies; violated §§ 38.2-604 A, 38.2-604 B, 38.2-604 C, 38.2-610 A, 38.2-2118, 38.2-2125, and 38.2-2126 A of the Code by failing to accurately provide the required notices to insureds; violated § 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; violated §§ 38.2-2113 C, 38.2-2114 A, and 38.2-2114 C of the Code by failing to properly terminate insurance policies; violated § 38.2-2126 E of the Code by failing to rate the policy with proper credit information; and violated §§ 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 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Twelve Thousand Eight Hundred Dollars (\$12,800), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated August 14, 2015, and October 21, 2015, and confirmed that restitution was made to 11 consumers in the amount of Four Thousand Five Hundred Thirty-five Dollars and Eighty-nine Cents (\$4,535.89).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00057
MARCH 18, 2016**

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

v.

JAMES PARKER CATES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James Parker Cates ("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, 38.2-1826 C, 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, by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of Florida and the State of Louisiana, and by providing materially incorrect and untrue information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 18, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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, 38.2-1826 C, 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, by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of Florida and the State of Louisiana, and by providing materially incorrect and untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00058
MARCH 22, 2016**

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

v.

MARK ANDREW BULLIVANT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mark Andrew Bullivant ("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 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 February 9, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00059
APRIL 11, 2016**

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

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Homesite 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 by the statute in the insurance policy; violated § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; violated §§ 38.2-604 A (1), 38.2-604 C, 38.2-610 A, 38.2-2125, and 38.2-2126 A of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-1822 of the Code by permitting persons to act as agents without first obtaining a license; violated § 38.2-1833 of the Code by accepting insurance applications from agents who have not been appointed; violated § 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; violated §§ 38.2-2113 A, 38.2-2113 C, 38.2-2114 A, and 38.2-2114 C of the Code by failing to properly terminate insurance policies; violated § 38.2-2126 B of the Code by failing to obtain updated credit information; and violated § 38.2-510 A (1) of the Code as well as 14 VAC 5-400-30 and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The 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-one Thousand Eight Hundred Dollars (\$31,800), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated August 7, 2015, and December 18, 2015, and confirmed that restitution was made to 17 consumers in the amount of Sixty-three Thousand One Hundred Eighty-six Dollars and Twenty-eight Cents (\$63,186.28).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00060
APRIL 14, 2016**

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

v.

EQUITY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Equity Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by statute in the insurance policy; violated § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-511 of the Code by failing to maintain a complete complaint register; violated §§ 38.2-517 A, 38.2-604 B, 38.2-604 C, 38.2-604.1 B, 38.2-610 A and 38.2-2202 B of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-1812 E of the Code by paying commissions to a trade name that was not filed with the Bureau; violated § 38.2-1822 of the Code by permitting a person to act as an agent without first obtaining a license in a manner and form prescribed by the Commission; violated § 38.2-1833 of the Code by paying commissions to agencies or agents that are not appointed by the Defendant; violated § 38.2-1905 A of the Code by failing to notify insureds in writing when their policies were surcharged for at-fault accidents; violated § 38.2-1905 C of the Code by assigning points under a safe-driver insurance policy to a vehicle other than the vehicle customarily driven by the operator responsible for incurring points; violated § 38.2-1906 A of the Code by failing to file all rates and supplementary rate information prior to use; violated § 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; violated §§ 38.2-2208 B and 38.2-2212 E of the Code by failing to properly terminate insurance policies; violated § 38.2-2214 of the Code by failing to provide insureds with rate classification statements; violated § 38.2-2220 of the Code by failing to use forms in the precise language of standard forms previously filed and adopted by the Commission; and violated §§ 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, 14 VAC 5-400-50 C, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Forty-four Thousand Eight Hundred Dollars (\$44,800), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated August 28, 2015, October 24, 2015 and February 15, 2016, and confirmed that restitution was made to 36 consumers in the amount of Sixteen Thousand Nine Hundred Twelve Dollars and Eight Cents (\$16,912.08).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00061
APRIL 4, 2016**

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

v.

CENTRAL SECURITY LIFE INSURANCE COMPANY,
Defendant

CONSENT ORDER

Central Security Life Insurance Company ("Defendant"), a Texas domiciled insurer, was initially licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia") on December 17, 1985.

By letter dated March 16, 2016, and signed by the Defendant's Chief Financial Officer Gary B. Cox, the Defendant informed the Commission that its surplus is below the \$3,000,000 minimum required by § 38.2-1028 of the Code of Virginia ("Code"). Consequently, the Defendant consented to the suspension of its license to transact the business of insurance in Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau has recommended that the license of the Defendant be suspended.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-1040 of the Code, the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED.
- (2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.
- (3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED.
- (4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission.
- (5) The Bureau shall cause 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-2016-00066
APRIL 14, 2016**

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

v.

MONICA L. HOUSTON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Monica L. Houston ("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 Georgia and the State of Louisiana.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated March 14, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 Georgia and the State of Louisiana.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00067
MAY 17, 2016**

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

v.

BARACHY LUCIEN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Barachy Lucien ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-512 A, 38.2-512 C, and 38.2-1826 A of the Code of Virginia ("Code"), by making or allowing to be made statements and representations to an individual relating to the business of insurance for the purpose of obtaining a commission from the insurer without the knowledge or permission of the individual, by obtaining or causing or allowing to be obtained by false pretense the signature of another person or utilize such signature for the purpose of altering, changing or effecting the benefits, advantages, terms or conditions of any insurance contract or document related thereto, 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 April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated 38.2-512 A, 38.2-512 C, and 38.2-1826 A of the Code, by making or allowing to be made statements and representations to an individual relating to the business of insurance for the purpose of obtaining a commission from the insurer without the knowledge or permission of the individual, by obtaining or causing or allowing to be obtained by false pretense the signature of another person or utilize such signature for the purpose of altering, changing or effecting the benefits, advantages, terms or conditions of any insurance contract or document related thereto, 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-2016-00068
APRIL 26, 2016**

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

v.

BRIAN GABO LALUSIN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Brian Gabo Lalusin ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1809 and 38.2-1826 C of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, and by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Delaware.

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 February 4, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809 and 38.2-1826 C of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, and by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Delaware.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00070
APRIL 28, 2016**

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

CONSENT ORDER

Church Insurance Company ("Defendant"), a New York domiciled insurer 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 a minimum capital of \$1,000,000 and minimum surplus of \$3,000,000.

The Annual Statement of the Defendant, dated December 31, 2015, indicates surplus of \$2,778,379, an impairment of surplus of \$221,621. By letter dated March 23, 2016, and signed by the Defendant's Chief Financial Officer, Dan Kasle, 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 hereby is SUSPENDED.
- (2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.
- (3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED.
- (4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission.
- (5) The Bureau shall cause notice of the suspension of the Defendant's agents' appointments to be sent to each of the agents appointed to act on behalf of the Defendant in Virginia.
- (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-2016-00071
MAY 5, 2016

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

Ex Parte: In the matter of Adopting New Rules Governing Rate Stabilization in Property and Casualty Insurance

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to promulgate new rules at Chapter 345 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Rate Stabilization in Property and Casualty Insurance," which are recommended to be set out at 14 VAC 5-345-10 through 14 VAC 5-345-70 with forms.

These proposed new rules are necessary to implement the provisions of § 38.2-1906 F of the Code, in particular the amendments enacted in Chapter 277 of the 2016 Acts of Assembly (HB 324) that allow limits on rate increases and rate decreases. These new rules establish standards, filing requirements and prohibited actions for insurers who wish to set limits on rates. The amendments to the Code will go into effect September 1, 2016.

NOW THE COMMISSION is of the opinion that the proposal to adopt new rules recommended to be set out at Chapter 345 in the Virginia Administrative Code as submitted by the Bureau should be considered for adoption with a proposed effective date of September 1, 2016.

Accordingly, IT IS ORDERED THAT:

(1) The proposed new rules entitled "Rules Governing Rate Stabilization in Property and Casualty Insurance," recommended to be set out at 14 VAC 5-345-10 through 14 VAC 5-345-70 with forms, are attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the adoption of proposed Chapter 345 shall file such comments or hearing request on or before July 1, 2016, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2016-00071.

(3) If no written request for a hearing on the adoption of the proposed new rules as outlined in this Order is received on or before July 1, 2016, 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) AN ATTESTED COPY hereof, together with a copy of the proposed new rules, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Rebecca Nichols, who forthwith shall give further notice of the proposal by mailing a copy of this Order, together with the proposal, to all insurers licensed in Virginia to sell property and casualty 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 proposed rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposal on the Commission's website: <http://www.scc.virginia.gov/case>.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

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

**CASE NO. INS-2016-00071
JULY 14, 2016**

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

Ex Parte: In the matter of Adopting New Rules Governing Rate Stabilization In Property and Casualty Insurance

ORDER ADOPTING RULES

By Order to Take Notice ("Order") entered May 5, 2016, all interested parties were ordered to take notice that subsequent to July 1, 2016, the State Corporation Commission ("Commission") would consider the entry of an order to adopt new rules at Chapter 345 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Rate Stabilization in Property and Casualty Insurance," which are to be set out at 14 VAC 5-345-10 through 14 VAC 5-345-70 with forms ("Rules").

The Rules were proposed by the Commission's Bureau of Insurance ("Bureau") to implement the provisions of § 38.2-1906 F of the Code of Virginia, in particular the amendments to enacted Chapter 277 of the 2016 Acts of Assembly (HB 324) that allow limits on rate increases and rate discounts. The Rules establish standards, filing requirements and prohibited actions for insurers who wish to set limits on rates.

The Order required that any person requesting a hearing on the Rules shall have filed such request for a hearing with the Clerk of the Commission ("Clerk") on or before July 1, 2016, and that all interested persons file with the Clerk their comments in support of or in opposition to the amendments to the Rules on or before this same date. No request for a hearing was filed with the Clerk.

On July 1, 2016, general comments were filed by representatives for Nationwide Mutual Insurance Company and the Property Casualty Insurers Association of America. These comments did not request changes to the proposed new Rules, but instead, sought to clarify several terms used in the proposed new Rules as well as several requirements pertaining to the capping of individual rating factors. The Bureau provided clarification of these issues in its Response to Comments, which it filed with the Clerk on July 11, 2016, and recommends that no changes be made to the Rules and that they be adopted as proposed.

NOW THE COMMISSION, having considered this matter, is of the opinion that the Rules should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Rules Governing Rate Stabilization in Property and Casualty Insurance which are set out at 14 VAC 5-345-10 through 14 VAC 5-345-70 with forms, which are attached hereto and made a part hereof, are hereby **ADOPTED** to be effective September 1, 2016.

(2) AN **ATTESTED COPY** hereof, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Rebecca Nichols, who forthwith shall give further notice of the adopted rules by mailing a copy of this Order to all insurers licensed in the Commonwealth of Virginia to sell property and casualty insurance, and to all interested parties.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the 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 of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

**CASE NO. INS-2016-00083
MAY 9, 2016**

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 § 38.2-317 of the Code of Virginia ("Code") by issuing policies or endorsements without having filed such policies or endorsements with the Commission at least 30 days prior to their effective date.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have each tendered to Virginia the sum of 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 February 9, 2016.

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-2016-00084
MAY 4, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROCKINGHAM CASUALTY COMPANY,
Defendant

SETTLEMENT ORDER

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of 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 March 7, 2016, and confirmed that restitution was made to 31 consumers in the amount of Six Thousand Three Hundred Seventy-five Dollars and Forty-eight Cents (\$6,375.48).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00085
MAY 9, 2016**

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that AmGuard 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 contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated February 8, 2016, and confirmed that restitution was made to nine consumers in the amount of Eight Hundred Five Dollars (\$805).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00086
MAY 18, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HARTFORD ACCIDENT AND INDEMNITY COMPANY,
HARTFORD CASUALTY INSURANCE COMPANY,
HARTFORD FIRE INSURANCE COMPANY,
HARTFORD INSURANCE COMPANY OF THE MIDWEST,
HARTFORD UNDERWRITERS INSURANCE COMPANY,
PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD,
TRUMBULL 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 Accident and Indemnity Company, Hartford Casualty Insurance Company, Hartford Fire Insurance Company, Hartford Insurance Company of the Midwest, Hartford Underwriters Insurance Company, Property and Casualty Insurance Company of Hartford, Trumbull Insurance Company, and Twin City Fire Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

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 each tendered to Virginia the sum of One Thousand Dollars (\$1,000) for an amount totaling Eight Thousand Dollars (\$8,000), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated February 29, 2016, and confirmed that restitution was made to three (3) consumers in the amount of One Hundred Thirty-one Dollars and Forty-four Cents (\$131.44).

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-2016-00089
MAY 20, 2016**

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

v.

GUY GAGNON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Guy Gagnon ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00094
MAY 17, 2016**

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

v.

BRANDON ROSS COLVER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Brandon Ross Colver ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00095
MAY 17, 2016**

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

v.

J. LEIB DODELL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that J. Leib Dodell ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as 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 Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia 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-2016-00098
MAY 17, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KIMBERLY STACY LINDSAY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kimberly Stacy 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 ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00099
JUNE 10, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHAD THOMAS RUMFELT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Chad Thomas Rumfelt ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

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 his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00100
MAY 17, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DAVID J. HUTCHISON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that David J. Hutchison ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00101
MAY 17, 2016**

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

v.

PHILIP G. MAVON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Philip G. Mavon ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00102
MAY 17, 2016**

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

v.

DOUGLAS JOHN BURKERT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Douglas John Burkert ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00105
MAY 17, 2016**

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

v.
DANIEL MYER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daniel Myer ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00106
MAY 17, 2016**

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

v.

JACKIE WAYNE SMITH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jackie Wayne Smith ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00108
MAY 17, 2016**

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

v.

JOHN J. PIHIR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John J. Pihir ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00110
MAY 17, 2016**

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

v.
MICHAEL BENTON CHRISTIAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael Benton Christian ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00112
MAY 17, 2016**

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

v.

ANGELA LOUISE ACKERMAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Angela Louise Ackerman ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00113
MAY 17, 2016**

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

v.

BORIS M. PETCOFF,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Boris M. Petcoff ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00114
MAY 17, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GAYLE HUDSON FARR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Gayle Hudson Farr ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00117
MAY 20, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHRISTOPHER HENDRIX,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christopher Hendrix ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

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 his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00118
MAY 20, 2016**

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

v.

RODNEY D. RITTER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rodney D. Ritter ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00119
MAY 20, 2016**

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

v.

ANDREW JAMES VILLA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Andrew James Villa ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00120
MAY 20, 2016**

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

v.

GREGORY W. GIEL,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Gregory W. Giel ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as 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 Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia 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-2016-00121
MAY 20, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SHARON ROSE HAYWARD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sharon Rose Hayward ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00122
MAY 20, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ADAM JOSEPH FEDERER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Adam Joseph Federer ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

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 his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00123
MAY 20, 2016**

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

v.
JOSHUA JOHN BURKE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Joshua John Burke ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00124
JUNE 2, 2016**

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

v.

MARCUS LEE STEVENS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Marcus Lee 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 ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00125
JUNE 2, 2016**

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

v.

DANIEL CONOR O'LEARY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daniel Conor O'Leary ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as 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 Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia 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-2016-00126
JUNE 2, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROGER ANTHONY BEALE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Roger Anthony Beale ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00127
JUNE 2, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CAMERON HARRIS POST,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Cameron Harris Post ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

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 his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00128
JUNE 2, 2016**

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

v.

JASON CHRISTOPHER RONCA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jason Christopher Ronca ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00129
MAY 20, 2016**

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

v.

JOHN G. SYRAGAKIS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John G. Syragakis ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00130
MAY 20, 2016**

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

v.

GEORGE H. NELSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that George H. Nelson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as 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 Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia 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-2016-00132
MAY 20, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DAVID BLAIR REED,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that David Blair Reed ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00134
JUNE 17, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GMI NA, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that GMI NA, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

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 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of its right to a hearing in this matter, has failed to request a hearing.

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00135
MAY 20, 2016**

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

v.

LUNDIE INSURANCE CENTER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lundie Insurance Center ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00136
MAY 20, 2016**

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

v.

ALLEN FINANCIAL INSURANCE GROUP, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allen Financial Insurance Group, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00137
MAY 20, 2016**

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

v.

LEAVITT RECREATION & HOSPITALITY INSURANCE, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Leavitt Recreation & Hospitality Insurance, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to 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 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00138
MAY 20, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
INTERCONTINENTAL HOLDINGS, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Intercontinental Holdings, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00139
MAY 20, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AVATEK RISK MANAGEMENT, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Avatek Risk 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 ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

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 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00141
MAY 20, 2016**

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

v.

AVENTINE RISK MANAGERS, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Aventine Risk Managers, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00142
MAY 20, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EVOLVE CYBER INSURANCE SERVICES, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Evolve Cyber 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 ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00144
JULY 1, 2016**

PETITION OF
TYRONE B. MUHAMMAD

For declaratory judgment

FINAL ORDER

On April 29, 2016, Tyrone B. Muhammad ("Petitioner") filed a Petition for Declaratory Judgment ("Petition") with the State Corporation Commission ("Commission"). The Petition alleged that on or about November 10, 2014, the Petitioner was involved in an automobile accident allegedly caused by another, and as a result he sustained vehicle property damage as well as personal injury. The Petitioner was represented by counsel in the matter, and the insurance company and other defendants identified in the Petition made an offer of settlement to the Petitioner. The Petitioner alleges that the insurance company, the insured and other defendants acted in bad faith in its offer of settlement. The Petitioner did not indicate whether the offer of settlement was ultimately accepted or rejected. The Petition requested that the Commission enter declaratory judgment against the defendants and order restitution for: (1) pain and suffering; (2) actual injury due to the accident; and (3) attorney's fees.

On June 8, 2016, the Bureau of Insurance ("Bureau") filed a Motion to Dismiss ("Motion") for failure to state a cause of action for which the Commission has jurisdiction pursuant to Rule 14 VAC 5-20-100 C of the Commission's Rules of Practice and Procedure ("Rules"). According to the Bureau, the Petitioner relies on provisions of the Code of Virginia that do not grant him a private cause of action, including §§ 38.2-510 B and 38.2-209. The Bureau states that the Petitioner's allegations suggest that the controversy is an individual one, and requests relief which the Commission has no authority to grant.

Pursuant to 14 VAC 5-20-110 of the Rules, the Petitioner had 14 days to file a response to the Motion. No response was filed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion that the Bureau's Motion should be granted, and that the Petition should be dismissed without prejudice and removed from the docket.

Accordingly, IT IS ORDERED THAT:

(1) The Bureau's Motion to Dismiss without prejudice is hereby GRANTED.

(2) This case is dismissed without prejudice from the Commission's docket of active cases, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00148
JUNE 30, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

THE CINCINNATI INSURANCE COMPANY,

Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that The Cincinnati Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-231 F, 38.2-2114 A, and 38.2-2114 C of the Code of Virginia ("Code") by failing to properly terminate insurance policies; violated § 38.2-304 of the Code by using an oral or written binder of insurance for more than 60 days as required by the statute; violated § 38.2-305 A of the Code by failing to provide the information required by the statute in the insurance policy; violated §§ 38.2-305 B, 38.2-2118, and 38.2-2125 of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; violated § 38.2-517 A of the Code by failing to properly handle claims; violated § 38.2-1812 of the Code by paying commissions to agencies/agents that are not appointed by the Defendant; violated § 38.2-1822 A of the Code by knowingly permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission; violated §§ 38.2-1906.1 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 Defendant; violated § 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; violated § 38.2-2234 E of the Code by failing to update the insured's credit information at least once in a three year period; and violated §§ 38.2-510 A (1) and 38.2-510 A (3) of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-50 D, 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 50-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Forty-one Thousand Five Hundred Dollars (\$41,500), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated August 25, 2015, October 16, 2015, December 7, 2015, and June 1, 2016, and confirmed that restitution was made to 28 consumers in the amount of Twelve Thousand Nine Hundred Seventy-Five Dollars and Nine Cents (\$12,975.09), and agreed to the entry by the Commission of a cease and desist order with regards to Rule 14 VAC 5-400-50 D.

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 Defendants shall cease and desist from any future conduct that constitutes a violation of Rule 14 VAC 5-400-50 D.

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

**CASE NO. INS-2016-00149
JUNE 2, 2016**

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

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Safe Auto Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-228 of the Code of Virginia ("Code") by failing to file proof of financial responsibility with the Department of Motor Vehicles without unreasonable delay; violated § 38.2-305 A of the Code by failing to provide the information required by the statute in the insurance policy; violated § 38.2-310 of the Code by failing to provide a list of all applicable fees to insureds in writing; violated § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; violated § 38.2-511 of the Code by failing to maintain a complete complaint register; violated § 38.2-1833 of the Code by paying commissions to agencies or agents that are not appointed by the Defendant; violated § 38.2-1905 C of the Code assigning points under a safe-driver insurance policy to a vehicle other than the vehicle customarily driven by the operator responsible for incurring points; violated § 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; violated §§ 38.2-2202 A and 38.2-2202 B of the Code by failing to accurately provide the required notices to insureds; 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 §§ 38.2-2234 A (1) and 38.2-2234 A (2) of the Code by failing to provide credit score disclosure notices; and violated §§ 38.2-510 A (1), 38.2-510 A (6), and 38.2-510 A (10) of the Code, as well as 14 VAC 5-400-30, 14 5-400-40 A, 14 VAC 5-400-50 C, 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.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Fifty-one Thousand One Hundred Dollars (\$51,100), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated April 15, 2015, September 23, 2015, November 30, 2015, and May 4, 2016, and has confirmed that restitution was made to 54 consumers in the amount of Eleven Thousand Nine Hundred Twenty-two Dollars and Ninety-six Cents (\$11,922.96).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00150
JULY 18, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANTHONY LYNN GREEN,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Anthony Lynn Green ("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 B of the Code of Virginia ("Code"), as well as the Settlement Order entered by the Commission in Case No. INS-2015-00011, by failing to report to the Commission within 30 calendar days the facts and circumstances regarding a felony conviction.

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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant has admitted to the violation of § 38.2-1826 B of the Code, and has made an offer of settlement to the Commission wherein the Defendant has agreed to the suspension of his license to conduct the business of insurance in Virginia for a period of one (1) year from the date of entry of this Settlement Order ("Order") and waived his right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant's license to conduct the business of insurance in Virginia is suspended for a period of one (1) year from the date of entry of this Order.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00151
JUNE 10, 2016**

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

v.

EDWARD H. DOERRMAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Edward H. Doerrman ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00152
JUNE 10, 2016**

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

v.
STEVE FALECKI,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Steve Falecki ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 28, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00153
JUNE 10, 2016**

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

v.
KURT MARTIN HOLVE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kurt Martin Holve ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00154
JUNE 10, 2016**

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

v.

ARMAND GEORGE PEPIN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Armand George Pepin ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 28, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00155
JUNE 10, 2016**

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

v.
GAURAV SUD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Gaurav Sud ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 28, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00157
JUNE 13, 2016**

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

v.
VICTOR O. SCHINNERER & COMPANY, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Victor O. Schinnerer & Company, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 6, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report, and by failing to pay the assessment, penalties, fines and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00158
DECEMBER 7, 2016**

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 15, 2016, the National Council on Compensation Insurance, Inc. ("NCCI" or "Applicant"), 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, 2017 ("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 decrease of 5.5% for industrial classifications; an increase of 1.4% for F classifications; an increase of 9.0% for the surface coal mine classification; and an increase of 6.5% for the underground coal mine classification.

With respect to the assigned risk rates, NCCI proposed an overall decrease of 10.0% for industrial classifications; a decrease of 1.9% for F classifications; an increase of 3.4% for the surface coal mine classification; and an increase of 1.2% for the underground coal mine classification.

Jay A. Rosen ("Rosen") and Dr. George Zanjani ("Zanjani") 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 2015, but noted two proposed changes in methodology.¹ Zanjani's testimony concerned financial aspects of the Application, including his opinion on a proposed change to the methodology used to calculate the profit and contingency factor for the assigned risk market.²

On July 26, 2016, the Commission entered an Order Scheduling Hearing wherein the Commission docketed the case; required publication of the notice of proceeding; outlined a procedural schedule that provided respondents with the opportunity to participate and file testimony and exhibits; and scheduled an evidentiary hearing on the Application. In addition, the Commission appointed a Hearing Examiner to rule on any discovery matters arising during the course of this proceeding.

On August 9, 2016, the Iron Workers Employers Association and the Washington Construction Employers Association (collectively, "Respondents") filed their Notice of Participation. On August 16, 2016, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed its Notice of Participation.

On August 17, 2016, the Applicant filed a Motion for Protective Order in which it sought confidential treatment for responses to document requests and interrogatories served by the Commission's Bureau of Insurance ("Bureau"). Also on August 17, 2016, the Hearing Examiner entered a Protective Ruling providing for confidential treatment of information filed under seal.

On September 23, 2016, Glenn A. Watkins ("Watkins") and Ashley P. Ramos ("Ramos") filed direct testimony and exhibits on behalf of the Bureau. Watkins' testimony, in part, addressed the changes to the proposed methodology used to calculate the profit and contingency factor for the assigned risk market. Watkins disagreed with the Applicant's recommended profit and contingency factor, as well as the methodology used to determine the profit and contingency factor.³

¹ Ex. 3 (Rosen direct) at 4-6.

² Ex. 4 (Zanjani direct) at 4-14.

³ Ex. 6 (Watkins direct) at 3.

In her testimony, Ramos, among other things, addressed a proposal by NCCI in its Application to use a consistent assigned risk market share assumption in the premium on-level calculations, rather than the most recent calendar year's assigned risk market share.⁴ Ramos testified that this change in methodology is reasonable and recommended that the working group monitor the actual market risk share over time to ensure that the selected fixed market share assumption of 7.5% is appropriate for use in future filings.⁵

On October 7, 2016, Zanjani filed his rebuttal testimony. In his rebuttal testimony, Zanjani stated that in his opinion the proposed changes to the methodology used to calculate the profit and contingency factor were an improvement, and should be approved.⁶

On October 14, 2016, 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 Zanjani and Watkins be admitted into the record without personal appearances or verifications by those witnesses at the hearing. The Bureau and NCCI stated in the Joint Pre-Trial Motion that the proposed assigned risk rates were not excessive, inadequate, or unfairly discriminatory. On October 19, 2016, the Commission granted the Joint Pre-Trial Motion.

On October 26, 2015, the hearing was held in the Commission's courtroom in Richmond, Virginia, to consider the Application. Charles H. Tenser, Esquire, appeared on behalf of NCCI; John O. Cox, Esquire, appeared on behalf of the Bureau; 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.⁷

Rosen testified on behalf of NCCI. He supported NCCI's proposed loss costs for the voluntary market and rates for the assigned risk market.⁸

Ramos testified on behalf of the Bureau. Ramos agreed that the proposed changes to the advisory loss costs and assigned risk rates were not excessive, inadequate, or unfairly discriminatory.⁹

NOW THE COMMISSION, upon consideration of this matter, finds that the proposal by NCCI in its application to use a consistent assigned risk market share assumption in the premium on-level calculations, 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 methodology for determining the profit and contingency factor for the assigned risk market are not approved and should be further studied.

Accordingly, IT IS ORDERED THAT:

(1) The following changes applicable to the voluntary market advisory loss costs and assigned risk rates shall be, and they are hereby, APPROVED for use with respect to new and renewal workers' compensation insurance policies effective on or after April 1, 2017: (i) an overall decrease of 5.5% to the voluntary loss costs for industrial classifications; (ii) an increase of voluntary loss costs of 1.4% for F classifications; (iii) an increase in the voluntary loss costs of 9.0% for the surface coal mine classification; (iv) an increase in the voluntary loss costs of 6.5% for the underground coal mine classification; (v) an overall decrease of 10.0% to the assigned risk rates for industrial classifications; (vi) a decrease to the assigned risk rates of 1.9% for F classifications; (vii) an increase to the assigned risk rates of 3.4% for the surface coal mine classification; and (viii) an increase to the assigned risk rate of 1.2% 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 shall be, and they are hereby, APPROVED for use with respect to new and renewal policies effective on or after April 1, 2017.

(3) On or before June 1, 2017, 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 2017 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 Ex. 5 (Ramos direct) at 9.

⁵ *Id.* at 10.

⁶ Ex. 4 (Zanjani rebuttal) at 14.

⁷ Tr. at 8-13.

⁸ *Id.* at 18-20.

⁹ *Id.* at 24.

(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 meet to attempt to resolve the differences of opinion regarding the calculation of the profit and contingency factor for the assigned risk market and make a recommendation for the Commission's consideration in the year 2017 voluntary loss costs/assigned risk rate proceeding before the Commission.

**CASE NO. INS-2016-00165
AUGUST 4, 2016**

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

v.

HOLLEY ANNE THOMAS,
Defendant

CONSENT ORDER

The Bureau of Insurance ("Bureau") of the Virginia State Corporation Commission ("Commission") conducted an investigation of Holley Anne Thomas ("Thomas" or "Defendant"), pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on the Bureau's allegations as discussed herein regarding Thomas's purported violations of Title 38.2 of the Code as well as Thomas's agreement to the entry of this Consent Order ("Order"), the Commission enters this Consent Order permanently revoking Thomas's insurance license.

Based on its investigation of Thomas, the Bureau alleges that:

(a) Thomas is a resident of Virginia Beach, Virginia, and has been licensed as a Virginia resident insurance producer authorized to transact the business of insurance in Virginia as a Property & Casualty insurance agent since 2003.

(b) Since 2003, Thomas has been employed with the Government Employees Insurance Company ("GEICO"). During her employment at GEICO, Thomas worked in GEICO's Motorcycle Services Division call center in Virginia Beach, Virginia, assisting existing GEICO customers with changes to their motorcycle insurance policies.

(c) In general, when an insured purchases motorcycle insurance from GEICO, their policy information is entered into and maintained in a computer database. At the time of purchase, consumers have the option to pay for an entire year's worth of coverage in advance. If, at a later date, their policy is cancelled and the insured is entitled to unearned premium, GEICO's automated computer systems automatically generates and mails a premium refund check to the insured at the address listed in GEICO's computer database.

(d) As a GEICO employee, Thomas had access to GEICO's computer systems that contained consumers' policy information.

(e) Beginning in July 2015, Thomas devised a plan to intentionally alter GEICO's computer records. These alterations caused GEICO to issue a premium refund check that Thomas was able to negotiate.

(f) Specifically, between July 2015 and May 2016, Thomas accessed and altered the account information related to a total of 36 GEICO motorcycle policies that had already cancelled.

(g) Thomas altered the name of the policyholders by changing the last name of the insured to her last name or, in some instances, to her maiden name.

(h) Thomas also altered the mailing address associated with the policies by changing them to her home address or, in some instances, changing them to her parents' address.

(i) Once she had changed the mailing address, she then altered the date of cancellation, thus causing GEICO to issue a check for any unearned premium owed upon the date of cancellation.

(j) As a result, GEICO mailed a total of 43 premium refund checks made payable to Thomas or Griffith, to either her or her parents' home address.

(k) Thomas then negotiated these checks for a total sum of \$18,934.31 in unauthorized premium refund payments. These funds were deposited into her personal checking account.

(l) Based on these allegations, the Bureau alleges that Thomas violated: (a) § 38.2-512 (A) of the Code thirty-six (36) times when she made false statements relating to the business of insurance for the purpose of receiving premium funds by altering policy information related to GEICO motorcycle policies; § 38.2-1813 of the Code forty-three (43) times when she failed to hold return premiums in a fiduciary capacity when she misappropriated return premium funds related to unauthorized premium refund checks issued by GEICO; and subsections (6) and (10) of § 38.2-1831 of the Code by misappropriating moneys in the course of doing insurance business, and by engaging in dishonest and untrustworthy business conduct when she committed the above violations.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On July 7, 2016, counsel for Thomas contacted the Bureau to discuss this matter and to request that Thomas agree to the revocation of her insurance license 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, Thomas admits to the jurisdiction of the Commission as well as to the party and subject matter hereof and has agreed to the entry of an order permanently revoking her insurance license.

Sections 12.1-13 and 38.2-1831 of the Code authorize the Commission to revoke any person's insurance license.

NOW THE COMMISSION, upon the request of the Bureau and with the consent of the Defendant, is of the opinion and states that the Defendant's insurance license should be permanently revoked.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 12.1-13 and 38.2-1831 of the Code, the Defendant's insurance license is permanently 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) This matter is continued generally.

**CASE NO. INS-2016-00171
JUNE 27, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JOSEPH PERRIER,
Defendant

ORDER REVOKING LICENSE

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

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 April 26, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 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 Kentucky.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00173
JUNE 27, 2016**

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

v.

NADINE A. PETRARCA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nadine A. Petrarca ("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 States of Kentucky, Indiana, Minnesota, and Washington.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 26, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 States of Kentucky, Indiana, Minnesota, and Washington.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00174
JUNE 27, 2016**

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

v.

BRENDAN DALY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Brendan Daly ("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 States of Indiana and Delaware.

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 17, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 States of Indiana and Delaware.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00175
JUNE 17, 2016**

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

v.

TOWER 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 ("Virginia") whenever the Commission finds that the company has violated any law of Virginia.

Tower National Insurance Company, a foreign corporation domiciled in the Commonwealth of Massachusetts ("Defendant"), initially was licensed by the Commission to transact the business of insurance in Virginia on July 31, 1986.

Pursuant to § 38.2-1300 of the Code, all licensed foreign insurance companies are required to file with the Commission annually, on or before March 1, an annual statement showing its financial condition as of December 31 of the previous year. As of the date of this order, the Defendant has failed to file the annual statement. In addition, the Defendant has not filed its 2015 Audited Financial Report which was required to be filed with the Commission's Bureau of Insurance ("Bureau") on or before June 1, pursuant to 14 VAC 5-270-40 and 14 VAC 5-270-50 of the Commission's rules Governing Annual Financial Reporting, 14 VAC 5-270-10 *et seq.*

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

Accordingly, IT IS ORDERED that the Defendant, TAKE NOTICE that the Commission shall enter an order subsequent to July 1, 2016, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before July 1, 2016, 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-2016-00175
AUGUST 4, 2016**

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

v.

TOWER NATIONAL INSURANCE COMPANY,
Defendant

CONSENT ORDER

Tower National Insurance Company ("Defendant"), a Massachusetts domiciled insurer is licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"). By Order to Take Notice ("Order") entered herein June 17, 2016, the Defendant was ordered to take notice that the Commission would enter an order subsequent to July 1, 2016, suspending the license of the Defendant to transact the business of insurance unless on or before July 1, 2016, the Defendant requested a hearing before the Commission regarding the proposed suspension of its license. The Order was entered due to the Defendant's failure to file with the Commission, on or before March 1, 2016, its annual statement showing its financial condition as of December 31, 2015, as well as its failure to file its 2015 Audited Financial Report with the Commission's Bureau of Insurance ("Bureau") on or before June 1, 2016.

By letter dated July 1, 2016, and signed by William E. Hitselberger ("Hitselberger"), the Defendant's President and Treasurer, the Defendant requested a hearing regarding the proposed suspension of its license. By letter dated July 13, 2016, and signed by Hitselberger, the Defendant consented to the entry of an order prohibiting it from issuing new contracts or policies of insurance.

The Bureau has recommended that this Consent Order be entered in this matter.

Accordingly, IT IS ORDERED that the Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.

**CASE NO. INS-2016-00176
JUNE 17, 2016**

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

v.

TOWER NATIONAL INSURANCE COMPANY OF NEW YORK,
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 ("Virginia") whenever the Commission finds that the company has violated any law of Virginia.

Tower National Insurance Company of New York, a foreign corporation domiciled in the State of New York ("Defendant"), initially was licensed by the Commission to transact the business of insurance in Virginia on February 7, 2006.

Pursuant to § 38.2-1300 of the Code, all licensed foreign insurance companies are required to file with the Commission annually, on or before March 1, an annual statement showing its financial condition as of December 31 of the previous year. As of the date of this order, the Defendant has failed to file the annual statement. In addition, the Defendant has not filed its 2015 Audited Financial Report which was required to be filed with the Commission's Bureau of Insurance ("Bureau") on or before June 1, pursuant to 14 VAC 5-270-40 and 14 VAC 5-270-50 of the Commission's rules Governing Annual Financial Reporting, 14 VAC 5-270-10 *et seq.*

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

Accordingly, IT IS ORDERED that the Defendant, TAKE NOTICE that the Commission shall enter an order subsequent to July 1, 2016, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before July 1, 2016, 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-2016-00176
AUGUST 4, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TOWER INSURANCE COMPANY OF NEW YORK,
Defendant

CONSENT ORDER

Tower Insurance Company of New York ("Defendant"), a New York domiciled insurer is licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"). By Order to Take Notice ("Order") entered herein June 17, 2016, the Defendant was ordered to take notice that the Commission would enter an order subsequent to July 1, 2016, suspending the license of the Defendant to transact the business of insurance unless on or before July 1, 2016, the Defendant requested a hearing before the Commission regarding the proposed suspension of its license. The Order was entered due to the Defendant's failure to file with the Commission, on or before March 1, 2016, its annual statement showing its financial condition as of December 31, 2015, as well as its failure to file its 2015 Audited Financial Report with the Commission's Bureau of Insurance ("Bureau") on or before June 1, 2016.

By letter dated July 1, 2016, and signed by William E. Hitselberger ("Hitselberger"), the Defendant's President and Treasurer, the Defendant requested a hearing regarding the proposed suspension of its license. By letter dated July 13, 2016, and signed by Hitselberger, the Defendant consented to the entry of an order prohibiting it from issuing new contracts or policies of insurance.

The Bureau has recommended that this Consent Order be entered in this matter.

Accordingly, IT IS ORDERED that the Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.

**CASE NO. INS-2016-00177
JUNE 17, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CASTLEPOINT 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 ("Virginia") whenever the Commission finds that the company has violated any law of Virginia.

CastlePoint National Insurance Company, a foreign corporation domiciled in the State of California ("Defendant"), initially was licensed by the Commission to transact the business of insurance in Virginia on December 13, 1983.

Pursuant to § 38.2-1300 of the Code, all licensed foreign insurance companies are required to file with the Commission annually, on or before March 1, an annual statement showing its financial condition as of December 31 of the previous year. As of the date of this order, the Defendant has failed to file the annual statement. In addition, the Defendant has not filed its 2015 Audited Financial Report which was required to be filed with the Commission's Bureau of Insurance ("Bureau") on or before June 1, pursuant to 14 VAC 5-270-40 and 14 VAC 5-270-50 of the Commission's rules Governing Annual Financial Reporting, 14 VAC 5-270-10 *et seq.*

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

Accordingly, IT IS ORDERED that the Defendant, TAKE NOTICE that the Commission shall enter an order subsequent to July 1, 2016, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before July 1, 2016, 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-2016-00177
AUGUST 4, 2016**

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

v.

CASTLEPOINT NATIONAL INSURANCE COMPANY,
Defendant

CONSENT ORDER

Castlepoint National Insurance Company ("Defendant"), a California domiciled insurer is licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"). By Order to Take Notice ("Order") entered herein June 17, 2016, the Defendant was ordered to take notice that the Commission would enter an order subsequent to July 1, 2016, suspending the license of the Defendant to transact the business of insurance unless on or before July 1, 2016, the Defendant requested a hearing before the Commission regarding the proposed suspension of its license. The Order was entered due to the Defendant's failure to file with the Commission, on or before March 1, 2016, its annual statement showing its financial condition as of December 31, 2015, as well as its failure to file its 2015 Audited Financial Report with the Commission's Bureau of Insurance ("Bureau") on or before June 1, 2016.

By letter dated July 1, 2016, and signed by William E. Hitselberger ("Hitselberger"), the Defendant's President and Treasurer, the Defendant requested a hearing regarding the proposed suspension of its license. By letter dated July 13, 2016, and signed by Hitselberger, the Defendant consented to the entry of an order prohibiting it from issuing new contracts or policies of insurance.

The Bureau has recommended that this Consent Order be entered in this matter.

Accordingly, IT IS ORDERED that the Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.

**CASE NO. INS-2016-00178
JUNE 17, 2016**

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

v.

PRESERVER 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 ("Virginia") whenever the Commission finds that the company has violated any law of Virginia.

Preserver Insurance Company, a foreign corporation domiciled in the State of New Jersey ("Defendant"), initially was licensed by the Commission to transact the business of insurance in Virginia on December 20, 2012.

Pursuant to § 38.2-1300 of the Code, all licensed foreign insurance companies are required to file with the Commission annually, on or before March 1, an annual statement showing its financial condition as of December 31 of the previous year. As of the date of this order, the Defendant has failed to file the annual statement. In addition, the Defendant has not filed its 2015 Audited Financial Report which was required to be filed with the Commission's Bureau of Insurance ("Bureau") on or before June 1, pursuant to 14 VAC 5-270-40 and 14 VAC 5-270-50 of the Commission's rules Governing Annual Financial Reporting, 14 VAC 5-270-10 *et seq.*

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

Accordingly, IT IS ORDERED that the Defendant, TAKE NOTICE that the Commission shall enter an order subsequent to July 1, 2016, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before July 1, 2016, 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-2016-00178
AUGUST 4, 2016**

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

CONSENT ORDER

Preserver Insurance Company ("Defendant"), a New Jersey domiciled insurer is licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"). By Order to Take Notice ("Order") entered herein June 17, 2016, the Defendant was ordered to take notice that the Commission would enter an order subsequent to July 1, 2016, suspending the license of the Defendant to transact the business of insurance unless on or before July 1, 2016, the Defendant requested a hearing before the Commission regarding the proposed suspension of its license. The Order was entered due to the Defendant's failure to file with the Commission, on or before March 1, 2016, its annual statement showing its financial condition as of December 31, 2015, as well as its failure to file its 2015 Audited Financial Report with the Commission's Bureau of Insurance ("Bureau") on or before June 1, 2016.

By letter dated July 1, 2016, and signed by William E. Hitselberger ("Hitselberger"), the Defendant's President and Treasurer, the Defendant requested a hearing regarding the proposed suspension of its license. By letter dated July 13, 2016, and signed by Hitselberger, the Defendant consented to the entry of an order prohibiting it from issuing new contracts or policies of insurance.

The Bureau has recommended that this Consent Order be entered in this matter.

Accordingly, IT IS ORDERED that the Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.

**CASE NO. INS-2016-00179
JUNE 30, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ERICA D. THOMPSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Erica D. Thompson ("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 and the State of Delaware.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 26, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 and the State of Delaware.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00180
JUNE 24, 2016**

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

v.

DARYL KEESLER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daryl Keesler ("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 North Dakota and the State of Indiana, and by providing materially incorrect and untrue information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 26, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 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 North Dakota and the State of Indiana, and by providing materially incorrect and untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00184
DECEMBER 7, 2016**

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

v.
CHAD MICHAEL HUNTER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Chad Michael Hunter ("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 of the Code of Virginia ("Code") by providing untrue information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 21, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing.

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 of the Code by providing untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00186
SEPTEMBER 20, 2016**

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

v.
MARY ELIZABETH BARNES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mary Elizabeth Barnes ("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 and untrue information in the license application filed with the Commission.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated August 11, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 materially incorrect and untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00188
JUNE 30, 2016**

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

v.

JOSHUA ALFONSAS VELA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Joshua Alfonsas Vela ("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 § 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 Kansas.

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 April 26, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 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 Kansas.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00190
JULY 12, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SCOTT CASH DANIELS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Scott Cash Daniels ("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 Louisiana and the State of Oklahoma, 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 June 8, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 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 Louisiana and the State of Oklahoma, and by providing untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00191
JULY 11, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANDREA D. CLARK,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Andrea D. Clark ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete or untrue information in the license application or any other document 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated June 1, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 materially incorrect, misleading, incomplete or untrue information in the license application or any other document filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00193
JULY 12, 2016**

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

v.

RONALD GLEN MARTIN,
Defendant

ORDER REVOKING LICENSE

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

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 8, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 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 Louisiana.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00196
DECEMBER 28, 2016**

APPLICATION OF
DEPUTY RECEIVER OF HOW INSURANCE COMPANY,
A RISK RETENTION GROUP,
HOME WARRANTY CORPORATION,
and
HOME OWNERS WARRANTY CORPORATION

For Final Order Approving and Ratifying Record Retention Schedule

**FINAL ORDER APPROVING AND RATIFYING RECORD
RETENTION SCHEDULE**

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an Order in Case No. CH94E01059-00 ("Receivership Order") appointing the State Corporation Commission ("Commission") as Receiver of HOW Insurance Company, Home Warranty Corporation, and Home Owners Warranty Corporation ("HOW Companies"). The Receivership Order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW Companies. On July 26, 2016, pursuant to the Receivership Order, the Deputy Receiver of the HOW Companies filed an Application for Final Order Approving and Ratifying Record Retention Schedule ("Application") requesting that the Commission enter an order approving and ratifying a record retention schedule ("Record Retention Schedule") for the HOW Companies.¹

In support of the Application, the Deputy Receiver notes that paragraph 7(j) of the Receivership Order authorizes the Receiver, Deputy Receiver, and the Special Deputy Receiver to remove any or all records and other property of the HOW Companies and to dispose of or destroy, in the usual and ordinary course, such of those records as the Receiver determines to be unnecessary to the receivership. The Deputy Receiver argues that the proposed Record Retention Schedule in furtherance of the efficient and orderly wind-down of the HOW Companies, provides for the destruction in the usual and ordinary course of those records that are unnecessary to the receivership.

NOW THE COMMISSION, having considered the Application, is of the opinion that the Record Retention Schedule should be approved, and the Deputy Receiver's Application granted.

Accordingly, IT IS ORDERED THAT:

- (1) The Deputy Receiver's Application is hereby GRANTED.
- (2) The case is DISMISSED and the papers herein are passed to the file for ended causes.

¹ The proposed record retention schedule is attached to the Application as Exhibit A.

**CASE NO. INS-2016-00198
AUGUST 11, 2016**

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

v.

ALLIED INSURANCE COMPANY OF AMERICA,
ALLIED PROPERTY AND CASUALTY INSURANCE COMPANY,
AMCO INSURANCE COMPANY,
DEPOSITORS INSURANCE COMPANY,
NATIONWIDE GENERAL INSURANCE COMPANY,
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY,
NATIONWIDE MUTUAL INSURANCE COMPANY,
and
NATIONWIDE PROPERTY & CASUALTY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Allied Insurance Company of America, Allied Property and Casualty Insurance Company, AMCO Insurance Company, Depositors Insurance Company, Nationwide General Insurance Company, Nationwide Mutual Fire Insurance Company, Nationwide Mutual Insurance Company, and Nationwide Property & Casualty Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), 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 Eight Thousand Dollars (\$8,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated June 21, 2016.

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-2016-00202
AUGUST 11, 2016**

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 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 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 July 14, 2016.

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-2016-00203
AUGUST 11, 2016**

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

v.

VICTORIA FIRE & CASUALTY INSURANCE COMPANY
and
VICTORIA SELECT INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Victoria Fire & Casualty Insurance Company and Victoria Select 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 waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated May 13, 2016, and confirmed that restitution was made to 4,904 consumers in the amount of \$2,236,476.12.

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-2016-00213
OCTOBER 31, 2016**

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

v.

PROGRESSIVE NORTHERN INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Progressive Northern 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 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 waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated April 8, 2015, and confirmed that restitution was made to 67 consumers in the amount of Two Thousand Five Hundred Sixty-two Dollars and Seventy-three Cents (\$2,562.73).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00214
OCTOBER 31, 2016**

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

v.

PROGRESSIVE NORTHERN INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Progressive Northern 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 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 waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated April 8, 2015, and confirmed that restitution was made to 223 consumers in the amount of Fifty-two Thousand Six Hundred Nineteen Dollars and Ninety-eight Cents (\$52,619.98).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00215
AUGUST 30, 2016**

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

v.
LEIGH ANNE ARNOLD F/K/A
CHARLES R. RAINEY, JR.
and
SUBURBAN TITLE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Leigh Anne Arnold f/k/a Charles R. Rainey, Jr. ("Arnold"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), and Suburban Title Company (collectively, "Defendants"), violated: (i) § 38.2-1813 of the Code of Virginia ("Code") by failing to remit premium in the ordinary course of business; (ii) § 38.2-1826 A of the Code by failing to report within 30 calendar days to the Commission, and to every insurer for which appointed, a name change; and, (iii) § 55-525.24 A of the Code for failing to hold funds deposited with the settlement agent in connection with an escrow, settlement, or closing in a fiduciary capacity.

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 waived their right to a hearing and Arnold has agreed to voluntarily surrender all Virginia insurance license authority by August 26, 2016.

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.

**CASE NO. INS-2016-00217
AUGUST 12, 2016**

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

v.

ANTHONY E. MIKALAUSKAS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Anthony E. Mikalauskas ("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 §§ 38.2-502 (1), 38.2-512 A, and 38.2-1809 of the Code of Virginia ("Code") by misrepresenting the benefits of an insurance policy, by making false or fraudulent statements or representations in an insurance application for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, and by failing to make records available promptly upon request for examination by the Commission or its employees.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 2, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing 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 §§ 38.2-502 (1), 38.2-512 A, and 38.2-1809 of the Code by misrepresenting the benefits of an insurance policy, by making false or fraudulent statements or representations in an insurance application for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, and by failing to make records available promptly upon request for examination by the Commission or its employees.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00218
AUGUST 12, 2016**

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

v.

JACQUESSAINT MENELAS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jacquessaint Menelas ("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 States of California, Georgia, Indiana, and Louisiana.

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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 11, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing.

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 States of California, Georgia, Indiana, and Louisiana.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00223
DECEMBER 5, 2016**

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

Ex Parte: In the matter of Amending the Rules Governing the Reporting of Cost and Utilization Data Relating to Mandated Benefits and Mandated Providers

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to rules set forth in Chapter 190 of Title 14 of the Virginia Administrative Code, entitled Rules Governing the Reporting of Cost and Utilization Data Relating to Mandated Benefits and Mandated Providers, 14 VAC 5-190-10 *et seq.* ("Rules"), which amend the Rules at 14 VAC 5-190-10 through 14 VAC 5-190-30, and 14 VAC 5-190-50 through 14 VAC 5-190-80; and repeal the Rules at 14 VAC 5-190-40. In addition, forms have been repealed and a new form added.

Section 38.2-3419.1 of the Code requires that certain insurers, health services plans, and health maintenance organizations report to the Commission, no less often than biennially, cost and utilization information for each of the mandated benefits and providers set forth in Article 2 of Chapter 34 of Title 38.2 of the Code. The amendments to the Rules are necessary to make the reporting process related to costs and utilization associated with mandated benefits and mandated providers more efficient, while continuing to provide the information required by § 38.2-3419.1 of the Code.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules at 14 VAC 5-190-10 through 14 VAC 5-190-30 and 14 VAC 5-190-50 through 14 VAC 5-190-80; repeal the Rules at 14 VAC 5-190-40 and forms; and add a new form, should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

- (1) The proposal to amend the Rules at 14 VAC 5-190-10 through 14 VAC 5-190-30 and 14 VAC 5-190-50 through 14 VAC 5-190-80; repeal the Rules at 14 VAC 5-190-40 and forms; and add a new form, is attached hereto and made a part hereof.
- (2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the amendments to the Rules, shall file such comments or hearing request on or before January 31, 2017, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2016-00223.

(3) If no written request for a hearing on the proposal to amend the Rules is received on or before January 31, 2017, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may amend the Rules.

(4) The Bureau forthwith shall provide notice to all health insurance issuers licensed to issue policies of accident and sickness insurance, subscription contracts, or evidences of coverage in this Commonwealth, and to all interested persons.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend the Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposed amendment to the Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

**CASE NO. INS-2016-00225
SEPTEMBER 20, 2016**

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

v.

ELLERY J. MORELAND,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Ellery J. Moreland ("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 States of North Carolina, Ohio, and Louisiana.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated August 3, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the States of North Carolina, Ohio, and Louisiana.

Accordingly, IT IS ORDERED THAT:

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

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

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

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

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

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

**CASE NO. INS-2016-00226
NOVEMBER 3, 2016**

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

v.
EVERARDO SANCHEZ,
Defendant

ORDER REVOKING LICENSE

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

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 8, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00228
SEPTEMBER 30, 2016**

IN THE MATTER OF
STANDARD INSURANCE COMPANY

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

ORDER APPROVING SETTLEMENT AGREEMENT

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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 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-2016-00229
SEPTEMBER 30, 2016**

IN THE MATTER OF
HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY,
HARTFORD LIFE INSURANCE COMPANY,
and
HARTFORD LIFE AND ANNUITY INSURANCE COMPANY

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

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the states of Florida, California, Connecticut, New Hampshire, North Dakota, and Pennsylvania and Hartford Life and Accident Insurance Company, a Connecticut company licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), Hartford Life Insurance Company, a Connecticut company licensed to transact the business of insurance in the Commonwealth, and Hartford Life and Annuity Insurance Company, a Connecticut 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 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-2016-00230
SEPTEMBER 30, 2016**

IN THE MATTER OF
ANNUITY INVESTORS LIFE INSURANCE COMPANY,
GREAT AMERICAN LIFE INSURANCE COMPANY,
and
MANHATTAN NATIONAL LIFE INSURANCE COMPANY

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

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the states of Florida, California, Ohio, New Hampshire, North Dakota, and Pennsylvania and Annuity Investors Life Insurance Company, an Ohio company licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), Great American Life Insurance Company, an Ohio company licensed to transact the business of insurance in the Commonwealth, and Manhattan National Life Insurance Company, an Ohio 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 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-2016-00231
SEPTEMBER 30, 2016**

IN THE MATTER OF
MINNESOTA LIFE INSURANCE COMPANY,
SECURIAN LIFE INSURANCE COMPANY,
and
AMERICAN MODERN LIFE INSURANCE COMPANY

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

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the states of Florida, California, New Hampshire, North Dakota, Pennsylvania and Minnesota Life Insurance Company, a Minnesota company licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), Securian Life Insurance Company, a Minnesota company licensed to transact the business of insurance in the Commonwealth, and American Modern Life Insurance Company, an Ohio company licensed to transact the business of insurance in the Commonwealth;¹ 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 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.

¹ The Agreement also includes Southern Pioneer Life Insurance Company. Southern Pioneer 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-2016-00237
OCTOBER 3, 2016**

APPLICATION OF
PENN TREATY NETWORK AMERICA INSURANCE COMPANY

For approval of an assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

ORDER APPROVING APPLICATION

By application filed with the State Corporation Commission ("Commission") on September 20, 2016, Penn Treaty Network America Insurance Company ("Petitioner" or "Penn Treaty"), a Pennsylvania-domiciled insurer, requested approval of an assumption reinsurance agreement for the transfer of a single life insurance policy to Liberty Bankers Life Insurance Company pursuant to § 38.2-136 C of the Code of Virginia ("Code").

Pursuant to § 38.2-136 C of the Code, the Petitioner has requested that the Commission waive the policy holder consent to this transaction required by § 38.2-136 B of the Code. In support of its request, the Petitioner states that it is in hazardous financial condition and rehabilitation proceedings have been instituted against it. In addition, the rehabilitator for Penn Treaty has filed a petition to liquidate.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau of Insurance ("Bureau"), having reviewed the application, has recommended that the application be approved.

NOW THE COMMISSION, having considered the application, the recommendation of the Bureau that the application be approved, and the law applicable hereto, is of the opinion that the application should be approved.

Accordingly, IT IS ORDERED THAT the application of Penn Treaty for the approval of the reinsurance agreement pursuant to § 38.2-136 C of the Code be, and it is hereby, APPROVED.

**CASE NO. INS-2016-00244
OCTOBER 17, 2016**

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

v.

EUGENE LARONZO BAZEMORE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Eugene Laronzo Bazemore ("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 New York and the State of Washington.

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 August 18, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 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 New York and the State of Washington.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00245
OCTOBER 18, 2016**

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

v.

JOHN LODATO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John Lodato ("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"),

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 states of North Carolina, Kentucky, North Dakota, and Washington.

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 August 17, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00246
OCTOBER 17, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL RAY GUERRERO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael Ray Guerrero ("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 B, 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 the facts and circumstances regarding a felony conviction, by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Georgia, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a 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 24, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 B, 38.2-1826 C, and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days the facts and circumstances regarding a felony conviction, by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Georgia, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00247
OCTOBER 20, 2016**

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

v.

AMERICAN NATIONAL PROPERTY AND CASUALTY COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that American National Property and Casualty Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-317 and 38.2-1906 D of the Code of Virginia ("Code") by failing to use an insurance policy or endorsement as of the effective date that such policy or endorsement was filed with the Commission, and by making or using 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 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 letter to the Bureau dated March 10, 2016, and confirmed that restitution was made to 21 consumers in the amount of Two Thousand Four Hundred Twelve Dollars and Thirty-five Cents (\$2,412.35).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00249
NOVEMBER 21, 2016**

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

v.

YOURPEOPLE INC., D/B/A
ZENEFITS FTW INSURANCE SERVICES,
Defendant

SETTLEMENT ORDER

The Bureau of Insurance ("Bureau") of the Virginia State Corporation Commission ("Commission") conducted an investigation of YourPeople Inc., d/b/a Zenefits FTW Insurance Services ("Zenefits" or "Defendant"), pursuant to § 38.2-1809 of the Code of Virginia ("Code").

Zenefits is a Delaware corporation, with its principal place of business in San Francisco California, and currently licensed in the Commonwealth of Virginia ("Virginia") as a nonresident business entity insurance producer.

Zenefits offers a software-as-a-service software platform that small business customers can use in the administration of human resources, payroll, and employee benefits. Through its software platform, Zenefits offers a variety of services to small business employers including insurance brokerage services in connection with the offer and sale of group health, life and disability insurance as well as property and casualty insurance. As part of its sales practices, Zenefits employs sales representatives to make presentations to prospective customers of both its human resources services and the insurance products it offers through its insurance brokerage.

As a part of Zenefits's rapid growth in a short period of time, Zenefits failed to ensure that its sales representatives were licensed and appointed in Virginia. Under prior management, Zenefits knowingly permitted its sales representatives to conduct unlicensed and unappointed sales activity in Virginia. In addition, Zenefits paid its sales representatives commissions in connection with these sales.

On November 24, 2015, Zenefits notified the Bureau that it had become aware of potential licensing violations associated with its operations in Virginia. On December 11, 2015, Zenefits provided notification that it had engaged a private accounting firm to provide an independent review of its insurance activities, the results of which were detailed in a report ("Report") to the Bureau dated March 1, 2016.

Among other things, the Report identified 532 specific instances in which, during calendar years 2014 and 2015, Zenefits knowingly allowed its sales representatives to sell insurance in Virginia without being properly licensed and appointed. In addition to identifying instances of unlicensed and unappointed sales activity, the Report outlined Zenefits's new management controls and compliance infrastructure designed to prevent any recurrence of non-compliance with licensing and appointment statutes. In addition, Zenefits has made a series of changes to its top leadership by replacing its CEO and its head of sales, as well as creating the position of Chief Compliance Officer and establishing a compliance team with 12 dedicated compliance employees.

Based on its investigation, Zenefits committed 532 violations of subsections § 38.2-1822 A and B of the Code by knowingly permitting unlicensed and unappointed sales representatives to sell insurance in Virginia. In addition, the Bureau alleges that Zenefits committed 532 violations of § 38.2-1812 A of the Code by paying commissions to its sales representatives when they were not duly licensed and appointed.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant has waived its right to a hearing, agreed to pay a monetary penalty in the amount of \$106,400, and agreed to comply with the corrective action plan outlined in the 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) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00250
NOVEMBER 18, 2016**

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

v.

OCCIDENTAL FIRE AND CASUALTY COMPANY OF NORTH CAROLINA,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Occidental Fire and Casualty Company of North Carolina ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: §§ 38.2-604 C and 38.2-2126 A of the Code of Virginia ("Code") by failing to accurately provide the required notices to insureds; §§ 38.2-1812 and 38.2-1833 of the Code by paying commissions to agencies/agents that are not appointed by the Defendant; § 38.2-1822 of the Code by knowingly permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; §§ 38.2-2113 A, 38.2-2113 C, 38.2-2114 A, 38.2-2114 C, and 38.2-2114 E of the Code by failing to properly terminate insurance policies; § 38.2-510 A (3) of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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 Forty-six Thousand Dollars (\$46,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated June 24, 2016, and October 24, 2016, and confirmed that restitution was made to 13 consumers in the amount of Nine Thousand Nine Hundred Eighty-two Dollars and Ninety Cents (\$9,982.90).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00257
OCTOBER 25, 2016**

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

v.

MARVIN SETZER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Marvin Setzer ("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 Georgia and 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 letters dated August 17, 2016, and September 26, 2016, and mailed to the Defendant's address shown in the records of the Bureau and forwarding address provided by the United State Postal Service.

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 Georgia and the State of New York.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00258
OCTOBER 28, 2016**

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

SETTLEMENT ORDER

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

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Two Thousand Dollars (\$2,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated July 22, 2016.

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00261
NOVEMBER 22, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VICTOR M. RAMOS
and
AMERICAN INSURANCE AGENCY, LLC,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Victor M. Ramos and American Insurance Agency, LLC (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as insurance agents in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1822 C and 38.2-1831 (10) of the Code of Virginia ("Code") by failing to obtain an agency license for the business entity and the agency acting as an agent in Virginia without being licensed and appointed, and by using dishonest practices and demonstrating incompetence and untrustworthiness in the conduct of business in Virginia.

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

The Defendants have been advised of 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 Five Thousand Dollars (\$5,000) 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-2016-00262
NOVEMBER 10, 2016**

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

v.

DARRELL L. HALEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Darrell L. Haley ("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 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 26, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 of the Code by failing to make records available promptly upon request for examination by the Commission or its employees.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00263
NOVEMBER 10, 2016**

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

v.
MARK A. BRESARD-HOWARD,
Defendant

ORDER REVOKING LICENSE

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

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated September 15, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 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 North Dakota.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00265
NOVEMBER 14, 2016**

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

Ex Parte: In the matter of Amending the Rules Governing Unfair Claim Settlement Practices

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to rules set forth in Chapter 400 of Title 14 of the Virginia Administrative Code, entitled "Rules Governing Unfair Claim Settlement Practices" ("Rules"), which amend the Rules at 14 VAC 5-400-10 through 14 VAC 5-400-80, and add new Rules at 14 VAC 5-400-25 and 14 VAC 5-400-90 through 14 VAC 5-400-110.

The amendments to Chapter 400 are necessary to conform the Rules to the National Association of Insurance Commissioners' Unfair Claims Settlement Practices Act (MDL-900), Unfair Property/Casualty Claims Settlement Practices Model Regulation (MDL-902), and Unfair Life, Accident and Health Claims Settlement Practices Model Regulation (MDL-903). These amendments clarify that Chapter 400 applies to all insurance policies issued in the

Commonwealth of Virginia – except policies of workers' compensation insurance, title insurance, and fidelity and surety insurance – including those policies that are issued by health maintenance organizations, dental maintenance organizations, dental provider organizations, health service plans, accident and sickness insurers, and dental and optometric service plans. In addition, the amendments set forth claims settlement standards that are specific to automobile insurance, property policies, and accident and sickness insurance, life insurance and annuities.

NOW THE COMMISSION is of the opinion that the Bureau's proposal to amend the Rules at 14 VAC 5-400-10 through 14 VAC 5-400-80, and add new Rules at 14 VAC 5-400-25 and 14 VAC 5-400-90 through 14 VAC 5-400-110, should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to the "Rules Governing Unfair Claims Settlement Practices," which amend the Rules at 14 VAC 5-400-10 through 14 VAC 5-400-80, and add new Rules at 14 VAC 5-400-25 and 14 VAC 5-400-90 through 14 VAC 5-400-110, are attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the proposed amendments, shall file such comments or hearing request on or before January 31, 2017, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2016-00265.

(3) The Bureau shall hold two meetings during the comment period in order for insurers and interested persons to address questions about the proposed Rules to the Bureau. The meeting for property and casualty insurers and interested persons will be held on Tuesday, January 10, 2017, and the meeting for life and health insurers and interested persons will be held on Thursday, January 12, 2017. Each meeting shall be held from 9 a.m. to 12 p.m. in the Commission's second floor courtroom, located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219.

(4) If no written request for a hearing on the proposal to amend the Rules as outlined in this Order is received on or before January 31, 2017, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt the Rules as submitted by the Bureau.

(5) The Bureau forthwith shall provide notice of the proposal to amend the Rules by sending, by e-mail or U.S. mail, a copy of this Order, together with the proposal, to all insurers licensed by the Commission to operate in the Commonwealth of Virginia, except for insurers licensed exclusively to write workers' compensation insurance, title insurance or fidelity and surety insurance, as well as all interested persons.

(6) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed amended Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(7) The Commission's Division of Information Resources shall make available this Order and the attached proposed amended Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(8) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (5) above.

(9) This matter is continued.

NOTE: A copy of the "Chapter 400 Rules Governing Unfair Claim Settlement Practices" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2016-00267
NOVEMBER 18, 2016**

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

Ex Parte: In the matter of Amending the Rules Governing Suitability in Annuity Transactions

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to rules set forth in Chapter 45 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Suitability in Annuity Transactions ("Rules"), which amend the Rules set out at 14 VAC 5-45-10 through 14 VAC 5-45-40, and add new Rules at 14 VAC 5-45-45 and 14 VAC 5-45-47.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The proposed amendments to Chapter 45 are necessary to incorporate provisions contained in the National Association of Insurance Commissioners' Suitability in Annuity Transactions Model Regulation. These provisions include a new definition for suitability information, additional requirements for providing information to consumers regarding the annuity, a requirement that agents complete a one-time four-credit continuing education course on annuity products, and a five-year recordkeeping retention requirement.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules set out at 14 VAC 5-45-10 through 14 VAC 5-45-40, and add new Rules at 14 VAC 5-45-45 and 14 VAC 5-45-47, should be considered for adoption with a proposed effective date of April 1, 2017.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to the Rules Governing Suitability in Annuity Transactions, which amend the Rules set out at 14 VAC 5-45-10 through 14 VAC 5-45-40, and add new Rules at 14 VAC 5-45-45 and 14 VAC 5-45-47, 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 to the Rules, shall file such comments or hearing request on or before January 23, 2017, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2016-00267.

(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 January 23, 2017, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt the Rules as submitted by the Bureau.

(4) The Bureau forthwith shall provide notice to all companies, agencies, and agents licensed by the Commission to sell annuities or variable annuities in Virginia and to all interested persons.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend the Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposed 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 an attachment entitled "Rules Governing Suitability in Annuity Transactions" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2016-00268
DECEMBER 20, 2016**

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

v.
AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that American Equity Investment 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: § 38.2-502 (1) of the Code of Virginia ("Code") by misrepresenting the benefits, advantages, conditions or terms of insurance policies; § 38.2-508 (1) of the Code by unfairly discriminating or permitting any unfair discrimination between individuals of the same class; §§ 38.2-510 A (1) and 38.2-510 A (8) of the Code, as well as 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* ("Rules"), by failing to properly handle claims; and § 38.2-3115 B of the Code by failing to properly pay interest on life insurance proceeds.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Forty-three Thousand Dollars (\$43,000) and waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the corrective action plan contained in the Target Market Conduct Examination Report as of December 31, 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) The Defendant shall cease and desist from future violations of §§ 38.2-510 A (1) or 38.2-510 A (8) of the Code, or Rule 14 VAC 5-400-70 D.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00272
NOVEMBER 18, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

STATE FARM FIRE AND CASUALTY COMPANY,

Defendant

SETTLEMENT ORDER

Based on a market conduct inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that State Farm Fire and Casualty Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-317 of the Code of Virginia ("Code") by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements were filed with the Commission.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated July 21, 2016.

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00274
NOVEMBER 22, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

SHAWN A. COOPER,

Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Shawn A. Cooper ("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 38.2-1813 of the Code of Virginia ("Code") by making false or fraudulent representations on a document relating to the business of insurance for the purpose of obtaining money from an individual, by failing to hold all premiums received from insureds in a fiduciary capacity, and by failing, in the ordinary course of business, to pay funds received from insureds to the insurer entitled to the payment.

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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated August 24, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-512 A and 38.2-1813 of the Code by making false or fraudulent representations on a document relating to the business of insurance for the purpose of obtaining money from an individual, by failing to hold all premiums received from insureds in a fiduciary capacity, and by failing, in the ordinary course of business, to pay funds received from insureds to the insurer entitled to the payment.

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 one (1) year from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00275
DECEMBER 28, 2016**

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

v.

UNITED CONCORDIA INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that United Concordia 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 5-90-55 A and 14 VAC 5-90-90 C 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 (15) of the Code by failing to comply with claim settlement practices; 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 §§ 38.2-1833 A (1) and 38.2-1834 D of the Code by failing to comply with agent licensing requirements; 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 Code by failing to comply with ethics and fairness requirements for business practices; 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 of the Code by failing to comply with explanation of benefits requirements; violated § 38.2-3407.17 B of the Code by failing to comply with the payment for services by dentist and oral surgeons requirements; violated § 38.2-5803 A (4) of the Code by failing to comply with disclosures and representations to enrollees requirements; and 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.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Twenty-nine Thousand Dollars (\$29,000) waived its right to a hearing, and agreed to comply with the corrective action plan contained in the target market conduct examination report as of December 31, 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-2016-00280
DECEMBER 8, 2016**

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

v.

RANDALL KEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Randall Key ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Ohio, and by providing materially incorrect or untrue information on the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated October 12, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Ohio, and by providing materially incorrect or 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-2016-00281
DECEMBER 8, 2016**

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

v.

MAETTA REDMON GREEN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Maetta Redmon Green ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of Florida and the State of Oregon, and 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 violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated October 12, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 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 Florida and the State of Oregon, and by providing materially incorrect 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-2016-00282
DECEMBER 8, 2016**

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

v.

MICHAEL CORTEZ COOPER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael Cortez Cooper ("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 Idaho and the State of Louisiana.

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 her right to a hearing before the Commission in this matter by certified letter dated October 27, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 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 Idaho and the State of Louisiana.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00283
DECEMBER 8, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
IVETTE QUILES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Ivette Quiles ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of Georgia, and 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 violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated September 7, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of Georgia, and by providing materially incorrect or untrue information in the license application filed with the Commission.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00284
DECEMBER 16, 2016**

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

SETTLEMENT ORDER

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

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 28, 2016, and confirmed that restitution was made to 4 consumers in the amount of Twenty-five Thousand Six Hundred Fifty-eight Dollars and Fifty-two Cents (\$25,658.52).

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

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. INS-2016-00285
DECEMBER 16, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LAWRENCE A. BULLARD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lawrence A. Bullard ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Ohio, and by providing materially incorrect 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 13, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing.

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Ohio, and by providing materially incorrect 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-2016-00286
DECEMBER 16, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CASANDRA WATSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Casandra Watson ("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 states of Kansas, Georgia, and 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 November 16, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of 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 states of Kansas, Georgia, and 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-2016-00290
DECEMBER 16, 2016**

IN THE MATTER OF
ANTHEM INSURANCE COMPANIES, INC.
And its Affiliates

Ex Parte: In the matter of Approval of a Regulatory Settlement Agreement between Anthem Insurance Companies, Inc. and its Affiliates and the Insurance Commissioners, Superintendents or Directors of the States of California, Indiana, Maine, Missouri, New Hampshire, North Dakota and South Carolina, for and on behalf of the Virginia State Corporation Commission Bureau of Insurance

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a Regulatory Settlement Agreement ("Agreement") dated December 2, 2016, a copy of which is attached hereto and made a part hereof, by and between the commissioners, superintendents or directors of insurance for the States of California, Indiana, Maine, Missouri, New Hampshire, North Dakota and South Carolina, and Anthem Insurance Companies, Inc. and its Affiliates ("Anthem"), domiciled in Indiana and licensed to transact the business of insurance in the Commonwealth of Virginia; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

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

**CASE NO. INS-2016-00291
DECEMBER 19, 2016**

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

SETTLEMENT ORDER

Based on a market conduct inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Harleysville Preferred Insurance Company and Nationwide Mutual Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-317 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 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, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated October 5, 2016.

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.

DIVISION OF COMMUNICATIONS

CASE NO. PUC-2001-00226 AUGUST 26, 2016

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

Ex Parte: Establishment of a Performance Assurance Plan for Verizon Virginia Inc.

ORDER ON PETITION

On July 14, 2016, Verizon Virginia LLC¹ and Verizon South Inc. (collectively, "Verizon") filed with the State Corporation Commission ("Commission") a petition for a waiver of certain service quality results measured under the Performance Assurance Plan ("PAP") for May 2016 ("Petition"). According to the Petition, the service performance results sought to be waived for May 2016 would otherwise be included in Verizon's calculation of monthly bill credits due to competitive local exchange carriers ("CLECs") pursuant to Verizon's PAP.² Verizon estimates that if its Petition is granted, the bill credits due to CLECs will be reduced from \$430,887 to \$0.³

In its Petition, Verizon claimed that it was subject to an extraordinary event occurring in May 2016 that affected its ability to meet standards for certain metrics in the PAP.⁴ Verizon stated that a work stoppage by its unionized employees began April 13, 2016, and ended June 1, 2016.⁵

Verizon based its waiver request upon the waiver provisions found in Appendix C to the PAP, which provides for waiver petitions where the service quality data may have been influenced by factors beyond the control of Verizon.⁶ Specifically, Verizon requested a waiver of the service results for seven metrics: OR-1-04-2320; OR-1-04-3331; OR-1-06-3211; OR-1-6-3331; OR-1-13-5000; R-2-04-3331; and OR-2-06-3331.⁷

On July 25, 2016, the Commission issued an Order for Notice and Comment that provided interested parties until August 11, 2016, to file comments on Verizon's Petition. To date, no comments have been received.

NOW THE COMMISSION, upon consideration of the absence of any opposition to Verizon's Petition, is of the opinion and finds that the waiver should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Verizon's Petition for waiver of certain service quality results measured under the Performance Assurance Plan for May 2016 hereby is granted.

(2) This case shall be continued.

¹ Formerly known as Verizon Virginia Inc.

² Petition at 1.

³ *Id.* at 2.

⁴ *Id.* at 1,2.

⁵ *Id.* at 2-7.

⁶ *Id.* at 2, 6-7.

⁷ *Id.* at 7.

CASE NO. PUC-2003-00116 MARCH 29, 2016

APPLICATION OF
VERIZON SOUTH INC.
and
CYPRESS COMMUNICATIONS HOLDING COMPANY OF VIRGINIA, LLC

For approval of an interconnection agreement

ORDER CLOSING CASE

On June 24, 2003, Verizon South Inc. ("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, 20 VAC 5-419-10 *et seq.*, a negotiated interconnection agreement amendment between Verizon and Cypress Communications Holding Company of Virginia, LLC ("Cypress"). The interconnection agreement amendment was assigned Case No. PUC-2003-00116 and was approved by Order Approving Amendment on October 22, 2003.

On March 30, 2015, in Case No. PUC-2015-00009, the Commission granted Cypress' request that the certificates of public convenience and necessity previously issued to it be canceled.¹ On January 11, 2016, Verizon filed with the Commission a notification of the termination of the interconnection agreement between Verizon and Cypress stating, in part, that Cypress 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 Case No. PUC-2003-00116 is hereby closed.

¹ *Application of Cypress Communications Holding Company of Virginia, LLC, For authority to cease operations and discontinue telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2015-00009, Doc. Con. Cen. No. 150330049, Order Permitting Discontinuance of Services and Cancelling Certificates (Mar. 30, 2015).

**CASE NO. PUC-2003-00135
MARCH 29, 2016**

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A VERIZON VIRGINIA INC.
and
CYPRESS COMMUNICATIONS HOLDING COMPANY OF VIRGINIA, LLC

For approval of an interconnection agreement

ORDER CLOSING CASE

On August 25, 2003, Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("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, 20 VAC 5-419-10 *et seq.*, a negotiated interconnection agreement amendment between Verizon and Cypress Communications Holding Company of Virginia, LLC ("Cypress"). The interconnection agreement amendment was assigned Case No. PUC-2003-00135 and was approved by Order Approving Amendment on October 7, 2003.

On March 30, 2015, in Case No. PUC-2015-00009, the Commission granted Cypress' request that the certificates of public convenience and necessity previously issued to it be canceled.¹ On January 11, 2016, Verizon filed with the Commission a notification of the termination of the interconnection agreement between Verizon and Cypress stating, in part, that Cypress 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 Case No. PUC-2003-00135 is hereby closed.

¹ *Application of Cypress Communications Holding Company of Virginia, LLC, For authority to cease operations and discontinue telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2015-00009, Doc. Con. Cen. No. 150330049, Order Permitting Discontinuance of Services and Cancelling Certificates (Mar. 30, 2015).

**CASE NO. PUC-2009-00037
MARCH 29, 2016**

APPLICATION OF
VERIZON SOUTH INC.
and
CRICKET COMMUNICATIONS, INC.

For approval of an interconnection agreement

ORDER CLOSING CASE

On July 21, 2009, Verizon South Inc. ("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 Cricket Communications, Inc. ("Cricket"). The interconnection agreement was assigned Case No. PUC-2009-00037 and, by operation of 20 VAC 5-419-20 (4) of the Commission's Interconnection Rules, was deemed approved 90 days after filing.¹

¹ The Commission did not issue any certificates of public convenience and necessity to Cricket Communications, Inc.

On January 11, 2016, Verizon advised the Commission of the termination of the Interconnection Agreement between Verizon and Cricket.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission approved an interconnection agreement between the parties named in the caption (or their legal predecessors), and the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2009-00037 is hereby closed.

CASE NO. PUC-2009-00038
MARCH 30, 2016

APPLICATION OF
VERIZON VIRGINIA LLC
F/K/A VERIZON VIRGINIA INC.
and
CRICKET COMMUNICATIONS, INC.

For approval of an interconnection agreement

ORDER CLOSING CASE

On July 21, 2009, Verizon Virginia LLC f/k/a Verizon Virginia Inc. ("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 Cricket Communications, Inc. ("Cricket"). The interconnection agreement was assigned Case No. PUC-2009-00038 and, by operation of 20 VAC 5-419-20 (4) of the Commission's Interconnection Rules, was deemed approved 90 days after filing.¹

On January 11, 2016, Verizon advised the Commission of the termination of the Interconnection Agreement between Verizon and Cricket.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission approved an interconnection agreement between the parties named in the caption (or their legal predecessors), and the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2009-00038 is hereby closed.

¹ The Commission did not issue any certificates of public convenience and necessity to Cricket Communications, Inc.

CASE NO. PUC-2015-00040
OCTOBER 6, 2016

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 APPROVAL

On July 15, 2016, Shenandoah Telephone Company ("ShenTel"), a Virginia public service company and wholly owned subsidiary of Shenandoah Telecommunications Company ("ShenCom"), along with its affiliates ("Shentel Affiliates")¹ (collectively, "Applicants"), filed an Amended Joint Application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),² requesting approval of a revised Services Agreement, under which Shentel Management Company ("SMC") provides administrative, management, and other services to ShenTel and the Shentel Affiliates.

Specifically, the Applicants seek approval of the Second Amended and Restated Shentel Management Company Services Agreement ("Revised Agreement"), attached to the Application as Attachment A, which includes: (1) the addition of the nTelos Affiliates as signatories to the Revised Agreement; (2) an updated list of the Shentel Affiliates that are signatories to the Revised Agreement, which reflects the new corporate structure that resulted

¹ The Shentel Affiliates that are signatories to the operative services agreement ("Services Agreement") are: ShenCom; Shentel Communications, LLC; Shenandoah Cable Television, LLC; Shenandoah Mobile, LLC; Shentel Foundation; Shenandoah Personal Communications, LLC; and Shenandoah Management Company. Shentel Cable of Shenandoah, LLC, was formed and became operational effective January 1, 2014. As of May 6, 2016, the Shentel Affiliates also include: nTelos Holdings Corporation; nTelos Inc.; nTelos Cable Inc.; nTelos Cable of Virginia Inc.; nTelos Communications Inc.; nTelos Licenses Inc.; nTelos Payroll Corporation; nTelos PCS Holdings LLC; R & B Cable, Inc.; R & B Communications, LLC; Richmond 20mhz, LLC; The Beeper Company; Virginia PCS Alliance, L.C.; Virginia RSA 6 LLC; and West Virginia PCS Alliance, L.C. (collectively, "nTelos Affiliates").

² Va. Code § 56-76 *et seq.* ("Affiliates Act").

from the 2012 *pro forma* reorganization of the Shentel Affiliates;³ (3) the addition of Shentel Cable of Shenandoah County, LLC, as a signatory to the Revised Agreement;⁴ and (4) an updated Exhibit 1 to the Revised Agreement.⁵

The Applicants represent that the proposed changes to the Revised Agreement will not affect the goods or services provided under the Revised Agreement, nor will they have an adverse effect on the rates ShenTel charges to its Virginia customers. Other than the addition of the nTelos Affiliates and certain other revisions to the Shentel Affiliates that are signatories to the Revised Agreement, the only substantial change made to the Revised Agreement is the revisions made to Exhibit 1, which the Applicants state will allow the Shentel Affiliates to more accurately assign costs and ensure that ShenTel, the regulated utility, is not negatively impacted by the growth in other lines of business among the ShenTel Affiliates and the services provided to these affiliates.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Revised Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval to enter into the Revised Agreement effective as of the date of this Order, subject to the requirements set forth in the Appendix attached hereto 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.

³ See Application at 4-5.

⁴ *Id.* at 5.

⁵ The Applicants represent that Exhibit 1 to the Revised Agreement has been revised from prior versions to reflect (1) the updated cost center numbers utilized by the Applicants' current accounting system; (2) the addition of certain cost centers that the Applicants have determined are necessary to properly account for the allocation of costs attributable to the nTelos Affiliates; and (3) the addition of other cost centers to ensure that the cost allocation process is more transparent and accurate.

**CASE NO. PUC-2015-00047
FEBRUARY 18, 2016**

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
D/B/A CENTURYLINK

To expand the competitive determination for certain residential retail services throughout its incumbent territory

FINAL ORDER

On October 2, 2015, Central Telephone Company of Virginia d/b/a CenturyLink ("Central" or "Company") filed an application with the State Corporation Commission ("Commission") requesting that the Commission, pursuant to § 56-235.5 I of the Code of Virginia ("Code"), expand the competitive determination for residential retail services to all of Central's incumbent territory in the Commonwealth of Virginia and apply the same regulatory treatment adopted in Case No. PUC-2014-00034¹ throughout its remaining exchanges ("Application"). In its Application, the Company listed the exchanges in Central's incumbent service territory that have been determined to be competitive pursuant to the competitive test and administrative process adopted by the Commission in Case No. PUC-2014-00034.²

Central stated in its Application that pursuant to § 56-235.5 I of the Code, if the Commission determines pursuant to subsections E and F of § 56-235.5 of the Code that 75% or more of residential households in Central's incumbent territory are in areas that have been determined by the Commission to be competitive for a certain telephone service, then the Commission shall expand the competitive determination for that telephone service to the remainder of the Company's incumbent territory.³ In its Application, the Company asserted that currently 77.6% of residential households in its incumbent territory fall within areas that have been determined to be competitive for certain retail services and that, consequently, such a determination should be expanded to treat all of Central's Virginia incumbent territory as competitive for those residential retail services.⁴

¹ *Application of Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone Southeast LLC d/b/a CenturyLink, To establish a competitive test*, Case No. PUC-2014-00034, 2014 S.C.C. Ann. Rept. 229, Final Order (Nov. 13, 2014) ("Competitive Test Order").

² Application at 2-3.

³ *Id.* at 1.

⁴ *Id.* at 3.

Central noted in its Application that in the Competitive Test Order, the Commission established safeguards for those Central residential customers whose services were deemed to be competitive by capping price increases for residential basic local exchange telephone services ("BLETS") at two dollars per year for a three-year period.⁵ Accordingly, Central may not increase the price of residential BLETS by more than two dollars per year through January 28, 2018.⁶

On October 23, 2015, the Commission issued an Order for Notice and Comment that, among other things, docketed Central's Application; directed Central to give notice to the public of its Application; provided an opportunity for interested persons to comment or request a hearing on Central's Application; and directed the Staff of the Commission ("Staff") to analyze Central's Application and present its findings and recommendations in a filing with the Clerk of the Commission. No requests for a hearing were filed. While two individuals filed comments, neither specifically addressed whether Central had met the statutory standard to expand the competitive determination, nor explicitly opposed Central's request.

On January 13, 2016, the Staff filed its comments on Central's Application ("Staff Comments"). The Staff concluded that the Commission can determine that at least 75% of households in Central's incumbent local territory have been determined to be competitive for residential BLETS, and that the competitive determination may be expanded throughout Central's remaining incumbent exchanges.⁷ The Staff noted that, should the Commission grant Central's request to expand the competitive determination to all Central exchanges, all Central residential consumer BLETS price increases would be capped by two dollars per year until January 28, 2018, as a consumer safeguard.⁸ In addition, the Staff indicated that the annual filing requirement adopted as a safeguard in the Competitive Test Order⁹ would remain in place until December 31, 2017, and would cover all Central exchanges.¹⁰

On January 15, 2016, Central filed a response to the Staff Comments which stated that the Company has no objection or further comment, and requested that the Commission issue an order granting its Application.¹¹

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that Central's Application should be approved. We find that at least 75% of households in Central's incumbent local territory are in exchanges that have been determined to be competitive for residential BLETS. We find that Central has met the statutory standard set forth in § 56-235.5 of the Code and, therefore, Central's competitive determination for residential retail services should be expanded throughout Central's incumbent territory. We find that we should apply the same regulatory treatment adopted in the Competitive Test Order for residential retail services. We further find that the consumer safeguards should continue to apply as set forth in the Staff Comments.

Accordingly, IT IS ORDERED THAT:

(1) Central's competitive determination for residential retail services hereby is expanded throughout its incumbent territory, and the same regulatory treatment adopted in the Competitive Test Order shall apply to such services.

(2) The consumer safeguard capping residential BLETS price increases at two dollars per year through January 28, 2018, shall apply in each of Central's incumbent exchanges.

(3) Central shall continue to make an annual filing with the Staff demonstrating that revenues from its competitive services in the aggregate cover their direct incremental costs. Such filings shall continue until December 31, 2017, after which Central shall continue to maintain such data and provide it to the Staff upon request.

(4) 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.

⁵ Competitive Test Order, 2014 S.C.C. Ann. Rept. at 231 ("A consumer safeguard capping residential price increases at two dollars per year for three years hereby is adopted. This safeguard shall be in effect through the latter of: (i) December 31, 2017, or (ii) three years from the first time a [Central] exchange is determined through the administrative process to be competitive for residential BLETS.")

⁶ On January 28, 2015, the first exchange of Central was determined through the administrative process to be competitive for residential BLETS. See Application at 2.

⁷ Staff Comments at 7.

⁸ *Id.* at 6.

⁹ Competitive Test Order, 2014 S.C.C. Ann. Rept. at 232 ("[Central] shall continue to make an annual filing with the Staff demonstrating that revenues from its competitive services in the aggregate cover their direct incremental costs. Such filing shall continue until December 31, 2017, after which [Central] shall continue to maintain such data and provide it to the Staff upon request").

¹⁰ Staff Comments at 6-7.

¹¹ Central Response (Jan. 15, 2016).

**CASE NO. PUC-2015-00049
FEBRUARY 26, 2016**

APPLICATION OF
RIVER STREET COMMUNICATIONS OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On November 3, 2015, RiverStreet Communications of Virginia, Inc. ("RiverStreet" or "Company"), completed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("Certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia ("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.*, RiverStreet filed a motion for a protective order ("Motion") to protect confidential information contained in the Company's Application.

By Order for Notice and Comment dated November 19, 2015 ("Scheduling Order"), the Commission, among other things, directed RiverStreet 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 January 11, 2016, RiverStreet filed proof of service and proof of publication in accordance with the Scheduling Order.

On January 26, 2016, the Staff filed its Staff Report finding that RiverStreet's Application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* Based upon its review of RiverStreet's Application, the Staff determined it would be appropriate to grant the Company a Certificate subject to the following condition: RiverStreet 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. RiverStreet filed no response to the Staff Report.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant RiverStreet a Certificate. The Commission also finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.¹

Accordingly, IT IS ORDERED THAT:

(1) RiverStreet hereby is granted Certificate No. T-744 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 Final Order.

(2) Prior to providing telecommunications services pursuant to the Certificate granted by this Order, RiverStreet 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.

(3) RiverStreet 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) 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.

(5) 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.

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-2015-00061
MARCH 11, 2016**

APPLICATION OF
FREEDOM TELECOM SERVICES OF VIRGINIA, LLC

For a certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On December 10, 2015, Freedom Telecom Services of Virginia, LLC ("Freedom Telecom" or "Company"), filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("Certificate") to provide interexchange telecommunications services throughout the Commonwealth of Virginia ("Application"). Freedom Telecom 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.*, Freedom Telecom filed a motion for a protective order ("Motion") to protect confidential information contained in the Company's Application.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

By Order for Notice and Comment dated December 28, 2015 ("Scheduling Order"), the Commission, among other things, directed Freedom Telecom to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On February 16, 2016, Freedom Telecom filed proof of service and proof of publication in accordance with the Scheduling Order.

On February 23, 2016, the Staff filed its Staff Report finding that Freedom Telecom's Application was in compliance with the Commission's Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of Freedom Telecom's Application, the Staff determined it would be appropriate to grant the Company a Certificate. Freedom Telecom filed no response to the Staff Report.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Freedom Telecom a Certificate. The Commission also finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.¹

Accordingly, IT IS ORDERED THAT:

(1) Freedom Telecom hereby is granted Certificate No. TT-290A to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.*, § 56-265.4:4 of the Code; and the provisions of this Final Order.

(2) Pursuant to § 56-481.1 of the Code, Freedom Telecom may price its interexchange telecommunications services competitively.

(3) Prior to providing telecommunications services pursuant to the Certificate granted by this Order, Freedom Telecom 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 of such election to the Commission's Division of Communications.

(4) 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.

(5) 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.

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-2015-00063
APRIL 28, 2016**

APPLICATION OF
UNITED TELEPHONE SOUTHEAST LLC
D/B/A CENTURYLINK

To expand the competitive determination of residential retail services throughout its incumbent territory

FINAL ORDER

On December 28, 2015, United Telephone Southeast LLC d/b/a CenturyLink ("United" or "Company") filed an application with the State Corporation Commission ("Commission") requesting that the Commission, pursuant to § 56-235.5 I of the Code of Virginia ("Code"), expand the competitive determination for certain retail services that have been determined competitive by the Commission, and apply the same regulatory treatment adopted in Case No. PUC-2014-00034¹ throughout United's incumbent territory ("Application"). In its Application, the Company listed the exchanges in United's incumbent service territory that have been determined to be competitive pursuant to the competitive test and administrative process adopted by the Commission in Case No. PUC-2014-00034.²

United stated in its Application that pursuant to § 56-235.5 I of the Code, if the Commission determines pursuant to subsections E and F of § 56-235.5 of the Code that 75% or more of residential households in United's incumbent territory are in areas that have been determined by the Commission to be competitive for a certain telephone service, then the Commission shall expand the competitive determination for that telephone service to the remainder of the Company's incumbent territory.³ In its Application, the Company asserted that currently 75.2% of residential households in its incumbent territory fall within areas that have been determined to be competitive for certain retail services and requested that such determination be expanded to treat all of United's Virginia incumbent territory as competitive for those residential retail services.⁴

United noted in its Application that in the Competitive Test Order, the Commission established safeguards for those United residential customers whose services were deemed to be competitive by capping price increases for residential basic local exchange telephone services ("BLETS") at two dollars

¹ *Application of Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone Southeast LLC d/b/a CenturyLink, To establish a competitive test*, Case No. PUC-2014-00034, 2014 S.C.C. Ann. Rept. 229, Final Order (Nov. 13, 2014) ("Competitive Test Order").

² Application at 2-3.

³ *Id.* at 1.

⁴ *Id.* at 3.

per year for a three-year period.⁵ Accordingly, United may not increase the price of its residential BLETS by more than two dollars per year through January 28, 2018.⁶ The Application acknowledged that pursuant to § 56-235.5 I of the Code, the same price cap that currently applies to the exchanges already determined to be competitive will apply to the remaining United exchanges to which the competitive determination is requested to be expanded in this proceeding.⁷

On January 19, 2016, the Commission issued an Order for Notice and Comment that, among other things, docketed United's Application; directed United to give notice to the public of its Application; provided an opportunity for interested persons to comment or request a hearing on United's Application; and directed the Staff of the Commission ("Staff") to analyze United's Application and present its findings and recommendations in a filing with the Clerk of the Commission. No comments or requests for a hearing were filed.

On April 14, 2016, the Staff filed its comments on United's Application ("Staff Comments"). The Staff concluded that the Commission can determine that at least 75% of households in United's incumbent local territory have been determined to be competitive for residential BLETS, and that the competitive determination may be expanded throughout United's remaining incumbent exchanges.⁸ The Staff noted that, should the Commission grant United's request to expand the competitive determination to all United exchanges, all United residential consumer BLETS price increases would be capped by two dollars per year until January 28, 2018, as a consumer safeguard.⁹ In addition, the Staff indicated that the annual filing requirement adopted as a safeguard in the Competitive Test Order¹⁰ would remain in place until December 31, 2017, and would cover all United exchanges.¹¹

On April 15, 2016, United filed a response to the Staff Comments stating that the Company had reviewed the Staff Comments and had no objection or further comment. Accordingly, United requested that the Commission issue an order granting its Application.¹²

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that United's Application should be approved. We find that at least 75% of households in United's incumbent local territory are in exchanges that have been determined to be competitive for residential BLETS. We find that United has met the statutory standard set forth in § 56-235.5 of the Code and, therefore, United's competitive determination for residential retail services should be expanded throughout United's incumbent territory. We find that we should apply the same regulatory treatment adopted in the Competitive Test Order for residential retail services. We further find that the consumer safeguards should continue to apply as set forth in the Staff Comments.

Accordingly, IT IS ORDERED THAT:

(1) United's competitive determination for residential retail services hereby is expanded throughout its incumbent territory, and the same regulatory treatment adopted in the Competitive Test Order shall apply to such services.

(2) The consumer safeguard capping residential BLETS price increases at two dollars per year through January 28, 2018, shall apply in each of United's incumbent exchanges.

(3) United shall continue to make an annual filing with the Staff demonstrating that revenues from its competitive services in the aggregate cover their direct incremental costs. Such filings shall continue until December 31, 2017, after which United shall continue to maintain such data and provide it to the Staff upon request.

(4) 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.

⁵ Competitive Test Order, 2014 S.C.C. Ann. Rept. at 231 ("A consumer safeguard capping residential price increases at two dollars per year for three years hereby is adopted. This safeguard shall be in effect through the latter of: (i) December 31, 2017, or (ii) three years from the first time a [United] exchange is determined through the administrative process to be competitive for residential BLETS.").

⁶ On January 28, 2015, the first exchange of United was determined through the administrative process to be competitive for residential BLETS. *See* Application at 2.

⁷ *Id.* at 3.

⁸ Staff Comments at 7.

⁹ *Id.* at 6.

¹⁰ Competitive Test Order, 2014 S.C.C. Ann. Rept. at 232 ("[United] shall continue to make an annual filing with the Staff demonstrating that revenues from its competitive services in the aggregate cover their direct incremental costs. Such filing shall continue until December 31, 2017, after which [United] shall continue to maintain such data and provide it to the Staff upon request").

¹¹ Staff Comments at 6-7.

¹² United Response (Apr. 15, 2016).

**CASE NO. PUC-2016-00005
MARCH 8, 2016**

JOINT APPLICATION OF
COMMUNICATIONS INFRASTRUCTURE INVESTMENTS, LLC,
ONVOY, LLC,
BROADVOX-CLEC, LLC,
and
GTCR ONVOY HOLDINGS LLC

For approval of the transfer of control of Onvoy, LLC and Broadvox-CLEC, LLC

ORDER GRANTING APPROVAL

On January 28, 2016, Communications Infrastructure Investments, LLC, Onvoy, LLC ("Onvoy"), Broadvox-CLEC, LLC ("BV-CLEC"), and GTCR Onvoy Holdings LLC ("GTCR Onvoy") (collectively, Applicants),¹ 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"),² for approval of the transfer of control of Onvoy and BV-CLEC ("Transfer"). The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

Onvoy and BV-CLEC are authorized to provide local and interexchange telecommunications in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.³ Under a Transaction Agreement dated December 31, 2015, BV-CLEC will remain a direct subsidiary of Onvoy, and each company will become an indirect subsidiary of GTCR Onvoy. Additionally, GTCR Fund X/A LP will own a controlling interest in GTCR Onvoy.

The Applicants state that as a result of the Transfer, Onvoy and BV-CLEC may have access to additional financial resources enabling them to better meet the needs of their customers and thus better compete in the telecommunications marketplace. The Applicants state that Onvoy and BV-CLEC will continue to be managed and operated by the same officers and personnel. The Applicants assert that Onvoy and BV-CLEC will continue to have the financial, managerial, and technical resources to provide local and interexchange telecommunications services in Virginia under the ownership and control of GTCR Onvoy.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds the above described Transfer should be approved. The Commission also finds that the Applicant's Motion is no longer necessary and hereby is 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 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 Applicant's 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 shall be placed in the Commission's file for ended causes.

¹ Onvoy Holdings LLC, Onvoy Intermediate LLC, and GTCR Fund X/A LP are considered Applicants, and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ See *Application of Onvoy, LLC, For certificates of public convenience and necessity to provide local and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2014-00056, Final Order (Jan. 28, 2015); *Application of Broadvox-CLEC, LLC, For certificates of public convenience and necessity to provide local and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2009-00025, Final Order (Sept. 8, 2009).

⁴ The Commission held the Applicant's Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2016-00007
MARCH 30, 2016**

JOINT APPLICATION OF
COMMUNICATIONS SALES & LEASING, INC.
PEG BANDWIDTH HOLDINGS, LLC
and
PEG BANDWIDTH VA, LLC

For approval of transfer of control of PEG Bandwidth, VA LLC to Communications Sales & Leasing, Inc.

ORDER GRANTING APPROVAL

On March 17, 2016, Communications Sales & Leasing, Inc. ("CSAL"); PEG Bandwidth Holdings, LLC ("PEG Holdings"); and PEG Bandwidth ("PEG-VA") (collectively, "Applicants"),¹ 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"),² for approval of transfer of control of PEG-VA to CSAL ("Transfer"). The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-170 *et seq.*

PEG-VA is authorized to provide local and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.³ Under the Agreement and Plan of Merger dated January 7, 2016, PEG Holdings will merge with and into a subsidiary of CSAL. As a result, PEG-VA will remain a subsidiary of PEG Holdings and will become an indirect, wholly owned subsidiary of CSAL.

The Applicants state that PEG-VA will continue to provide services to its customers at the same rates and on the same terms and conditions as are currently in effect. The Applicants further represent that PEG-VA will continue to be operated by highly experienced, well-qualified management, operating, and technical personnel, and will have access to the operational and managerial resources of CSAL. Finally, the Applicants assert that under the ownership and control of CSAL, PEG-VA and its customers will benefit from enhanced access to the capital and financial strengths of CSAL.

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 hereby 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 Transfer as described herein.
- (2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the Transfer, which shall note the date of 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) The case is dismissed from the Commission's active docket, and the papers filed shall be placed in the Commission's file for ended causes.

¹ Liberty Associated Holdings, LLC; Associated Partners, L.P.; AP PEG Bandwidth Investments, LLC; CSL Bandwidth Inc.; and Uniti Holdings, LLP, are also considered Applicants and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ See *Application of PEG Bandwidth VA, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2012-000021, 2012 S.C.C. Ann. Rept. 191, Final Order (Oct. 4, 2012).

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-2016-00008
APRIL 8, 2016**

JOINT APPLICATION OF
TELECOMMUNICATION SYSTEMS, INC.,
and
COMTECH TELECOMMUNICATIONS CORP.

For approval of a transfer of control pursuant to § 56-88 *et seq.* of the Code of Virginia

ORDER GRANTING APPROVAL

On February 23, 2016, Comtech Telecommunications Corp. ("Comtech") and TeleCommunication Systems, Inc. ("TCS") (collectively, "Petitioners"),¹ completed the filing of a petition with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act² to request authority to transfer control of NextGen to Comtech ("Transfer").

NextGen is authorized to provide local and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.³ Under an Agreement and Plan of Merger dated November 22, 2015, Comtech will purchase all outstanding shares of TCS, gaining control over TCS and each of its subsidiaries, including NextGen. The Petitioners assert that the Transfer will neither impair nor jeopardize adequate service at just and reasonable rates, and will not impact NextGen customers. The Petitioners also represent that NextGen will continue to have the financial, managerial, and technical resources necessary to render telecommunications services in Virginia after the Transfer.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff, is of the opinion and finds that the Transfer, as described herein, should be approved.

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) This case 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 NextGen Communications, Inc. ("NextGen"), is considered one of the Petitioners, and has provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ See *Application of NextGen Communications, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2009-00003, 2009 S.C.C. Ann. Rept. 238, Order (Nov. 3, 2009).

**CASE NO. PUC-2016-00010
MARCH 18, 2016**

IN THE MATTER OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
D/B/A CENTURYLINK

Notice of election to be regulated as a competitive telephone company

ORDER

On February 19, 2016, Central Telephone Company of Virginia d/b/a CenturyLink ("Central") filed with the State Corporation Commission ("Commission") a written notice of its election to be regulated as a competitive telephone company pursuant to Chapters 340 and 376 of the 2014 Virginia Acts of Assembly.

Chapter 2.1 of Title 56 of the Code of Virginia ("Code")¹ became effective July 1, 2014. Pursuant to § 56-54.3 of the Code, "[a]ny telephone company meeting the definition of a competitive telephone company may elect to be regulated as a competitive telephone company pursuant to the provisions of this chapter by providing written notice to the Commission of such election." Pursuant to § 56-54.2 of the Code, a competitive telephone company is defined as:

- (i) an incumbent local exchange telephone company whose residential dial tone lines (a) were deemed competitive by the Commission throughout the company's incumbent service territory prior to January 1, 2014, or (b) are declared competitive by the Commission throughout its incumbent service territory on or after January 1, 2014, in a proceeding pursuant to § 56-235.5 or (ii) a competitive local exchange telephone company.

¹ Va. Code § 56-54.2 *et seq.*

The Staff of the Commission ("Staff") has determined that Central meets the definition of a competitive telephone company as defined by § 56-54.2 of the Code as Central's residential dial tone lines have been deemed to be competitive throughout Central's incumbent service territory.²

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that Central is eligible to elect to be regulated as a competitive telephone company pursuant to § 56-54.2 *et seq.* of the Code and that such election becomes effective March 20, 2016. The applicant is a "competitive telephone company" by operation of law. The statute does not provide that any additional competitive analysis, outside of previously satisfied statutory requirements, be conducted by the Staff or the Commission.

Accordingly, IT IS ORDERED THAT:

(1) Effective March 20, 2016, Central shall be regulated as a competitive telephone company pursuant to the provisions of § 56-54.2 *et seq.* of the Code.

(2) There being nothing further to come before the Commission, 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 See *Application of Central Telephone Company of Virginia d/b/a CenturyLink, To expand the competitive determination for certain residential retail services throughout its incumbent territory*, Case No. PUC-2015-00047, Doc. Con. Cen. No. 160230141, Final Order (Feb. 18, 2016).

**CASE NO. PUC-2016-00012
MARCH 4, 2016**

APPLICATION OF
INTRADO COMMUNICATIONS OF VIRGINIA INC.

For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATES

On February 22, 2016, Intrado Communications of Virginia Inc. ("Intrado") filed an application with the State Corporation Commission ("Commission") requesting that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia issued to Intrado¹ be amended to reflect a corporate name change ("Application"). Intrado submitted with its Application proof of the corporate name change to West Safety Communications of Virginia Inc.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificates in the name of Intrado Communications of Virginia Inc. should be cancelled and reissued in the name of West Safety Communications of Virginia Inc.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUC-2016-00012.

(2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-578, heretofore issued to Intrado Communications of Virginia Inc., hereby is cancelled and shall be reissued as Certificate No. T-578a in the name of West Safety Communications of Virginia Inc.

(3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-170A, heretofore issued to Intrado Communications of Virginia Inc., hereby is cancelled and shall be reissued as Certificate No. TT-170B in the name of West Safety Communications of Virginia Inc.

(4) Any tariffs on file with the Commission's Division of Communications in the name of Intrado 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 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.

¹ See *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, Order Issuing Certificates (Mar. 20, 2002).

**CASE NO. PUC-2016-00016
MARCH 28, 2016**

APPLICATION OF
LIGHTSQUARED INC. OF VIRGINIA

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 March 4, 2016, LightSquared Inc. of Virginia ("LightSquared") 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 LightSquared¹ be amended to reflect a corporate name change ("Application"). LightSquared submitted with its Application proof of the corporate name change to Ligado Networks Inc. of Virginia.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificates in the name of LightSquared Inc. of Virginia should be cancelled and reissued in the name of Ligado Networks Inc. of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2016-00016.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-424e, heretofore issued to LightSquared Inc. of Virginia, hereby is cancelled and shall be reissued as Certificate No. T-424f in the name of Ligado Networks Inc. of Virginia.
- (3) Any tariffs on file with the Commission's Division of Communications in the name of LightSquared Inc. of Virginia shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.
- (4) 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.

¹ 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).

**CASE NO. PUC-2016-00017
MARCH 28, 2016**

APPLICATION OF
TW TELECOM OF VIRGINIA LLC

For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATES

On March 9, 2016, tw telecom of virginia 11c ("tw telecom" or "Company") filed an application with the State Corporation Commission ("Commission") requesting that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia issued to tw telecom¹ be amended to reflect a corporate name change ("Application"). The Company submitted with its Application proof of the corporate name change to Level 3 Telecom 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 tw telecom of virginia 11c should be cancelled and reissued in the name of Level 3 Telecom of Virginia, LLC.

¹ See *Application of Time Warner Telecom of Virginia LLC, For amended and reissued Certificates of Public Convenience and Necessity to reflect new name: tw telecom of virginia llc*, Case No. PUC-2008-00029, 2008 S.C.C. Ann. Rept. 292, Order (Apr. 17, 2008).

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2016-00017.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-592d, heretofore issued to tw telecom of virginia 11c, hereby is cancelled and shall be reissued as Certificate No. T-592e in the name of Level 3 Telecom of Virginia, LLC.
- (3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-182E, heretofore issued to tw telecom of virginia 11c, hereby is cancelled and shall be reissued as Certificate No. TT-182F in the name of Level 3 Telecom of Virginia, LLC.
- (4) Any tariffs on file with the Commission's Division of Communications in the name of tw telecom of virginia 11c shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.
- (5) This case hereby is dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2016-00018
MAY 17, 2016**

JOINT APPLICATION OF
DSCI HOLDINGS CORPORATION,
DSCI, LLC,
DSCI CORPORATION OF VIRGINIA, INC.,
and
U.S. TELEPACIFIC CORP.

For approval of the indirect transfer of control of DSCI Corporation of Virginia, Inc., pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On March 31, 2016, DSCI Holdings Corporation, DSCI, LLC, DSCI Corporation of Virginia, Inc. ("DSCI-VA"), and U.S. TelePacific Corp. ("TelePacific") (collectively, "Applicants"),¹ completed the filing of a Joint Application ("Application") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),² requesting approval of the transfer of indirect control of DSCI-VA to TelePacific ("Transfer"). The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

DSCI-VA, a wholly owned subsidiary of DSCI, LLC, is authorized to provide local exchange telecommunications services in Virginia pursuant to its certificate of public convenience and necessity issued by the Commission.³ Pursuant to an Agreement and Plan of Merger, TelePacific will acquire ownership and control of DSCI-VA by merging its direct subsidiary, TelePacific Managed Services, Inc., with and into DSCI, LLC, with DSCI, LLC, surviving as a wholly owned subsidiary of TelePacific. As a result of the merger, DSCI, LLC, will be a direct subsidiary of TelePacific and, therefore, DSCI-VA will become an indirect subsidiary of TelePacific.

The Applicants represent that DSCI-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 Applicants further represent that DSCI-VA will continue to have the financial, managerial, and technical resources to provide its services under TelePacific's ownership and control. In support of the Application, the Applicants provided a description of TelePacific's leadership team and its recent financial statements.

¹ McCarthy Partners, LLC; McCarthy Partners Management, LLC; McCarthy V GP, LLC; McCarthy Capital Fund V, L.P.; McCarthy DSCI Investors, LLC; U.S. TelePacific Holdings Corp.; Investcorp Holdings Limited; and Investcorp S.A. also are considered Applicants and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ 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).

The Applicants also are seeking approval of the Transfer from the Federal Communications Commission ("FCC") in WC Docket No. 16-67. On March 29, 2016, 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 2015, the Agencies conducted a similar review of a transfer of control involving the acquisition of indirect control of another Virginia certificated competitive local exchange carrier by a foreign-owned company. In Case No. PUC-2015-00031, the Commission conditioned its approval of such transfer of control upon the transaction receiving the approval of the FCC.⁴

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 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 Transfer, as described herein, conditioned upon approval of the Transfer by the FCC. Upon satisfaction of this condition, no further action is required by the Commission for approval of the Transfer.

(2) The Applicants shall file with the Commission proof of such approval or denial within ten (10) days of the issuance of the FCC's determination.

(3) Should approval be granted by the FCC, the Applicants shall file a report of action with the Commission in its Document Control Center within thirty (30) days after closing of the Transfer, which shall include the date of the completion of the Transfer.

(4) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(5) This case is dismissed 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 of Cequel Corporation, Cebridge Telecom VA, LLC, and Altice N.V., For approval of the transfer of control of Cebridge Telecom VA, LLC, pursuant to Va. Code § 56-88 et seq.*, Case No. PUC-2015-00031, Doc. Con. Cen. No. 151010286, Order Granting Approval (Oct. 6, 2015). The Commission imposed similar conditions in prior cases. See, e.g., *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).

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-2016-00019 JULY 26, 2016

APPLICATION OF AIRBUS DS COMMUNICATIONS OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On April 15, 2016, Airbus DS Communications of Virginia, Inc. ("Airbus" 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"). Airbus requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code"). Airbus also filed a motion for confidential treatment of certain information contained in the Application pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Motion").

On April 28, 2016, the Commission issued an Order for Notice and Comment ("Scheduling Order") which, among other things, directed Airbus 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 May 25, 2016, Airbus filed proof of service and proof of publication in accordance with the Scheduling Order.

On June 30, 2016, the Staff filed its Staff Report finding that the Company's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers ("Interexchange Rules"), 20 VAC 5 411 10 *et seq.* Based upon its review of the Application, the Staff determined it would be appropriate to grant Airbus Certificates subject to the following condition: Airbus 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 Airbus to file a response to the Staff Report on or before July 11, 2016. Airbus did not file a response to the Staff Report.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Airbus Certificates. Having considered § 56-481.1 of the Code, the Commission finds that Airbus may price its interexchange telecommunications services competitively. The Commission also finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.¹

Accordingly, IT IS ORDERED THAT:

(1) Airbus hereby is granted Certificate No. T-747 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, § 56 265.4:4 of the Code, and the provisions of this Final Order.

(2) Airbus hereby is granted Certificate No. TT-293A 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 Final Order.

(3) Pursuant to § 56-481.1 of the Code, Airbus may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Final Order, Airbus 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.

(5) Airbus 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 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 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-2016-00020
MAY 9, 2016**

JOINT PETITION OF
XO HOLDINGS
and
VERIZON COMMUNICATIONS INC.

For approval of the transfer of control of XO Communications Services, LLC

ORDER GRANTING APPROVAL

On April 19, 2016, XO Holdings and Verizon Communications Inc. ("Verizon") (collectively, "Petitioners")¹ completed the filing of a Joint Petition with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia,² for approval of the transfer of control of XOVA to Verizon. The Petitioners also filed a Motion for Entry of 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.*

XOVA is authorized to provide local and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.³ The Petitioners state that XO Holdings and Verizon have entered into an agreement pursuant to which XO Holdings will sell all of its interests in XO Communications, LLC ("XO"), including XOVA, to Verizon ("Proposed Transfer"). As a result of the Proposed Transfer, XO and XOVA will become wholly owned indirect subsidiaries of Verizon.

The Petitioners state that they do not contemplate any changes in the services that are provided pursuant to XOVA's authorizations and that the transfer will be transparent to XOVA's customers. The Petitioners state that Verizon is the ultimate parent of several certificated companies providing telecommunications services in Virginia, and so, has the financial, technical, and managerial qualifications to render local exchange telecommunications services. Finally, the Petitioners assert that XOVA will continue to have the financial, technical, and managerial qualifications needed to provide local exchange services to its Virginia customers following the transfer.

¹ XO Virginia, LLC ("XOVA"), Verizon Business Network Services Inc., MCI Communications Corporation, Verizon Business Global LLC, Starfire Holding Corporation, and Carl C. Icahn are also considered Petitioners and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ See *Application of XO Virginia, LLC, For changes in certificates of public convenience and necessity following corporate name change*, Case No. PUC-2001-00001, 2001 S.C.C. Ann. Rep. 304, Order (Feb. 5, 2001).

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 Proposed Transfer should be approved. The Commission also finds that Petitioners' 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 Petitioners hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the transfer, which shall note the date the transfer occurred.
- (3) Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (4) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

⁴ The Commission held Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUC-2016-00022
APRIL 22, 2016

JOINT PETITION OF
VERIZON COMMUNICATIONS INC.,
VERIZON SOUTH INC.,
VERIZON SELECT SERVICES OF VIRGINIA INC.,
and
GTE CORPORATION

For approval of intra-company transfer of control of Verizon South Inc. and Verizon Select Services of Virginia Inc.

ORDER GRANTING APPROVAL

On April 6, 2016, Verizon Communications Inc. ("Verizon"), Verizon South Inc. ("Verizon South"), Verizon Select Services of Virginia Inc. ("VSSI"), and GTE Corporation ("GTE Corp.") (collectively, "Petitioners"), completed the filing of a Joint Petition ("Petition") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),¹ for approval of an intra-company transfer of control of Verizon South and VSSI.

Verizon South is an incumbent provider of local exchange and interexchange telecommunications services in Virginia. VSSI is authorized to provide competitive local exchange telecommunications services in Virginia.² Verizon South and VSSI are wholly owned subsidiaries of GTE Corp., which, ultimately is a wholly owned subsidiary of Verizon. The Petition states that Verizon intends to replace GTE Corp. with a limited liability company, GTE LLC, and that the result of the transaction will be to transfer control of Verizon South and VSSI from GTE Corp. to GTE LLC ("Proposed Transfer"). After the transfer, Verizon South and VSSI will remain wholly owned subsidiaries of Verizon.

The Petitioners state that the Proposed Transfer will not entail any changes to Verizon South and VSSI, nor will there be any change in the rates, services, or terms and conditions of service provided by each company. Further, the Petitioners represent that the Proposed Transfer will not diminish the financial, technical, and managerial resources available to Verizon South and VSSI 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 Proposed Transfer 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 approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the transfer, which shall note the date the transfer occurred.
- (3) The case is dismissed from the Commission's active docket, and the papers filed shall be placed in the Commission's file for ended causes.

¹ Va. Code § 56-88 *et seq.*

² See *Application of Verizon Select Services of Virginia Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2003-00039, 2003 S.C.C. Ann. Rep. 249, Final Order (Jun. 27, 2003).

CASE NO. PUC-2016-00023
APRIL 28, 2016

IN THE MATTER OF
COX VIRGINIA TELCOM, L.L.C.

Notice of election to be regulated as a competitive telephone company

ORDER

On March 31, 2016, Cox Virginia Telcom, L.L.C. ("Cox"), filed with the State Corporation Commission ("Commission") a written notice of its election to be regulated as a competitive telephone company pursuant to Chapters 340 and 376 of the 2014 Virginia Acts of Assembly.

Chapter 2.1 of Title 56 of the Code of Virginia ("Code")¹ became effective July 1, 2014. Pursuant to § 56-54.3 of the Code, "[a]ny telephone company meeting the definition of a competitive telephone company may elect to be regulated as a competitive telephone company pursuant to the provisions of this chapter by providing written notice to the Commission of such election." Pursuant to § 56-54.2 of the Code, a competitive telephone company is defined as:

(i) an incumbent local exchange telephone company whose residential dial tone lines (a) were deemed competitive by the Commission throughout the company's incumbent service territory prior to January 1, 2014, or (b) are declared competitive by the Commission throughout its incumbent service territory on or after January 1, 2014, in a proceeding pursuant to § 56-235.5 or (ii) a competitive local exchange telephone company.

A competitive local exchange telephone company is defined by § 56-54.2 of the Code to include "a competing telephone company . . . that was granted a certificate on or after January 1, 1996, pursuant to § 56-265.4:4 [of the Code]. . . ."

The Staff of the Commission ("Staff") has determined that Cox meets the definition of a competitive telephone company as defined by § 56-54.2 of the Code as Cox was granted a certificate by the Commission pursuant to § 56-264.4:4 of the Code to provide local exchange telecommunications services.²

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that Cox is eligible to elect to be regulated as a competitive telephone company pursuant to § 56-54.2 *et seq.* of the Code and that such election becomes effective April 30, 2016. The applicant is a "competitive telephone company" by operation of law.

Accordingly, IT IS ORDERED THAT:

(1) Effective April 30, 2016, Cox shall be regulated as a competitive telephone company pursuant to the provisions of § 56-54.2 *et seq.* of the Code.

(2) There being nothing further to come before the Commission, 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 Va. Code § 56-54.2 *et seq.*

² See *Application of Cox Fibernet Commercial Services, Inc., For a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services*; Case No. PUC-1996-00009, 1996 S.C.C. 203, Order (July 22, 1996); *Application of Cox Virginia Telcom, Inc., For amendment of its certificates of public convenience and necessity to reflect applicant's new name, Cox Virginia Telcom, L.L.C.*, Case No. PUC-2008-00055, 2008 S.C.C. Ann. Rept. 305, Order (Aug. 1, 2008).

CASE NO. PUC-2016-00027
OCTOBER 12, 2016

APPLICATION OF
MOBILITIE MANAGEMENT, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On June 13, 2016, Mobilitie Management, LLC ("Mobilitie" or "Company"), completed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("Certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia ("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.*, Mobilitie filed a motion for a protective order ("Motion") to prevent public disclosure of confidential information contained in the Company's Application. On September 19, 2016, Mobilitie filed notice of its election to be regulated as a competitive telephone company pursuant to § 56-54.2 of the Code of Virginia ("Code").¹

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 on July 1, 2014. See 2014 Va. Acts ch. 340 and ch. 376.

On June 27, 2016, the Commission issued an Order for Notice and Comment ("Scheduling Order") which, among other things, directed Mobilitie 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 25, 2016, Mobilitie filed proof of service in accordance with the Scheduling Order. The Company filed proof of notice on July 25, 2016,² and September 12, 2016.³

On September 20, 2016, the Staff filed its Staff Report finding that Mobilitie's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq.* Based upon its review of Mobilitie's Application, the Staff determined it would be appropriate to grant the Company a Certificate subject to the following condition: Mobilitie 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 upon issuance of its Certificate, Mobilitie will meet the definition of a competitive telephone company pursuant to § 56-54.2 of the Code and is entitled to be regulated as such by operation of law.

The Commission provided an opportunity for the Company to file a response to the Staff Report on or before September 27, 2016. Mobilitie did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Mobilitie a Certificate. The Commission finds that pursuant to § 56-54.2 *et seq.* of the Code, Mobilitie 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.⁴

Accordingly, IT IS ORDERED THAT:

(1) Mobilitie hereby is granted Certificate No. T-748 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) Mobilitie shall be regulated as a competitive telephone company pursuant to the provisions of § 56-54.2 *et seq.* of the Code.

(3) 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 Mobilitie elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Rule 20 VAC 5-417-50 A.

(4) Mobilitie 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.

(5) 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.

(6) This case is dismissed.

² On July 25, 2016, Mobilitie filed proof of notice in one newspaper.

³ On August 10, 2016, Mobilitie filed a Motion for Extension requesting additional time to provide notice in additional newspapers. On August 16, 2016, the Commission issued an Order Extending Procedural Schedule granting Mobilitie's request. On September 12, 2016, Mobilitie filed proof of notice in additional newspapers.

⁴ 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-2016-00028
JUNE 10, 2016**

APPLICATION OF
MATRIX TELECOM OF VIRGINIA, INC.

For amended and reissued certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a name change to Matrix Telecom of Virginia, LLC

ORDER REISSUING CERTIFICATE

On April 18, 2016, Matrix Telecom of Virginia, Inc. ("Matrix" or "Company"), filed an application with the State Corporation Commission ("Commission") requesting that the certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia issued to Matrix¹ be amended to reflect a corporate name change ("Application"). The Company submitted with its Application proof of the corporate name change to Matrix Telecom of Virginia, LLC.

¹ See *Application of Matrix Telecom of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2005-00088, 2005 S.C.C. Ann. Rept. 280, Final Order (Dec. 22, 2005).

NOW THE COMMISSION, upon consideration of the Application and applicable law, is of the opinion and finds that the existing certificate in the name of Matrix Telecom of Virginia, Inc., should be cancelled and reissued in the name of Matrix Telecom of Virginia, LLC.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2016-00028.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-646, heretofore issued to Matrix Telecom of Virginia, Inc., hereby is cancelled and shall be reissued as Certificate No. T-646a in the name of Matrix Telecom of Virginia, LLC.
- (3) Any tariffs on file with the Commission's Division of Communications in the name of Matrix Telecom 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 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.

**CASE NO. PUC-2016-00029
JUNE 16, 2016**

APPLICATION OF
SUNSET FIBER, LLC

For a certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On April 18, 2016, Sunset Fiber, LLC ("Sunset Fiber" or "Company"), filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("Certificate") to provide interexchange telecommunications services throughout the Commonwealth of Virginia ("Application").¹ Sunset Fiber 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.*, Sunset Fiber filed a motion for a protective order ("Motion") to protect confidential information contained in the Company's Application.

On April 21, 2016, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, directed Sunset Fiber 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 May 9, 2016, Sunset Fiber filed proof of service and proof of publication in accordance with the Scheduling Order.

On May 31, 2016, the Staff filed its Staff Report finding that Sunset Fiber's Application was in compliance with the Commission's Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of Sunset Fiber's Application, the Staff determined it would be appropriate to grant the Company a Certificate. On May 31, 2016, Sunset Fiber filed a letter waiving its opportunity to file a response to the Staff Report.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Sunset Fiber a Certificate. The Commission also finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.²

Accordingly, IT IS ORDERED THAT:

- (1) Sunset Fiber hereby is granted Certificate No. TT-291A to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.*, § 56-265.4:4 of the Code; and the provisions of this Final Order.
- (2) Pursuant to § 56-481.1 of the Code, Sunset Fiber may price its interexchange telecommunications services competitively.
- (3) Prior to providing telecommunications services pursuant to the Certificate granted by this Order, Sunset Fiber 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 of such election to the Commission's Division of Communications.
- (4) 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.
- (5) This case hereby is dismissed.

¹ The Commission granted Sunset Fiber Certificate No. T-740 to provide local exchange telecommunications services in Case No. PUC-2015-00013.

² The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUC-2016-00038
JUNE 10, 2016

JOINT APPLICATION OF
 GTCR ONVOY HOLDINGS LLC,
 ONVOY HOLDINGS, INC.,
 ONVOY IMMEDIATE PARENT, INC.,
 ONVOY, LLC,
 ANPI HOLDING, INC.,
 ZONE USA, INC.,
 ANZ COMMUNICATIONS, LLC,
 ANPI, LLC,
 and
 COMMON POINT LLC

For approval of the transfer of indirect minority ownership and control of Common Point LLC

ORDER GRANTING APPROVAL

On May 12, 2016, GTCR Onvoy Holdings LLC ("GTCR Onvoy"), Onvoy Holdings, Inc., Onvoy Intermediate Parent, Inc., Onvoy, LLC ("Onvoy"), ANPI Holdings, Inc., Zone USA, Inc., ANZ Communications, LLC ("ANZ"), ANPI, LLC, and Common Point LLC ("Common Point") (collectively, "Applicants"),¹ 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,² for approval of indirect transfer of minority ownership and control of Common Point resulting from the proposed acquisition by Onvoy of ANZ and its subsidiaries, including Common Point ("Proposed Transfer"). The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

Common Point is authorized to provide competitive local exchange services in Virginia.³ Pursuant to a Membership Interest Contribution and Purchase Agreement dated April 13, 2016, Onvoy and GTCR Onvoy will acquire indirect control of Common Point. The Applicants state that the services provided by Common Point, after its indirect transfer to Onvoy and GTCR Onvoy, will continue to be offered at the same rates and on the same terms and conditions currently in effect. The Applicants further state that Common Point will continue to have the financial, managerial, and technical resources necessary to provide local exchange services to its customers in Virginia after the Proposed Transfer is completed. The Applicants assert that the financial, technical, and managerial resources that Onvoy possesses are expected to enhance the ability of Common Point to compete in the telecommunications marketplace.⁴

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 Proposed Transfer should be approved. The Commission also 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 Transfer as described herein.
- (2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the Proposed Transfer, which shall note the date that the transfer occurred.
- (3) 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 GTCR Fund X/A LP, Egyptian Internet Services, Inc., Cass Switch, Inc., MTCO Communications, Inc., Richard John Siemens, Distacom International Limited, and Zone Global Limited are also considered Applicants and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ See *Application on Common Point LLC, For a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services in the Commonwealth of Virginia*, Case No. PUC-2012-00060, Doc. Con. Cen. No. 130320079, Final Order (Mar. 12, 2013).

⁴ Onvoy is authorized to provide local and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission. See *Application of Onvoy, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2014-00056, Doc. Con. Cen. No. 150130017, Final Order (Jan. 28, 2015).

⁵ The Commission held Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2016-00039
SEPTEMBER 21, 2016**

APPLICATION OF
FIBERLIGHT OF VIRGINIA, LLC

For an order on public utility line crossing underneath a railroad pursuant to § 56-16.1 of the Code of Virginia and for certification of necessity or essential public convenience in the exercise of authority of eminent domain with regard to certain interests in the real property owned by Norfolk Southern Corporation

DISMISSAL ORDER

On May 20, 2016, FiberLight of Virginia, LLC ("FiberLight"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to 5 VAC 5-20-100 B of the Commission's Rules of Practice and Procedure and §§ 56-16.1 and 25.1-102 of the Code of Virginia ("Code"). In its Application, FiberLight requested that the Commission enter an order (1) granting FiberLight a license or easement to cross underneath property owned by Norfolk Southern Corporation ("NSC") and/or its subsidiary, Southern Region Industrial Realty Inc. ("Realty"), and (2) setting compensation and damages, if any (not to exceed the actual cost reasonably incurred by NSC and/or Realty as a result of the construction).¹ Alternatively, FiberLight requested that the Commission enter an order under Code § 25.1-102 certifying that FiberLight may initiate a condemnation action relative to the proposed railroad crossing.² FiberLight also requested interim authority pursuant to Code § 56-16.1 D to begin construction on its proposed crossing pending a determination on any fees and damages for the crossing in this proceeding.³

In its Application, FiberLight indicated that NSC and/or Realty proposed an agreement that would grant FiberLight a license to install facilities underneath the railroad tracks at issue for \$865,000 ("Proposed Agreement").⁴ FiberLight maintained that the proposed fee of \$865,000 is unreasonably high compensation for the proposed facilities, given that the proposed underground crossings would not affect any of the railroad's surface properties.⁵ Finally, FiberLight stated that because NSC and/or Realty have refused to negotiate a reasonable fee for the crossings, FiberLight is seeking the Commission's assistance in securing a license or easement that would allow it to install telecommunications equipment under the railroad property.⁶

On June 7, 2016, NSC filed its Responsive Pleading, Motion to Dismiss, and Answer ("Motion to Dismiss"). In its Motion to Dismiss, NSC asserted that, as a holding company, it is neither a public service company nor a railroad subject to the jurisdiction of the Commission pursuant to Code § 56-16.1 *et seq.*, and that it owns none of the property that FiberLight seeks to cross.⁷ NSC also argued that FiberLight failed to comply with the mandatory provisions of Code § 56-18.⁸ Finally, NSC stated that Realty is not a railroad or public service company subject to the Commission's jurisdiction, and therefore any effort to condemn property owned by Realty should be made pursuant to Title 25.1 of the Code.⁹

On June 16, 2016, FiberLight filed its response opposing the Motion to Dismiss and renewing its request for the relief requested in its Application ("Response"). FiberLight asserted that Realty is a "railroad company" as defined by Code § 56-1.¹⁰ FiberLight stated that it submitted plans to NSC on January 21, 2016, on forms provided by NSC, which resulted in NSC offering FiberLight the Proposed Agreement for the crossings that included a fee payable to NSC of \$865,000.¹¹ In addition, FiberLight contended that in the Proposed Agreement, NSC defined itself, Realty, and all other affiliated companies as one entity.¹² FiberLight requested, among other things, that the Commission deny the Motion to Dismiss or grant FiberLight leave to amend the Application to specifically name Realty and any other NSC affiliate as a party to this proceeding.¹³

On June 23, 2016, NSC filed its reply to FiberLight's Response to the Motion to Dismiss ("Reply"). NSC argued that neither NSC nor Realty meet the definition of "Railroad company" set forth in Code § 56-1.¹⁴ NSC also maintained that although FiberLight's submission of plans to NSC was

¹ Application at 1.

² *Id.*

³ *Id.* at 2.

⁴ *Id.* at 4.

⁵ *Id.*

⁶ *Id.*

⁷ Motion to Dismiss at 1.

⁸ *Id.* at 2.

⁹ *Id.*

¹⁰ FiberLight Response at 3, 6.

¹¹ *Id.* at 3-7.

¹² *Id.* at 4-5.

¹³ *Id.* at 8.

¹⁴ NSC Reply at 2-3.

sufficient to initiate an internal procedure for a voluntary license agreement, it was deficient as a matter of law to initiate a formal procedure because it failed to comply with the requirements of Code § 56-18.¹⁵

On July 1, 2016, the Commission entered an Order Scheduling Hearing, which, among other things, docketed the Application; scheduled a hearing for July 12, 2016; and assigned a Hearing Examiner to conduct further proceedings on behalf of the Commission and file a final report containing the Hearing Examiner's findings and recommendations. On July 5, 2016, Senior Hearing Examiner Alexander F. Skirpan, Jr. ("Hearing Examiner"), issued a Ruling scheduling a prehearing conference for July 7, 2016.

On July 6, 2016, NSC filed a Motion to Continue Hearing Set for July 12, 2016. NSC maintained that the Commission should rule on NSC's Motion to Dismiss before convening an evidentiary hearing on the merits of the Application. On July 7, 2016, FiberLight filed its response stating that it did not oppose a continuance of the hearing to determine fees, provided that the Commission grant FiberLight interim authority to begin construction as soon as possible. On July 8, 2016, following the prehearing conference, the Hearing Examiner issued a Ruling (1) continuing the hearing scheduled to begin on July 12, 2016, at 10:00 a.m. until 1:00 p.m., and (2) limiting the scope of the hearing to oral arguments on the Motion to Dismiss.

During oral arguments at the hearing on July 12, 2016, counsel for NSC described the two proposed crossings at the heart of this matter as crossing under two railroad spurs owned and operated by the Norfolk Southern Railway Company ("Railway").¹⁶ According to NSC, the two railroad spurs are on land owned by Realty; Realty does not own or operate the railroad spurs; NSC owns both Railway and Realty but does not own any of the property in question and does not own or operate the two railroad spurs.¹⁷ NSC further reiterated its argument that FiberLight has failed to comply with the notice procedure required under Code § 56-18.¹⁸ FiberLight argued (among other things) that the purpose of Code § 56-18 was to ensure adequate notice of a proposed crossing was given to the railroad.¹⁹ FiberLight also argued that the sufficiency of notice is demonstrated in the letter that FiberLight received that offered to permit the crossings for a fee of \$865,000.²⁰

On July 20, 2016, Hearing Examiner Skirpan filed his report summarizing the filings and arguments presented by the parties, as well as the applicable law, and finding that the Commission should grant NSC's Motion to Dismiss ("Report"). The Hearing Examiner determined that the Commission lacks jurisdiction over NSC and Realty, as neither is a "Railroad company" as defined by Code § 56-1, and that FiberLight failed to comply with the procedural requirements of Code §§ 56-16.1 and 56-18.²¹ Accordingly, the Hearing Examiner recommended that the Commission adopt the findings in his Report and dismiss the case from the Commission's docket of active cases.²²

On July 25, 2016, NSC filed comments supporting the Hearing Examiner's Report and requesting that the Commission issue an Order in conformity with the Report.²³ On July 29, 2016, FiberLight filed its comments ("Comments and Exceptions") to the Hearing Examiner's Report, reiterating its request for the Commission to authorize FiberLight to begin construction pursuant to Code § 56-16.1 D as soon as possible.²⁴ FiberLight also argued that the Motion to Dismiss should be denied because FiberLight complied with Code § 56-18 by providing adequate notice to NSC and its affiliated companies.²⁵ FiberLight further asserted that the Hearing Examiner's apparent belief that FiberLight must condemn the property underneath the railroad tracks in addition to obtaining a license from the Commission is an error of law that effectively nullifies Code §§ 56-16.1, 56-17, 56-18, and 56-19.²⁶ Finally, FiberLight maintained that the Hearing Examiner's findings, if accepted, would require FiberLight to litigate the same issues two times in two separate courts, which would be both inefficient and contrary to the plain language of the statutes.²⁷

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

Code § 56-16.1 authorizes the Commission to permit construction pending further determinations; this statute, however, does not *require* the Commission to do so. Specifically, Code § 56-16.1 D provides that construction may not begin without the agreement of the parties unless the Commission issues an order permitting otherwise:

¹⁵ *Id.* at 4-6.

¹⁶ Tr. at 5-7, 22-25.

¹⁷ *Id.* at 7-8, 13-14, 22-23, 25, 35-36.

¹⁸ *Id.* at 9-11, 15-22, 25.

¹⁹ *Id.* at 31-32.

²⁰ *Id.* at 25-28, 30-33.

²¹ Report at 6-7.

²² *Id.* at 7.

²³ NSC Comments at 1.

²⁴ FiberLight Comments at 1-3, 6-7.

²⁵ *Id.* at 3-4, 7.

²⁶ *Id.* at 4-7.

²⁷ *Id.* at 6-7.

Construction shall not begin until permitted under an order provided for in paragraph C hereof unless the parties agree thereto; provided that the Commission may allow construction to proceed pending the determination of the fee and damages, if any.

The Commission exercised its discretion, as permitted by statute, not to permit construction in this case.

The Commission also finds that future proceedings regarding FiberLight's requested crossings of Railway should occur in Case No. PUC-2016-00043. Specifically, FiberLight and Railway are parties in a separate, pending Commission proceeding involving the same proposed crossings.²⁸ While the parties to the instant case differ as to whether FiberLight complied herein with the procedural requirements set forth in Code § 56-18, Railway's Application in Case No. PUC-2016-00043 does not allege such procedural deficiency.

Finally, the parties to the instant case also disagree as to whether FiberLight's crossing of Realty should be addressed by the Commission or in Circuit Court. At oral argument, NSC asserted that FiberLight could proceed against Realty in Circuit Court "under the conventional condemnation statutes of Title 25.1."²⁹ FiberLight, in turn, stated that NSC "may be right that Fiberlight [can] proceed under the condemnation proceedings of Title 25, but we believe that 56-16.1, is the most appropriate statute here."³⁰ Based on the record in this case, the Commission finds that condemnation proceedings against Realty should proceed in Circuit Court under the provisions of Title 25.1.

Accordingly, IT IS ORDERED THAT that this case is dismissed.

²⁸ *Application of Norfolk Southern Railway Company, To inquire into those matters set forth in §§ 56-16.1 and 56-19 of the Code of Virginia with respect to proposed crossings under the facilities of Norfolk Southern Railway Company*, Case No. PUC-2016-00043, Doc. Con. Cen. No. 160730175, Procedural Order (July 19, 2016).

²⁹ Tr. 25.

³⁰ Tr. 34.

**CASE NO. PUC-2016-00042
JULY 26, 2016**

PETITION OF
SPRINT COMMUNICATIONS COMPANY OF VIRGINIA, INC.

For partial discontinuance of service

ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICE

On July 6, 2016, Sprint Communications Company of Virginia, Inc. ("Sprint" or "Company"), filed with the State Corporation Commission ("Commission") a petition 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.*, for authority to discontinue its wireline business long-distance offerings and associated features ("Petition").¹ Sprint also requests that it be permitted to retain its interexchange carrier ("IXC") certificate in Virginia in order to allow for any future business plans that would require IXC certification.² Sprint states that it plans to discontinue its long-distance offerings and associated features to its current customers as of June 30, 2017, or as soon thereafter as the necessary state and federal regulatory approvals are obtained.

Sprint states that it currently serves approximately 2,387 business long-distance customers in Virginia. The Company states that all affected customers were notified of the planned discontinuance by letter between June 15, 2016, and July 1, 2016,³ which stated in part that as of June 30, 2017, 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 the foregoing, is of the opinion and finds that Sprint's Petition 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.

¹ Sprint states in the Petition that the specific Sprint wireline business long-distance services and features being discontinued are Message Telecommunications Service; Wide Area Telecommunications Service; Toll Free Calling a/k/a 800 Calling; Private Line a/k/a Clearline; Switched Data Services; Operator Services; Directory Assistance; and FÖNCARD.

² Sprint holds IXC Certificate No. TT-12B. *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).

³ Additional reminder bill messages will be provided starting January 2017.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2016-00042.
- (2) Sprint is authorized to discontinue its business long-distance offerings and associated features in Virginia as described in the Petition.
- (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-2016-00044
NOVEMBER 4, 2016**

APPLICATION OF
METRODUCT SYSTEMS VA LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On July 27, 2016, MetroDuct Systems VA LLC ("MetroDuct" 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.*, MetroDuct filed a motion for a protective order ("Motion") to protect certain confidential information contained in the Company's Application.

On August 11, 2016, the Commission issued an Order for Notice and Comment ("Scheduling Order") which, among other things, directed MetroDuct 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 September 13, 2016, MetroDuct filed proof of service and proof of publication in accordance with the Scheduling Order.

On October 18, 2016, the Staff filed its Staff Report finding that MetroDuct's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq.* Based upon its review of MetroDuct's Application, the Staff determined it would be appropriate to grant the Company a Certificate subject to the following condition: MetroDuct should notify the Division of Communications, or its successor, 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.

MetroDuct filed a letter on October 19, 2016, stating that the Company agrees with and strongly supports the Staff's findings and recommendations and waives its opportunity to file a response thereto as provided in the Scheduling Order.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant MetroDuct a Certificate. The Commission also finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.¹

Accordingly, IT IS ORDERED THAT:

- (1) MetroDuct hereby is granted Certificate No. T-749 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, § 56-265.4:4 of the Code of Virginia, and the provisions of this Final Order.
- (2) Prior to providing telecommunications services pursuant to the Certificate granted by this Final Order, the Company shall provide tariffs to the Division of Public Utility Regulation that conform to all applicable Commission rules and regulations. If MetroDuct elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Local Rule 20 VAC 5-417-50 A.
- (3) MetroDuct shall notify the Division of Public Utility Regulation no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.
- (4) The Company's Motion hereby is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (5) This case 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.

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-2016-00047
AUGUST 26, 2016**

JOINT PETITION OF
UNITE PRIVATE NETWORKS, LLC,
REP UP, L.P.,
and
COX COMMUNICATIONS, INC.

For approval of the transfer of control of Unite Private Networks, LLC

ORDER GRANTING APPROVAL

On August 2, 2016, Unite Private Networks, LLC ("UPN"), REP UP, L.P. ("REP UP"), and Cox Communications, Inc. ("Cox"), and its wholly owned subsidiaries, Fiber Platform Holdings, LLC, Fiber Platform Blocker, Inc., and Cox Virginia Telcom, L.L.C. ("Cox Virginia Telcom") (collectively, "Petitioners"),¹ completed the filing of a Joint Petition ("Petition") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),² for approval of the transfer of control of UPN from REP UP to Cox. The Petitioners also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practices and Procedure, 5 VAC 5-20-10 *et seq.*

UPN is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.³ Cox Virginia Telcom is also authorized to provide local and interexchange telecommunications services in Virginia.⁴ Pursuant to a Membership Interest Contribution and Stock Purchase Plan entered on July 6, 2016, Cox will acquire an indirect majority interest in UPN Intermediate Holdings, LLC, which owns 100% of UPN ("Proposed Transfer"). The Petitioners state that the services provided by UPN after completion of the Proposed Transfer will continue to be offered at the same rates and on the same terms and conditions as currently in effect. The Petitioners assert that UPN and Cox will continue to have the financial, managerial, and technical resources necessary to provide local exchange services to customers in Virginia after the Proposed Transfer is completed. Finally, the Petitioners state that UPN will continue to be led by its existing management team and operate as a stand-alone business within the Cox family of companies.

NOW THE COMMISSION, upon consideration of the Petition and having been advised by the Commission Staff, is of opinion and finds that the above-described Proposed Transfer should be approved. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.⁵

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the transfer, which shall note the date the transfer occurred.
- (3) Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (4) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹ Fiber Platform, LLC; Ridgemont Equity Management I, L.P.; Ridgemont Equity Management I, LLC; Ridgemont Equity Management II, L.P.; REP UPN II, L.P.; Ridgemont Partners Affiliates II-B, L.P.; and Ridgemont Equity Management II, LLC, also are considered Petitioners and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ See *Application of Unite Private Networks, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2011-00069, 2012 S.C.C. Ann. Rep. 174, Final Order (Jan. 17, 2012).

⁴ See *Application of Cox Communications, Inc., For amendment of its certificates of public convenience and necessity to reflect Applicant's new name, Cox Virginia Telcom, L.L.C.*, Case No. PUC-2008-00055, 2008 S.C.C. Ann. Rep. 305, Order (Aug. 1, 2008).

⁵ The Commission held Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2016-00049
NOVEMBER 18, 2016**

PETITION OF
CITRIX SYSTEMS, INC.,
LOGMEIN, INC.,
and
CITRIX COMMUNICATIONS VIRGINIA LLC

For approval of a transfer of control pursuant to § 56-88 *et seq.* of the Code of Virginia

ORDER GRANTING APPROVAL

On September 21, 2016, Citrix Systems, Inc. ("Citrix Systems"), LogMeIn, Inc. ("LogMeIn"), and Citrix Communications Virginia LLC ("Citrix Comm VA")¹ (collectively, "Petitioners"), completed the filing of a petition with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act² to request authority to transfer control of Citrix Comm VA to LogMeIn ("Petition").

Citrix Comm VA is authorized to provide local and interexchange telecommunications services in Virginia.³ Under an Agreement and Plan of Merger dated July 28, 2016, LogMeIn will acquire control of Citrix Systems, including its subsidiary, Citrix Comm VA ("Transfer"). The Petitioners assert that following the Transfer, Citrix Comm VA will continue to operate in Virginia pursuant to its existing authorization under the same rates, terms, and conditions, and that, for all practical purposes, the Transfer will be transparent to customers. According to the Petition, Citrix Comm VA will continue to have the financial, managerial, and technical resources necessary to render telecommunications services in Virginia after the Transfer. In support of the Petition, the Petitioners provided a description of LogMeIn's leadership team and its financial statements.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff, is of the opinion and finds that the Transfer, as described herein, should be approved.

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) This case 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 Citrix Comm VA has sought and received a Certificate of Amendment from the Commission changing the company's name to GetGo Communications Virginia LLC ("GetGo") on September 1, 2016. The certificates of public convenience and necessity ("Certificates") granted to Citrix Comm VA to provide telecommunications services in Virginia currently remain in the former name. An application was filed by Citrix Comm VA on November 3, 2016, requesting that the Certificates be revised to reflect the new company name, GetGo (Case No. PUC-2016-00054). That case is currently pending.

² Code § 56-88 *et seq.*

³ See *Application of Citrix Communications 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-2013-00005, 2013 S.C.C. Ann. Rept. 201, Final Order (June 21, 2013).

**CASE NO. PUC-2016-00051
NOVEMBER 28, 2016**

JOINT PETITION OF
YANKEE CABLE PARTNERS, LLC,
STARPOWER COMMUNICATIONS, LLC,
and
RADIATE HOLDINGS, L.P.

For approval of the transfer of control of Starpower Communications, LLC

ORDER GRANTING APPROVAL

On October 6, 2016, Yankee Cable Partners, LLC ("Yankee Cable"), Starpower Communications, LLC ("Starpower"), and Radiate Holdings, L.P. ("Radiate Holdings"), (collectively, "Petitioners"),¹ completed the filing of a joint petition with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),² for approval of the indirect transfer of control of Starpower to

¹ For the purposes of this Petition, ABRY Partners VI, L.P.; Yankee Cable Parent, LLC; Radiate Holdco, LLC; Radiate TopCo, LLC; Radiate Holdings GP, LLC; TPG Advisors VI, Inc.; David Bonderman; and James G. Coulter also are considered Petitioners and have provided the statutorily required verifications.

² Code § 56-88 *et seq.*

Radiate Holdings ("Petition"). The Petitioners also filed a motion requesting 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.*

Starpower is authorized to provide local and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.³ Pursuant to an agreement dated August 12, 2016, Radiate Holdings will acquire control of Yankee Cable and its wholly owned subsidiaries, including Starpower ("Proposed Transfer").

The Petitioners state that the Proposed Transfer will not change the entity offering services to customers, the facilities used, or the rates, terms, and conditions of such services. The Petitioners assert that Starpower will continue to have the financial, managerial, and technical resources to provide local exchange telecommunications services to its customers in Virginia after the Proposed Transfer is completed. The Petition describes how Starpower's current management will continue to manage operations and will be able to achieve operational efficiencies with the financial resources the Proposed Transfer will make available.

NOW THE COMMISSION, upon consideration of the Petition and having been advised by the Commission's Staff, is of the opinion and finds that the Proposed Transfer should be approved. The Commission also finds the Petitioners' 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 Petitioners hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the Proposed Transfer, which shall note the date the transfer occurred.
- (3) Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (4) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

³ See *Application of Starpower Communications, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-1998-00004, 1998 S.C.C. Ann. Rept. 248, Final Order (Mar. 24, 1998).

⁴ The Commission held Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2016-00053
OCTOBER 25, 2016**

APPLICATION OF
BLUE CRANE NETWORKS, 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 October 3, 2016, Blue Crane Networks, LLC ("Blue Crane") filed a letter with the State Corporation Commission ("Commission") requesting cancellation of its certificates of public convenience and necessity ("Certificates") permitting the provision of local exchange and interexchange telecommunications services. The Commission issued Certificate Nos. T-690 (local exchange) and TT-249A (interexchange) to Blue Crane on September 28, 2009.¹ On October 5, 2016, Blue Crane also requested that the Commission release its bond associated with Certificate No. T-690.

NOW THE COMMISSION, upon consideration of the matter, finds that Certificate Nos. T-690 and TT-249A should be cancelled, as well as Blue Crane's associated bond and tariffs.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2016-00053.
- (2) Certificate No. T-690, issued to Blue Crane to provide local exchange telecommunications services, hereby is cancelled.
- (3) Certificate No. TT-249 A , issued to Blue Crane to provide interexchange telecommunications services, hereby is cancelled.

¹ See *Application of Blue Crane Networks, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2009-00014, 2009 S.C.C. Ann. Rept. 241, Final Order (Sept. 28, 2009).

- (4) Any tariffs on file associated with such Certificates hereby are cancelled.
- (5) The performance bond associated with Certificate No. T-690 hereby is released in full.
- (6) This case is dismissed.

**CASE NO. PUC-2016-00056
DECEMBER 7, 2016**

JOINT PETITION OF
LUMOS NETWORK CORP.,
BAILEYWICK HOLDINGS, INC.,
CLARITY COMMUNICATIONS GROUP LLC,
and
LMK COMMUNICATIONS LLC

For approval of a transfer of control

ORDER GRANTING APPROVAL

On November 15, 2016, Lumos Networks Corp. ("Lumos"), Baileywick Holdings, Inc. ("Baileywick"), Clarity Communications Group LLC ("Clarity Parent"), and LMK Communications LLC ("Clarity CLEC") (collectively, "Petitioners")¹ filed a Joint Petition ("Petition") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),² for approval of the indirect transfer of control of Clarity CLEC to Lumos.

Lumos is the parent company for several incumbent and competitive local exchange carriers authorized to provide local and interexchange telecommunications services in Virginia.³ Clarity CLEC is authorized to provide local and interexchange telecommunications services in Virginia.⁴ On November 2, 2016, the Petitioners entered into a purchase agreement, pursuant to which Lumos will acquire indirect control of Clarity CLEC through Lumos' purchase of all of the equity of Clarity Parent from Baileywick ("Proposed Transfer").

The Petitioners state that after the transfer of control, Clarity CLEC will continue to provide high-quality telecommunications services to existing customers under reasonable rates and terms and conditions. The Petitioners further represent that Lumos, its subsidiaries operating in Virginia, and Clarity CLEC will continue to have the financial, managerial, and technical resources necessary to provide local exchange telecommunications services. In support of the Petition, the Petitioners provided a description of Lumos' management team and its financial statements.

NOW THE COMMISSION, upon consideration of the Petition and having been advised by the Commission Staff, is of the opinion and finds that the Proposed Transfer 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 approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the Proposed Transfer, which shall note the date the transfer occurred.
- (3) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹ Todd Peverall and Andrew Carwile are considered Petitioners also and have provided the statutorily required verifications.

² Code § 56-88 *et seq.*

³ See *Application of Choice One Communications of Virginia, Inc., For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services and to reissue certificates reflecting new corporate name of FiberNet of Virginia, Inc.*, Case No. PUC-2008-00011, 2008 S.C.C. Ann. Rept. 284, Final Order (Feb. 11, 2008); *Application of Roanoke and Botetourt Telephone Company, To amend its certificates of public convenience and necessity to provide local and interexchange telecommunications services to reflect a new corporate name*, Case No. PUC-2012-00017, Doc. Con. Cen. No. 120510109, Order Amending Certificates (May 2, 2012); *Application of NTELOS Network Inc., To amend its certificates of public convenience and necessity to provide local and interexchange telecommunications services to reflect a new corporate name*, Case No. PUC-2012-00018, 2012 S.C.C. Ann. Rept. 190, Order Amending Certificates (May 1, 2012); and *Application of NTELOS Telephone Inc., To amend its certificates of public convenience and necessity to provide local and interexchange telecommunications services to reflect a new corporate name*, Case No. PUC-2012-00019, 2012 S.C.C. Ann. Rept. 190, Order Amending Certificates (May 1, 2012).

⁴ See *Application of LMK Communications, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2007-00009, 2007 S.C.C. Ann. Rept. 247, Final Order (June 7, 2007).

**CASE NO. PUC-2016-00057
DECEMBER 21, 2016**

JOINT APPLICATION OF
GTCR ONVOY HOLDINGS LLC,
ONVOY HOLDINGS, INC.,
ONVOY INTERMEDIATE PARENT, INC.,
ONVOY, LLC,
INTELIQUENT, INC.,
and
NEUTRAL TANDEM-VIRGINIA, LLC

For approval to transfer indirect control of Neutral Tandem-Virginia, LLC, to Onvoy, LLC, pursuant to Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On November 16, 2016, GTCR Onvoy Holdings LLC, Onvoy Holdings, Inc., Onvoy Intermediate Parent, Inc., Onvoy, LLC ("Onvoy"), Inteliquent, Inc. ("Inteliquent"), and Neutral Tandem-Virginia, LLC ("Neutral Tandem") (collectively, "Applicants"),¹ filed a joint application ("Application") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),² requesting approval of the transfer of indirect control of Neutral Tandem to Onvoy ("Transfer"). The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

Neutral Tandem and Onvoy are authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.³ Pursuant to an Agreement and Plan of Merger, a newly formed direct subsidiary of Onvoy will merge with and into Inteliquent, with Inteliquent surviving as a wholly owned direct subsidiary of Onvoy. As a result, and immediately following the consummation of the Transfer, Neutral Tandem will remain a direct subsidiary of Inteliquent but will become an indirect subsidiary of Onvoy.

The Applicants represent that Neutral Tandem will continue to provide its services in Virginia under its current name and under the same rates, terms, and conditions as currently provided. The Applicants further represent that Neutral Tandem will continue to have the financial, managerial, and technical resources to provide its services under Onvoy's ownership and control. In support of the Application, the Applicants provided a description of Onvoy's leadership team and its financial statements.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the above-described Transfer should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.⁴

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 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.

¹ GTCR Fund X/A LP is also considered to be one of the Applicants and has provided the statutorily required verification.

² Code § 56-88 *et seq.*

³ See *Application of Neutral Tandem-Virginia, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2005-00163, 2006 S.C.C. Ann. Rept. 221, Final Order (June 22, 2006); *Application of Onvoy, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2014-00056, 2015 S.C.C. Ann. Rept. 149, Final Order (Jan. 28, 2015).

⁴ The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

DIVISION OF ENERGY REGULATION**CASE NO. PUE-2001-00299
MARCH 31, 2016**

APPLICATION OF
METROMEDIA ENERGY, INC.

For license to conduct business as a competitive service provider in a natural gas retail access program

ORDER CANCELLING LICENSE

On May 4, 2001, Metromedia Energy, Inc. ("Metromedia" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a natural gas competitive service provider ("CSP") in a retail access program pursuant to the Commission's Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs, 20 VAC 5-311-10 *et seq.* By Commission Order dated October 10, 2001,¹ the Company was granted License No. G-4 to conduct business as a CSP for natural gas pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.*, which had become effective August 1, 2001.²

On March 15, 2016, the Company filed a letter to notify the Commission that Metromedia wishes to withdraw its license as a natural gas supplier. Metromedia stated that the Company has not served any retail customers in the last 60 days and that all customers served were transitioned to Sprague Operating Resources LLC and Sprague Energy Solutions Inc. by November 1, 2015.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License No. G-4 issued to Metromedia should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) License No. G-4, issued to Metromedia to conduct business as a natural gas CSP, hereby is cancelled.
- (2) There being nothing further to come before the Commission, this case 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 See *Application of Metromedia Energy, Inc., For a license to conduct business as a competitive service provider in a natural gas retail access program*, Case No. PUE-2001-00299, 2001 S.C.C. Ann. Rept. 566, Order Granting License (Oct. 10, 2001).

² See *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of establishing rules for retail access*, Case No. PUE-2001-00013, 2001 S.C.C. Ann. Rept. 536, Final Order (June 19, 2001).

**CASE NO. PUE-2001-00478
FEBRUARY 26, 2016**

APPLICATION OF
HESS CORPORATION

For licenses to conduct business as an electric and natural gas competitive service provider and aggregator

ORDER CANCELLING LICENSES

On December 4, 2015, Hess Corporation¹ filed by letter application a request that the State Corporation Commission ("Commission") terminate its license to act as a natural gas competitive service provider. On January 13, 2016, Hess Corporation filed to revise its application and specify its request that License Nos. G-7A, E-4A, and A-5A be terminated. Hess Corporation asserts that it is no longer serving customers and does not plan to do so in the future under its electric, gas, and aggregation supplier licenses.

Each of the aforementioned licenses were issued by the Commission to Hess Corporation pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.*² The authority under all licenses granted was limited to serve commercial and industrial customers in the respective gas and electric service territories of Washington Gas Light Company, Columbia Gas of Virginia, Inc., Virginia Electric and Power Company, Appalachian Power Company, and Rappahannock Electric Cooperative.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License Nos. G-7A, E-4A, and A-5A issued to Hess Corporation should be cancelled.

¹ Formerly known as Amerada Hess Corporation.

² See *Application of Hess Corporation f/k/a Amerada Hess Corporation, For licenses to conduct business as an electric and natural gas competitive service provider and aggregator*, Case No. PUE-2001-00478, 2006 S.C.C. Ann. Rept. 295, Order Reissuing Licenses (May 23, 2006).

Accordingly, IT IS ORDERED THAT:

(1) License No. G-7A, issued to Hess Corporation to conduct business as a natural gas competitive service provider to commercial and industrial customers, hereby is cancelled.

(2) License No. E-4A, issued to Hess Corporation to conduct business as an electric competitive service provider to commercial and industrial customers, hereby is cancelled.

(3) License No. A-5A, issued to Hess Corporation to conduct business as an aggregator for natural gas and electric services to commercial and industrial customers, hereby is cancelled.

(4) There being nothing further to come before the Commission, 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.

**CASE NOS. PUE-2003-00116, PUE-2005-00013, PUE-2006-00015, PUE-2007-00009, PUE-2008-00012,
PUE-2009-00008, PUE 2010-00013, PUE-2011-00019, PUE-2012-00020, PUE-2013-00019, AND PUE-2014-00010
FEBRUARY 2, 2016**

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

In the matter concerning certain fuel factor cases of Kentucky Utilities Company d/b/a Old Dominion Power Company

ORDER ON FUEL FACTOR CASES

By this Order, the State Corporation Commission ("Commission") addresses certain fuel factor cases related to Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP") that remain open on the Commission's docket. In each of the above-captioned proceedings, the Commission entered an Order Establishing Fuel Factor, which, in part, continued the case generally pending audit by the Staff of the Commission ("Staff") of actual fuel expenses during the relevant period and the Commission's entry of a final order addressing the Company's fuel recovery position. The Staff has conducted its fuel audit for 2003-2014 and filed a report ("Staff Fuel Audit Report") in each of the above-captioned cases. KU/ODP has filed a response to the Staff Fuel Audit Report. Accordingly, issues raised therein may be addressed and certain cases may be closed.

The Staff Fuel Audit Report was filed on November 16, 2015. Staff's audit encompassed the period of January 1, 2003,¹ through December 31, 2014, and the fuel factors established in each of the twelve proceedings from Case No. PUE-1999-00104 to Case No. PUE-2014-00010.² The purpose of Staff's audit was to (1) verify recoveries of fuel costs through fuel factor rates established pursuant to § 56-249.6 of the Code of Virginia; (2) verify that the Company's actual fuel expenses are in compliance with the Company's Definitional Framework of Fuel Expense approved by the Commission; and (3) verify the cumulative recovery balance of fuel costs included in the fuel deferral mechanism on the Company's books as of December 31, 2014.³ The Staff Fuel Audit Report addressed issues related to KU/ODP's actual fuel expenses; document retention policy; fuel monitoring systems reports; purchased power arrangements; off-system sales; jurisdictional factors; fuel factor recoveries; and deferred fuel balance.⁴ Based on its audit of the Company's fuel recoveries and expenses during the period 2003 through 2014, the Staff proposed a number of corrections to the deferred fuel balance, which, all totaled, would reduce the Company's deferred fuel over-recovery balance by \$5,857, from \$108,867 to \$103,010, as of December 31, 2014.

Additionally, the Staff recommended that the Commission direct the Company to:

- 1) Adjust its reporting on the FM-6 [of its fuel monitoring system reports] to exclude fuel not owned by the Company;
- 2) Track and segregate demurrage costs in a sub-account that does not impact the fuel factor calculation;
- 3) Calculate its off-system sales margins to include only those revenues and expenses that are recovered through the fuel factor;
- 4) Adjust its Virginia jurisdictional factor calculation to incorporate company use energy; and
- 5) Retain all supporting documentation relating to open fuel cases until the relevant Staff audit has been completed.⁵

¹ The audit period included rates established pursuant to Case No. PUE-1999-00104 for January through April 2003. See Staff Fuel Audit Report at 1. Fuel expenses through the end of 2002 were verified through a fuel audit filed in Case No. PUE-1999-00104 on May 2, 2005. Case No. PUE-1999-00104 was closed by Commission Order entered August 19, 2013. See *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex parte: In the matter concerning certain fuel factor cases of Kentucky Utilities Company d/b/a Old Dominion Power Company*, Case Nos. PUE-1989-00037; PUE-1990-00019; PUE-1992-00018; PUE-1993-00040; PUE-1994-00043; PUE-1996-00019; PUE-1998-00058; and PUE-1999-00104, Doc. Con. Cen. No. 130830063, Order Closing Fuel Factor Cases (Aug. 19, 2013).

² Staff Fuel Audit Report at 1-3.

³ *Id.* at 1.

⁴ *Id.* at 5-18.

⁵ *Id.* at 19.

Finally, the Staff recommended that upon resolution of the issues set forth in the Staff Fuel Audit Report, each of the above-captioned cases, except for Case No. PUE-2014-00010, be closed.⁶ Case No. PUE-2014-00010, according to the Staff, should remain open pending an audit of fuel recoveries and expenses during the 2015 calendar year.⁷

On December 21, 2015, KU/ODP filed comments on the Staff Fuel Audit Report addressing each issue raised by the Staff.⁸ In response to the Staff's recommendation regarding document retention, the Company stated that its ten-year document retention policy is reasonable and an appropriate length of time to retain its business records.⁹ Regarding the recommendation on fuel system monitoring report FM-6, KU/ODP stated that it would modify FM-6 to separately identify the partners' share of the consumption, but otherwise report inventory in the same manner.¹⁰ KU/ODP stated that it disputes the Staff's basis for adjusting KU/ODP's recovery balance by \$25,920 to account for demurrage costs from November 2004 to December 2014.¹¹ However, the Company further stated that, without waiving KU/ODP's rights to demonstrate in future proceedings that any demurrage charge at issue was unavoidable, KU/ODP will not dispute the recommended adjustment at this juncture and delay the closing of the fuel factor cases at issue.¹² As to Staff's recommendation that KU/ODP segregate demurrage costs on its books, the Company stated that it would segregate these expenses on its books but objected to excluding their recovery through its fuel factor.¹³

The Company stated that it accepts the Staff's recommendation regarding natural gas, purchase power, off-system sales, and jurisdictional factors.¹⁴ Accordingly, with the exception of Case No. PUE-2014-00010, which should remain open pending an audit of the fuel recoveries and expenses during calendar year 2015, KU/ODP requests that final orders be entered in each of the above-captioned cases.¹⁵

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the fuel recovery balance for KU/ODP should be reduced by \$5,857, from \$108,867 to \$103,010, as of December 31, 2014.¹⁶ We find that KU/ODP's ten-year document retention policy is reasonable and appropriate. We find that KU/ODP should be directed to adjust its fuel monitoring reporting in accordance with the modification described in the Company's filed comments. We find that KU/ODP should be directed to track and segregate demurrage costs by sub-account, calculate its off-system sales, and adjust its Virginia jurisdictional factor calculation, as recommended by the Staff. We find that of the above-captioned cases, Case Nos. PUE-2003-00116 through PUE-2013-00019 should be closed. Case No. PUE-2014-00010 will remain open and continued generally pending Staff's audit of actual fuel expenses for calendar year 2015 and the Commission's entry of a final order addressing the Company's fuel recovery position.

Accordingly, IT IS ORDERED THAT:

- (1) KU/ODP's deferred fuel over-recovery balance as of December 31, 2014, shall be reduced by \$5,857, from \$108,867 to \$103,010.
- (2) KU/ODP shall modify its fuel monitoring reporting in the manner set forth in the Company's filed comments.
- (3) KU/ODP shall track and segregate demurrage costs by sub-account, calculate its off-system sales, and adjust its Virginia jurisdictional factor calculation, as recommended in the Staff Fuel Audit Report.
- (4) Case Nos. PUE-2003-00116, PUE-2005-00013, PUE-2006-00015, PUE-2007-00009, PUE-2008-00012, PUE-2009-00008, PUE-2010-00013, PUE-2011-00019, PUE-2012-00020, and PUE-2013-00019, hereby are closed.
- (5) There being nothing further to come before the Commission, these cases are dismissed from the Commission's active docket, and the papers filed therein shall be placed in the file for ended cases.
- (6) Case No. PUE-2014-00010 is continued generally pending further order of the Commission.

⁶ *Id.*

⁷ *Id.*

⁸ KU/ODP comments were filed electronically in Case No. PUE-2014-00010, but address collectively all issues raised in the Staff Fuel Audit Report for the period of January 1, 2003, through December 31, 2014, including by reference Case Nos. PUE-1999-00104 through PUE-2014-0010. See Case No. PUE-2014-00010, Doc. Con. Cen. No. 151240067, KU/ODP Comments (Dec. 21, 2015).

⁹ KU/ODP Comments at 1.

¹⁰ *Id.* at 2.

¹¹ *Id.* at 2-3.

¹² *Id.* at 3.

¹³ *Id.* at 4.

¹⁴ *Id.*

¹⁵ *Id.* at 5.

¹⁶ We understand that in not disputing in this proceeding the adjustment for demurrage costs recommended by the Staff, the Company is not waiving any rights it has to challenge similar adjustments in the future.

**CASE NO. PUE-2003-00278
AUGUST 1, 2016**

APPLICATION OF
JP COMMUNICATIONS GROUP, LLC

For a permanent license to conduct business as an electric aggregator

ORDER CANCELLING LICENSE

On March 29, 2004, JP Communications Group, LLC ("JP Communications" or "Company") completed an application with the State Corporation Commission ("Commission") for a license to provide electric aggregation services in the service territory of Virginia Electric and Power Company ("Virginia Power") pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). On May 12, 2004, the Commission issued its Order Granting License, which authorized the Company to be an aggregator for electric service in the service territory of Virginia Power under License No. A-16.¹

The Commission has been informed by the Staff of the Commission that JP Communications has not fulfilled its obligation to file the annual license report and administrative fee required under 20 VAC 5-312-20 of the Retail Access Rules since 2009. Furthermore, the Staff advised that it has not been able to contact anyone associated the Company. Finally, according to records maintained by the Clerk of the Commission, the existence of JP Communications as a limited liability company was cancelled on December 31, 2010. Accordingly, the Company is no longer authorized to transact business in the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License No. A-16 issued to JP Communications should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) License No. A-16, issued to JP Communications to provide competitive electric aggregation service for customers in the service territory of Virginia Power, hereby is cancelled.

(2) There being nothing further to come before the Commission, 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 See *Application of JP Communications Group, LLC, For a permanent license to conduct business as an electric aggregator*, Case No. PUE-2003-00278, 2004 S.C.C. Ann. Rept. 364, Order Granting License (May 12, 2004).

**CASE NO. PUE-2006-00023
JUNE 6, 2016**

APPLICATION OF
ROANOKE GAS COMPANY

For approval of certain transactions pursuant to the Affiliates Act of the Code of Virginia

ORDER CLOSING CASE

On March 3, 2006, Roanoke Gas Company ("Roanoke Gas" or "Company") filed with the State Corporation Commission ("Commission") an application requesting approval of certain revisions and clarifications to an existing shared services agreement approved by the Commission on March 30, 2001.¹ The Company subsequently filed a revised application and revised agreement with the Commission on May 1, 2006.

The Commission entered an Order Granting Approval on June 20, 2006 ("2006 Order"), setting forth certain conditions for approval.² Roanoke Gas has now met all of the required conditions of the 2006 Order.

Accordingly, IT IS ORDERED THAT this case shall be, and hereby is, closed.

¹ *Application of Roanoke Gas Company, For approval of certain transactions pursuant to the Affiliates Act*, Case No. PUA-2001-00011, 2001 S.C.C. Ann. Rep. 179, Order Granting Approval (Mar. 30, 2001).

² 2006 S.C.C. Ann. Rept. 397.

**CASE NO. PUE-2006-00121
JULY 13, 2016**

APPLICATION OF
WORLD ENERGY SOLUTIONS, INC.

For a license to conduct business as an aggregator of natural gas and electric service

ORDER CANCELLING LICENSE

On December 8, 2006, World Energy Solutions, Inc. ("World Energy" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator of natural gas and electric service pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* By Commission Order dated January 23, 2007, the Company was granted License No. A-26 to conduct business as an aggregator of natural gas and electric service.

On January 7, 2015, the Company filed a letter to notify the Commission that it was being acquired as a wholly owned subsidiary of EnerNOC, Inc. ("EnerNOC"). On December 28, 2015, EnerNOC requested, on behalf of World Energy, that the Company's aggregator license be withdrawn because of a planned merger between World Energy and EnerNOC, with EnerNOC becoming the surviving entity. EnerNOC also stated that all World Energy customers have been notified of EnerNOC's acquisition of World Energy.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License No. A-26 issued to World Energy should be cancelled. The Commission further finds that this proceeding should be dismissed and the papers filed herein placed in the Commission's file for ended causes.

Accordingly, IT IS ORDERED THAT:

- (1) License No. A-26, issued to World Energy to conduct business as an aggregator of natural gas and electric service, hereby is cancelled.
- (2) There being nothing further to come before the Commission, this case is closed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2010-00030
MARCH 9, 2016**

APPLICATION OF
GLACIAL NATURAL GAS, INC.

For license to conduct business as a competitive service provider for natural gas

ORDER CANCELLING LICENSE

Pursuant to Order Granting License issued by the State Corporation Commission ("Commission") on May 24, 2010,¹ Glacial Natural Gas, Inc. ("Glacial" or "Company"), was granted License No. G-27² to conduct business as a competitive service provider ("CSP") of natural gas pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.*

On February 4, 2016, the Company filed a letter application requesting that License No. G-27 be terminated. Glacial stated that it no longer serves or intends to serve customers in Virginia; does not want to market in Virginia in the future; and that all prior customers were successfully assigned to another licensed CSP, Agera Energy LLC ("Agera").³

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License No. G-27 issued to Glacial should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) License No. G-27, issued to Glacial to conduct business as CSP for natural gas, hereby is cancelled.
- (2) There being nothing further to come before the Commission, this proceeding 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 *Application of Glacial Natural Gas Company, For a license to conduct business as a competitive service provider for natural gas*, Case No. PUE-2010-00030, 2010 S.C.C. Ann. Rept. 489, Order Granting License (May 24, 2010).

² License No. G-27 was issued to the Company under the name Glacial Natural Gas Company.

³ Agera was granted CSP licenses by the Commission on December 18, 2014. *See Application of Agera Energy LLC, For licenses to conduct business as a competitive service provider for electricity and natural gas*, Case No. PUE-2014-00105, 2014 S.C.C. Ann. Rept. 489, Order Granting Licenses (Dec. 18, 2014).

**CASE NO. PUE-2010-00039
SEPTEMBER 1, 2016**

APPLICATION OF
GREEN kW ENERGY, INC.

For a license to conduct business as a competitive service provider for electricity

ORDER SUSPENDING LICENSE

On June 11, 2010, the State Corporation Commission ("Commission") granted Green kW Energy, Inc. ("Green kW Energy" or "Company"), License No. E-23 to be a competitive service provider of electricity to commercial and industrial customers throughout the Commonwealth of Virginia.

Pursuant to Rule 20 P of the Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"),¹ on or before March 31, 2016, Green kW Energy was to file an annual report that updated information included in the Company's original application for licensure, as well as an annual administrative fee.² Green kW Energy failed to timely file the requisite report and administrative fee.

In an Order to Take Notice entered on August 4, 2016, Green kW Energy was ordered to take notice that the Commission would enter an order subsequent to August 22, 2016, suspending its license unless on or before August 22, 2016, the Company filed with the Clerk of the Commission either a request for a hearing before the Commission to contest the proposed suspension, or the annual report and administrative fee required for 2016.

As of the date of this Order, Green kW Energy has not filed a request to be heard before the Commission with respect to the proposed suspension of its license nor has it filed the requisite annual report and administrative fee for 2016.

NOW THE COMMISSION is of the opinion and finds that pursuant to § 56-587 of the Code of Virginia and Rule 40 F of the Retail Access Rules, the license of Green kW Energy to be a competitive service provider of electricity to commercial and industrial customers throughout the Commonwealth of Virginia should be **SUSPENDED** and that the Company should not provide electric service in the Commonwealth of Virginia until further order of the Commission.

Accordingly, IT IS SO ORDERED.

¹ 20 VAC 5-312-10 *et seq.*

² 20 VAC 5-312-20 P.

**CASE NO. PUE-2010-00105
MARCH 23, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

ORDER TO MODIFY AUTHORITY GRANTED

On September 1, 2010, Virginia Electric and Power Company ("DVP") filed an application with the State Corporation Commission ("Commission") under Chapters 3¹ and 4² of Title 56 of the Code of Virginia seeking approval of a \$500 million, three-year syndicated letter of credit facility ("LOC Facility") with its parent company, Dominion Resources, Inc. ("DRI"). The LOC Facility would be established pursuant to a credit agreement between DVP, DRI, the administrative agent and the lenders ("Credit Agreement"). DVP represented that the initial term of the LOC Facility would be three years from the date of execution of the Credit Agreement, but it would have the option to extend the maturity for two one-year periods. By Order Granting Authority dated September 23, 2010,³ the Commission granted DVP authority to establish the LOC Facility.

In a series of Orders by the Commission, the terms of the LOC Facility have been amended and the maturity date of the LOC Facility has been extended through April 2019.^{4 5 6}

¹ Va. Code § 56-55 *et seq.*

² Va. Code § 56-76 *et seq.*

³ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00105, 2010 S.C.C. Ann. Rept. 613, Order Granting Authority (Sept. 23, 2010).

⁴ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00105, 2011 S.C.C. Ann. Rept. 362, Order Extending Authority Granted (Sept. 21, 2011).

⁵ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00105, 2012 S.C.C. Ann. Rept. 227, Order Extending Authority Granted (Sept. 17, 2012).

⁶ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00105, 2014 S.C.C. Ann. Rept. 245, Order to Amend and Extend Authority Granted (May 16, 2014).

On February 25, 2016, DVP filed a request ("2016 Request") with the Commission in which it seeks to modify the LOC Facility. In support of its request DVP states "that Section 8.11 of the LOC Facility provides that the ratio of (a) Total Funded Debt to (b) Capitalization for each Borrower shall be less than or equal to .65 to 1.00 (each on a consolidated basis) as of the last day of any fiscal quarter of such Borrower."

In connection with its intended acquisition of Questar Corporation, DRI desires to seek a limited waiver to allow its debt to capitalization ratio to increase up to .70 to 1.00, from .65 to 1.00. According to the 2016 Request, this limited waiver would be in effect for up to one year following the acquisition. DRI expects the waiver will be granted at no cost but represents that if fees are required all costs will be borne by DRI, and no costs will be allocated to DVP.

DVP further represents that the proposed temporary waiver of the debt to capitalization ratio test would apply exclusively to DRI and would not affect the economic terms of the LOC Facility with regard to DVP in any manner. No other modifications to the LOC Facility are requested.

NOW THE COMMISSION, upon consideration of DVP's request, is of the opinion and finds that approval of the modification to the LOC Facility will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) DVP hereby is authorized to modify the terms of the LOC Facility to allow DRI to increase its ratio of debt to capitalization from .65 to 1.00, to .70 to 1.00, under the terms and conditions as stated in its 2016 Request.
- (2) DVP shall file a copy of the modification promptly after it becomes available.
- (3) Except to the extent modified herein, all of the other provisions of the Commission's September 23, 2010, September 21, 2011, September 17, 2012, and May 16, 2014 Orders entered in this case shall remain in full force and effect.
- (4) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2010-00106
MARCH 23, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

ORDER TO MODIFY AUTHORITY GRANTED

On September 1, 2010, Virginia Electric and Power Company ("DVP") filed an application with the State Corporation Commission ("Commission") under Chapters 3¹ and 4² of Title 56 of the Code of Virginia seeking approval of a shared \$3 billion, three-year syndicated revolving credit and competitive loan facility ("Credit Facility") with its parent company, Dominion Resources, Inc. ("DRI"). The Credit Facility would be established pursuant to a credit agreement between DVP, DRI, the administrative agent and the lenders ("Credit Agreement"). DVP represented that the initial term of the Credit Facility would be three years from the date of execution of the Credit Agreement, but it would have the option to extend the maturity for two one-year periods. By Order Granting Authority dated September 23, 2010,³ the Commission granted DVP authority to establish the Credit Facility to be shared with DRI.

In a series of Orders by the Commission, the terms of the Credit Facility have been amended and the maturity date of the Credit Facility has been extended through April 2019.^{4 5 6}

On February 25, 2016, DVP filed a request ("2016 Request") with the Commission in which it seeks to modify the Credit Facility. In support of its request DVP states "that Section 8.11 of the Credit Facility provides that the ratio of (a) Total Funded Debt to (b) Capitalization for each Borrower shall be less than or equal to .65 to 1.00 (each on a consolidated basis) as of the last day of any fiscal quarter of such Borrower."

¹ Va. Code § 56-55 *et seq.*

² Va. Code § 56-76 *et seq.*

³ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00106, 2010 S.C.C. Ann. Rept. 613, Order Granting Authority (Sept. 23, 2010).

⁴ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00106, 2011 S.C.C. Ann. Rept. 362, Order Extending Authority Granted (Sept. 21, 2011).

⁵ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00106, 2012 S.C.C. Ann. Rept. 228, Order Extending Authority Granted (Sept. 17, 2012).

⁶ *Application of Virginia Electric and Power Company, For authority to establish a credit facility*, Case No. PUE-2010-00106, 2014 S.C.C. Ann. Rept. 246, Order to Amend and Extend Authority Granted (May 16, 2014).

In connection with its intended acquisition of Questar Corporation, DRI desires to seek a limited waiver to allow its debt to capitalization ratio to increase up to .70 to 1.00, from .65 to 1.00. According to the 2016 Request, this limited waiver would be in effect for up to one year following the acquisition. DRI expects the waiver will be granted at no cost but represents that if fees are required all costs will be borne by DRI, and no costs will be allocated to DVP.

DVP further represents that the proposed temporary waiver of the debt to capitalization ratio test would apply exclusively to DRI and would not affect the economic terms of the Credit Facility with regard to DVP in any manner. No other modifications to the Credit Facility are requested.

NOW THE COMMISSION, upon consideration of DVP's request, is of the opinion and finds that approval of the modification to the Credit Facility will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) DVP hereby is authorized to modify the terms of the Credit Facility to allow DRI to increase its ratio of debt to capitalization from .65 to 1.00, to .70 to 1.00, under the terms and conditions as stated in its 2016 Request.

(2) DVP shall file a copy of the modification promptly after it becomes available.

(3) Except to the extent modified herein, all of the other provisions of the Commission's September 23, 2010, September 21, 2011, September 17, 2012, and May 16, 2014 Orders entered in this case shall remain in full force and effect.

(4) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2011-00014
JANUARY 13, 2016**

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

ORDER GRANTING EXTENSION

On October 30, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("DVP" or "Company") filed with the State Corporation Commission ("Commission") a proposed revision to its electric vehicle pilot program ("EV Pilot Program"). In its filing, DVP proposes to extend by two years the Company's current electric vehicle rate options designated as Rate Schedules 1EV and EV, which were approved by the Commission in its Order Granting Approval issued July 11, 2011 ("2011 Order"), in this proceeding.¹

On November 16, 2015, the Commission entered an Order granting the Company interim authority, allowing participants in this proceeding the opportunity to file responses to the proposed revisions, and permitting the Company to reply to any responses received.

The Staff of the Commission ("Staff") filed its response ("Response") on December 1, 2015. In its Response, the Staff stated that it was not opposed to the Company's Petition, but raised the following concerns: (1) the Commission's initial approval was for a two-year pilot with a requirement that the Company perform a cost-benefit analysis at the conclusion of the EV Pilot Program; however, no such cost-benefit analysis has been performed;² (2) the actual number of electric vehicles in the Company's service territory is only 3.3% of the amount the Company projected in its original forecast for 2020;³ (3) enrollment in the Company's EV Pilot Program after four years is only 31% of the amount the Company projected it would be after two years and only 16% of the electric vehicles located in the Company's service territory are registered in the Company's EV Pilot Program;⁴ and (4) approximately 75% of the participants are choosing Rate Schedule 1EV, which the Company has not supported with a cost-benefit analysis.⁵ In conclusion, Staff recommended that if the Commission approves the Company's Petition, any future petitions for further extensions should be required to include a cost-benefit analysis for Rate Schedule 1EV and Rate Schedule EV.⁶

On December 9, 2015, DVP filed its reply to the Staff's Response ("Reply"). In its Reply, the Company acknowledged that "EVs have not caught on as rapidly as many had originally predicted" but noted that "there are nonetheless thousands of EVs today in the Company's service territory. . . ."⁷ The

¹ On December 14, 2012, the Commission issued an Order Closing Case in this proceeding. On November 18, 2013, the Commission reopened this proceeding to consider the Company's November 8, 2013 Petition to Extend EV Pilot Program.

² Response at 2.

³ *Id.*

⁴ *Id.* at 2-3.

⁵ *Id.* at 3.

⁶ *Id.*

⁷ Reply at 2.

Company further noted that the "EV Pilot [Program] has never been about adoption rates[]"⁸ and asserted that "the purpose of the EV Pilot [Program] is to gather information and determine how the Company's EV time-of-use rates can impact customer behaviors and attitudes towards electricity consumption in a way that positively benefits grid efficiency and reliability."⁹ The Company acknowledged that more data is needed and pointed out that the EV Pilot Program is continuing to provide important information regarding EV charging and overall electricity usage.¹⁰ With regard to EV Pilot Program participation, the Company noted that overall EV Pilot Program participation alone increased by more than 31% during the first nine months of 2015.¹¹ Regarding the Staff's recommendation for a cost-benefit analysis supporting the program, the Company stated that "waiting until the EV Pilot [Program] ends – with more complete qualitative and quantitative data on which to base the analysis that was previously ordered by the Commission – is a better timetable given the EV Pilot[] [Program's] increasing participation trends."¹²

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the Company's Petition should be granted as set forth herein. We authorize the Company to extend its EV Pilot Program and associated EV rate options including: (a) a nine-month extension through and including September 2016 for the EV Pilot Program enrollment; and (b) a two-year extension of the EV Pilot Program through and including November 30, 2018, with the EV Pilot Program to formally conclude on November 30, 2018. Further, we will not require the Company to include an evaluation, measurement, and verification report in its 2016 annual report.

The Commission recognizes that six years is a significant period of time for a pilot program to be in effect without definitive data on performance; however, we also note that the Company is not requesting an increase in the budget for the EV Pilot Program. If the Company seeks another extension in 2018, the Company should state with specificity in its request for extension why such an extension is warranted and what a further extension would achieve. In addition, any subsequent request for extension – or a request to make the program permanent – shall include a cost-benefit analysis for Rate Schedule 1 EV and Rate Schedule EV.

Accordingly, IT IS SO ORDERED.

⁸ *Id.* at 3.

⁹ *Id.*

¹⁰ *Id.* at 4.

¹¹ *Id.*

¹² *Id.* at 5.

**CASE NO. PUE-2011-00026
MARCH 9, 2016**

APPLICATION OF
GLACIAL ENERGY, INC.

For license to conduct business as a competitive service provider for electricity

ORDER CANCELLING LICENSE

Pursuant to Order Granting License issued by the State Corporation Commission ("Commission") on April 11, 2011,¹ Glacial Energy, Inc. ("Glacial" or "Company"), was granted License No. E-25 to conduct business as a competitive service provider ("CSP") of electricity pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.*

On February 4, 2016, the Company filed a letter application requesting that License No. E-25 be terminated. Glacial stated that it no longer serves or intends to serve customers in Virginia; does not want to market in Virginia in the future; and that all prior customers were successfully assigned to another licensed CSP, Agera Energy LLC ("Agera").²

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License No. E-25 issued to Glacial should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) License No. E-25, issued to Glacial to conduct business as a CSP for electricity, hereby is cancelled.

(2) There being nothing further to come before the Commission, this proceeding 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 Glacial Energy, Inc., For a license to conduct business as a competitive service provider for electricity*, Case No. PUE-2011-00026, 2011 S.C.C. Ann. Rept. 455, Order Granting License (Apr. 11, 2011).

² Agera was granted CSP licenses by the Commission on Dec. 18, 2014. *See Application of Agera Energy LLC, For licenses to conduct business as a competitive service provider for electricity and natural gas*, Case No. PUE-2014-00105, 2014 S.C.C. Ann. Rept. 489, Order Granting Licenses (Dec. 18, 2014).

**CASE NO. PUE-2011-00033
DECEMBER 21, 2016**

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

Ex Parte: In the matter of determining appropriate regulation of pole attachments and cost sharing in Virginia

ORDER CLOSING PROCEEDING

During the 2011 General Assembly session, the House of Delegates Commerce and Labor Committee ("House Committee") considered HB 1439, which would have given the State Corporation Commission ("Commission") jurisdiction over rates, terms and conditions of pole attachment agreements by cable and telephone companies on electric cooperative poles, after negotiations failed to produce agreements, with the Commission directed to use the Federal Communications Commission methodology and formula applicable to investor-owned utilities. A similar bill, SB 890, was considered by the Senate Commerce and Labor Committee.

Subsequently, the House Committee elected to defer consideration of HB 1439, pending completion of a Commission study on the subject matter of the bill and related issues. By letter dated January 31, 2011 ("January 31, 2011 Letter"), Delegate Terry G. Kilgore and Senator Richard L. Saslaw requested that the Commission "prepare and issue a report to the House Committee on or before November 1, 2011, containing detailed standards and recommendations on electric cooperative pole attachment issues in the Commonwealth."¹

On April 15, 2011, the Commission issued a Procedural Order that, among other things, invited comments from interested persons or entities, as well as certain entities designated as Utility Pole Owners, on several questions related to pole attachments in the Commonwealth of Virginia. The Procedural Order scheduled an evidentiary hearing on the matters raised in the January 31, 2011 Letter for July 13, 2011.

Comments were received from Carla Bordner; Shentel Cable Company and Shenandoah Cable Telephone Company; Virginia Electric Cooperatives ("Virginia Cooperatives"); T-Mobile Northeast LLC d/b/a T-Mobile ("T-Mobile"); Northern Virginia Electric Cooperative ("NOVEC"); Virginia Cable Telecommunications Association ("VCTA"); CTIA-The Wireless Association; NTELOS Telephone Company, Roanoke & Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., R&B Network Inc. and FiberNet of Virginia, Inc.; the DAS Forum and Virginia Wireless Association; the Virginia Telecommunications Industry Association ("VTIA"); Windstream KDL-VA, Inc.; Appalachian Power Company ("APCo"); Virginia Electric and Power Company ("Dominion"); and Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU").

The Commission convened a hearing as scheduled on July 13, 2011. The Virginia Cooperatives, Dominion, VCTA, APCo, NOVEC, KU, Verizon Virginia Inc. and Verizon South Inc., Central Telephone of Virginia and United Telephone Southeast LLC, VTIA, and the Commission Staff participated in the hearing. A representative from T-Mobile also spoke at the hearing.

On November 1, 2011, the Commission transmitted the report requested in the January 31, 2011 Letter to Delegate Kilgore and Senator Saslaw.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that, since there is no further action required in this proceeding, this matter should be closed and this case dismissed.

Accordingly, IT IS SO ORDERED.

¹ A copy of the January 31, 2011 Letter is attached to the Commission's Order Establishing Proceeding and Scheduling Hearing ("Procedural Order"), Doc. Con. Cen. No. 110420469, entered in this docket on April 15, 2011.

**CASE NO. PUE-2012-00100
SEPTEMBER 20, 2016**

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

ORDER CLOSING CASE

On August 31, 2012, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") a Petition for approval to extend two demand-side management ("DSM") programs and for approval of two updated rate adjustment clauses, Riders C1A and C2A, pursuant to § 56-585.1 A 5 of the Code of Virginia.

On April 19, 2013, the Commission approved extensions of the Company's Low-Income Program and Air Conditioner Cycling Program.¹ The Commission also approved the Company's updated Riders C1A and C2A and required the Company to file its application to continue Riders C1A and C2A on or before September 1, 2013.²

¹ *Petition of Virginia Electric and Power Company, For approval to extend two demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2012-00100, 2013 S.C.C. Ann. Rept. 285, 288, Order (Apr. 19, 2013).

² *Id.*

On April 1, 2014, the Company filed its annual Evaluation, Measurement and Verification ("EM&V") Report in this docket. The Commission subsequently approved updates to Riders C1A and C2A and permitted the Company to implement new DSM programs and/or modify (or continue) existing DSM programs in Case Nos. PUE-2013-00072, PUE-2014-00071, and PUE-2015-00089.³ The Company's 2015 and 2016 EM&V Reports were filed under Case Nos. PUE-2013-00072 and PUE-2014-00071, respectively. The Commission's April 19, 2013 Order requires no further action in this docket.

NOW THE COMMISSION, having considered this matter, finds that there is nothing further to be acted upon in the instant case and that this case should be closed.

Accordingly, IT IS SO ORDERED.

³ *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2013-00072, 2014 S.C.C. Ann. Rept. 289, Final Order (Apr. 29, 2014); *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2014-00071, 2015 S.C.C. Ann. Rept. 230, Final Order (Apr. 24, 2015); *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00089, Doc. Con. Cen. No. 160420196, Final Order (Apr. 19, 2016).

**CASE NO. PUE-2013-00011
SEPTEMBER 20, 2016**

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 CLOSING CASE

On January 30, 2013, in response to complaint letters filed by David I. Ramadan, at that time a Member of the Virginia House of Delegates, 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"), the operator of the Dulles Greenway ("Greenway"). On September 4, 2015, the Commission issued its Order Concluding Investigation, which directed TRIP II to confer with the Virginia Department of Transportation ("VDOT") "on the efficacy of performing detailed feasibility studies of distance-based pricing for the Greenway."¹ The Commission further directed TRIP II to file a report in this matter on the results of such discussions within 180 days of the date of the Commission's Order Concluding Investigation, or March 2, 2016.

On February 23, 2016, TRIP II filed a Motion for Additional Time ("February 2016 Motion") stating that TRIP II had proceeded to confer with VDOT as directed and that following a meeting with VDOT officials on January 5, 2016, TRIP II prepared additional information for VDOT's consideration and planned to engage in further discussions with VDOT. TRIP II therefore requested additional time to file the report in order to allow for sufficient time to complete these discussions.

On February 29, 2016, the Commission issued an Order ("February 2016 Order") stating that the Commission considered TRIP II's February 2016 Motion to be a status report on TRIP II's discussions with VDOT and ordering TRIP II to provide a complete report on such discussions on or before May 31, 2016.

On May 31, 2016, TRIP II filed a second Motion for Additional Time ("May 2016 Motion") stating that, following the Commission's February 2016 Order, TRIP II engaged in further discussions with VDOT, and on May 27, 2016, TRIP II provided VDOT with a formal letter summarizing the issues that had been discussed and TRIP II's position on such issues. TRIP II stated further that it anticipated receiving a formal response from VDOT but believed that VDOT needed additional time to provide its response. TRIP II therefore sought additional time to file the complete report on its discussions with VDOT and requested that the Commission permit TRIP II to file its report within one week of TRIP II's receipt of VDOT's formal response.

On June 6, 2016, the Commission issued an Order finding that TRIP II had engaged in discussions with VDOT regarding the efficacy of studying distance-based pricing on the Greenway, as directed, and stating that the Commission considered TRIP II's May 2016 Motion to be a status report on such discussions. The Commission therefore ordered TRIP II to provide a complete report within one week of TRIP II's receipt of VDOT's formal response.

On July 1, 2016, TRIP II filed a report ("Report") summarizing TRIP II's discussions with the VDOT.² The Report cites the following reasons (further discussed in Exhibit 1 to the Report) for its conclusion that "there is no value in further study of distance-based pricing"³ at this time:

¹ *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, 2015 S.C.C. Ann. Rept. 190, 194, Order Concluding Investigation (Sept. 4, 2015).

² Attached as Exhibits 1 and 2 to the Report are, respectively: (1) TRIP II's May 27, 2016 letter (with attachments) to VDOT summarizing the issues discussed and TRIP II's position on the efficacy of studying distance-based pricing, along with the reasoning behind TRIP II's position; and (2) VDOT's subsequent response to TRIP II's letter.

³ Report at 3.

(1) "The Greenway was not designed for [distanced-based pricing]"; (2) "It would be prohibitively expensive to properly study and implement [distance-based pricing]"; and (3) "[Distance-based pricing] would threaten the financial viability of TRIP II, result in higher tolls for some users, and/or overwhelm the capacity of the interconnection with the Dulles Toll Road, causing significant congestion."⁴

The Report subsequently discusses VDOT's response, wherein VDOT generally concurred with TRIP II's conclusions and stated that VDOT did not find value in additional studies of distance-based pricing at this time.⁵ The Report does, however, state that TRIP II and VDOT agree that further study of distance-based pricing in the future may be warranted "if significant changes occur that alleviate the existing obstacles to implementing distance-based pricing."⁶

NOW THE COMMISSION, upon consideration of this matter, finds that there is nothing further to be acted upon in the instant case and that this case should be closed.

Accordingly, IT IS SO ORDERED.

⁴ *Id.* at 2-3, quoting Exhibit 1 to the Report.

⁵ *Id.* at 3.

⁶ *Id.*

**CASE NO. PUE-2013-00036
NOVEMBER 3, 2016**

APPLICATION OF
AEP APPALACHIAN TRANSMISSION COMPANY
and
APPALACHIAN POWER COMPANY

For approval and certification of the transmission facilities in Botetourt County: Cloverdale Substation Expansion Project

ORDER

On May 2, 2013, Appalachian Power Company ("APCo" or "Company") and its affiliate, AEP Appalachian Transmission Company, Inc., jointly filed with the State Corporation Commission ("Commission") an Application for approval and certification of electric transmission facilities in or around the existing Cloverdale Substation located in Botetourt County ("Project"). On January 24, 2014, the Commission issued an Order ("2014 Order")¹ in this proceeding that, among other things, granted the Application and approved certificates of public convenience and necessity for construction of the Project by APCo, subject to the requirements set forth therein. The 2014 Order included Ordering Paragraph (5), which states as follows:

The construction approved herein must be completed and in service by December 31, 2016, provided, however, that APCo is granted leave to apply for an extension for good cause shown.²

On September 30, 2016, APCo filed with the Commission a Motion for Extension of Date for Completion of Construction ("Motion") by which the Company requests an extension of the December 31, 2016 date included in Ordering Paragraph (5) until December 31, 2017. In support of its Motion, APCo states, among other things, that the Company has requested outages from PJM Interconnection, LLC, but the Company has been informed that it cannot proceed with all outages necessary to complete construction of the Project by December 31, 2016.³ APCo estimates that approximately 90% of the Project will have been constructed and in-service by December 31, 2016.⁴

NOW THE COMMISSION, having considered this matter, finds that the Company's Motion should be granted.

Accordingly, IT IS ORDERED THAT:

(1) APCo's Motion is hereby granted.

(2) The December 31, 2016 completion date in Ordering Paragraph (5) of the 2014 Order in this proceeding is extended until December 31, 2017, provided, however, that APCo is granted leave to apply for extension of this date for good cause shown.

(3) As there is nothing further to come before the Commission, this matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

¹ 2014 S.C.C. Ann. Rept. 264.

² *Id.* at 269.

³ Motion at 2.

⁴ *Id.* at 1.

**CASE NO. PUE-2013-00072
SEPTEMBER 20, 2016**

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

ORDER CLOSING CASE

On August 30, 2013, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") a Petition for approval to implement new demand-side management ("DSM") programs and for approval of two updated rate adjustment clauses, Riders C1A and C2A, pursuant to § 56-585.1 A 5 of the Code of Virginia.

On April 29, 2014, the Commission approved the Company's proposed Phase III Programs, with modifications to the Company's proposed five-year cost cap.¹ The Commission also approved the Company's updated Riders C1A and C2A and required the Company to file its application to continue Riders C1A and C2A on or before September 1, 2014.²

On April 1, 2015, the Company filed its annual Evaluation, Measurement and Verification ("EM&V") Report in this docket. The Commission subsequently approved updates to Riders C1A and C2A and permitted the Company to implement new DSM programs and/or modify (or continue) existing DSM programs in Case Nos. PUE-2014-00071 and PUE-2015-00089.³ The Company's 2016 EM&V Report was filed under Case No. PUE-2014-00071. The Commission's April 29, 2014 Final Order requires no further action in this docket.

NOW THE COMMISSION, having considered this matter, finds that there is nothing further to be acted upon in the instant case and that this case should be closed.

Accordingly, IT IS SO ORDERED.

¹ *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2013-00072, 2014 S.C.C. Ann. Rept. 289, Final Order (Apr. 29, 2014).

² *Id.*

³ *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2014-00071, 2015 S.C.C. Ann. Rept. 230, Final Order (Apr. 24, 2015); *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00089, Doc. Con. Cen. No. 160420196, Final Order (Apr. 19, 2016).

**CASE NO. PUE-2013-00120
MARCH 31, 2016**

APPLICATION OF
ARM ENERGY MANAGEMENT, LLC

For a license to conduct business as a competitive service provider for natural gas

ORDER CANCELLING LICENSE

On October 24, 2013, ARM Energy Management, LLC ("ARM Energy") filed an application with the State Corporation Commission ("Commission") pursuant to § 56-235.8 F of the Code of Virginia for a license to conduct business as a competitive service provider ("CSP") for natural gas. On December 18, 2013, the Commission issued License No. G-40 to ARM Energy.¹

On March 21, 2016, ARM Energy filed a letter notifying the Commission that it wishes to terminate its license to conduct business as a CSP for natural gas. ARM Energy stated in its letter that currently it is not serving any customers.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that it should cancel ARM Energy's License No. G-40 and that this proceeding should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) License No. G-40, issued to ARM Energy to conduct business as a CSP for natural gas, hereby is cancelled.
- (2) This matter is dismissed.

¹ *See Application of ARM Energy Management, LLC, For a license to conduct business as a competitive service provider for natural gas*, Case No. PUE-2013-00120, 2013 S.C.C. Ann. Rept. 462, Order Granting License (Dec. 18, 2013).

**CASE NO. PUE-2014-00025
FEBRUARY 11, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities for the Remington CT-Warrenton 230 kV Double Circuit Transmission Line, Vint Hill-Wheeler and Wheeler-Loudoun 230 kV Transmission Lines, 230 kV Vint Hill Switching Station, and 230 kV Wheeler Switching Station

FINAL ORDER

On March 31, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power," "DVP" or "Company") filed with the Virginia State Corporation Commission ("Commission") an application and supporting documents for a certificate of public convenience and necessity for a Remington CT-Warrenton 230 kilovolt ("kV") double circuit transmission line, Vint Hill-Wheeler and Wheeler-Loudoun 230 kV transmission lines, 230 kV Vint Hill Switching Station, and 230 kV Wheeler Switching Station (collectively, and as amended below, "Projects").

Subsequently, the Company filed supplemental direct testimony and a supplemental appendix (collectively, "Application"). Among other things, the supplemental appendix and supporting supplemental direct testimony provided a response to the suggestion of the Commission's Staff ("Staff") that the Company consider a variation of Option C, the Company's preferred alternative, for the proposed Vint Hill-Wheeler and Wheeler-Loudoun 230 kV Lines terminating at the existing Gainesville Substation rather than Loudoun Substation. The Company's supplemental filings of November 14, 2014, redefined the former Vint Hill-Wheeler and Wheeler-Loudoun 230 kV Lines to be the Vint Hill-Wheeler and Wheeler-Gainesville 230 kV Lines.

On May 29, 2014, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, assigned this case to a Hearing Examiner and directed the Company to publish notice of the proposed and alternative routes for the proposed Projects, including Option C, the Company's preferred alternative, and Option B, the Existing Corridor Rebuild Option. Although Option A was an alternative described in the Application, Dominion Virginia Power did not initially notice any proposed route for Option A because the Company deemed this option not viable.¹ Upon investigation, Staff discovered that viable routes may exist for Option A and, on March 19, 2015, filed a Motion requesting that the Hearing Examiner direct Dominion Virginia Power to publish alternative routes for Option A for the proposed Projects. On March 31, 2015, the Hearing Examiner granted Staff's March 19, 2015 Motion and directed that the Company publish routes for Option A. The Hearing Examiner also subsequently entered his April 9, 2015 Hearing Examiner's Ruling, which, in addition to requiring notice of Option A, provided for the filing of supplemental Staff testimony; set new dates for public evidentiary hearings on April 20, 2015 and August 4, 2015; and extended the time for any interested person to file a notice of participation or comments to May 21, 2015 and August 3, 2015, respectively. The Piedmont Environmental Council, Morris Farm LLP ("Morris Farm"), Brookside Development LLC and Brookside Homeowners Association ("Brookside"), Fauquier County Board of Supervisors ("Fauquier County"), Fauquier County Public Schools, Fauquier County Water and Sanitation Authority, and Eastern Fauquier Neighbors Against Option A ("EFN") filed notices of participation. Numerous comments were also submitted in this proceeding.

The Department of Environmental Quality ("DEQ") issued two reports addressing environmental impacts in this case. The first was dated June 18, 2014 ("2014 DEQ Report"),² and the second was dated June 18, 2015 ("2015 DEQ Report").³

The DEQ had several recommendations for the Commission's consideration in addition to requirements of federal, state, or local law or regulations in its reports. Both reports also made the following summary recommendations:

- Conduct an on-site delineation of all wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable and follow DEQ's recommendation to investigate waste site information, as applicable;
- Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage regarding its recommendations to protect natural heritage resources as well as for updates to the Biotics Data System database;
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect wildlife resources. (The 2014 DEQ Report also noted state-listed endangered mussels);

¹ Ex. 5 (Supplemental Appendix) at 25-26. Specifically, Option A constructs a local network consisting of three segments:

Segment 1	Remington CT-Warrenton
Segment 2	Warrenton-Wheeler
Segment 3	Wheeler-Gainesville

Segment 1 of Option A is also used by Option C, so no further notice of this segment was necessary. Segment 3 of Option A is also used by Option B and Option C, so no further notice of this segment was necessary. However, Segment 2 of Option A, between Warrenton and Wheeler, was unique to Option A so would require notice. Without publication of Segment 2, Option A was not properly before the Commission in this proceeding.

² Ex. 39.

³ Ex. 40.

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- Coordinate with the Virginia Outdoors Foundation regarding its recommendation for additional consultation as necessary. (The 2014 DEQ Report noted the protection of an open space easement);
- Coordinate with the Department of Forestry on its recommendation to protect forest resources;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Contact the Virginia Department of Transportation ("VDOT") regarding its recommendations on impacts to the transportation network. (The 2014 DEQ Report noted coordination with VDOT residencies);
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable; and
- Coordinate with Prince William County regarding its recommendations.⁴

In addition to these summary recommendations, the 2014 DEQ Report also recommended that the Company coordinate with the Department of Health regarding its recommendation to protect water supplies.⁵

Public evidentiary hearings in this case were held August 20, 2014, September 30, 2014, April 20, 2015, and August 4, 5 and 10, 2015, during which public witnesses were permitted to testify. On October 1, 2015, Dominion Virginia Power, Piedmont Environmental Council, Brookside, Fauquier County, Fauquier County Public Schools, Fauquier County Water and Sanitation Authority, EFN and the Staff filed post-hearing briefs.

On November 20, 2015, the Hearing Examiner issued the Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Report"). In the Report, the Hearing Examiner, among other things, summarized the record in this case and made the following findings and recommendations:

The Company's proposed Projects best meet the needs identified in this proceeding concerning loading at the Warrenton Substation and loading at the Gainesville Substation;

- Construction of the proposed Projects is required by the public convenience and necessity for the reasons discussed herein;
- The Company's proposed Option C, following Route C-1.1c, will reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned;
- Existing rights-of-way cannot adequately serve all of the needs of the Company; and
- Recommendations contained in the DEQ Report, should be adopted by the Commission as conditions of approval.⁶

On December 10, 2015, Piedmont Environmental Council filed comments on the Report. On December 18, 2015, Dominion Virginia Power, Fauquier County Public Schools, Fauquier County Water and Sanitation Authority, Brookside, EFN, and Morris Farm filed comments on the Report.

On November 23, 2015, after the deadline for notices of participation and public comments had passed in this proceeding, Prince William County Board of Supervisors filed comments and requested that its comments be made part of the record. On December 2, 2015, Morris Farm filed a response in support of Prince William County Board of Supervisors' request. On December 10, 2015, Dominion Virginia Power filed a Motion to Strike Morris Farm's December 2, 2015 response. On December 14, 2015, Morris Farm filed a reply to Dominion Virginia Power's December 10, 2015 Motion.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require the Remington CT-Warrenton 230 kV double circuit transmission line, Vint Hill-Wheeler and Wheeler-Gainesville 230 kV Lines, 230 kV Vint Hill Switching Station, and 230 kV Wheeler Switching Station be constructed as proposed by Dominion Virginia Power along Route C-1.1c and that certificates of public convenience and necessity should be issued authorizing the Projects.

⁴ Ex. 39 at 7-8; Ex. 40 at 6-7.

⁵ Ex. 39 at 8.

⁶ Report at 121.

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Prince William County Board of Supervisors' request for consideration of its November 23, 2015 comments is denied.⁷

Per the Commission's Rules of Practice and Procedure and consistent with our rulings in previous Commission orders on the subject, the Motion for consideration of Prince William County Board of Supervisors' comments out-of-time is denied, and Prince William County

Board of Supervisors may not otherwise participate in this proceeding or be considered a party to the proceeding.⁸

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code of Virginia ("Code").

Section 56-265.2 A of the Code provides that "it shall be unlawful for any public utility to construct, enlarge or acquire, . . . 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.⁹ 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 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 a transmission solution is unchallenged.¹⁰ The Company's proposed electrical solution, Option C, and an alternative electrical solution, Option B, were originally noticed to the public by the Company. The Staff requested that a third electrical solution, Option A, be noticed to the public so that the record could be augmented by a viable alternative the Staff considered to be electrically superior.

⁷ See, e.g., our similar rulings in *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, Application of Virginia Electric and Power Company 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 Station*, Case No. PUE-2011-00129, 2012 S.C.C. Ann. Rept. 353, 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, Order (Dec. 21, 2012); and *Application of Green Energy Partners/Stonewall LLC, For a certificate of public convenience and necessity for a 750 MW electric generating facility in Loudoun County*, Case No. PUE-2013-00104, 2014 S.C.C. Ann. Rept. 309, Final Order (May 13, 2014).

⁸ In addition, Rule 5 VAC 5-20-10, *Applicability*, of the Rules of Practice and Procedure states in relevant part that: "When necessary to serve the ends of justice in a particular case, the [C]ommission 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." Based on the circumstances in this case, we do not find that waiver or modification is appropriate in order to accept late filed comments submitted after all of the hearings in this matter, after the filing of post-hearing briefs, and after submission of the Hearing Examiner's Report. We likewise decline to consider new evidence submitted after the close of the record, which was included in Morris Farm's response to Prince William County Board of Supervisor's comments. However, even if we had considered such additional evidence or Prince William County Board of Supervisors' comments, our findings in this Final Order would remain the same.

⁹ 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."

¹⁰ See, e.g., Report at 98 citing DVP Brief at 12, EFN Brief at 3, Staff Brief at 5, and Piedmont Environmental Council Brief at 4.

We agree with the Hearing Examiner that Option B is not viable.¹¹ The record in this proceeding provides significant evidence and analysis of the comparative benefits of the two viable alternatives, Option A and Option C. After careful consideration of both viable electrical options, we agree with the Hearing Examiner that the Company's proposed Projects best address the concerns identified in this proceeding.¹²

Route

As discussed above, the Hearing Examiner — after a detailed and thorough analysis — recommended Route C-1.1c. Specifically, the Hearing Examiner noted that "all of the witnesses addressing routing issues sponsored by participants, including Staff witness McCoy, agree that Option C is the least impacting alignment."¹³ After considering the options presented in the proceeding, we agree with the Hearing Examiner that Route C-1.1c is preferable to the proposed alternatives and satisfies the applicable statutory requirements.¹⁴

Economic Development and Service Reliability

The evidence in this proceeding supports that the area to be served by the proposed Projects is dynamic and growing economically.¹⁵ We find that by assuring flexibility for future transmission projects, which the evidence supports is necessary to maintain the reliability of the local and system networks, the proposed Projects (Option C) benefit economic development in the area.¹⁶

Scenic Assets, Historic Districts, and the Environment

We agree with the Hearing Examiner that "following Route C-1.1c will reasonably minimize adverse impact on the scenic assets, historic resources and the environment of the area concerned" consistent with § 56-46.1 B of the Code.¹⁷

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 2014 DEQ Report and 2015 DEQ Report, taken as a whole, support a finding that Option C has less adverse impacts on cultural and environmental resources than Option A.¹⁸ We find that the Company shall comply with the recommendations contained in the DEQ Reports as conditions for approval of the proposed Projects along Route C-1.1c.

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the proposed Remington CT-Warrenton 230 kV double circuit transmission line, Vint Hill-Wheeler and Wheeler-Gainesville 230 kV Lines, 230 kV Vint Hill Switching Station, and 230 kV Wheeler Switching Station 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 certificates of public convenience and necessity to construct and operate the proposed Projects is granted, as provided for herein, and subject to the requirements set forth in this Final Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificates of public convenience and necessity:

Certificate No. ET-80p, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Fauquier County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00025, cancels Certificate No. ET-80o, issued to Virginia Electric and Power Company in Case No. PUE-2009-00050 on March 10, 2010.

Certificate No. ET-105ac, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Prince William County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2014-00025, cancels Certificate No. ET-105ab, issued to Virginia Electric and Power Company in Case No. PUE-2012-00065 on April 17, 2013.

¹¹ See, e.g., Report at 100.

¹² See, e.g., *id.* at 98-109, 121.

¹³ Report at 121; see also, e.g., Tr. at 605.

¹⁴ See, e.g., Report at 109-121.

¹⁵ See, e.g., Tr. at 656-58.

¹⁶ See, e.g., Report at 100-109; Ex. 20; Ex. 49; Staff Brief at 9-10; DVP Brief at 21-30, 43-45; EFN Brief at 19-20.

¹⁷ Report at 121; see also, e.g., Report at 109-121.

¹⁸ Ex. 39; Ex. 40.

(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 maps attached.

(5) The transmission line and associated substation work approved herein shall be constructed and in service by July 1, 2017; however, the Company is granted leave to apply for an extension for good cause shown.

(6) The November 23, 2015 Motion for consideration of Prince William County Board of Supervisors' comments is denied.

(7) The December 10, 2015 Motion to Strike the response of Morris Farm is granted.

(8) 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-2014-00028
MAY 13, 2016**

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 GRANTING MOTION AND DISMISSING PROCEEDING

By Commission Order dated May 19, 2014 ("May 2014 Order"), Appalachian Natural Gas Distribution Company ("Company") and its parent company affiliate, ANGD LLC ("ANGD") (collectively, "Applicants") were granted authority for the Company to: (i) borrow up to \$21 million for a construction note ("Construction Note"); (ii) convert up to \$21 million of borrowings under the Construction Note to a term note ("Term Note"); and (iii) receive cash capital contributions from ANGD, from time to time up to the aggregate amount of \$5 million, all in the manner and for the purposes set out in the application.

By Commission Order dated June 18, 2014, the Applicants were granted amended authority to increase the amount of borrowings under the Construction Note and Term Note from \$21 million to \$29.5 million. Applicants were further granted amended authority 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 such borrowings. All reporting requirements set out in the May 2014 Order were to remain in full force and effect, including the requirement that the Applicants file a final Report of Action on or before March 31, 2016.

On April 20, 2016, the Applicants filed a motion ("Motion") requesting leave to file the Report of Action out of time. Attached to the Motion was the final Report of Action that the Applicants requested to be accepted pursuant to Ordering Paragraph (5) of the Commission's May 2014 Order. According to the information provided in the final Report of Action, all of the Company's borrowings and cash capital contributions appear to have been executed within the scope of the authority granted.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that Applicants' Motion should be granted, the Report of Action should be accepted, and this matter should be dismissed.

Accordingly, IT IS SO ORDERED.

**CASE NO. PUE-2014-00031
NOVEMBER 21, 2016**

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.

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 Code § 56-55 *et seq.*

On May 8, 2014, the Commission entered its Order Granting Authority ("May 2014 Order")³ 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.

On June 18, 2015, the Commission entered its Order Extending Authority Granted that, among other things, authorized the Company 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, 2020.⁴

On October 19, 2016, KU/ODP filed a request to amend its existing authority in three ways. First, KU/ODP requests extension of its existing authority for Revolving Line of Credit borrowings of up to \$500 million through January 31, 2022. Second, KU/ODP requests authority to replace any such borrowing capacity not extended or implemented under its existing Revolving Line of Credit by entering into one or more new credit agreements to provide revolving borrowing capacity up to the aggregate limit of \$500 million with terms comparable to the existing Revolving Line of Credit. Third, KU/ODP requests authority to exercise subsequent extensions in 2017 and 2018, respectively, for periods of up to five years from the date of any amendments to its revolving credit borrowing agreements to the extent such options are available. Accordingly, KU/ODP's requested authority for aggregate revolving credit borrowings of up to \$500 million may not extend beyond December 31, 2023, under the last day that a borrowing agreement extension could be exercised in 2018.

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 borrowing capacity under terms comparable with existing credit facilities, it will be able to secure favorable terms for such borrowings for as long as possible.

Borrowings under any extended or new 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.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff, is of the opinion and finds that the Company's request should be approved and that the Company should be authorized to further amend and extend its borrowing capacity granted by the May 2014 Order through December 31, 2023.

Accordingly, IT IS ORDERED THAT:

- (1) KU/ODP is hereby authorized to amend and extend its current Revolving Line of Credit facilities up to an aggregate principal amount not to exceed \$500 million through the initial extension period ending January 31, 2022.
- (2) KU/ODP is hereby authorized to enter into a new revolving credit facility under terms comparable to its current Revolving Line of Credit for any portion of the \$500 million authority not exercised or extended under the current facility.
- (3) KU/ODP is hereby authorized to exercise subsequent extensions of its revolving credit facilities in 2017 and 2018, respectively, for multi-year periods of up to five (5) years from the date of the amendments, with a final term not to exceed December 31, 2023.
- (4) KU/ODP shall provide the Staff of the Commission's Division of Utility Accounting and Finance with a copy of any extensions for existing revolving line of credit agreements and any new revolving line of credit agreements promptly after they become available.
- (5) KU/ODP shall file with the Commission a final report on or before March 1, 2024, to include a term sheet of all revolving line of credit agreements executed during the period of authority, and the Company shall provide a detailed account of all fees incurred each year for all respective line of credit agreements executed during the period of authority.
- (6) Except to the extent modified herein, all of the other provisions of the Commission's May 2014 Order shall remain in full force and effect.
- (7) This matter is continued, subject to the continued review, audit, and appropriate directive of the Commission.

³ 2014 S.C.C. Ann. Rept. 411.

⁴ 2015 S.C.C. Ann. Rept. 212.

**CASE NO. PUE-2014-00045
JANUARY 7, 2016**

APPLICATION OF
AQUA VIRGINIA, INC.

For an increase in rates

FINAL ORDER

On August 1, 2014, Aqua Virginia, Inc. ("Aqua Virginia" or "Company"), filed an application with the State Corporation Commission ("Commission") for an increase in water and sewer rates ("Application") 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 The Company requested authority to increase rates for water and sewer service to produce an increase in water revenues of \$1,301,088, and an increase in wastewater revenues of \$406,092.³ In its Application, Aqua Virginia also requested approval "to reduce the current five water rate groups to three and the current three wastewater groups to two, while continuing to reduce the differences between the groups' rates to continue the approved progress toward a uniform consolidated rate."⁴ The Company also proposed to incorporate the merged systems of Aqua Virginia Water Utilities, Inc. ("AVWU"), and Aqua Virginia Utilities, Inc. ("AVU"), into consolidated rates.⁵

On August 27, 2014, the Commission entered an Order for Notice and Hearing that, among other things, directed the Company to provide notice of its Application, established a procedural schedule, and assigned 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. In addition, the Commission permitted the Company to implement its proposed rates, charges, and terms and conditions for service rendered on and after January 5, 2015, on an interim basis, subject to refund with interest.⁶

The following filed notices of participation: Lake Monticello Owners' Association; Board of Supervisors of Frederick County ("Frederick County"); Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"); Caroline County; and The Blacksburg Country Club, Inc., The Blacksburg Country Club Estates Homeowners' Association, Mr. Robert A. S. Wright, and Dr. William G. Foster, collectively. In addition, notices of participation were filed by 47 individuals, approximately 21 of which later withdrew or spoke as public witnesses.

Pursuant to several Rulings of the Hearing Examiner, local public hearings were held in Fluvanna County, Caroline County, and the Town of Blacksburg, Virginia, on March 16, March 18, and April 23, 2015, respectively, at which the testimony of 120 public witnesses was received. In addition, the Commission received over 1,150 written comments opposing the Company's proposed rate increase. Many of the public witnesses and individuals who filed written comments are residential customers served in Lake Monticello in Fluvanna County, and in the Lake Land'Or and Lake Heritage subdivisions in Caroline County. Many customers, in opposing the requested rate increase, complained about the current cost of water and sewer and stated that their bills had increased significantly over the past several years, resulting in economic hardship and declining home values. Several customers, especially those in Caroline County, described their efforts to conserve water and expressed frustration about Aqua Virginia's requested rate increase on the basis of declining usage. Many customers also described problems with water quality or Aqua Virginia's customer service.⁷

On February 19, 2015, the Commission's Staff ("Staff") filed the testimonies of its witnesses. On March 5, 2015, the Company filed the rebuttal testimonies of its witnesses. On March 23, 2015, Staff filed the supplemental testimony of Estaña M. Davis.⁸

The evidentiary hearing was held March 24, 2015, in the Commission's Courtroom, during which comments were received from seven public witnesses and the testimony and exhibits of the Company and Staff were introduced and received into the record. Counsel for Aqua Virginia, Consumer Counsel, Caroline County, the Lake Monticello Homeowners' Association, Frederick County, and Staff were present at the hearing. Frederick County filed its post-hearing brief on June 29, 2015, and on June 30, 2015, post-hearing briefs were filed by Aqua Virginia,⁹ Consumer Counsel, and Staff.

¹ Va. Code § 56-232 *et seq.*

² 20 VAC 5-201-10 *et seq.*

³ Ex. 8 (Application) at 1.

⁴ *Id.* at 3.

⁵ Ex. 9 (Becker Direct) at 4. The Commission previously approved the transfer of control of AVWU and AVU to Aqua Virginia. See *Joint Petition of Aqua Virginia, Inc., Aqua Virginia Water Utilities, Inc., and Aqua Virginia Utilities, Inc., For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00012, 2014 S.C.C. Ann. Rept. 381, Order Granting Authority (June 17, 2014).

⁶ On September 17, 2014, the Commission entered an Amending Order requiring the Company to file a bond in the amount of \$1,707,180, payable to the Commission and conditioned to insure prompt refund by the Company of all amounts collected in excess of the rates and charges found reasonable and approved by the Commission.

⁷ Comments opposing the proposed rate increase also were received from public officials representing the interests of Aqua Virginia's customers, including Delegate Margaret B. Ransome, Senator Ryan T. McDougle, and Delegate Robert Bell. In addition, the Boards of Supervisors of Northumberland County, Lancaster County, Caroline County, and Fluvanna County filed resolutions strongly objecting to the Company's proposed rate increase.

⁸ In response to the Company's late-filed Exhibit 29C on May, 27, 2015, Staff filed additional supplemental testimony of Estaña M. Davis on June 3, 2015, as Exhibit 30C.

⁹ As permitted by the Hearing Examiner at the evidentiary hearing of this case (*see* Tr. 141-2), on June 30, 2015, Aqua Virginia also filed the Company's Exhibit 11, a report on Aqua Virginia's investigation of customer comments at the local public hearings.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On September 18, 2015, Hearing Examiner Howard P. Anderson, Jr., issued his report ("Report" or "Hearing Examiner's Report"), which included the following findings and recommendations:

1. The use of a test year ending December 31, 2014, is proper in this proceeding;
2. The Company's test year operating revenue, after all adjustments, was \$16,702,517;
3. The Company's adjusted test year net operating income, after all adjustments, was \$3,206,387;
4. The Company's test year operating expenses, after all adjustments, were \$13,496,047;
5. The Company's overall end of test period rate base, after all adjustments, was \$59,572,180;
6. The adjustments made by Staff are reasonable and should be approved;
7. The bookkeeping recommendations made by Staff are appropriate and should be approved;
8. Aqua America's actual capital structure as of September 30, 2014, should be utilized to determine the overall cost of capital in this proceeding;
9. A return on equity cost range of 8.75% to 9.75%, with a midpoint of 9.25% for the purpose of setting rates is reasonable and should be approved;
10. An overall cost of capital of 6.943% is reasonable and should be adopted;
11. The Company requires \$1,418,507 in additional gross annual revenues;
12. The Company's request to reduce the current five water rate groups to three and the current three wastewater groups to two in an effort to continue progress toward a uniform consolidated rate should be approved;
13. The Company's proposal to merge the books and records of AVWU, AVU, Stagecoach Hills Public Water System ("Stagecoach"), Botetourt Forest Water Corporation ("Botetourt"), and B&J Enterprises, L.C. ("Blacksburg") with those of Aqua Virginia should be approved;¹⁰
14. The Company's connection fees should be set at \$1,500 for water and \$3,500 for wastewater;
15. The Company's additional revenue requirement found reasonable herein should be applied solely to volumetric rates and the base facilities charges for water and sewer should remain unchanged; and
16. The Company should promptly refund, with interest, all revenues collected under its interim rates in excess of the amount found just and reasonable herein.

The Hearing Examiner recommended that the Commission enter an order adopting the findings contained in the Report, granting the Company an increase in gross annual revenues of \$1,418,507, and directing the prompt refund of all amounts collected under the interim rates in excess of the rate increase found just and reasonable in the Report.¹¹

Aqua Virginia, Consumer Counsel, Caroline County, and Frederick County filed comments on the Hearing Examiner's Report. The Staff filed a letter supporting the analysis and conclusions in the Report and requesting that the Commission adopt the findings and recommendations therein.

In its comments, Caroline County urges the Commission not to adopt the Hearing Examiner's Report, or, in the alternative, to reduce any increase in rates significantly and to condition it upon resolution of "the numerous and valid complaints of the customers."¹² Frederick County supports the Hearing Examiner's finding that the additional revenue requirement recommended in the Report should be applied only to volumetric charges and not to the base facilities charges ("BFCs"); however, Frederick County disagrees with the Hearing Examiner's finding that movement toward consolidated rates is the best policy.¹³ In its comments, Consumer Counsel supports the Hearing Examiner's recommendations that rates be set based on a ROE of 9.25% and that the Commission not approve any increase in Aqua Virginia's existing BFCs for water and sewer service.¹⁴

¹⁰ Since the Company's last rate case, the Company received Commission approval to acquire the operations of Stagecoach, Botetourt, and Blacksburg. *See Joint Petition of Aqua Virginia, Inc., and Roger Lee Crawford, Jr., For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2013-00112, 2014 S.C.C. Ann. Rept. 324, Order Granting Approval (Feb. 5, 2014); *Joint Petition of Aqua Virginia, Inc., and Botetourt Forest Water Corporation, For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2013-00119, 2014 S.C.C. Ann. Rept. 332, Order Granting Approval (Feb. 19, 2014); *Joint Petition of Aqua Virginia, Inc., and B&J Enterprises, L.C., For approval of a transfer of utility assets pursuant to the Utility Transfers Act and for the amendment of a certificate of public convenience and necessity pursuant to the Utility Facilities Act*, Case No. PUE-2013-00018, 2013 S.C.C. Ann. Rept. 368, Order Granting Approval (Aug. 9, 2013).

¹¹ Hearing Examiner's Report at 36-37, as modified by the Errata to Report of Howard P. Anderson, Jr., filed on June 30, 2015.

¹² Comments by Caroline County in Opposition to the Report of Howard P. Anderson, Jr., Hearing Examiner ("Caroline County Comments") at 3.

¹³ Frederick County Board of Supervisors' Comments on the Report of the Hearing Examiner at 1-2.

¹⁴ Comments of the Office of the Attorney General, Division of Consumer Counsel on Hearing Examiner's Report at 3.

In the Company's comments, Aqua Virginia disagrees with the Hearing Examiner's recommendations regarding ROE, capital structure, Aqua Customer Operations ("ACO") expense, Information Technology asset ("IT Asset") expense, revenue requirement, and BFCs. The Company maintains that the Commission should use Aqua America's actual December 31, 2014 capital structure, rather than the September 30, 2014 capital structure used by Staff in calculating the revenue requirement increase.¹⁵ The Company also requests that, if the Commission declines to adopt the Company's requested ROE of 10.3%, the Commission authorize a return near the upper end of Staff's range and approximating the currently-authorized ROE of 9.75%.¹⁶ The Company also urges the Commission to adopt the Company's proposed ACO expense adjustment, based on actual costs through March 2015, rather than Staff's proposed adjustment that updates test year ACO expense to October 31, 2014.¹⁷ The Company further requests that the Commission revise its policy regarding recovery of IT Asset expense, and allow the Company to recover the interest expense component based on the full cost of debt.¹⁸ In the alternative, the Company requests that if the Commission adopts the Hearing Examiner's recommended adjustment to IT Asset expense, the Commission "direct the Company and Staff to explore methods to permit recovery of IT Asset carrying costs, while excluding unintended profit, in future cases."¹⁹

Aqua Virginia's comments also note that the Hearing Examiner "inadvertently used as-filed rather than the most recent billing determinants in calculating the proposed rates" shown on Attachment HE-1 to the Report.²⁰ The Company further disagrees with the Hearing Examiner's recommendation that the Commission apply the revenue requirement increase to volumetric rates and that the current BFCs remain unchanged.²¹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

The Company's Application is governed by Chapter 10 of Title 56 of the Code. Under Chapter 10, § 56-234 establishes the duty of a public utility to furnish service at "reasonable and just rates . . . [and] to charge uniformly . . . all persons, corporations or municipal corporations using such service under like conditions." Similarly, § 56-235 of the Code grants the Commission the power to fix "just and reasonable" rates. Just and reasonable rates are defined in § 56-235.2 A as follows:

Any rate, toll, charge or schedule of any public utility operating in this Commonwealth shall be considered to be just and reasonable only if: (1) the public utility has demonstrated that such rates, tolls, charges or schedules in the aggregate provide revenues not in excess of the aggregate actual costs incurred by the public utility in serving customers within the jurisdiction of the Commission, including such normalization for nonrecurring costs and annualized adjustments for future costs as the Commission finds reasonably can be predicted to occur during the rate year, and a fair return on the public utility's rate base used to serve those jurisdictional customers. . . ; and (2) the public utility has demonstrated that such rates, tolls, charges or schedules contain reasonable classifications of customers. . . .

Revenue Requirement

In its Application, Aqua Virginia sought an increase in annual water revenues of \$1,301,088 and an increase in annual wastewater revenues of \$406,092, for a total proposed revenue requirement increase in the amount of \$1,707,180.²² These amounts were based, in part, on a 10.3% ROE and an overall rate of return of 7.75%.²³ In contrast, Staff's testimony supports an incremental revenue requirement for water of \$1,117,978, and an incremental revenue requirement for wastewater of \$300,528, for a total combined revenue requirement increase of \$1,418,507.²⁴ Staff's recommended revenue requirement increase is based on a 9.25% ROE and overall cost of capital of 6.94%.²⁵

Cost of Capital

Capital Structure and Cost of Debt

As set out in his Report, the Hearing Examiner utilized the actual consolidated capital structure of Aqua America as of September 30, 2014, as recommended by Staff. We find that, for ratemaking purposes, the evidence supports the use of Aqua America's actual consolidated capital structure as of

¹⁵ Comments of Aqua Virginia, Inc. on Report of Howard P. Anderson, Jr., Hearing Examiner ("Company Comments") at 6-10.

¹⁶ *Id.* at 16.

¹⁷ *Id.* at 10-11.

¹⁸ *Id.* at 16-18.

¹⁹ *Id.* at 18.

²⁰ *Id.* at 12.

²¹ *Id.* at 12-14.

²² Ex. 8 (Application) at 1.

²³ *Id.* at Schedule 8.

²⁴ Ex. 17 (Davis) at 26-27; Ex. 18 (Davis Supplemental) at 4.

²⁵ Ex. 17 (Davis) at 26-27; Ex. 22 (Ballsrud) at 2. We also note that both Staff and the Company used a test year ending March 31, 2014, for calculating earnings. See Ex. 17 (Davis) at 3-7; Ex. 13 (Lynch Direct) at 2-3.

September 30, 2014, which consists of 1.268% short-term debt, 49.498% long-term debt and 49.234 % common equity.²⁶ In so finding, we note that both the Company and Staff recommended a different ratemaking capital structure from the March 31, 2014 end-of-test-period actual capital structure. As Staff witness Ballsrud testified, Aqua America's equity ratio has tended to be relatively consistent between 48.50% and 49.25% from the quarter ended September 30, 2013, to the quarter ended September 30, 2014.²⁷ Between September 30, 2014, and December 31, 2014, Aqua America's equity ratio increased from 49.234% to 50.27%, an increase of more than a full percentage point in just three months.²⁸ We note that this increase was due in part to debt that was retired or matured during the fourth quarter of 2014, as the total amount of long-term debt declined by \$27 million, in contrast to the previous pattern of an increasing balance of long-term debt between the quarter ended September 30, 2013, and the quarter ended September 30, 2014.²⁹ Staff witness Ballsrud testified that Aqua America will likely need to keep issuing debt to adhere to its business model, and that the debt to equity ratio as of December 31, 2014 is not sustainable over the long term.³⁰

The ratemaking capital structure is to be used to set rates for the indefinite future, not just for the first or second quarters of 2015. Accordingly, we find that based on the evidence presented, Aqua America's actual consolidated capital structure as of September 30, 2014, is more representative of Aqua America's historical trend of managing its financing and capital structure and is, therefore, a better representation of the debt to equity ratio over the long term. We also approve the cost of long-term debt (4.801%) and short-term debt (1.002%) reflected in Staff's testimony.³¹

Return on Equity

We agree with the Hearing Examiner and find that establishing rates based on a cost of equity of 9.25%, the midpoint of a cost of equity range of 8.75% to 9.75%, results in a fair and reasonable return on common equity, resulting in an overall return on rate base of 6.943%. This return is supported by evidence in the record.³² In particular, we find that Staff witness Ballsrud's proxy group for Aqua Virginia resulted in a reasonable equity range estimate for an average water distribution company.³³ We further find that Mr. Ballsrud used reasonable and appropriate inputs to his models, consistent with methodologies used by Staff and relied upon by the Commission in prior utility rate cases,³⁴ and appropriately considered the results of his Discounted Cash Flow analysis, weighted against his risk premium analysis, in reaching his equity range estimate and in recommending the midpoint of 9.25%.³⁵

Conversely, we find that neither Aqua Virginia's proposed cost of equity of 11.25% nor a ratemaking return on equity of 10.3% represents the market cost of equity or a reasonable return on equity for the Company. The Company uses unreasonable inputs, including an unreasonably high growth rate and projected interest rates.³⁶ We have explicitly rejected the use of such inputs in previous cases, on the basis that they impart an upward bias in the Company's cost of equity results.³⁷

Moreover, the Commission finds that, for future earnings tests, the cost of equity range of 8.75% to 9.75% set forth in Staff's pre-filed testimony is reasonable and should be adopted.

²⁶ See, e.g., Staff Brief at 7-10. We find that it is reasonable to include Aqua America's balances of short-term debt and the three-year revolving credit facility with a face amount of \$72 million in the September 30, 2014 capital structure, for the reasons set forth in Staff testimony. See, e.g., Ex. 22 (Ballsrud) at 6, 8; Tr. 257-58.

²⁷ Tr. 259; Ex. 23 (Common Equity Ratio – Aqua America).

²⁸ Tr. 259; Ex. 22 (Ballsrud), Schedule 3; Ex. 31 (Szczygiel Rebuttal) at Exhibit SFS-R1 (update to Company Responses to Staff Interrogatory Nos. 1-2 and 1-6).

²⁹ See, e.g., Tr. 259-60; Ex. 31 (Szczygiel Rebuttal) at Exhibit SFS-R1 (update to Company Response to Staff Interrogatory No. 1-2).

³⁰ Tr. 260, 285-86.

³¹ See, e.g., Staff Brief at 8; Ex. 22 (Ballsrud) at 7-8 and Schedule 5.

³² See, e.g., Ex. 22 (Ballsrud); Staff Brief at 10-19.

³³ See, e.g., Ex. 22 (Ballsrud) at 9-22.

³⁴ See, e.g., *Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, 463, Final Order (Nov. 30, 2011) ("We find that the Staff's results . . . utilize reasonable proxy groups, growth rates, discounted cash flow methods, and risk premium analyses. We conclude that the methodology employed by the Staff is consistent with the public interest and that the results herein satisfy constitutional standards . . ."); *Application of Alpha Water Corporation, et al., For an increase in water and sewer rates*, Case No. PUE-2009-00059, 2010 S.C.C. Ann. Rept. 346, 348-9, Order (Oct. 29, 2010) ("2009 Aqua Order"); *Application of Appalachian Power Company, For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia*, Case No. PUE-2007-00069, 2007 S.C.C. Ann. Rept. 474, 476, Final Order (Dec. 13, 2007).

³⁵ See, e.g., Ex. 22 (Ballsrud) at 9-22.

³⁶ See, e.g., Staff Brief at 12-15.

³⁷ See, e.g., *Application of Appalachian Power Company, For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia*, Case No. PUE-2007-00069, 2007 S.C.C. Ann. Rept. 474, 476, Final Order (Dec. 13, 2007); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, 327, Final Order (May 15, 2007). In addition, we find that Aqua Virginia has not established that a business risk (size) adjustment is warranted in this case. See, e.g., Staff Brief at 18-19.

Accounting Adjustments

The Hearing Examiner also accepted the accounting adjustments recommended by Staff, which included the following expenses, the treatment of which the Company and Staff continued to disagree at the conclusion of the evidentiary hearing: (1) ACO expense, and (2) IT Asset expense.³⁸ Based on these findings, the Hearing Examiner found that Aqua Virginia required \$1,418,507 in additional gross annual revenues.³⁹

The Commission, like the Hearing Examiner, finds that Aqua Virginia requires some additional revenues as the Company has made significant capital improvements over the past several years to recently-acquired systems that were in poor condition and not able to provide adequate service or meet regulatory standards.⁴⁰ We note, in particular, that the Company has made significant improvements to the wastewater plants servicing the Lake Monticello, Lake Holiday and Lake Land'Or systems, to secure the release of consent orders previously issued to those systems by the Department of Environmental Quality.⁴¹

We find that a revenue requirement increase of \$1,489,617⁴² is reasonable, based on our findings regarding the appropriate ratemaking capital structure and ROE, and the following findings regarding the contested expense adjustments. We note that this approved increase is less than requested by the Company and will result in a refund to customers based on the difference between approved rates and interim rates. We also find that the use of a test year ending March 31, 2014, is proper in this proceeding.

ACO Expense Adjustment

Based on the circumstances of this case and the facts presented in this record, we find that Aqua Virginia's proposed ACO expense adjustment is reasonable, resulting in a total rate year level of ACO expense in the amount of \$382,178.⁴³ The Company's proposed ACO expense represents known and measurable costs that are reasonably predicted to occur during the rate year.

IT Expense Adjustment

We adopt the Hearing Examiner's finding that interest expense on IT Assets should be calculated using the weighted average cost of debt rather than the full, non-weighted cost of debt and concur that it is appropriate to exclude a profit component. In his pre-filed rebuttal testimony, Company witness Szczygiel asserted that if the Company is not allowed to earn interest on the IT Assets based on the full cost of debt, the Company would not "achieve its allowed rate of return."⁴⁴ As noted herein, Aqua America's capital structure is comprised of both debt and equity. We note, however, that an equity return on IT Assets is not provided for in the service agreement between Aqua Virginia and Aqua Services, Inc.⁴⁵ Accordingly, the Company is not permitted to earn an overall rate of return on IT Assets that includes an equity, or profit, component.

As stated in the pre-filed testimony of Staff witness Davis, however, to apply the full cost of debt to calculate interest expense on IT assets "assumes the capital structure is comprised solely of debt and ignores the fact that there is equity included in the capital structure."⁴⁶ Ms. Davis stated further that the amount excluded by Staff's adjustment "represents the portion of the IT assets financed by equity under the consolidated capital structure."⁴⁷ Accordingly, Staff correctly adjusted the IT Asset interest expense to exclude the equity portion of the carrying costs and apply a weighted average cost of debt to calculate the current return on IT Assets. This is the appropriate method to calculate the Company's return on IT Assets without resulting in the Company earning a profit on these assets, and we do not find that it is necessary to direct the Staff and Company to explore other methods of calculating the interest component of the IT Asset expense. The Company recognizes in its Comments that this is "consistent with the Commission's recent treatment of IT Assets of other utilities."⁴⁸

³⁸ In pre-filed testimony, Staff had also opposed the Company's requested regulatory asset treatment for tank painting expense, rate case expense, and relocation expense. See Ex. 17 (Davis) at 18-20. The Company has since withdrawn its request for regulatory asset treatment of these expenses, consistent with Staff's position. See Ex. 31 (Szczygiel Rebuttal) at 2; Tr. 97; Supplement to Ex. 28 (filed May 27, 2015) at note (3).

³⁹ Hearing Examiner's Report at 35-36.

⁴⁰ See, e.g., *id.* at 30; Ex. 14 (Castillo Direct) at 2-8; Tr. 129-38; Ex. 10 (Project Summary). We note that Company witness Clifton L. Parker IV, adopted the Direct Testimony of Timothy C. Castillo. See Ex. 6.

⁴¹ Ex. 14 (Castillo Direct) at 2.

⁴² We approve an incremental revenue increase for water in the amount of \$1,174,904, and an incremental revenue increase for wastewater in the amount of \$314,713.

⁴³ See, e.g., Company Comments at 10-11; Ex 29C (Lynch Supplemental Rebuttal) and Attachment.

⁴⁴ Ex. 31 (Szczygiel rebuttal) at 3.

⁴⁵ See *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. 433, Order on Reconsideration (Aug. 21, 2012).

⁴⁶ Ex. 17 (Davis) at 15.

⁴⁷ *Id.*

⁴⁸ Company Comments at 18.

Depreciation Study

Although not specifically addressed in the Hearing Examiner's Report, we note that Staff made the following recommendations related to the Company's depreciation study: (i) the Company's proposed depreciation rates should be adopted for booking purposes effective April 1, 2014, the date of the study; and (2) the Company should prospectively account for cost of removal, which should be debited to accumulated depreciation, in accordance with the Uniform System of Accounts.⁴⁹ We adopt these recommendations, which were not opposed by the Company or any other parties.

Adoption of Certain Accounting Recommendations

In pre-filed testimony, Staff witness Davis made the following recommendations:

- A. Staff does not support Aqua Virginia's request for regulatory asset treatment of rate case and other regulatory case costs related to this proceeding and future annual informational filings. These costs do not meet the non-recurring, unusual or beyond the control of the company criteria ("Criteria"). Rather, Staff recommends that a three-year average normalized rate case and other regulatory case expense of \$194,768 be included in the cost of service.
- B. Staff does not support Aqua Virginia's request for regulatory asset treatment of tank painting costs. These costs do not meet the Criteria. Rather, Staff recommends that Aqua Virginia credit deferred tank painting amounts in account 186399 and record the balancing debit to retained earnings.
- C. Staff recommends that a ten-year normalized tank painting expense of \$28,131 be included in the cost of service.
- D. Staff does not support Aqua Virginia's regulatory asset treatment of relocation costs. These costs do not meet the . . . Criteria. Staff recommends that Aqua Virginia credit deferred relocation amounts in account 186200 and record the balancing debit to retained earnings.
- E. Staff does not support Aqua Virginia's regulatory asset treatment of centrifuge maintenance costs. These costs do not meet any of the Criteria for regulatory assets. Staff recommends that Aqua Virginia recognize the centrifuge maintenance costs as an expense when incurred.
- F. Staff recommends that Aqua Virginia prospectively account for cost of removal in accordance with the USOA.
- G. Staff does not object to merging the books and records of AVWU, AVU, Stagecoach, Botetourt, and Blacksburg with those of Aqua Virginia.

("Staff Recommendations A-G").⁵⁰ As mentioned previously, the Company withdrew its request for regulatory asset treatment of rate case costs, tank painting expense, and relocation costs. The Company also did not object to Staff's recommendation regarding centrifuge maintenance costs.⁵¹ The Commission finds that Staff Recommendations A-G are reasonable and should be adopted.

Consolidated Rates and Rate Design

In the 2009 Aqua Order, we approved the consolidation of water systems into four rate groups, and the consolidation of wastewater systems into three rate groups, and found that the rates approved therein "reasonably balance[d] the need to promote gradualism with the goal of moving toward a consolidated rate structure."⁵² We approved one water BFC for all four rate groups (and one wastewater BFC), with the volumetric charges being the lowest for Rate Group No. 1 and increasing in amount to Rate Group No. 4. In Case No. PUE-2011-00099,⁵³ the Commission approved a Stipulation between the Company and Staff, which provided for five water rate groups.⁵⁴ Consistent with our findings in the 2009 Aqua Order and 2011 Aqua Order, we approve the Company's request to reduce the current five water rate groups to three, and the current three wastewater rate groups to two, in an effort to continue progress toward a uniform consolidated rate. We also approve the Company's request to incorporate into its rate structure the recently-merged AVU and AVWU systems.

While the Commission concurs with the Hearing Examiner's recommendation that the Company should be permitted to reduce the current five water rate groups to three and the current three wastewater rate groups to two, we do not adopt the Hearing Examiner's recommended rate design. Although the Company's rates are currently designed to recover approximately 40% of the Company's total revenue requirement through BFCs and the remaining 60%

⁴⁹ See Staff Brief at 7.

⁵⁰ Ex. 17 (Davis) at 27-28.

⁵¹ See *id.* at 20; Staff Brief at 5.

⁵² 2009 Aqua Order at 15; 2010 S.C.C. Ann. Rept. at 350.

⁵³ *Application of Aqua Virginia, Inc., and Sydnor Hydrodynamics, Inc., For an increase in water and sewer rates*, Case No. PUE-2011-00099, Doc. Con. Cen. No. 130430122, Final Order (April 17, 2013) ("2011 Aqua Order").

⁵⁴ As noted by Staff witness Tufaro, the Company had brought 69 water systems into the consolidated rate structure, and a new rate group (Rate Group No. 0) was established for systems whose rates were significantly below those of Rate Group No. 1. See Ex. 26 (Tufaro) at 6, n.11.

through volumetric rates,⁵⁵ the Hearing Examiner recommended in his Report that the revenue requirement approved herein should be applied only to volumetric rates and the BFCs should remain unchanged.⁵⁶ In its Comments, the Company asserts that the Hearing Examiner's recommendation "will increase volatility of future revenues and will only accelerate the filing of future rate cases due to declining consumption."⁵⁷ In pre-filed testimony, Staff witness Tufaro noted that the Company's proposed BFCs and volumetric rates "do not deviate[] from the Commission's approved rate design" and recommended that if the Commission approves a lower water or wastewater revenue requirement than that requested by the Company, the BFCs be reduced by the same percentage to maintain the current 40/60 ratio.⁵⁸ Consistent with the rate design approved in Aqua Virginia's previous rate cases, we approve the monthly and volumetric rates for water and wastewater as shown in the table below. With the exception of Stagecoach Hills and Blacksburg customers, the approved rates result in a decrease from the interim rates currently in effect.⁵⁹ In so doing, we maintain the previously-approved 40/60 ratio for BFCs to volumetric charges.

Rate Groups,	Merged	Rate	kGal
Acquired Systems	Group	BFC \$	Usg \$
WATER			
AVA-W0	1	\$17.62	\$5.07
AVA-W1	1	\$17.62	\$5.07
St. Tammany	1	\$17.62	\$5.07
Botetourt Forest	1	\$17.62	\$5.07
British Woods	1	\$17.62	\$5.07
AVA-W2	2	\$17.62	\$6.74
Fox Run	2	\$17.62	\$6.74
Stagecoach Hills	2	\$45.00	—
Chesdin Manor	2	\$17.62	\$6.74
AVA-W3	3	\$17.62	\$7.48
AVA-W4	3	\$17.62	\$7.48
WASTEWATER			
Blacksburg	1	\$79.51	—
AVA-S1	1	\$31.26	\$12.32
Manakin Farms	1	\$31.26	\$12.32
AVA-S2	2	\$31.26	\$15.05
AVA-S3	2	\$31.26	\$15.05

We find that the rate structure approved herein results in just and reasonable rates, and that the rates approved herein continue to reasonably balance the need to promote gradualism with the goal of moving toward a consolidated rate structure.

Customer Comments

The testimony of 120 public witnesses was received during the course of this proceeding and the Commission received over 1,150 written comments opposing the Company's proposed rate increase. In its Comments to the Hearing Examiner's Report, Caroline County urges the Commission "not to approve any increase in rates for Aqua Virginia customers in Caroline County, or in the alternative, to reduce the increase significantly and condition it

⁵⁵ Tr. 154-55.

⁵⁶ Hearing Examiner's Report at 35.

⁵⁷ Company Comments at 12.

⁵⁸ Ex. 26 (Tufaro) at 7.

⁵⁹ The Company did not request an increase in the unmetered flat rate of \$45 for Stagecoach Hills. The flat rate shown in the table for Blacksburg is the rate proposed in the Company's Application. See Ex. 21 (Franceski Direct) at Statement DTF-1; Tr. 249.

upon resolution of the numerous and valid complaints of the customers."⁶⁰ We recognize the concerns expressed by Aqua Virginia customers in this case, including those by customers in Caroline County, and are keenly aware that many of Aqua Virginia's customers have been subject to multiple rate increases over the last few years. As stated above, however, we also recognize the substantial capital improvements the Company has made to recently-acquired systems that were in poor condition and not able to provide adequate service or meet regulatory standards, as well as other measures implemented or installed by the Company since its last rate case to address various issues at Lake Land'Or and other systems.⁶¹

Moreover, in deciding Aqua Virginia's request for a rate increase, we are mindful of the requirements of § 56-235.2 A of the Code, set forth above. We find that the rates approved herein are not in excess of the aggregate actual costs incurred by Aqua Virginia in serving its customers within the Commission's jurisdiction, including a fair return on its rate base.

Accordingly, IT IS ORDERED THAT:

(1) In accordance with the findings made herein, Aqua Virginia is granted an incremental revenue requirement of \$1,174,904 for water services, and an incremental revenue requirement of \$314,713 for wastewater services, for a total of \$1,489,617 in additional gross annual revenues.

(2) Staff Recommendations A-G hereby are adopted.

(3) A rate of return on common equity of 9.25%, and a cost of equity range of 8.75% to 9.75%, hereby are adopted.

(4) 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 January 5, 2015. 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.

(5) The Company shall recalculate, using the rates and charges approved herein, each bill it rendered that used, in whole or in part, the rates and charges that took effect on an interim basis and subject to refund on and after January 5, 2015, and, where application of the new rates results in a reduced bill, refund the difference with interest as set out below within ninety (90) days of the issuance of this Final Order.

(6) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. 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.

(7) The refunds ordered herein may be credited to the current customers' accounts. Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is \$1 or more. The Company may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. The Company may retain refunds to former customers when such refund is less than \$1, however, such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code.

(8) 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.

(9) The Company shall bear all costs incurred in effecting the refunds ordered herein.

(10) This matter is dismissed.

⁶⁰ Caroline County Comments at 3. We note, however, that Caroline County makes no mention in its Comments of the Company's Exhibit 11 (consisting of a 100-page report plus exhibits), filed on June 30, 2015, in which the Company reports on its investigation of customer comments and concerns at the public hearings in this case and provides details regarding the Company's attempts to resolve each of the comments raised at the public hearings. See Ex. 11; Company Comments at 4. We note further that the Company has represented that it "remains committed to providing quality service to its customers and will continue to follow-up on any customer concerns." Company Comments at 23.

⁶¹ See, e.g., Hearing Examiner's Report at 30; Ex. 14 (Castillo Direct) at 2-8; Tr. 129-38; Ex. 10 (Project Summary); Company Comments at 22-23.

**CASE NO. PUE-2014-00062
MARCH 18, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY,
VIRGINIA POWER SERVICES ENERGY CORP., INC.,
and
VIRGINIA POWER ENERGY MARKETING, INC.

For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On January 19, 2016, Virginia Electric and Power Company ("DVP" or "Company"), Virginia Power Services Energy Corp., Inc. ("VPSE"), and Virginia Power Energy Marketing, Inc. (collectively, "Applicants"), filed an Application for Approval of a Fully Developed Methodology for Allocating Interest Expense and Income on Margining Requirements to Virginia Power Services Energy Corp., Inc. ("Application"), with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code");¹ Ordering Paragraph (12) of the Commission's September 29, 2014 Order Granting Approval;² and Ordering Paragraph (1) of the Commission's December 29, 2015 Order.³ The Application requests approval effective January 1, 2015, of a fully developed allocation methodology as set forth in the Margin Capital Cost Allocation Process ("Allocation Methodology") attached to the Application as Confidential Exhibit 1, whereby VPSE will allocate interest income and expense on margining requirements to VPSE. The Applicants also explain why interest expense and interest income on margining requirements should be based on the weighted average cost of short-term and long-term debt of Dominion Resources, Inc. ("DRI").

The Applicants represent that the proposed Allocation Methodology is designed to ensure that there is sufficient funding available to satisfy VPSE's margin requirements throughout the entire period(s) in which its positions are open and that VPSE is allocated its fair share of both the interest income and interest expense attributable to its open positions. The Applicants further state that it is appropriate to use DRI's weighted average cost of short-term debt and long-term debt when calculating the amount of interest expense allocated to VPSE because DRI funds are used for VPSE's margin requirements.⁴

NOW THE COMMISSION, upon consideration of the Application, the representations of the Company, the applicable statutes, and having been advised by the Staff of the Commission ("Staff"), is of the opinion and finds that the above-described Allocation Methodology is in the public interest and should, therefore, be approved subject to the requirements set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the proposed Allocation Methodology for allocating interest expense and income on margin requirements; however, the basis for such expense and income shall be based on DRI's money pool borrowing rates.
- (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 Allocation Methodology.
- (3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.
- (4) The Commission reserves the right to examine the books, records, and other related documents of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.
- (5) DVP 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.
- (6) In the event that rate filings are not based on a calendar year, then DVP shall include the affiliate information contained in its ARAT in such rate filings.
- (7) All other provisions of the Commission's September 29, 2014 Order Granting Approval shall remain unchanged.
- (8) This matter is continued generally pending further order of the Commission.

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

² *Application of Virginia Electric and Power Company, Virginia Power Services Energy Corp., Inc., and Virginia Power Energy Marketing, Inc., For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 et seq., 2014 S.C.C. Ann. Rept. 454, Order Granting Approval (Sept. 29, 2014).*

³ *Id.*, Doc. Con. Cen. No. 151250080, Order (Dec. 29, 2015).

⁴ Application at 12.

**CASE NO. PUE-2014-00091
SEPTEMBER 20, 2016**

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 CLOSING CASE

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. 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 October 26, 2015, the Commission approved a Settlement Agreement among WGL, Stand Energy Corporation and the competitive service provider ("CSP") petitioners in Case No. PUE-2014-00095 ("Complaint Case"),¹ filed concurrently in this proceeding and in the Complaint Case, as well as revisions to Rate Schedule Nos. 4, 7, 9 and 11.² 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.³ The Settlement Agreement states further that it is "contingent 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."⁴

The Commission's approval of the Settlement Agreement and revisions to Rate Schedule Nos. 9 and 11 was contingent upon approval of the Settlement Agreement and applicable revised tariff sheets by the Public Service Commissions of Maryland and the District of Columbia. This matter remained open pending notification from WGL of approval of the Settlement Agreement and applicable revised tariff sheets by the Maryland and District of Columbia Commissions.

On November 2, 2015, WGL filed revised Rate Schedule Nos. 4 and 7. On August 24, 2016, WGL filed revised Rate Schedule Nos. 9 and 11 and notified the Commission that the Public Service Commissions of Maryland and the District of Columbia approved the Settlement Agreement and applicable tariff revisions on October 22, 2015, and July 22, 2016, respectively.

NOW THE COMMISSION, upon consideration of this matter, finds that there is nothing further to be acted upon in the instant case and that this case should be closed.

Accordingly, IT IS SO ORDERED.

¹ 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).

² *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, 2015 S.C.C. Ann. Rept. 242, Order Approving Tariff Revisions (Oct. 26, 2015).

³ Settlement Agreement at 2-3.

⁴ *Id.* at 7.

**CASE NO. PUE-2014-00095
SEPTEMBER 20, 2016**

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 CLOSING CASE

On September 15, 2014, Integrys Energy Services – Natural Gas, LLC; Compass Energy Gas 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 January 2014 through March 2014. 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.

Following a two-day evidentiary hearing in February 2015 and several months of negotiations between WGL and the Petitioners, on October 26, 2015, the Commission approved a Settlement Agreement among WGL, Stand Energy Corporation and Petitioners, filed concurrently in this

proceeding and in Case No. PUE-2014-00091¹ ("Tariff Case").² The Settlement Agreement resolved all issues in the current proceeding as well as all issues relating to WGL's proposed revisions to its tariffs applicable to competitive service providers ("CSPs") – Rate Schedule Nos. 9 and 11 – in the Tariff Case. 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.³ The Settlement Agreement states further that it is "contingent 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."⁴

The Commission's approval of the Settlement Agreement and revisions to Rate Schedule Nos. 9 and 11 was contingent upon approval of the Settlement Agreement by the Public Service Commissions of Maryland and the District of Columbia. This matter remained open pending notification from WGL of approval of the Settlement Agreement and applicable revised tariff sheets by the Maryland and District of Columbia Commissions.

On August 24, 2016, WGL filed revised Rate Schedule Nos. 9 and 11 and notified the Commission that the Public Service Commissions of Maryland and the District of Columbia approved the Settlement Agreement and applicable tariff revisions on October 22, 2015, and July 22, 2016, respectively.

NOW THE COMMISSION, upon consideration of this matter, finds that there is nothing further to be acted upon in the instant case and that this case should be closed.

Accordingly, IT IS SO ORDERED.

¹ *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).

² *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, 2015 S.C.C. Ann. Rept. 243, Order Approving Settlement Agreement (Oct. 26, 2015).

³ Settlement Agreement at 2-3.

⁴ *Id.* at 7.

CASE NO. PUE-2015-00036 FEBRUARY 1, 2016

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

In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*

FINAL ORDER

On July 1, 2015, Appalachian Power Company ("APCo" 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").

APCo's IRP encompasses the 15-year planning period from 2015 to 2029.¹ The Company's stated goal of the IRP process is to identify the amount, timing and type of resources required to ensure a reliable supply of power and energy to customers at the least reasonable cost.² According to the Company, the resource planning process is becoming increasingly complex in light of technology advancement, changing energy supply pricing fundamentals, uncertainty of demand, end-use efficiency improvements and pending regulatory restrictions, including proposals to control greenhouse gases, 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").³

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, 2015.⁴

¹ Exhibit ("Ex. ") 2 (IRP) at ES-1-ES-2.

² *Id.* at 1.

³ *Id.* at ES-12-ES-13.

⁴ *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).

Although the Company did not model compliance with the Clean Power Plan specifically, the Company states it modeled various scenarios that include different levels of pricing for carbon, as well as the retirement of an 800 megawatt coal-fired unit in 2025.⁵ The Company states that applying a cost to carbon emissions penalizes higher carbon emitting resources while increasing the value of lower carbon emitting resources, which the Company asserts is a reasonable proxy for the effects of the proposed CPP.⁶ The IRP further states that, after a final rule is promulgated, and state plans created, it will be possible for APCo to model the impacts of future greenhouse gas regulation in the context of an IRP filing.⁷

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 APCo 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 Old Dominion Committee for Fair Utility Rates ("Committee"); the Mid-Atlantic Renewable Energy Coalition ("MAREC"); and the Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents").

The Commission's Order for Notice and Hearing also provided for the pre-filing of testimony and exhibits by APCo, respondents, and the Commission's Staff ("Staff"). The Company, MAREC, Environmental Respondents, and Staff prefiled testimony in this proceeding.

On December 8, 2015, the Commission convened an evidentiary hearing on the Company's IRP. The Company, Consumer Counsel, MAREC, the Environmental Respondents, the Committee, and Staff participated in the hearing. At the outset of the hearing, the Commission received public witness testimony.⁸ Thereafter, the Commission received testimony and exhibits from APCo, the respondents, and Staff.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Legal Sufficiency of APCo'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 APCo'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. While each of the respondents and Staff made recommendations regarding the Company's future IRP filings, no party recommended that the Commission find the current IRP unreasonable and contrary to the public interest.⁹

While the Commission finds that APCo'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.

2016 IRP Requirements

Clean Power Plan

APCo'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,¹⁰ or a federal implementation plan.¹¹ Despite these uncertainties, however, the Company's next filing should be able to provide information that is useful in assessing potential approaches for compliance and the costs and rate impacts attendant thereto. Therefore, in its upcoming filing due May 1, 2016, APCo, 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 Plexos® 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 APCo's customers; and identify whether any aspect of any plan would require changes to existing Virginia law;

⁵ Ex. 2 (IRP) at 44.

⁶ *Id.* at 45.

⁷ *Id.* at 44.

⁸ The Commission also considered public comments filed pursuant to the Order for Notice and Hearing.

⁹ *See, e.g.*, Tr. 20-32.

¹⁰ 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. 11 (Walker) at 5, n.4.

¹¹ In addition to generation located in Virginia, APCo also relies on fossil-fueled generation sited in three other states to serve Virginia customers. Ex. 2 (IRP) at 115. Like Virginia, those states may not have decided before May 1, 2016, whether to adopt a state implementation plan that includes a mass-based approach, a state implementation plan that includes an intensity-based approach, or a federal implementation plan.

- 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 APCo'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;
- examine the cost benefits of trading emissions allowances or emissions reductions credits, or acquiring renewable resources from inside and outside of Virginia;
- provide a detailed discussion of the development of state implementation plans in Indiana, Ohio and West Virginia, the potential for differing implementation approaches in its operating states, and how differing implementation approaches may impact APCo's ability to comply with the Clean Power Plan; and
- identify a long-term plan recommendation that reflects the EPA's final version of the Clean Power Plan.¹²

Rate Design

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. APCo 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, APCo shall:

- analyze whether maintaining the existing rate structure is in the best interests of residential customers; and
- evaluate options for variable pricing models that could incent customers to shift consumption away from peak times to reduce costs and emissions.

Market Alternatives

MAREC recommends that APCo evaluate additional wind energy purchases in future IRPs as part of its CPP compliance strategy and based on the increasing cost-competitiveness of wind.¹³ APCo's IRP includes adding 150 megawatts of wind energy in 2016, followed by 150 megawatts per year beginning in 2022.¹⁴ APCo's rebuttal testimony also indicates that the Company will likely issue a request for proposals for 150 megawatts of wind generation in early 2016.¹⁵ We find that in future IRP filings, APCo shall:

- include a 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; and
- 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.

While we direct APCo to provide a detailed analysis of market alternatives in its next IRP filing, such analysis does not require the Company, for purposes of satisfying the IRP statutes, to enter into a request for proposal process or request for information process.

Solar Photovoltaic Generation

The IRP acknowledges that the economics of distributed generation, particularly solar, continue to improve and provides for an assumed growth rate for rooftop solar within APCo of 5 percent per year.¹⁶ The adequacy of APCo's analysis of solar photovoltaic generation has been challenged in this proceeding.¹⁷ In future IRPs, APCo shall:

- examine the impact of higher levels of distributed generation and identify any barriers to increased reliance by APCo on solar photovoltaic generation;¹⁸ and

¹² See, e.g., Ex. 11 (Walker) at 6-7; Ex. 9 (Loiter) at 4.

¹³ See, e.g., Ex. 7 (Thumma) at 6; Tr. 21.

¹⁴ Ex. 2 (IRP) at 123.

¹⁵ Ex.15 (Castle rebuttal) at 3-4.

¹⁶ See, e.g., Ex. 2 (IRP) at 53-55; Ex. 13 (Torpey rebuttal) at 12-13.

¹⁷ See, e.g., Ex. 8 (Rábago) at 9-11; Tr. 69-74.

- include a detailed analysis of the load characteristics of net metering customers and the generation-related impacts of customer generators.¹⁹

Forecast Updates

The load forecast for the IRP was completed in June 2014, more than 12 months prior to the filing of the current IRP.²⁰ We adopt Staff's recommendation that for future IRPs, the Company update the basis for its forecast of load and commodity prices each year and continue to refine the specific assumption and sensitivity adjustments of its modeling data.²¹

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.²² 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, APCo 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.

¹⁸ See, e.g., Ex. 8 (Rábago) at 13-15; Tr. 73-74.

¹⁹ See, e.g., Ex. 8 (Rábago) at 7-11; Tr. 71-72. The Commission directed a similar study in APCo's 2014 biennial review to be filed in the Company's next biennial review. See *Application of Appalachian Power Company, For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2014-00026, 2014 S.C.C. Ann. Rept. 392, 404 n.102 (Nov. 26, 2014).

²⁰ Ex. 2 (IRP) at 4.

²¹ Ex. 10 (Eichenlaub) at 5, 13.

²² *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-2015-00037 MARCH 14, 2016

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

In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*

FINAL ORDER

On July 1, 2015, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission") the Company's Integrated Resource Plan ("IRP") pursuant to § 56-599 of the Code of Virginia ("Code").¹

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 C of the Code, the Commission is to make a determination as to whether the Company's IRP is reasonable and in the public interest.

¹ This filing was accompanied by a Motion for Protective Order seeking to maintain the 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.*

The 2015 Session of the Virginia General Assembly enacted legislation ("2015 Amendments") that, among other things, amended the IRP statutes to require that IRPs evaluate the effect of current and pending environmental regulations upon the continued operation of existing electric generation facilities or options for construction of new electric generation facilities and the most cost-effective means of complying with current and pending environmental regulations.² The Company indicated that its IRP filing is intended to satisfy the revised requirements of the IRP statutes.³

According to KU/ODP, the Company and its affiliate, Louisville Gas and Electric Company ("LG&E"), collectively control over 8,000 megawatts of combined generating capacity, all of which is located in Kentucky and is subject to the jurisdiction of the Kentucky Public Service Commission ("KPSC").⁴ The Company asserted that neither it nor LG&E owns or operates any generating assets in Virginia.⁵ KU/ODP stated that in Virginia, the Company provides retail electric service to approximately 28,000 customers in the counties of Wise, Lee, Russell, Scott, and Dickenson, supplying those customers with energy from KU/ODP's and LG&E's generating assets in Kentucky.⁶ According to KU/ODP, the electric load in the Virginia service territory primarily consists of residential customers and coal mining operations.⁷

On July 13, 2015, the Commission issued an Order for Notice and Comment that, among other things, directed the Company to provide notice of its IRP; provided an opportunity for interested persons to file comments or request a hearing on the IRP; and directed the Commission's Staff ("Staff") to investigate the Company's IRP and present its findings and recommendations in a report ("Staff Report"). One person filed comments,⁸ and no one filed a request for hearing.

On October 30, 2015, Staff filed its Staff Report and recommended that the Commission accept the Company's IRP as reasonable and in the public interest.⁹ In support of its recommendation, Staff concluded that the Company's IRP complies with the legislative requirements of § 56-597 *et seq.* of the Code and the guidelines set forth in the Commission's December 23, 2008 Order Establishing Guidelines for Developing Integrated Resource Plans.¹⁰ Staff stated that, although the KPSC requires the Company to file a similarly comprehensive IRP every three years, the 2015 Amendments require the Company to file its IRP in Virginia annually.¹¹ Staff indicated that the Company now must file its IRP in Virginia in years it will not be filing an IRP with the KPSC.¹² In addition, Staff stated that the Environmental Protection Agency issued its final Section 111(d) regulation related to the Clean Power Plan ("CPP") after the Company filed this IRP and, therefore, Staff expects the Company to address any implications this might have on the Company in its next IRP filing.¹³ Specifically, Staff suggested that the Company include the following in its next IRP filing:

- an assessment of KU's ability to comply with Section 111(d) under a rate-based approach;
- an assessment of KU's ability to comply with Section 111(d) under a mass-based approach;
- an assessment of the rate impacts of the final Section 111(d); and
- an update on the status of Kentucky's development of a state implementation plan.¹⁴

Furthermore, Staff acknowledged that the Company'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.¹⁵ Accordingly, Staff stated that any determination in this proceeding should not preclude the

² 2015 Acts of Assembly, Ch. 6.

³ KU/ODP 2015 VA IRP Summary at 1-2. By Order Establishing Proceedings issued on April 6, 2015, the Commission ordered that Virginia investor-owned electric utilities, including the Company, fully conform their IRP filings to the requirements of the IRP statutes, as modified by the 2015 Amendments.

⁴ KU/ODP 2015 VA IRP Summary at 1.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ The comments requested that the Commission reject the rate increase in the Company's IRP; however, the Company is not seeking a rate increase in its IRP.

⁹ Staff Report at 14.

¹⁰ *Id.* at 13-14; 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).

¹¹ Staff Report at 14; see KU/ODP 2015 VA IRP Summary at 2.

¹² Staff Report at 14.

¹³ *Id.* at 12, 14.

¹⁴ *Id.* at 12.

¹⁵ *Id.* at 14.

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.¹⁶

On November 20, 2015, KU/ODP filed its response to the Staff Report requesting that the Commission issue an order finding its IRP reasonable and in the public interest under § 56-599 E of the Code.¹⁷ In response to Staff's suggestion that the Company address any effects of the CPP on the Company and include certain assessments in its next IRP filing, KU/ODP discussed uncertainty surrounding the CPP, including legal challenges to the CPP, Kentucky's possible state implementation plan, and the possibility of a federal implementation plan.¹⁸ The Company indicated that this uncertainty may continue past the time the 2016 IRP is due.¹⁹

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 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.

Furthermore, while we find that KU/ODP's IRP is reasonable and in the public interest for the purposes set forth herein, we also find that additional analysis of several areas should be required in future filings. We recognize that the U.S. Supreme Court's stay of the implementation of the CPP²⁰ went into effect after KU/ODP filed its comments on the Staff Report, and this stay may further affect the steps taken in Kentucky regarding the electric generating units located therein. Accordingly, we find that KU/ODP should include in its next IRP filing with the Commission an update regarding the Company's plans and Kentucky's plans to comply with the CPP. This should include: (i) an assessment of the Company's ability to comply with Section 111(d) under a rate-based approach; (ii) an assessment of KU's ability to comply with Section 111(d) under a mass-based approach; (iii) an assessment of the rate impacts of the final Section 111(d); and (iv) an update on the status of Kentucky's development of a state implementation plan.

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

¹⁶ *Id.*

¹⁷ KU/ODP Response at 2.

¹⁸ *Id.* at 1.

¹⁹ *Id.*

²⁰ *See, e.g., West Virginia v. Environmental Protection Agency*, No. 15-1363 (D.C. Cir.), *stay granted* (U.S. Feb. 9, 2016) (No. 15A776).

CASE NO. PUE-2015-00042 MAY 5, 2016

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For an extension of service in uncertificated area of Chesterfield County

FINAL ORDER

On April 8, 2015, Columbia Gas of Virginia, Inc. ("Columbia" or "Company"), pursuant to § 56-265.2 C of the Code of Virginia ("Code"), submitted maps to the State Corporation Commission ("Commission") showing the location of proposed and existing extensions of its natural gas distribution system outside of its previously authorized Chesterfield County, Virginia service territory. Along with the maps, the Company submitted a letter describing the proposed extension and requesting authorization to extend natural gas service to the areas designated in the maps within 45 days of the filing ("Application").¹

The Commission issued an Order for Notice and Comment on April 28, 2015, requiring Columbia to serve a copy of the Application and maps on specified representatives of the City of Richmond, Virginia ("City"), and permitting the filing of comments and reply comments in this matter. On May 29, 2015, the City filed its Comments, Request for Hearing, and Notice of Participation in which it opposed Columbia's Application, requested a hearing, and requested that the Commission consider developing guidance for communications between and among Virginia's private and municipal gas distribution utilities relating to Certificate authority. On June 12, 2015, the Company filed its Reply Comments wherein it requested that the Commission review Columbia's Application pursuant to the public interest standard of review under the Utility Facilities Act;² authorize the Company to serve Anderson's Forge, Bendahl Valley, and the Windermere Area within the uncertificated area of Chesterfield County that is delineated in its Application, as modified in the Company's Reply Comments and Revised Attachment 2; refrain from issuing guidelines applicable to communications between utilities and municipalities relating to areas to be served; and grant such further relief as may be necessary and appropriate.

On June 30, 2015, the Commission appointed a Hearing Examiner to schedule a hearing and conduct all further proceedings on behalf of the Commission. On July 21, 2015, the Hearing Examiner issued a Ruling that, among other things, scheduled a public evidentiary hearing, directed Columbia

¹ Certificate Map No. G-1f shows the Company's current service territory in Chesterfield County, Virginia. On July 3, 1986, the Commission issued a certificate of public convenience and necessity ("Certificate") to Commonwealth Gas Services, Inc. ("Commonwealth Gas"), and issued Certificate Map No. G-1e. On June 3, 2004, the Commission reissued this Certificate Map as Certificate Map No. G1-f to reflect Commonwealth Gas's name change to Columbia Gas of Virginia, Inc.

² Section 56-265.1 *et seq.* of the Code.

to provide notice of its Application, provided an opportunity for interested persons to comment on the Company's Application or participate in the proceeding as a respondent, and directed the Company, the City, and the Commission's Staff ("Staff") to file testimony and exhibits.

On September 9, 2015, the City filed a Motion to Modify Procedural Schedule ("Motion"). In its Motion, the City requested the Hearing Examiner to alter certain dates for filing testimony, schedule the evidentiary hearing for a later date, and direct Columbia to participate in settlement conferences with the City on specified dates. On September 23, 2015, Columbia filed its response ("Response"), requesting that the Hearing Examiner not alter the procedural schedule and not require the Company to participate in any settlement conferences because of asserted "antitrust implications of collusion . . . with respect to customers or geographic areas to be served by [Columbia and the City]."³ On September 25, 2015, the City filed a reply supporting its Motion and asserting that mandated settlement discussions are legal, warranted, and in the public interest. On September 29, 2015, the Hearing Examiner issued a Ruling denying the City's Motion, finding that "[t]he current procedural schedule provides sufficient time to conduct discovery on the limited issues that will be decided in this case under the Utility Facilities Act. This case is before the Commission on an 'Application' by the Company; this is not a Rule to Show Cause proceeding."⁴

On October 7, 2015, the Company filed the direct testimonies of Timothy D. Vaughan and Philip D. Wilson. On October 21, 2015, the City filed the direct testimony of Robert Steidel. On November 4, 2015, the Staff filed the direct testimonies of Kelli B. Gravely and Andrew J. Eaken. On November 13, 2015, the Company filed the rebuttal testimonies of Timothy D. Vaughan and Philip D. Wilson.

The public evidentiary hearing was held on November 18, 2015. Counsel for the Company, the City, and the Staff were present at the hearing. At the conclusion of the hearing, the Hearing Examiner provided the opportunity for participants to file post-hearing briefs in this proceeding, which Columbia, the City, and the Staff did on February 3, 2016.

On March 2, 2016, the Report of Michael D. Thomas, Hearing Examiner ("Report") was issued. In his Report, the Hearing Examiner provided a history of the case, a summary of the record, a discussion of the applicable Code sections and analysis of the issues in the case, and his findings and recommendations. On March 23, 2016, Columbia and the City filed comments on the Report, and the Staff filed a letter advising that it would not file comments on the Report.⁵

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that issuance of a Certificate for Columbia to provide natural gas distribution service to the neighborhoods of Anderson's Forge, Bendahl Valley, and the Windermere Area in Chesterfield County is in the public interest pursuant to § 56-265.3 of the Code. We will, therefore, approve the Company's Application.

Section 56-265.3 B of the Code provides the standard of review for this case:

On initial application by any company, the Commission, after formal or informal hearing upon such notice to the public as the Commission may prescribe, may, by issuance of a certificate of convenience and necessity, allot territory for development of public utility service by the applicant if the Commission finds such action in the public interest.

Accordingly, the Commission must make a finding as to whether granting the Application, and allotting the requested territory to Columbia, is in the public interest. Having considered the record developed in this proceeding, including the evidence and arguments presented by the City, we conclude that it is in the public interest to allot the three territorial areas in Chesterfield County to Columbia as sought in the Application.

This finding is supported by evidence in this case involving, among other things: the specific areas involved; Columbia's ability to serve those areas in normal and in emergency circumstances; the different types of services offered by Columbia; the Company's rate structure; the character of the services rendered by the Company; Columbia's ability to fulfill its obligation to serve; duplication of natural gas facilities and associated safety concerns; the Company's facilities that exist in close proximity to currently uncertificated areas of Chesterfield County; and Columbia's service to customers within its previously certificated territory that is in close proximity to the customers in the uncertificated areas of Chesterfield County.⁶

In addition, we have considered Columbia's mistake in providing service outside of its previously allotted territory and conclude that such provision of service does not prevent a finding of public interest, for purposes of this proceeding, based on the facts in this case. Contrary to the City's suggestion, the Commission is not rewarding Columbia for bad behavior. Rather, our finding of the public interest is supported by facts in this matter independent from Columbia's current provision of service in the Anderson's Forge and Bendahl Valley neighborhoods.

Finally, as discussed by Staff, a remedy attendant to Columbia's territorial error could be initiated in the form of a Rule to Show Cause, which Staff does not recommend at this time.⁷ Indeed, the Company has implemented procedures designed to prevent such an occurrence from repeating, and the Commission herein directs Columbia to monitor and, where necessary, upgrade the safeguards it has put in place to prevent such a situation from recurring. Furthermore, the Commission's decision not to institute a separate proceeding at this time does not preclude subsequent Rule to Show Cause proceedings if circumstances so warrant.

³ Columbia's Response at 1-2.

⁴ September 29, 2015 Hearing Examiner Ruling at 2.

⁵ Additional pleadings after this date were not permitted by Commission rule or order and have not been considered. Moreover, consideration of such pleadings would not have changed our findings herein.

⁶ See, e.g., Columbia's comments in response to the Hearing Examiner's Report filed on March 23, 2016, at 4-7.

⁷ Staff asserted that there is no evidence in the instant record that Columbia knowingly or willfully violated the law. Tr. at 153. In addition, Staff stated that as soon as the Company learned of its provision of service outside of its certificated territory, it filed this Application to address the issue. Tr. at 153-154.

Accordingly, IT IS ORDERED THAT:

- (1) Columbia's Application for a Certificate to provide natural gas distribution service in the neighborhoods of Anderson's Forge, Bendahl Valley, and the Windermere Area in Chesterfield County is found to be in the public interest and granted.
- (2) Columbia's Certificate G-1f is cancelled and reissued as Certificate G-1g, reflecting the Company's revised service territory boundary in Chesterfield County.
- (3) Within sixty (60) days of the date of this Order, Columbia shall file with the Commission's Division of Energy Regulation a map of the service territory certificated herein.
- (4) This case is dismissed.

**CASE NO. PUE-2015-00042
MAY 24, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For an extension of service in uncertificated area of Chesterfield County

ORDER GRANTING RECONSIDERATION

On May 5, 2016, the State Corporation Commission ("Commission") issued a Final Order ("Order") in this docket. On May 23, 2016, the City of Richmond filed a petition requesting rehearing or reconsideration of the Commission's Order pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the above-referenced request. The Order hereby is suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced request.
- (2) Pending the Commission's reconsideration, the Order is suspended.
- (3) This matter is continued generally.

**CASE NO. PUE-2015-00042
AUGUST 31, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For an extension of service in uncertificated area of Chesterfield County

ORDER ON RECONSIDERATION AND OPINION

On April 8, 2015, Columbia Gas of Virginia, Inc. ("Columbia" or "Company"), submitted maps to the State Corporation Commission ("Commission") pursuant to § 56-265.2 C of the Code of Virginia ("Code"), showing the location of proposed and existing extensions of its natural gas distribution system outside of its previously authorized service territory in Chesterfield County, Virginia.¹ Specifically, the Company requested authorization to extend natural gas service in Chesterfield County to (1) portions of the Anderson's Forge neighborhood, (2) portions of the Bendahl Valley neighborhood, and (3) the Windermere Area, all as designated in maps filed by the Company ("Application").²

The Commission issued an Order for Notice and Comment requiring Columbia to serve a copy of the Application and maps on specified representatives of the City of Richmond, Virginia ("City"), and permitting the filing of comments and reply comments in this matter. Subsequently, the City filed its Comments, Request for Hearing, and Notice of Participation opposing Columbia's Application, requesting a hearing, and requesting that the Commission develop guidance for communications between and among Virginia's private and municipal gas distribution utilities relating to Certificate authority. The Company then filed Reply Comments wherein it requested that the Commission review Columbia's Application pursuant to the public

¹ Certificate Map No. G-1f shows the Company's current service territory in Chesterfield County, Virginia. On July 3, 1986, the Commission issued a certificate of public convenience and necessity ("Certificate") to Commonwealth Gas Services, Inc. ("Commonwealth Gas"), and issued Certificate Map No. G-1e. On June 3, 2004, the Commission reissued this Certificate Map as Certificate Map No. G-1f to reflect Commonwealth Gas's name change to Columbia Gas of Virginia, Inc.

² On June 12, 2015, Columbia filed comments including Revised Attachment 2 ("Reply Comments") modifying and refining the areas for which it was applying for a Certificate.

interest standard of review under the Utility Facilities Act;³ authorize the Company to serve Anderson's Forge, Bendahl Valley, and the Windermere Area within a currently uncertificated area of Chesterfield County that is delineated in its Application, as modified in the Company's Reply Comments and Revised Attachment 2; refrain from issuing guidelines applicable to communications between utilities and municipalities relating to areas to be served; and grant such further relief as may be necessary and appropriate.

The Commission next appointed a Hearing Examiner to conduct further proceedings in this docket. On November 18, 2015, Michael D. Thomas, Hearing Examiner, convened a public evidentiary hearing. The Company, the City, and the Commission's Staff ("Staff") participated (and presented testimony) at the hearing and filed post-hearing briefs. On March 2, 2016, the Hearing Examiner issued a Report in this matter ("Report"). On March 23, 2016, Columbia and the City filed comments on the Report. On May 5, 2016, the Commission issued a Final Order in this proceeding granting Columbia a Certificate to provide natural gas distribution service to Anderson's Forge, Bendahl Valley, and the Windermere Area in Chesterfield County as requested in the Application ("Final Order").

On May 23, 2016, the City filed a Petition for Rehearing or Reconsideration ("Petition"), which requested rehearing or reconsideration of the Commission's Final Order pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure.⁴ On that same date, the City also filed with the Clerk of the Commission a Notice of Appeal to the Supreme Court of Virginia ("Notice of Appeal"). At the conclusion of its Petition, the City asserted as follows:

- "The Commission failed to find – as the Hearing Examiner did – that the [Commission's 1987] *Henrico*⁵ decision provides the City with a formally recognized service territory."
- "The Final Order also failed to address Columbia's contention that federal antitrust law prevents it from communicating with the City regarding boundary line issues."
- "The Commission's failure to rule on these questions is by itself legal error but also is plainly unreasonable and leads to a misapplication of the public interest standard under Va. Code § 56-265.3 D [sic]."
- "Additionally, the Final Order – and its decision to reject, without explanation, the Hearing Examiner's findings and recommendations – is not supported by any evidence, analysis, citation, or discussion. Instead, the Final Order provides only a listing of topic areas."
- "With regard to each of the topic areas referenced by the Commission, the City provided substantial evidence refuting each of Columbia's representations in this case. Much of the City's evidence was undisputed."
- "The City contends that, as a matter of law, the Commission's decision to summarily reject or to not even consider the arguments presented by the City – as well as most of the findings and recommendations of the Hearing Examiner – is a mistake of law and fact, and must be supported by *some* analysis and reference to evidence in the record."
- "The Final Order not only fails to reference the record to justify its decision, but is plainly contrary to the significant evidence presented by the City."
- "For the foregoing reasons, the City requests that the Commission reconsider its Final Order or grant rehearing in this matter."⁶

The City further contended, among other things, that the Final Order:

- "is incomplete, vague, and incorrect";
- reaches a "flawed conclusion";
- is "without any explanation on the merits";
- "cites no evidence, contains no analysis, and is contrary to the clear and substantial evidence presented by the City"; and
- results in a "lawless environment."⁷

On May 24, 2016, the Commission issued an Order Granting Reconsideration, which suspended the Final Order and continued the Commission's jurisdiction over this matter.

³ Code § 56-265.1 *et seq.*

⁴ 5 VAC 5-20-10 *et seq.*

⁵ *Application of Commonwealth Gas Services, Inc. and Virginia Natural Gas, Inc., For a certificate of public convenience and necessity*, Case No. PUE-1986-00063, 1987 S.C.C. Ann. Rept. 266, Final Order (July 14, 1987) ("*Henrico*").

⁶ Petition at 20-21.

⁷ *Id.* at 2, 3, 6, and 14.

NOW THE COMMISSION, upon consideration of this matter, issues this Order on Reconsideration and Opinion.⁸ The Commission continues to find, as we explicitly found in the Final Order, as follows: "Having considered the record developed in this proceeding, *including the evidence and arguments presented by the City*, we conclude that it is in the public interest to allot the three territorial areas in Chesterfield County to Columbia as sought in the Application."⁹

Service Territory

Columbia is currently certificated by the Commission to provide natural gas service to most of Chesterfield County. The remainder of Chesterfield County is uncertificated. The City serves some customers in a portion of this uncertificated area of Chesterfield County, as well as in a portion within Columbia's certificated service territory.¹⁰

The Application involves three neighborhoods in Chesterfield County. Anderson's Forge is an existing neighborhood; part of the neighborhood (39 residences) is in Columbia's existing service territory, and part of the neighborhood (56 residences) is in an uncertificated area. Columbia has been providing service to the entire neighborhood since 1997.¹¹ The Bendahl Valley neighborhood is similarly situated, with 11 lots in Columbia's service territory and 66 in an area that is uncertificated. Columbia has been providing service to the entire neighborhood since 2006.¹² Finally, the Windermere Area is adjacent to Columbia's existing certificated service territory, and neither the Company nor the City currently provide service within this specific area. The Company seeks to provide service in this territory, including two future phases of the Windermere subdivision.¹³

After committing to provide service to the Windermere Area,¹⁴ Columbia became aware, through conversations with utilities personnel from the City, that Columbia's service territory did not include all of Chesterfield County.¹⁵ Thereupon, Columbia researched the exact location of its service territory boundary in Chesterfield County and realized that, in addition to Windermere, parts of Anderson's Forge and Bendahl Valley were not in its service territory.¹⁶ The Company then filed the instant Application to expand its certificated service territory to include all of the Anderson's Forge and Bendahl Valley neighborhoods, and to incorporate the Windermere Area.

Service Territory Jurisdiction

The Commission has jurisdiction over Columbia as a public utility provider of natural gas service. Specifically germane to this proceeding, the Commission has the authority to issue Certificates to Columbia and to allot territory to Columbia for the development of public utility service if the Commission finds the Company's Application to be in the public interest.¹⁷

Once the Commission grants such a Certificate, Columbia's provision of service is mandatory, exclusive, and limited. It is mandatory in that, by statute, Columbia must "furnish reasonably adequate service and facilities at reasonable and just rates to any person, firm or corporation along its lines desiring same."¹⁸ Columbia's duty to serve is also exclusive in that no other Commission-regulated public utility may operate in Columbia's certificated territory unless it is proven to the satisfaction of the Commission that Columbia's service is inadequate to the requirements of the public convenience and

⁸ This Opinion is issued pursuant to Code § 12.1-39 ("The Commission shall, whenever an appeal is taken therefrom, file in the record of the case a statement of the reasons upon which the action appealed from was based."). In addition, as required by Supreme Court Rule 5:21(a)(5), the Clerk of the Commission shall include this separate "opinion[]" in the record on appeal that is subsequently prepared and certified to the Supreme Court in response to the Notice of Appeal.

⁹ Final Order at 4 (emphasis added).

¹⁰ See, e.g., Ex. 3 (Vaughan Direct) at 25-28; Ex. 8 (Steidel Direct) at 17 and Attachment RS-4; Tr. 86.

¹¹ Ex. 3 (Vaughan Direct) at 19.

¹² *Id.* at 15.

¹³ Columbia's Reply Comments at 2; Ex. 3 (Vaughan Direct) at 4.

¹⁴ Columbia committed to provide service to the initial two phases of the Windermere Area on February 2, 2015. Columbia's Reply Comments at 2, 3, and 8; Ex. 3 (Vaughan Direct) at 21.

¹⁵ Columbia's Reply Comments at 8; Ex. 3 (Vaughan Direct) at 22.

¹⁶ Ex. 3 (Vaughan Direct) at 22.

¹⁷ Code § 56-265.3 B. In describing the newly enacted Code § 56-265.3 B in 1959, the Commission stated: "[The statute] deals with those more thinly populated parts of the state where no utility is rendering service, where the present demand for service is insufficient to make immediate service economically possible, but where expanding population makes it appear that service will be needed before many years have passed.... By accepting the [C]ertificate, the company has put itself in a position where it *may* extend service whenever it thinks it can profitably do so, and where it *must* extend service whenever this Commission thinks that the public need justifies it." *Application of Washington Gas Light Company*, Case No. 10314, 1959 S.C.C. Ann. Rept. 8, Opinion (Jan. 2, 1959).

¹⁸ Code § 56-234. Note that Columbia is not required to provide service to every requestor regardless of economic feasibility. Section 8 of the Company's General Terms and Conditions of Service, as approved by the Commission, provides the economic test for determining whether the anticipated revenue from an applicant or group of applicants for service justifies the anticipated cost of the facilities to provide such service. The Company may require a contribution toward the facilities from the applicant or group of applicants, or the applicant or group of applicants may enter into a mutually agreeable arrangement with the Company under which the proposed facilities may be constructed. See, e.g., Ex. 12 (Vaughan Rebuttal) at 3-4.

necessity and, even then, only after Columbia is provided a reasonable opportunity to remedy the inadequacy.¹⁹ Finally, Columbia's ability to provide service is limited in that it may only provide service under rates, terms, and conditions approved by the Commission.

In contrast, the Commission does not have jurisdiction to grant (or to deny) a Certificate to the City for the allotment of natural gas service territory, and the City is not required to seek the Commission's approval before providing natural gas service in any territory. Code § 56-1 excludes municipal corporations or other political subdivisions from the definition of "Corporation" or "company." Code § 56-232 defines "public utility" to "mean and embrace every corporation (other than a municipality)." The Utility Facilities Act, specifically Code § 56-265.1, also excludes municipalities from the definitions of "Company" and "Public utility."²⁰ Moreover, the Code explicitly authorizes the Commission, in certain circumstances, to issue a Certificate to a municipality (i) to provide electric service outside of its political boundaries, and (ii) to provide interexchange or local exchange telephone services.²¹ No similar Certificate provisions exist, however, regarding municipal natural gas service.

The City's authority to provide natural gas service is granted through separate provisions of the Code and through the Richmond City Charter ("City Charter"), and those documents also address geographical or other restrictions on the City's provision of natural gas service. The Code grants municipalities such as the City the right to conduct natural gas operations. Code § 15.2-2109 provides in part as follows:

Any locality may (i) acquire or otherwise obtain control of or (ii) establish, maintain, operate, extend and enlarge: waterworks, sewerage, gas works (natural or manufactured), ... and other public utilities within or outside the limits of the locality and may acquire within or outside its limits in accordance with § 15.2-1800 whatever land may be necessary for acquiring, locating, establishing, maintaining, operating, extending or enlarging waterworks, sewerage, gas works (natural or manufactured),²²

In addition, Code § 15.2-2109.3 provides that municipal corporations have the authority to provide natural gas service "within any underserved area or county that is adjacent to" the municipality's boundaries, "provided that the area is not within the certificated territory assigned to a public utility for the provision of natural gas service, upon notifying the State Corporation Commission of its commitment to provide such service in such areas."²³ This statute further clarifies that the municipality "shall not be required to obtain a certificate of public convenience and necessity from the State Corporation Commission as a condition to providing natural gas distribution service within any such area."²⁴

The City Charter states that the City has the power "[t]o acquire, construct, own, maintain and operate, within and without the city, waterworks, gas plants and electric plants with the pipe and transmission lines incident thereto, ... for the purpose of supplying water, gas and electricity within and without the city,"²⁵ The City's natural gas operations are run by its Department of Public Utilities,²⁶ and the Code explicitly addresses the Commission's limited authority regarding such operations. Specifically, Code § 56-257.2 C authorizes the Commission, "[w]ith respect to the gas systems and pipeline facilities owned or operated by any county, city, or town ... to act for the United States Secretary of Transportation to conduct safety inspections pursuant to the federal pipeline safety laws," and "[a]fter each inspection, an exit interview with any county, city, or town shall be conducted prior to promptly reporting to the United States Department of Transportation."

The Code does not prescribe specific boundary lines for the City to claim as its exclusive territory outside of City limits. Similarly, the City Charter also does not grant such service territory to the City.²⁷ As noted above, if the City desires to provide natural gas service in certain areas adjacent to its boundaries, it must notify the Commission of such commitment under Code § 15.2-2109.3. The Code, however, in no manner requires the City to obtain the Commission's approval prior to – and, indeed, does not give the Commission authority to prohibit the City from – extending its service.

As a result, the General Assembly has established a clear statutory scheme for the provision of natural gas service throughout the Commonwealth. A public utility must obtain a Certificate from the Commission before providing natural gas service in a geographical area.²⁸ Once received, that Certificate represents "a property right ... entitled to the protection of the courts."²⁹ A public utility has an obligation to serve at just and reasonable rates, terms, and conditions as approved by the Commission. A public utility also cannot provide service in the certificated territory of another public utility unless the Commission finds that the service rendered by the existing Certificate holder is inadequate and, even then, the existing "[C]ertificate

¹⁹ See Code §§ 56-265.4 and 56-265.6.

²⁰ Code § 56-265.1's definition of "Company" also includes those municipal corporations or counties that have obtained a certificate to operate as a telephone utility pursuant to Code § 56-265.4:4.

²¹ See Code §§ 56-265.4:1 and 56-265.4:4.

²² Code § 15.2-2109 A.

²³ Code § 15.2-2109.3 (2). Code § 15.2-2109.3 was added to the Code in 2009. 2009 Va. Acts ch. 749.

²⁴ Code § 15.2-2109.3 (2).

²⁵ City Charter § 2.03 (n).

²⁶ See generally *id.* § 13.

²⁷ See, e.g., Tr. 105-106.

²⁸ Code § 56-265.3.

²⁹ *Town of Culpeper v. VEPCO*, 215 Va. 189, 194 (1974).

holder shall be given reasonable time and opportunity to remedy such inadequacy before any [C]ertificate shall be granted to an applicant proposing to operate in such territory."³⁰

A municipal utility is not governed by these same statutory provisions. A municipal utility does not obtain a Certificate from the Commission to provide natural gas service; indeed, the Commission has no authority to grant or to deny the City such a Certificate. A municipal utility does not have the statutory obligation to serve at rates, terms, and conditions approved by the Commission. A municipal utility also is not prohibited from providing service in the certificated territory of a public utility.³¹ For example, the City is currently providing natural gas service within portions of the exclusive service territory that the Commission has certificated to Columbia.³² The City did not (nor was it required to) seek the Commission's approval before providing service in the Company's territory. Further, Columbia provided evidence to support its contention that "the City has repeatedly extended service into [Columbia]'s certificated service territory well beyond the scope of any purported agreements with [the Company]."³³

This statutory scheme results in two sets of rules for two types of utilities: (1) public utilities, which have specific territories granted by the Commission; and (2) municipal utilities, which do not. Such a framework may naturally result in service territory issues impacting both public and municipal utilities. Moreover, although the Commission does not exercise territorial jurisdiction over a municipal utility, facts surrounding a municipal utility's provision of natural gas service may be relevant – as in the instant case – as to whether it is in the public interest for the Commission to grant a territorial Certificate to a public utility.

Code § 56-265.3 B

The Commission's statutory obligation and authority for purposes of the instant proceeding is clearly set forth in the Code. The Commission must make one finding: whether it is, or is not, in the public interest to allot the requested territory to Columbia for the development of natural gas service. Specifically, Code § 56-265.3 B directs as follows:

On initial application by any company, the Commission, after formal or informal hearing upon such notice to the public as the Commission may prescribe, may, by issuance of a [Certificate], allot territory for development of public utility service by the applicant *if the Commission finds such action in the public interest.* (Emphasis added.)

Columbia's initial filing in this case included maps showing the location of proposed and existing extensions of the Company's natural gas distribution system, along with a letter requesting authorization to extend service to the areas designated in the maps within 45 days. The filing was made pursuant to Code § 56-265.2 C, which provides the process by which a public utility may request ordinary extensions outside its service territory. After the City entered this proceeding as a respondent, Columbia filed Reply Comments affirming that its Application should be reviewed under the Utility Facilities Act, including the public interest standard found in Code § 56-265.3 B.

Similarly, the City does not contest the applicability of Code § 56-265.3 B to the instant proceeding. Rather, in its Petition, the City claims that "the Commission did not completely and properly apply the public interest standard in Va. Code § 56-265.3 [B]," and that the Final Order "is plainly unreasonable and leads to a misapplication of the public interest standard under Va. Code § 56-265.3 [B]."³⁴ Accordingly, both Columbia and the City acknowledge that the Commission's duty in this proceeding is to make the public interest finding required by Code § 56-265.3 B.

Public Interest

As set forth in the Final Order, the Commission has expressly "considered the record developed in this proceeding, including the evidence and arguments presented by the City."³⁵ Upon reconsideration as requested by the City, the Commission continues to find that there is evidence in the record supporting our conclusion that it is in the public interest to allot the three limited areas in the uncertificated territory of Chesterfield County to Columbia as requested by the Company in this proceeding.

The Commission finds that Columbia is fully capable of providing safe, adequate and reliable service to each of the three areas under normal conditions and in emergencies.³⁶ Columbia is the largest natural gas utility in Virginia by volumetric throughput, operates approximately 5,000 miles of main throughout Virginia (including approximately 1,300 miles of main in the Chesterfield/Petersburg area), has extensive investments in natural gas facilities in Virginia that include nearly \$1 billion of gross utility plant, and serves over 250,000 Virginia customers (including approximately 57,000 customers in the Chesterfield/Petersburg area).³⁷ The Company also operates and maintains facilities within its certificated service territory that are in close

³⁰ Code § 56-265.4.

³¹ Pursuant to Code § 56-265.4:6 G, a municipal utility that provides natural gas service in the certificated territory of a public utility "must have written authorization from that certificate holder to provide such service which authorization shall not be unreasonably withheld."

³² See, e.g., Ex. 3 (Vaughan Direct) at 25-28; Ex. 8 (Steidel Direct) at 17 and Attachment RS-4.

³³ See, e.g., Columbia's Post-Hearing Brief at 22-25.

³⁴ Petition at 2, 20. These quoted portions of the City's Petition refer to Code § 56-265.3 D, as opposed to Code § 56-265.3 B. This apparently is a clerical error since the "public interest" standard in Code § 56-265.3 D applies only to water or sewer utilities, and the City correctly cites Code § 56-265.3 B elsewhere in its Petition.

³⁵ Final Order at 4.

³⁶ See, e.g., Ex. 3 (Vaughan Direct) at 24; Ex. 7 (Wilson Direct) at 11-24.

³⁷ See, e.g., Ex. 3 (Vaughan Direct) at 24.

proximity to each of the three areas that are the subject of this proceeding.³⁸ The City did not challenge Columbia's ability to provide safe and reliable service to the areas in question.³⁹

The Anderson's Forge neighborhood is partly in Columbia's certificated territory and partly in uncertificated territory. The Bendahl Valley neighborhood likewise is situated partly in Columbia's certificated, and partly in uncertificated, territory. The Commission finds that it is in the public interest for Columbia's allotted territory to include the entirety of both of these neighborhoods and, moreover, that it is not in the public interest to have either of these single neighborhoods served by two separate natural gas utilities. Evidence and argument in the record in this proceeding, from both Staff and the Company, support this finding.

For example, as discussed above, Columbia possesses the legal right to serve the customers in these neighborhoods that currently are located within its certificated territory. If another utility (public or municipal) also serves these neighborhoods, it would result in two utilities "serving numerous customers on opposite sides of the same street and, in some instances, customers located next door to each other."⁴⁰ Staff testified that such a situation would cause "potential safety concerns in both operational and emergency situations."⁴¹ As characterized by the Company, two "natural gas systems [operating] in such close proximity would raise unnecessary confusion among excavators, fire departments, police and other first responders in processing emergency tickets, distinguishing between two sets of natural gas facility markings, identifying which natural gas operator to contact in an emergency, and ascertaining which natural gas operator's facilities is the source of the leak."⁴²

Columbia also asserted that two separate utilities serving "within a single contiguous neighborhood would result in the unnecessary duplication of approach piping to each neighborhood as well as the unnecessary duplication of distribution facilities within each neighborhood."⁴³ The Anderson's Forge and Bendahl Valley neighborhoods also are in close proximity to other neighborhoods already served by Columbia within its existing service territory. For example, the Company is currently providing natural gas service, within its certificated territory, to customers along Elkhart Road and Turner Road (adjacent to Anderson's Forge), and to the neighborhoods of Kingsland Woods and Ashland Woods North (immediately south of Bendahl Valley).⁴⁴

The Commission similarly finds that it is in the public interest to allot the Windermere Area to Columbia. The Windermere Area is directly adjacent to – *i.e.*, directly borders – the Company's existing certificated territory.⁴⁵ The Windermere Area includes (a) the two final phases of the Windermere subdivision, and (b) an adjacent undeveloped tract that borders Windermere on the west and Bendahl Valley on the east.⁴⁶ The Windermere Area also is adjacent to an additional tract of property, Reedy Springs, which is located wholly within Columbia's existing certificated territory.⁴⁷ The Developer of Reedy Springs (who also is the Developer of Windermere) has already approached the Company about providing natural gas service to approximately 120 homes to be constructed in that neighborhood.⁴⁸

The Company further testified that "[r]ecognizing that the combined Windermere Area and Reedy Springs straddle [Columbia's] service territory border, the segmentation of service to those two neighborhoods between [Columbia] and the City would result in the unnecessary duplication of approach piping to those neighborhoods," and that the "proximity of [Columbia's] current natural gas distribution facilities to both Reedy Springs (within its service area) and the final two phases of Windermere make it economically efficient for [Columbia] to serve both neighborhoods."⁴⁹ The Company currently operates natural gas distribution facilities, within its certificated territory, that are capable of serving the projected demand of both the Windermere Area and Reedy Springs, as well as the adjacent Bendahl Valley neighborhood.⁵⁰

The Commission disagrees with the City's contention that "[f]irst and most importantly, the comparison of 'who can get there with the shortest amount of mains' is *not relevant* to this proceeding."⁵¹ Although not dispositive, we find that the proximity of Columbia's existing service territory and facilities to the three limited areas discussed herein is relevant to our analysis of whether the Company's request is in the public interest. For example,

³⁸ See, *e.g.*, *id.* at 4, 7-8, 13, 16, 20, 24, Attachments TDV-4 and TDV-7; Ex. 7 (Wilson Direct) at 11; Tr. 95.

³⁹ Ex. 8 (Steidel Direct) at 29 (In response to Columbia's discussion of its safety and reliability protocols and procedures, City witness Steidel responded that "[t]he City is not challenging Columbia's provision of service ... on the grounds of safety and reliability.").

⁴⁰ Columbia's Post-Hearing Brief at 8 (citing Ex. 3 (Vaughan Direct) Attachments TDV-4 and TDV-7; Tr. 170-71) (footnote omitted).

⁴¹ Ex. 11 (Eaken Direct) at 1.

⁴² Columbia's Post-Hearing Brief at 9 (citing Ex. 11 (Eaken Direct) at 1-2); Tr. 171.

⁴³ *Id.* at 7-8 (citing Ex. 3 (Vaughan Direct) at 16, 20; Ex. 10 (Gravelly Direct) at 4).

⁴⁴ See, *e.g.*, Columbia's Post-Hearing Brief at 12.

⁴⁵ See, *e.g.*, Ex. 3 (Vaughan Direct) at 5 and Attachment TDV-2.

⁴⁶ See, *e.g.*, *id.* at 10 and Attachment TDV-4.

⁴⁷ See, *e.g.*, *id.* at 7.

⁴⁸ See, *e.g.*, *id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ Ex. 8 (Steidel Direct) at 21 (emphasis added).

Columbia would need to construct substantially less approach piping than the City to serve the Windermere Area; Columbia's facilities are about 0.5 miles from Windermere, whereas the City's (depending on the route) are either 1.5 miles or 2.4 miles therefrom.⁵² Also, the Company necessarily needs approach piping to reach its currently certificated territory in Anderson's Forge and Bendahl Valley. We further find relevant the fact that Columbia's approach piping along the Kingsland Road corridor – necessary to reach the Windermere Area – would be able to serve additional public utility purposes as well; that is, regardless of the outcome in this case, Columbia could reasonably need to extend its piping along Kingsland Road to serve future developments within its existing service territory.⁵³

Evidence regarding the absence of the City's natural gas infrastructure in neighborhoods adjacent to the three neighborhoods discussed herein (located in uncertificated territory that could have been served by the City) further supports the Commission's finding that Columbia's request herein is in the public interest. There are approximately 1,700 residences that are located in ten fully developed neighborhoods generally situated between the Windermere Area/Bendahl Valley neighborhoods and the City's nearest natural gas facilities capable of serving such neighborhoods.⁵⁴ Similarly, there are three fully developed neighborhoods between Anderson's Forge and the City's natural gas facilities.⁵⁵ All of these fully developed neighborhoods are in uncertificated territory in Chesterfield County, none of them are served by the City, and the City did not install natural gas facilities within these neighborhoods.⁵⁶

As a result, extending Columbia's existing certificated service territory to include the three limited areas requested herein also will preserve the natural buffer that currently exists between areas served by Columbia and areas served by the City.⁵⁷ This buffer (*i.e.*, geographic separation between the City's and Columbia's natural gas infrastructure and service) also will provide public safety benefits. As testified by Company witness Wilson, this separation "maintains clear ownership of facilities in the eyes of public safety organizations such as Fire Departments, Police Departments and First Responders who benefit from knowing exactly who to contact in the case of a natural gas leak or other emergency. This clearly serves the public interest by providing a more efficient emergency response – where precious seconds count."⁵⁸

In addition, "once a residential community is developed without natural gas infrastructure, it is exceedingly difficult to extend natural gas into that development."⁵⁹ For example, (1) "[c]ustomers that are currently served by an alternative heating source (*e.g.*, electricity, propane, fuel oil) would be required to incur the expense of converting their existing appliances from another energy source to natural gas," (2) "unlike new residential developments, line extensions into existing communities are less economic given the inability to obtain broad based commitments for natural gas service and the challenge of obtaining easements across the property of landowners who are not interested in natural gas service," and (3) "[c]onstruction of natural gas infrastructure in existing neighborhoods can be very expensive due to landscaping concerns, existing paved driveways that must be bored, existing buried utilities and storm drainage structures that must be located and exposed to insure safe digging and maintain proper separation from the natural gas mainlines and service lines, along with reclamation work on paved roadways, including asphalt patching or even more expensive 'mill and overlay' of paved roads."⁶⁰ Thus, if the City were to construct approach piping through fully developed neighborhoods to serve the contested areas in this case, the fact that "natural gas infrastructure has not even been constructed in those neighborhoods ... [would] severely restrict[] the City's ability to serve additional customers along the route of the approach piping."⁶¹

Next, as noted above, the City strenuously objects to the Commission's public interest finding herein, asserting (among other things) that we have reached a "flawed conclusion," that we did "not even consider the arguments presented by the City," that the Final Order "puts [the City's] investments at risk," and that our public interest finding "is plainly contrary to the significant evidence presented by the City."⁶² The Commission has not ignored the City's concerns, and the public interest finding herein does not mean that the Commission has failed to consider the City's evidence and arguments. On the contrary, as described herein and in our Final Order, the Commission has considered the entire record, including the arguments and parts of the record introduced by the City. The Commission also remains cognizant, for example, of the regard given to municipalities involving matters that could infringe on the existing legal authority and autonomy of local governments.⁶³

⁵² See, *e.g.*, Columbia's Post-Hearing Brief at 11; Ex. 3 (Vaughan Direct) at Attachment TDV-4. The Company disputes the City's claim that Columbia's facilities are closer to Windermere due to its extension of service into the uncertificated portion of Bendahl Valley; however, even without Bendahl Valley, Columbia's facilities would only be about 0.75 miles from Windermere. Columbia's Post-Hearing Brief at n.42.

⁵³ See, *e.g.*, Ex. 3 (Vaughan Direct) at 14.

⁵⁴ See, *e.g.*, Ex. 3 (Vaughan Direct) at 11 and Attachment TDV-4.

⁵⁵ See, *e.g.*, *id.* at 20-21 and Attachment TDV-7.

⁵⁶ See, *e.g.*, *id.* at 11, 20 and Attachments TDV-4, TDV-7; Tr. 107-109.

⁵⁷ See, *e.g.*, Ex. 3 (Vaughan Direct) at 12, 16, and 21; Tr. 76, 171.

⁵⁸ Ex. 7 (Wilson Direct) at 10.

⁵⁹ Ex. 3 (Vaughan Direct) at 9.

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² Petition at 2, 9, 20, and 21.

⁶³ See, *e.g.*, *Petition of Elizabeth River Crossings OPCO, LLC v. City of Portsmouth, Virginia*, Case No. PUE-2013-00071, 2013 S.C.C. Ann. Rept. 425, Order Dismissing Petition (Sept. 10, 2013) (granting the City of Portsmouth's ("Portsmouth") Motion to Dismiss and agreeing with Portsmouth that when the General Assembly intends to subject a municipality to the Commission's jurisdiction, it does so expressly and for limited purposes); *BASF Corp. v. State Corp. Comm'n*, 289 Va. 375, 403 (2015) (citing *City of Norfolk v. Tiny House, Inc.*, 222 Va. 414, 422-23 (1981)) (emphasizing that for zoning authority to be taken away from a municipality, there must be a manifest intention on the part of the legislature to do so).

The Commission has performed the exact analysis required by statute and has exercised discretion in the manner affirmed by the Supreme Court of Virginia. The Commission has the obligation to consider, interpret, and weigh the competing evidence and arguments presented by Columbia and the City and, based thereon, to make a finding as to whether it is in the public interest to grant Columbia's request. As explained by the Court, this may necessarily require the Commission to find "in favor" of one party and "against the other," even though both parties have presented evidence and argument to support their respective positions.⁶⁴ Indeed, that is what occurred here. In this instance, the Commission has concluded that the evidence supports a public interest finding in favor of Columbia.

Further in this regard, and as asserted by the Company: "[t]he record in this case demonstrates that it is in the public interest to authorize [Columbia] to expand its certificated service territory to include each of the three very limited geographic areas that are the subject of the Company's Application"; Columbia "has demonstrated that it is capable of rendering adequate service to the affected customers under the prevailing circumstances based on, among other considerations, the area involved, the ability of [Columbia] to serve the areas normally and under emergencies, the different types of service rendered by [Columbia], the character of service to be rendered, and the rates to be charged"; and the Company "has also demonstrated that its provision of service to each of the three areas avoids unnecessary duplication of natural gas facilities and associated public safety concerns."⁶⁵

The Company also summarizes its evidence as follows:

Authorizing [Columbia] to serve the three very limited geographic areas is also in the public interest, recognizing that the customers served or to be served are situated along the border between certificated and uncertificated areas of Chesterfield County; [Columbia] owns and operates facilities in close proximity to the customers to be served in the uncertificated area of Chesterfield County; the City does not maintain natural gas facilities in close proximity to the three areas to be served and has evidenced little or no interest in serving the areas historically; [Columbia] serves customers within its certificated service territory that are in close proximity to, or even in the same neighborhood as, the customers to be served in the uncertificated areas of Chesterfield County; the areas to be served are located significantly closer to [Columbia]'s facilities than the City's facilities; and the extension of [Columbia]'s service territory will preserve a natural buffer between customers served by [Columbia] and customers served by the City, recognizing that the City is not serving almost 1900 residences in fully developed neighborhoods generally situated between the three areas to be served and the City's closest natural gas facilities capable of serving those three areas.⁶⁶

Next, the City alleges that "it can only be assumed ... that the Commission only considered Columbia's ability to serve and not the City's."⁶⁷ This assumption is incorrect. In legislative-type proceedings such as the instant case, where the Commission is statutorily directed to exercise discretionary authority, it is not uncommon for the record to contain a substantial amount of evidence and argument supporting contrary positions. The Commission's finding herein does not represent a disregard of the City's ability to serve but, rather, the Commission's conclusion – after considering all of the evidence and arguments, including the City's – that allotting the three limited areas to Columbia is in the public interest. The Commission has explicitly found that there is evidence in the record to support this finding.⁶⁸

The City's Petition also raises other concerns over the Commission's finding, which we address in part herein. The first substantive header in the Petition claims that "[r]econsideration or rehearing is warranted because the City is entitled to a recognized service territory for expansion into Chesterfield County."⁶⁹ Indeed, the City asserts that it has an "exclusive right to serve its portion of Chesterfield County."⁷⁰ The Commission, however, has not granted – and does not have the authority to grant – service territory (exclusive or otherwise) to the City. Also, as explained above, neither the Code nor the City Charter grant the City exclusive territory in Chesterfield County.

There is no statutory or constitutional prohibition that prevents the Commission from allotting the requested territory in Chesterfield County to a public utility regulated by the Commission. The Commission's authority and obligation in this matter is to determine if it is in the public interest to allot the requested territory to Columbia. As stated above, that does not mean the Commission deems the City's ability to serve such area irrelevant to our statutory

⁶⁴ *Shenandoah Savings & Loan Ass'n. v. Front Royal Savings & Loan Ass'n.*, 220 Va. 718, 722 (1980) ("Here, the Commission found, on conflicting evidence, in favor of one applicant and against the other. There was evidence to support the Commission's findings of fact upon which it based its decision; evaluation of the weight of the evidence was a determination within the exclusive province of the Commission."). See also *GTE South Inc. v. AT&T Commc'ns of Va., Inc.*, 259 Va. 338, 344 ("While there was evidence that the prices charged GTE were competitive and reflective of the market, it was not uncontradicted. The Commission was entitled to weigh and reject GTE's evidence."); *Southern Ry. Co. v. Commonwealth*, 193 Va. 291, 298 (1952) ("Where the evidence is in conflict, or where two or more reasonable inferences can be drawn therefrom, it is the duty of the court, under the Constitution and statute laws of this Commonwealth, to affirm the order of the Commission.").

⁶⁵ Columbia's Post-Hearing Brief at 14-15.

⁶⁶ *Id.* at 15.

⁶⁷ Petition at 11.

⁶⁸ Moreover, the City's argument seems to suggest that if the Commission does not expressly discuss a specific piece of evidence presented in a case, then it necessarily means the Commission did not consider that evidence. If this is the City's assertion, it is not a legally valid proposition.

⁶⁹ Petition at 7.

⁷⁰ Ex. 8 (Steidel Direct) at 12.

duty.⁷¹ Rather, it means that the Commission may, as we have done here, consider the City's ability to serve (along with other evidence) and still conclude that it is in the public interest to allot the requested territory to Columbia under Code § 56-265.3 B.

The City further argues that it "is entitled, as a matter of law based on existing Virginia statutes, the City Charter, and the [Commission's 1987] *Henrico* decision, to a recognized service territory," and that "[t]his legal certainty, by itself and as part of any public interest analysis pursuant to Va. Code § 56-265.3, weighs in favor of the City and is itself sufficient for the Commission to deny Columbia's [A]pplication in this case."⁷² Again, nothing in the plain language of existing Virginia statutes or the City Charter precludes the Commission from allotting the requested territory in Chesterfield County to Columbia. Furthermore, although the City testified that "*Henrico* just gave us the certainty to understand that this was our territory,"⁷³ the Commission finds that a plain reading of its *Henrico* Final Order does not grant an exclusive service territory in Chesterfield County, or anywhere else, to the City.⁷⁴

Due to the emphasis the City places on *Henrico*, which was entered by the Commission almost 30 years ago, the brief decisional portion of that Final Order is reproduced below:

NOW, THE COMMISSION, upon consideration of the record in this matter, the Hearing Examiner's Final Report and the Exceptions and comments filed in response thereto, is of the opinion and finds that the applications of both [Virginia Natural Gas ("VNG")] and [Commonwealth Gas] should be denied. Certification of either of these applicants is not in the public interest. The record is clear that approximately \$20,000,000 has already been invested by the City to serve Henrico gas consumers. That investment and the continuing expansion of that system represents a significant commitment by the City to Henrico County.

Moreover, we, like the Examiner, are concerned that the applicants have not fully developed all the areas they are currently certificated to serve. We are equally disturbed by the specter of duplication of facilities if a public utility and the City both serve a given area. This concern is enhanced by the fact that we have no jurisdiction over the City's expansion into Henrico County.

A concern for duplication of facilities permeates the Utility Facilities Act, Va. Code §56-265.1 *et seq.* Indeed, the Virginia Supreme Court itself has found overlapping service areas and duplication of facilities not to be in the public interest. "For unnecessary duplication of ... facilities, the public ultimately pays. 'Shoestring' competition in the end hurts everybody." *Jessup v. Commonwealth*, 174 Va. 133, 138 (1939). *See also Petersburg, Hopewell and City Point Ry. Co. v. Commonwealth*, 152 Va. 193, 201 (1929). In recognition of the foregoing principles, we are compelled to deny both applications.⁷⁵

The *Henrico* case had nothing to do with Chesterfield County. In *Henrico*, the Commission found that it was not in the public interest to allot specific service territory in Henrico County to VNG or Commonwealth Gas.⁷⁶ The *Henrico* Final Order did not speak to Chesterfield County in any manner. Thus, even if the Commission possessed the authority to allot service territory to the City, there is nothing in the *Henrico* Final Order that encompasses Chesterfield County.

Moreover, to the extent that the Hearing Examiner in *Henrico* attempted to speak to Chesterfield County, the Hearing Examiner's Report in that case suggested (albeit erroneously) that the Commission had previously allotted *all* of Chesterfield County to Commonwealth Gas (*i.e.*, Columbia). Specifically, the Hearing Examiner in that case attached a service territory map to his Report, which incorrectly suggested that Columbia's certificated service territory included all of Chesterfield.⁷⁷ As a result, the Hearing Examiner in *Henrico* stated his belief (again, erroneously) that the uncertificated portion of Henrico County was "the only remaining piece of turf in the greater Richmond area which has not been allocated by certificate of public

⁷¹ *See, e.g.*, Petition at 11.

⁷² *Id.* at 12-13.

⁷³ Tr. 140.

⁷⁴ *See, e.g., Fredericksburg Constr. Co. v. J.W. Wyne Excavating, Inc.*, 260 Va. 137, 143-144 (2000) ("It is the firmly established law of this Commonwealth that a trial court speaks only through its written orders'. ... We further acknowledge, as has the Court of Appeals of Virginia, the general principle that trial courts have the authority to interpret their own orders. ... 'Furthermore, when construing a lower court's order, a reviewing court should give deference to the interpretation adopted by the lower court.'") (citations omitted).

⁷⁵ *Henrico*, 1987 S.C.C. Ann. Rept. at 267.

⁷⁶ As noted above, Commonwealth Gas subsequently changed its name to Columbia Gas of Virginia, Inc., *i.e.*, the applicant in the instant proceeding.

⁷⁷ The Hearing Examiner in the instant case concluded that the map attached to the 1987 Hearing Examiner's Report improperly locates the eastern boundary of Chesterfield County such that the City serves the uncertificated portion of the county. Report at 25 n.7. Conversely, the Commission finds that the 1987 Hearing Examiner's map could reasonably be viewed to depict Columbia as serving *all* of Chesterfield County. In addition, the "City's contention that ... *Henrico* ... affords the City an 'exclusive' service area throughout the remaining uncertificated portions of Chesterfield County is undermined by the fact that, unlike the circumstances in ... *Henrico* ..., the City was not even a party to the 1986 establishment of [Columbia's] current Chesterfield County [C]ertificated boundaries." Columbia's Post-Hearing Brief at 19 (citation omitted). Moreover, the existence and interpretation of the 1987 Hearing Examiner's map, which was not adopted by the Commission as part of the *Henrico* Final Order, is not dispositive to the Commission's public interest analysis herein.

convenience and necessity to any gas company."⁷⁸ In short, even if the Commission had such authority, there simply is nothing in the *Henrico* Final Order that assigns service territory in Chesterfield County to the City.⁷⁹

The City further asserts that, in *Henrico*, the Commission granted exclusive service territory in Henrico County to the City.⁸⁰ Not only does the Commission lack authority to grant or to deny service territory to the City, nothing in the Final Order quoted above purports to take such action.⁸¹ Rather, the Commission found that it was not in the public interest to grant the remainder of Henrico County to either VNG or Commonwealth Gas. This meant that the City was free to continue its expansion into Henrico County without the risk of duplication of facilities from public utilities regulated by the Commission. The plain language of the *Henrico* Final Order, however, did not *obligate* the City to serve the remainder of Henrico County, nor did it create exclusive territory rights for the City; indeed, the Commission does not possess the authority to affect either of those results. For example, if the City had not subsequently extended service into the Short Pump area of Henrico County as planned,⁸² and if a public utility (such as VNG or Commonwealth Gas) had later applied to the Commission to serve that portion of the county, the Commission could have found (pursuant to the Commission's authority under Code § 56-265.3 B) that it was in the public interest at that time to allot such territory to a Commission-regulated public utility and to issue a Certificate therefor.

Finally on this issue, both the City and Columbia assert that the facts attendant to the *Henrico* case support their respective provision of service to the three limited areas in the instant proceeding. The *Henrico* case, however, does not serve as precedent necessitating either rejection, or approval, of Columbia's Application; each Certificate request must be evaluated based upon its own specific facts and circumstances. We also note that Columbia identifies specific circumstances distinguishing the instant case from *Henrico*, such as:

- While *Henrico* "was premised on the lack of proximity of Commonwealth [Gas] and VNG infrastructure to the areas they proposed to serve," Columbia's "current natural gas distribution facilities *within* its certificated Chesterfield County service territory are situated in close proximity to each of the three limited geographic areas that are the subject of its Application in this proceeding";
- Unlike *Henrico*, "the City's current facilities and customers are located significantly greater distances from each of the three areas that are the subject of [Columbia]'s Application than [Columbia]'s facilities and current customers";
- The instant case is also distinguishable in that "each of the three limited geographic areas that are the subject of [Columbia]'s Application either straddle or border [Columbia]'s current certificated service territory boundaries where it actively serves customers";
- In *Henrico* the Commission was "disturbed by the specter of duplication of facilities if a public utility and the City both serve a given area," but here, since Columbia is already certificated to serve parts of the Bendahl Valley and Anderson's Forge neighborhoods, unnecessary duplication of service in a given area is avoided if Columbia serves the entirety of these neighborhoods, "as well as [Columbia]'s extension of service to the Windermere Area, which is located in close proximity to [Columbia]'s current facilities, current [Columbia] customers, and anticipated future service extensions within its certificated service territory to the Reedy Springs development";
- While *Henrico* involved approximately 50% of Henrico County and the City was already serving over 22,000 customers in the other 50%, the instant case is limited to three neighborhoods in Chesterfield County and Columbia is already serving most of the county (including approximately 57,000 customers in the Chesterfield/Petersburg area); and
- Unlike *Henrico*, Columbia's "service to those areas would not require the construction of extensive transmission and distribution facilities across unserved areas."⁸³

Next, contrary to the City's assertions, the Commission does not find that Columbia's request must be denied (*i.e.*, is not in the public interest) because the Company mistakenly provided service in the uncertificated portions of the Anderson's Forge and Bendahl Valley neighborhoods. Columbia had the right to extend its facilities to the certificated portions of those neighborhoods, and "the facts remain that with or without considering the unauthorized service, [Columbia]'s facilities are substantially closer to the requested service territory than the City's facilities."⁸⁴ We have considered Columbia's

⁷⁸ *Henrico*, Hearing Examiner's Report at 2 (citing Attachment A) and Attachment A. See also Columbia's Post-Hearing Brief at 18-19.

⁷⁹ The Commission further notes that the *Henrico* Final Order did not adopt the Hearing Examiner's Report, which is not part of the Commission's decision in that case.

⁸⁰ See, *e.g.*, Petition at 7-13; see also Ex. 8 (Steidel Direct) at 11.

⁸¹ The City argues that the Hearing Examiner's Report in *Henrico* states that "the remaining portion of Henrico County should be reserved for expansion by the City." See, *e.g.*, Petition at 7. This phrase does not (and legally cannot) grant exclusive territory to the City. More importantly, even if this phrase did attempt to create an exclusive territory for the City, the plain language of the *Henrico* Final Order neither adopts the Hearing Examiner's Report, nor contains this quoted phrase.

⁸² See, *e.g.*, Tr. 94 (noting that, in *Henrico*, the City was planning to serve the Short Pump area of Henrico County).

⁸³ See Columbia's Post-Hearing Brief at 19-21 and n.79 (citations and internal quotes omitted); see also Ex. 3 (Vaughan Direct); *Henrico*, Hearing Examiner's Report at 2.

⁸⁴ Columbia's Post-Hearing Brief at 12-13 (footnote omitted).

unauthorized service to a portion of these neighborhoods and still conclude that it is in the public interest for Columbia to serve the three geographical areas in this case.

In addition, Staff explained that a potential penalty for mistakenly serving all of Anderson's Forge and Bendahl Valley could be addressed in a Rule to Show Cause proceeding. Staff, however, found "no evidence in the record to indicate that Columbia willfully violated the law," that "[a]s soon as Columbia learned of its error, it promptly filed a letter with the Commission requesting a boundary line change," and that "Staff does not believe that the evidence in the record supports a Rule to Show Cause proceeding."⁸⁵ After discovering its territory error, Columbia also "incorporated its Chesterfield County service territory boundaries into its Geographical Information System maps to ensure that employees have real time access to the border between [Columbia]'s service territory and the remaining uncertificated area of Chesterfield County to better guard against future mistakes concerning its certificated service territory."⁸⁶ In addition, of the 52 counties in which Columbia provides service, it serves the entirety of 41 of those counties, including the entirety of the five counties that surround Chesterfield County (Amelia, Dinwiddie, Goochland, Powhatan, and Prince George).⁸⁷

The City also claims that the Commission has misapplied the Supreme Court's decision in *Virginia Gas Distribution Corp. v. Washington Gas Light Co.*, 201 Va. 370 (1959) ("*Virginia Gas*"). We disagree. Contrary to the City's allegation, the Commission has explicitly considered the City's ability to serve the areas in question (including the City's existing and planned natural gas infrastructure), and we conclude, as discussed herein, that it is in the public interest for the three limited areas to be allotted to Columbia under the provisions of Code § 56-265.3 B. *Virginia Gas* states that "[t]here must be taken into consideration the area involved; the ability of the utility to serve the area normally and under emergencies; the different types of service rendered; and the character of service required."⁸⁸ Both Columbia and the City provided evidence thereon, which the Commission has taken into consideration. *Virginia Gas* also states that "[t]he basic test relating to the allotment of territory for development is the ability of the applicant to render adequate service to the public under all of the circumstances there and then prevailing."⁸⁹ Indeed, the Commission has considered the evidence put forth by both Columbia and the City in this regard in evaluating the public interest.

The City further goes through a list of factors and argues that its proposal, not Columbia's, is in the public interest.⁹⁰ The Commission has discussed herein the basis for our decision that the Company's request is in the public interest, and we continue to find – even after reconsidering the City's evidence and arguments – that there is substantial evidence in the record supporting such finding.

The City argues (among other things) that its rates are lower than Columbia's, that it uses safer "curb valves" and Columbia does not, and that it could provide service "resulting in no duplication of facilities."⁹¹ None of these arguments, alone or in conjunction with the City's other evidence and arguments in this case, necessitate a finding that Columbia's request is *not* in the public interest. The Commission concludes that the rate comparison provided in this case does not preclude a public interest finding and, moreover, has limited value. As testified by the City, the rate analysis given in this proceeding is just "a snapshot in time because rates are variable, ... [a]nd, again, those rates are variable month to month."⁹² Columbia also asserts that the City overstated the Company's rates in its comparison,⁹³ and Columbia is statutorily required to charge just and reasonable rates (as approved by the Commission) pursuant to Code § 56-234. In addition, Columbia offers residential customers the ability to bundle their services through the Company or to purchase the natural gas commodity separately from competitive service providers licensed by the Commission.⁹⁴ Unlike Columbia, the City did not provide evidence that its customers have such an option. Finally, as explained in *Virginia Gas*, "[r]etail rates are, of course, a factor relating to the public interest; but it is only one of many factors to be considered"⁹⁵

Similarly, the City's use of curb valves does not preclude a public interest finding in favor of Columbia. While Virginia law does not require Columbia to use curb valves, we emphasize that safety is clearly a factor in the Commission's consideration of the public interest. Staff further testified that although curb valves are safer for first responders, they do not necessarily make the City's system safer than Columbia's as a whole.⁹⁶ Moreover, as discussed above, we have explicitly found that Columbia is fully capable of providing *safe*, adequate and reliable service to each of the three areas under normal conditions and in emergencies, and the City did not challenge the Company's ability to provide safe service. The Commission continues to conclude that the City's use of curb valves does not necessitate a finding that Columbia's request is contrary to the public interest.

⁸⁵ See, e.g., Staff's Post-Hearing Brief at 6.

⁸⁶ Columbia's Comments on Hearing Examiner's Report at 15-16; see also Ex. 3 (Vaughan Direct) at 23.

⁸⁷ See, e.g., Columbia's Comments on Hearing Examiner's Report at 16-17.

⁸⁸ *Virginia Gas*, 201 Va. at 377.

⁸⁹ *Id.* at 377-378.

⁹⁰ See, e.g., Petition at 14-19.

⁹¹ See, e.g., *id.* at 16-18.

⁹² Tr. 133.

⁹³ See, e.g., Columbia's Post-Hearing Brief at 6 and n.17.

⁹⁴ See, e.g., Ex. 3 (Vaughan Direct) at 25; Rate Schedule CSPS, Competitive Service Provider Service (Sheet No. 142) of Columbia Gas of Virginia, Inc.'s Tariff.

⁹⁵ *Virginia Gas*, 201 Va. at 377.

⁹⁶ Tr. 165-167.

In addition, although the City argues that it could find a way to provide service without duplicating specific facilities, our analysis herein is broader than that. For example, our evaluation of the potential "duplication" of facilities is not limited to whether there will be two redundant pipes in the same trench. As discussed above, to serve its *existing* territory, Columbia necessarily needs approach piping for: (i) the portions of Anderson's Forge and Bendahl Valley, as well as neighborhoods adjacent thereto, that are already within its certificated territory; and (ii) tracts adjacent to the Windermere Area, that are likewise already within the Company's existing service territory. If the City also constructs approach piping to these areas, there could be an unnecessary duplication of facilities.

There is also potential for unnecessary duplication (and unnecessary confusion) if the Commission issues a discretionary order that results in two utilities serving customers in adjacent neighborhoods, or along the same streets within the same neighborhood (and in some cases, customers that are next door to each other). Columbia already possesses the right to serve portions of Anderson's Forge and Bendahl Valley, as well as tracts adjacent to those neighborhoods and to the Windermere Area, and the Commission has found – based on the specific circumstances of this case – that it is in the public interest for a single utility, Columbia, to provide service in these areas.

The final matter addressed herein is the City's allegation that the Commission "failed to address a *fundamental* legal issue in this proceeding"⁹⁷ Specifically, the City objects to Columbia's argument "that federal anti-trust law prevents it from discussing service territory issues with the City, or any municipal utility that is not regulated by the Commission."⁹⁸ The City asserts that "the Commission's finding on this legal issue is a requirement for the City to operate its public utilities department."⁹⁹ According to the City, "[i]f the Commission does not make a finding on this issue, the Final Order will effectively condone Columbia's actions in the future," that "[t]his way of doing business will consume limited resources in unnecessary hearings when simple dialogue between Commission-regulated and municipal utilities would go a long way toward resolving many, if not most, issues concerning boundary lines," and that "[t]his lawless environment would severely impair the City's ability to make investments to serve its current and future customers."¹⁰⁰

The Commission continues to find that we need not address this legal question as part of the instant proceeding. There is no statutory requirement under Virginia law for Columbia to communicate and/or negotiate with any other utility, whether public or municipal, regarding horizontal market allocations prior to submitting an application to the Commission seeking a Certificate. The Commission also does not find that the General Assembly has created a statutory framework that results in a "lawless environment." Rather, the formal Certificate process established by the General Assembly – and implemented by the Commission – represents the lawful environment through which a public utility regulated by the Commission must traverse to extend the service territory within which such utility may provide natural gas service. This statutory framework, as evidenced by the instant proceeding, allows all interested parties (including both public and municipal utilities) to participate fully in the Certificate process.

The Commission also emphasizes that discussions of horizontal market allocation are separate from operational discussions between utilities. As explained by Staff, the Company will continue to participate in operational and safety discussions and activities with other utilities, explicitly including the City.¹⁰¹ Indeed, Company witness Wilson provided an example thereof and testified as follows:

Columbia, in all cases, would continue to work alongside with the City in matters of public safety, emergency response, and any matters in this case withstanding that that would hold true as operators of our utility. And I would just reference to, to kind of support that last week, the City had actually reached out to Columbia to participate in a safety stand-down to talk about emergency response, how we outfitted our vehicles, and so forth, and we were happy to do that and did participate.¹⁰²

Staff further states that the City's federal antitrust question is moot and inapplicable for purposes of the instant case; *i.e.*, there is a fully developed record that complies with all legal requirements such that the matter is ripe for the Commission to rule on the Application.¹⁰³

The Commission is not required, as a matter of law or fact, to rule on the federal antitrust question posed by the City in this proceeding. Furthermore, we do not find that Columbia's decision to follow the Certificate process permitted by Virginia statutes and implemented by the Commission - and not to discuss horizontal market allocation with the City – precludes the Commission from determining that the Company's request is in the public interest under the statutes applicable to this proceeding.

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

⁹⁷ Petition at 13 (emphasis added).

⁹⁸ *Id.* (citing Columbia's Post-Hearing Brief at 25-37).

⁹⁹ *Id.* at 14.

¹⁰⁰ *Id.*

¹⁰¹ *See, e.g.*, Tr. 189, 193-194; Staff's Post-Hearing Brief at 18.

¹⁰² Tr. 194.

¹⁰³ *See, e.g.*, Staff's Post-Hearing Brief at 19.

**CASE NOS. PUE-2015-00053 & PUE-2015-00054
AUGUST 23, 2016**

APPLICATIONS OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Poland Road 230 kV Double Circuit Transmission Line Loop and 230-34.5 kV Poland Road Substation

For approval and certification of electric transmission facilities: Yardley Ridge 230 kV Double Circuit Transmission Line Loop and 230 kV Yardley Ridge Switching Station

FINAL ORDER

On May 20, 2015, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") separate applications ("Applications") for certificates of public convenience and necessity for (i) the proposed Poland Road 230 kilovolt ("kV") double circuit transmission line loop and 230-34.5 kV Poland Road Substation ("Poland Road") and (ii) the proposed Yardley Ridge 230 kV double circuit transmission line loop and 230 kV Yardley Ridge Switching Station ("Yardley Ridge") (individually, "Project," and collectively, "Projects"). Dominion filed the Applications pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.* The Company filed direct testimony and other materials in support of its Applications.

The Commission issued separate Orders for Notice and Hearing ("Procedural Orders") in these proceedings that, among other things, docketed the Poland Road proceeding as Case No. PUE-2015-00053 and the Yardley Ridge proceeding as Case No. PUE-2015-00054; established procedural schedules for each proceeding; provided the opportunity for any interested person to comment or participate in these proceedings as a respondent; directed the Commission's Staff ("Staff") to investigate the Applications and file testimony and exhibits; provided the opportunity for the Company to file rebuttal testimony and exhibits; scheduled hearings for the receipt of public comment and evidence on the Applications; and assigned Hearing Examiners to conduct further proceedings in these matters.

The following parties filed notices of participation in the Poland Road proceeding: Jaders, L.C.; Elms at Arcola, L.C.; the Board of Supervisors of Loudoun County; Stone Ridge Association, Inc.; Stone Ridge Office Park, L.L.C.; Stone Ridge Village Center, L.L.C.; Stone Ridge Community Development, L.L.C.; Glascock Field at Stone Ridge, L.L.C.; South Riding Proprietary; John W. Albino; Brambleton Group, LLC ("Brambleton"); Creighton Road, LLC ("Creighton"); Farmer Meadows Family, LLC; Chantilly Crushed Stone, Inc.; Parcel I LLC, Parcel II LLC, and Parcel III LLC; Old Dominion Electric Cooperative ("ODEC"); Arcola LLC, f/k/a Arcola Limited Partnership; Arcola Retail Development, LLC; Shops at Arcola Center, LLC; Evergreen South Development, Limited Partnership f/k/a Evergreen Commerce Center LP; Loudoun Industrial Land Investments, LLC; Loudoun Self Storage Investment, LLC; and Kohler Chantilly III, LLC ("Kohler"). The following parties filed notices of participation in the Yardley Ridge proceeding: Kohler; Creighton; ODEC; and Brambleton.

The Commission convened public witness hearings on October 8, 27, and 29, 2015, November 10, 2015, February 2, 2016, and March 29, 2016. The Commission also received more than 2,000 public comments. On June 29, 2016, Hearing Examiner Michael D. Thomas conducted a hearing for the purpose of receiving evidence on the Applications offered by the Company, respondents, and the Staff.¹

As noted in the Procedural Orders, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Poland Road and Yardley Ridge Projects by the appropriate agencies and to provide reports on the review. On August 5, 2015, DEQ filed its reports on the Poland Road Project ("Poland Road DEQ Report") and the Yardley Ridge Project ("Yardley Ridge DEQ Report") with the Commission. Each report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law.

Specifically, the Poland Road DEQ Report contains the following summary of recommendations. The Company should:

- Conduct an on-site delineation of wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Follow DEQ's recommendations regarding air quality protection, as applicable;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable;
- Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage regarding its recommendations to conduct a survey as well as for updates to the Biotics Data System database;
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect wildlife resources;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendation for additional consultation as necessary;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;

¹ By Hearing Examiner's Ruling entered on March 21, 2016, the Yardley Ridge proceeding was administratively assigned to the Hearing Examiner hearing the Poland Road proceeding and the hearing on both cases was scheduled for June 29, 2016. The exhibits in each case were marked separately and are referred to herein as "Poland Road Ex." and "Yardley Ridge Ex.," respectively.

- Contact the Department of Transportation regarding its recommendations on impacts to the transportation network;
- Coordinate with the Department of Health on the implementation of mitigation measures to protect water supplies;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable; and
- Coordinate with Loudoun County regarding its recommendations.²

The Yardley Ridge DEQ Report contains the following summary of recommendations. The Company should:

- Conduct an on-site delineation of wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Follow DEQ's recommendations regarding air quality protection, as applicable;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, as applicable;
- Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage regarding its recommendations to protect natural heritage resources as well as for updates to the Biotics Data System database if six months have passed before the project is implemented;
- Coordinate with the Department of Game and Inland Fisheries as necessary regarding its recommendations to minimize impacts to wildlife and natural resources;
- Coordinate with the Virginia Outdoors Foundation for further review if the project area changes or the project does not begin within 24 months of this review;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Contact the Department of Transportation regarding the ongoing Route 606 widening project;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable; and
- Coordinate with Loudoun County regarding its recommendations.³

On May 25, 2016, the Staff filed testimony and exhibits in the Poland Road and Yardley Ridge proceedings summarizing the results of its investigation of Dominion's Applications.⁴ The Staff concluded that Dominion had reasonably demonstrated the need for the Poland Road and Yardley Ridge Projects and made certain recommendations regarding routing.⁵ On June 15, 2016, Dominion filed the rebuttal testimony of its witnesses. Among other things, the Company represented in its rebuttal testimony that it would comply with the DEQ's summary of recommendations in both the Poland Road and Yardley Ridge proceedings and would coordinate with agencies as appropriate.⁶

On June 28, 2016, Dominion and certain respondents⁷ including the Loudoun County Board of Supervisors ("Stipulating Parties") filed a Stipulation and Recommendation ("June 28 Stipulation") in the Poland Road and Yardley Ridge proceedings, which resolved all outstanding issues in this proceeding and agreed to the routing of the Poland Road and Yardley Ridge Projects as set forth in the June 28 Stipulation, with one exception related to a segment referred to as the Evergreen Mills Road Segment.⁸ On July 20, 2016, the June 28 Stipulating Parties filed an Addendum and Modification to the June 28 Stipulation resolving the remaining routing issue by removing the Evergreen Mills Road Segment from the agreed-upon routing.⁹ The Stipulation and Recommendation as modified by the Addendum and Modification ("July 20 Stipulation") was not opposed by any party or the Staff.

² Poland Road Ex. 38 (DEQ Report) at 6-7.

³ Yardley Ridge Ex. 18 (DEQ Report) at 6-7.

⁴ Poland Road Ex. 37 (DeLeon Direct); Yardley Ridge Ex. 17 (Joshipura Direct).

⁵ Poland Road Ex. 37 (DeLeon Direct) at 8, 27-32; Yardley Ridge Ex. 17 (Joshipura Direct) at 6, 20-26.

⁶ Poland Road Ex. 44 (Saunders Rebuttal) at 3; Yardley Ridge Ex. 24 (Saunders Rebuttal) at 3.

⁷ With the exception of John W. Albino ("Albino") and ODEC, the Stipulation was signed by all respondents in both the Poland Road and Yardley Ridge proceedings ("Stipulating Respondents"). Except for his notice of participation, Albino neither filed testimony nor participated in the evidentiary hearing; however, he did testify as a public witness. ODEC did not participate in the evidentiary hearing and did not oppose the Stipulation.

⁸ Poland Road Ex. 46; Yardley Ridge Ex. 26 (Stipulation).

⁹ Poland Road Ex. 58; Yardley Ridge Ex. 35 (Addendum and Modification of Stipulation and Recommendation).

On July 28, 2016, the Hearing Examiner issued the Report of Michael D. Thomas, Hearing Examiner ("Report"). In the Report, the Hearing Examiner, among other things, summarized the record in this case and made certain findings and recommendations. In particular, the Hearing Examiner found the July 20 Stipulation to be fair, reasonable, and in the public interest and recommended that the Commission adopt the July 20 Stipulation.¹⁰

On August 4, 2016, Dominion and the Stipulating Respondents filed comments on the Report. On August 8, 2016, the Staff filed a letter indicating that it would not be filing comments on the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity requires the Company to construct the proposed Poland Road and Yardley Ridge Projects. The Commission agrees with the Hearing Examiner that the July 20 Stipulation is fair, reasonable and in the public interest and that a certificate of public convenience and necessity authorizing the Projects should be issued subject to certain findings and conditions contained herein.

Approval

The statutory scheme governing the Company's Applications is found in several chapters of Title 56 of the Code.

Code § 56-265.2 A 1 provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Code § 56-46.1 further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Code § 56-46.1 B further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, Code § 56-259 C provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need

The Commission finds that the Company's proposed Poland Road and Yardley Ridge Projects are needed. The need for the Projects is unchallenged. The record includes, among other things, that the Poland Road Project is needed to provide service to a customer at a new data center campus being developed.¹¹ In addition, the record shows that the Yardley Ridge Project is needed for Dominion to provide requested service to Northern Virginia Electric Cooperative associated with a new data center campus being developed.¹² The Projects are also needed to to maintain reliability of service to growing loads in each area.¹³

Economic Development

The Commission finds that the proposed Poland Road and Yardley Ridge Projects will promote economic development in the Commonwealth of Virginia, including the area of the Poland Road and Yardley Ridge Projects, by serving an area that is rapidly growing including the additional load requirements associated with new data centers being developed.¹⁴

Routing and Right-of-Way

The record supports a determination that the route set forth in the Stipulation best meets the criteria set forth in the Code. While both the Poland Road and Yardley Ridge Projects require new right-of-way, as noted by the Hearing Examiner, the stipulated route is the least costly and least impacting route under consideration.¹⁵ As recognized by the Hearing Examiner, the record reflects that: (i) except for forest clearing due to the undeveloped nature of

¹⁰ Report at 104.

¹¹ See, e.g., Poland Road Ex. 37 (DeLeon Direct) at 6-8; Poland Road Ex. 6 (Application, Appendix) at 1-34.

¹² See, e.g., Yardley Ridge Ex. 17 (Joshipura Direct) at 4-6; Yardley Ridge Ex. 3 (Application, Appendix) at 1-40.

¹³ See, e.g., Poland Road Ex. 37 (DeLeon Direct) at 7; Poland Road Ex. 6 (Application, Appendix) at 1; Yardley Ridge Ex. 3 (Application, Appendix) at 1.

¹⁴ See, e.g., Poland Road Ex. 37 (DeLeon Direct) at 33; Poland Road Ex. 7 (Gill Direct) at 8; Yardley Ridge Ex. 17 (Joshipura Direct) at 26; Yardley Ridge Ex. 4 (Gill Direct) at 11.

¹⁵ Report at 99.

the right-of-way needed through Metropolitan Washington Airports Authority property, the stipulated route has lower potential impacts in nearly every evaluation category, such as impacts to scenic assets, historic resources, the environment, and the local community; (ii) the stipulated route routes the Poland Road Project away from StoneSprings Hospital; and (iii) the stipulated route preserves the Route 50 Gateway and the economic engine it represents for Loudoun County.¹⁶

Scenic Assets and Historic Districts

We agree with the Hearing Examiner that the stipulated route will reasonably minimize adverse impact on the scenic assets and historic resources consistent with Code § 56-46.1 B.¹⁷

Environmental Impact

Pursuant to Code § 56-46.1 A and B, the Commission is required to consider the proposed Poland Road and Yardley Ridge Projects' impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Projects by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Poland Road and Yardley Ridge Projects. The DEQ Reports support a finding that the Poland Road and Yardley Ridge Projects reasonably minimize adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Reports.¹⁸ We therefore find that, as a condition to our approval herein, Dominion must comply with all of DEQ's recommendations as provided in the Poland Road and Yardley Ridge DEQ Reports. Further, Dominion should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Poland Road and Yardley Ridge Projects.

Accordingly, IT IS ORDERED THAT:

(1) In accordance with the findings made herein, the Stipulation and Recommendation, as modified by the Addendum and Modification, is adopted, and the terms are incorporated herein.

(2) Dominion is authorized to construct and operate the Poland Road and Yardley Ridge Projects, as set forth in the Stipulation and Recommendation, as modified by the Addendum and Modification, subject to the findings and conditions imposed herein.

(3) Pursuant to Code §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Poland Road and Yardley Ridge Projects is granted as provided for herein, subject to the requirements set forth herein.

(4) Pursuant to the Utility Facilities Act, Code § 56-265.1 *et seq.*, the Commission issues the following certificate of public convenience and necessity to Dominion:

Certificate No. ET-91aa, which authorizes Dominion 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 Nos. PUE-2015-00053 and PUE-2015-00054; and cancels Certificate No. ET-91z, issued to Dominion on September 30, 2015, in Case No. PUE-2014-00115.

(5) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Energy Regulation three copies of an appropriate map for the Poland Road and Yardley Ridge Projects that show the routing of the transmission lines approved herein in addition to the facilities shown on the map for cancelled Certificate No. ET-91z.

(6) Upon receiving the map directed in Ordering Paragraph (5), the Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate of public convenience and necessity issued in Ordering Paragraph (4) with the map attached.

(7) The Projects approved herein must be constructed and in service by June 30, 2018. The Company, however, is granted leave to apply for an extension for good cause shown.

(8) As there is nothing further to come before the Commission, these matters are dismissed and the papers filed therein shall be placed in the file for ended causes.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ The DEQ recommendations are set forth above and discussed in the Poland Road and Yardley Ridge DEQ Reports.

**CASE NO. PUE-2015-00056
FEBRUARY 19, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a System Expansion Plan pursuant to Chapter 28 of Title 56 of the Code of Virginia

ORDER APPROVING SYSTEM EXPANSION PLAN

On August 25, 2015, Columbia Gas of Virginia, Inc. ("Columbia Gas" or the "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") for approval to implement a System Expansion Plan ("System Expansion Plan" or "Plan") pursuant to the recently enacted Chapter 28 of Title 56 of the Code of Virginia ("Code"), Virginia Code §§ 56-610 *et seq.* (hereinafter referred to as the "Infrastructure Expansion Act").¹ The Company stated in its Application that its proposed Plan "is a natural gas infrastructure expansion plan designed to deliver natural gas service to customers located in unserved areas within the Company's service territory by providing an alternative method of collecting the uneconomic portion of the investment related to infrastructure expansion projects."²

As stated in the Application, the Company's tariff prescribes the process by which the Company evaluates whether extension of facilities to an applicant for new service is economically feasible.³ If the Company's analysis finds that the proposed line extension is not economically feasible, the Company requires a contribution in aid of construction ("CIAC") from the applicant in the form of an up-front deposit to cover the uneconomic portion of the investment.⁴ The Company asserted in its Application that an increasing number of developers are forgoing the installation of natural gas service to their projects due to large up-front CIACs.⁵ The Company attributed the increased amount required for CIACs for line extensions to the rising cost of labor and materials, increasing compliance and environmental costs, and restricted access to financing for builders and developers.⁶

As an alternative to requiring a CIAC to cover the uneconomic portion of such expansion investment, the proposed Plan requires that the costs associated with the uneconomic portion of the investment will be directly borne by the beneficiaries of the new infrastructure, which will enable the Company to economically serve new and expanding unserved markets on the periphery of its existing infrastructure.⁷ The Company proposed to implement its System Expansion Plan over a five-year system-wide investment period.⁸

The Company projected a level of eligible expansion investment of approximately \$3.57 million (with the ability to exceed this amount by no more than 10%), which consists of the aggregate investment assessed by the Company to be uneconomic – up to the maximum level of investment per affected customer – associated with system expansion projects projected to be undertaken by the Company during the five-year investment period.⁹ The Company estimated the eligible system expansion infrastructure costs ("Plan Cost of Service") associated with the eligible expansion investment to be \$8,476,655, which includes a return on investment, revenue conversion factor, education and outreach expense, depreciation, and property taxes.¹⁰ The Company proposed to recover the Plan Cost of Service through a fixed monthly rider ("MAIN Rider") in the amount of \$6.63, applicable only to those customers at a premises receiving natural gas service that benefits from eligible expansion investment, which the Company proposes to be in effect for a period of 20 years for each such premises.¹¹

In its Application, Columbia Gas proposed tariff revisions related to the System Expansion Plan, which the Company proposed to become effective beginning with the first billing unit after the necessary information technology programming and accounting processes are in place.¹²

On September 3, 2015, the Commission entered an Order for Notice and Comment that, among other things, docketed the Company's Application; directed the Company to provide public notice of its Application; allowed interested persons to file comments and request a hearing on the Application; directed the Commission's Staff ("Staff") to investigate the Application and to file a report ("Staff Report" or "Report") containing the Staff's

¹ Chapters 28 and 231 of the 2015 Acts of the Virginia General Assembly.

² Application at 1.

³ *Id.* at 4.

⁴ *Id.* at 4-5.

⁵ *Id.* at 5.

⁶ *Id.*; Direct Testimony of Brentley K. Archer ("Archer Direct") at 7.

⁷ Application at 6; Archer Direct at 7-8, 15-16.

⁸ Application at 1.

⁹ *Id.* at 6-7, 11. See the definitions of "eligible expansion investment" and "affected customer" in § 56-610 of the Code, and set forth below.

¹⁰ Direct Testimony of Kristine M. Johnson ("Johnson Direct") at 11-12. See the definition of "eligible system expansion infrastructure costs" in § 56-610 of the Code, and set forth below.

¹¹ Application at 1-2, 8; Archer Direct at 6; Johnson Direct at 2, 4-5, 13. According to Company witness Johnson, "the MAIN Rider is attached to the premises, not any particular individual customer." Johnson Direct at 13. The Residential, Small General Service 1, and Small General Service 2 customer classes are eligible for participation in the Plan. Columbia Gas projects a total of 5,319 affected customers during the Plan period. Application at 7.

¹² Application at 10.

findings and recommendations; and allowed the Company to file a response to the Staff Report and any comments filed by interested persons. No notices of participation or requests for hearing were received. Comments in support of the Application were filed on September 21, 2015, by Delegate R. Lee Ware, Jr., and on September 29, 2015, by Senator Richard L. Saslaw.

On December 22, 2015, the Staff filed its Report on the Company's Application. Among other things, the Staff Report summarized the Company's Application and proposed Plan; reviewed the reasonableness of the proposed Plan investment, the related costs, and the Company's accounting treatment of the deferral mechanism that will be used to track the over-/under-recovery of Plan costs; and reviewed the Company's proposed MAIN Rider, tariff language, and customer education and outreach regarding its proposed System Expansion Plan. Staff recommended the following modifications ("Staff Modifications") to the Company's Application to make the proposed Plan reasonable and prudent:

1. The Company should be required to utilize property tax rates specific to the jurisdictions where the system expansion takes place;
2. The Company should be required to update its depreciation rates with any technical updates or with the regularly scheduled depreciation studies;
3. The Company should use a two-year average of net rate base to calculate the return;
4. The Company should include the current year's balance of the deferral of over-/under-recoveries with that year's calculation of net rate base;
5. The Company should incorporate the Accumulated Deferred Income Tax ("ADIT") proration methodology for projecting future rate base;¹³
6. The Company should reflect the balance of the deferral account that is included in net rate base net of the impact of income taxes;
7. The Company should be required to include within its contract for extension of service a requirement that the developer provide notice of the MAIN Rider within the covenant or bylaws of their new subdivision, when applicable; and
8. The Company should be required to explain the Plan's limitations within the General Terms & Conditions of its tariff.¹⁴

The Staff Report also recommended that, as long as the MAIN Rider is in effect, investments, costs and recoveries related to the Plan should be removed from the utility base rate cost of service in any annual informational filings, earnings tests or base rate applications.¹⁵

Staff also recommended that, in addition to taking into account the Staff Modifications listed above, the Annual Report should include the following: (i) the number of customers utilizing the Plan; (ii) the costs per customer; (iii) the rate classes the customers are in; (iv) the areas the Company is able to serve through the Plan; (v) an accounting of MAIN Rider recoveries from affected customers; (vi) monthly over-/under-recoveries of Plan costs; and (vii) the cumulative balance of the deferral account. Staff also recommended that for purposes of the Annual Report, the return calculation should be based on a 13-month average of net rate base.¹⁶

In addition, Staff recommended that, due to the substantial number of estimates in the Company's proposed Plan relating to customer additions and investment, as well as changes in tax law relating to bonus depreciation,¹⁷ the Commission confine the initial phase of the Plan to five years and require the Company to submit Revised Plans at the end of the initial five-year phase, and again at the end of the second five-year phase (a total of ten years after the beginning of the Plan), which would calculate a new MAIN Rider based on actual customer additions, investment, and any changes in tax law. Under Staff's proposal, the MAIN Rider calculated in the second Revised Plan would remain in use for the remaining years under which affected customers would be subject to the Plan.¹⁸

Staff also presented alternative rate design options for the Commission's consideration: (i) a levelized ten-year MAIN Rider of \$7.58; (ii) a tiered MAIN Rider; or (iii) a tiered MAIN Rider with the first tier being set at zero.¹⁹ The Staff Report noted that Staff's recommendations listed above would also apply to the alternative rate design options.²⁰

¹³ The Staff Report noted that when calculating actual costs for purposes of accounting for over-/under-recoveries on the books of the utility, ADIT proration is not necessary. See Staff Report at 16.

¹⁴ Staff Report at 26.

¹⁵ *Id.* at 17.

¹⁶ *Id.* at 27.

¹⁷ The Staff Report notes that bonus depreciation allows a company to take a federal tax depreciation deduction on 50% of its current year investment, which has the effect of "significantly reducing" rate base. However, the tax law changes extending this deduction were not enacted until December 18, 2015, and Staff's numbers do not reflect these changes. See, *id.* at 18, n. 41; 26 U.S.C. § 168(k).

¹⁸ Staff Report at 18, 27.

¹⁹ *Id.* at 19, 22-24, 27.

²⁰ *Id.* at 27.

Lastly, Staff noted that any remaining balance in the deferral account at the end of the MAIN Rider period would need to be refunded to or collected from customers. Accordingly, Staff recommended that the Company should be required to calculate a factor that will zero out the deferral balance in an expeditious manner.²¹

On January 19, 2016, Columbia Gas filed its Reply Comments ("Company Comments") to the Staff Report. In its Response, the Company stated that it "generally supports" the majority of Staff's recommendations,²² with the exception of Staff's recommendations concerning (1) notification requirements proposed to be included in developers' covenants or bylaws for new subdivisions, and (2) the use of a "tiered" rate design for the MAIN Rider.²³

To address Staff's concern regarding notice to owners or potential owners of premises to which the MAIN Rider is attached,²⁴ the Company proposed several additions to its proposed communications plan to provide notice of the MAIN Rider to potential affected customers in new subdivisions, as well as other affected customers.²⁵ The Company opposed Staff Modification Number 7 on the basis that it raises significant practical and legal concerns because it "(i) inappropriately inserts the Company into real estate transactions and land records and (ii) does not effectively address the concerns for which Staff offers it."²⁶

With regard to Staff's alternative rate design options, the Company stated in its Comments that it would be willing to accept Staff's proposed alternative for a levelized ten-year MAIN Rider; however, the Company notes that this rate is higher than the \$6.63 rate in the public notice.²⁷ The Company proposed to maintain the MAIN Rider at \$6.63 (payable over 20 years) as originally proposed and noticed, which (after taking into account Staff's accounting adjustments) the Company states would reduce carrying costs by approximately \$225,000 from the Application.²⁸ The Company also agreed to file in five and ten years to update the MAIN Rider amount.²⁹

The Company opposed Staff's alternative tiered rate design proposals. In response to Staff's assertion that a tiered approach may more closely align the costs of expanding service to revenues collected from the customers benefitting from such expansion, the Company asserted that this approach may not collect the actual revenue requirement, as the calculation only considers the investment cost and does not include the other elements included in the eligible system expansion infrastructure costs allowed under § 56-610 of the Code.³⁰ The Company also noted that the estimated rates in three of the five tiers exceed the rate noticed to the public.³¹ The Company further cited concerns regarding possible customer confusion, increased administrative costs, inequities in neighboring subdivisions, and the potential that the Company may lose projects due to the potentially large CIAC required for certain projects under the Staff's second tiered option.³²

NOW THE COMMISSION, upon consideration of this matter and based on the record herein, is of the opinion and finds that a system expansion plan as permitted by § 56-610 *et seq.* of the Code is approved as set forth in this Order Approving System Expansion Plan.

Code of Virginia

This case involves the first application that has been filed pursuant to the Infrastructure Expansion Act. Section 56-611 A of the Code provides as follows:

Notwithstanding the provisions of § 56-235.4, a natural gas utility may file a system expansion plan as provided in this chapter. Such a plan shall provide for (i) a business rationale explaining that the expansion plan is in the public interest and of benefit to the affected customers served under the system expansion plan, (ii) the period the system expansion rider is proposed to be in effect, (iii) the estimated eligible system expansion infrastructure costs and a maximum level of investment to be included in the program, (iv) a maximum level of investment per affected customer, (v) the projected number of customers by rate class that will be served by the

²¹ *Id.* at 17, 27.

²² The Company stated in its Comments that it updated its MAIN model to incorporate Staff Modification Nos. 3, 4, 5 and 6, and has incorporated the effect of bonus depreciation according to recently-enacted tax laws. The Company also proposed adding language to the new Section 21 of its Terms and Conditions to explain the Plan's limitations. *See* Company Comments at 6.

²³ *Id.* at 1.

²⁴ *See* Staff Report at 21.

²⁵ Company Comments at 8-9.

²⁶ *Id.* at 10-14.

²⁷ *Id.* at 14-15. The Company recalculated the levelized ten-year MAIN Rider based on Staff's recommendations and incorporating the recently-enacted federal tax law regarding bonus depreciation, resulting in a MAIN Rider of \$7.11. *Id.* at 14, n. 33.

²⁸ *Id.* at 15.

²⁹ *Id.*

³⁰ *Id.* at 15, n. 39.

³¹ *Id.* at 15.

³² *Id.* at 16-18.

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proposed investment, (vi) a schedule for recovery of the related eligible system expansion infrastructure costs through a system expansion rider, (vii) a methodology for deferral of unrecovered eligible system expansion infrastructure costs, calculated as determined pursuant to § 56-612, (viii) the class or classes of customers eligible to participate in a system expansion plan, and (ix) the period of time that a customer at a premises receiving natural gas service from eligible system expansion infrastructure will be considered an affected customer for purposes of this chapter. The natural gas utility shall demonstrate that the system expansion plan is prudent and reasonable. The Commission may approve such a plan after such notice and opportunity for a hearing as the Commission may prescribe, subject to the provisions of this chapter.

Section 56-611 B of the Code provides further:

The Commission shall approve a natural gas utility's system expansion plan if it finds that the plan (i) includes the components set forth in subsection A, (ii) provides for the recovery of eligible system expansion infrastructure costs in accordance with the provisions of this chapter, and (iii) is prudent and reasonable. In a final order approving a natural gas utility's system expansion plan, the Commission may require the natural gas utility to file an annual report with the Commission demonstrating whether the natural gas utility's recovery of eligible system expansion infrastructure costs pursuant to its system expansion plan complies with the requirements of clause (ii). . . .

Section 56-611 D of the Code states:

Any system expansion plan and any system expansion rider that is submitted to and approved by the Commission shall allocate and charge costs in accordance with the appropriate cost causation principles in order to avoid any undue cross-subsidization between rate classes.

Section 56-612 of the Code states:

A. A natural gas utility shall account for the difference between actual monthly eligible system expansion infrastructure costs incurred on the cumulative investment in eligible system expansion infrastructure and revenue collected through a system expansion rider as a deferred cost. Such deferred costs shall be accounted for as a regulatory asset and shall not be subject to write-off or write-down by the Commission in an earnings test filing made pursuant to Commission rules governing utility rate increases and annual informational filings.

B. If a natural gas utility collects all of the deferred eligible system expansion infrastructure costs, as well as all eligible expansion investment, through a system expansion rider prior to the expiration of the time period specified in its system expansion plan pursuant to clause (ii) of subsection A of § 56-611, the system expansion rider shall terminate. A natural gas utility may extend the system expansion rider beyond the period it is proposed to be in effect if necessary to recover any uncollected deferral or eligible system expansion infrastructure costs. A natural gas utility shall notify the Commission of any termination or extension of a system expansion rider at least 60 days prior to its termination or extension. Such termination or extension of the system expansion rider shall be subject to Commission approval.

C. Deferral of costs recovered pursuant to this chapter shall have no effect on the recovery of any other cost by the natural gas utility and shall not be included in any computation relative to a performance-based regulation plan revenue-sharing mechanism.

Section 56-610 of the Code includes the following definitions:

"Affected customer" means any customer of a natural gas utility receiving service at a premises served by eligible system expansion infrastructure. Any customer receiving natural gas service for which the natural gas utility has received the entire amount required to cover the cost of the eligible system expansion infrastructure as a contribution in aid to construction shall not be considered an affected customer.

"Eligible expansion investment" means that portion of the total capital investment made by a natural gas utility in constructing eligible system expansion infrastructure that is in excess of those costs that would be considered economic under a natural gas utility's economic test, net of any contributions in aid of construction, up to the maximum level of investment per affected customer specified in a system expansion plan.

"Eligible system expansion infrastructure" means natural gas main pipelines and associated facilities, including service lines, meters, and other pertinent facilities, that are constructed and operated by a natural gas utility to deliver natural gas service to affected customers located in an unserved area.

"System expansion plan" means a plan filed by a natural gas utility that identifies the level of eligible system expansion infrastructure costs that are projected to be incurred over the term of the plan and provides the calculation of a system expansion rider.

"System expansion rider" means a recovery mechanism that will allow for recovery of the eligible system expansion infrastructure costs from affected customers, through a separate mechanism from the customer rates established in a rate case using the cost-of-service methodology set forth in § 56-235.2 or a performance-based regulation plan authorized by § 56-235.6. A system expansion rider shall be designed to recover eligible system expansion infrastructure costs.

In addition, § 56-610 of the Code defines "eligible system expansion infrastructure costs" to include: (1) return on investment; (2) a revenue conversion factor; (3) education and outreach expense; (4) depreciation; and (5) property taxes attributable to eligible expansion investment.

Required Components in § 56-611 A of the Code

As set forth in § 56-611 B of the Code, the first element required for Commission approval of a system expansion plan is inclusion of the components set forth in § 56-611 A. We find that the Company's proposed Plan provides the information required for each of these components, as follows:

Business rationale

The Company asserted that several economic factors have impeded the Company's ability to cost-effectively extend new natural gas infrastructure for residential and commercial development in areas that are immediately proximate to existing natural gas infrastructure, leading to an increasing number of developers deciding to forgo the installation of natural gas service to their projects.³³ The Company cites these factors, as well as an increased demand in the market and direction from policymakers encouraging the expansion of natural gas infrastructure into unserved areas, as the business rationale for its proposed Plan.³⁴

Rider Period

As stated above, the Company proposed a five-year system-wide investment period and a rider payment period of 20 years for each affected customer, from the date service begins at the premises.

Estimated Plan Cost of Service and Maximum Level of Investment

The Company requested \$3,568,603 (with the ability to exceed this amount by no more than 10%) as the maximum level of investment over a period of five years. The Application's total projected Plan Cost of Service, which includes the elements identified in the statutory definition of "eligible system expansion infrastructure costs," is \$8,476,655. We note that the Staff Report concludes that the Company's methodology provides a reasonable basis for the projection of Plan investment and the number of affected customers, and that the Company's projected Plan investment of \$3,568,603 and the projected number of 5,319 affected customers (as set forth below) are therefore reasonable for the initial phase of the Plan.³⁵ We note further that the estimated Plan Cost of Service has been decreased due to Staff's accounting adjustments and the additional impact of the bonus depreciation tax law enacted December 18, 2015.

Maximum Level of Investment per Affected Customer

The Company stated in the Application that the MAIN Model is based on a \$4,237 maximum level of investment per affected customer, which applies to all customer classes eligible to participate in the Plan. The Company asserted that this maximum level of investment "will work to reduce, if not eliminate, the up-front CIAC required for system expansion projects included in the Company's proposed System Expansion Plan."³⁶

Projected Number of Customers by Rate Class to be Served

The Company projects a total of 5,021 residential, 173 Small General Service 1 ("SGS1"), and 125 Small General Service 2 ("SGS2") affected customers over the five-year investment period, for a total of 5,319 affected customers.³⁷

Schedule and Rider for Recovery of Eligible System Expansion Infrastructure Costs

We note that the Company's proposed schedule for recovery of the Plan Cost of Service is set forth in an attachment to Company witness Johnson's pre-filed direct testimony.³⁸ As stated above, the Company proposed to recover its Plan Cost of Service through a monthly MAIN Rider in the amount of \$6.63, to be included on an affected customer's bill for a period of 20 years.

Methodology for Deferral of Unrecovered Costs

In accordance with § 56-612 A of the Code, Company witness Horner stated in his pre-filed direct testimony that the Company expects to under-recover its cost of service in the beginning years of the Plan and will account for this deferral as a regulatory asset.³⁹ We note that the Staff agreed with the Company's proposed tracking mechanism and deferral accounting but recommends that the Company should reflect the balance of the deferral account included in net rate base net of the impact of income taxes.⁴⁰ The Company did not oppose this recommendation and we approve it herein.

³³ See, e.g. Application at 4; Archer Direct at 7.

³⁴ See *id.*

³⁵ Staff Report at 13.

³⁶ Application at 7.

³⁷ See *id.*; Johnson Direct at 9.

³⁸ See Johnson Direct, Attachment KMJ-2.

³⁹ Pre-filed Direct Testimony of Robert E. Horner at 5.

⁴⁰ Staff Report at 17.

Classes of Customers Eligible to Participate

As noted above, the Company's proposal applies to the Residential, SGS1 and SGS2 classes.⁴¹ We note that the Company asserted in its Application that these classes make up 98% of the Company's customer base and are classes where projects have not moved forward in the past due to high CIAC costs.⁴²

Period of Time a Customer will be Considered an Affected Customer

The Company's proposed Plan provides that during the 20 years the MAIN Rider is attached to the premises where gas service was extended pursuant to the Plan, a customer will be considered an affected customer for the time they live at the premises.⁴³

Recovery of Eligible System Expansion Infrastructure Costs

The second element in § 56-611 B of the Code required for Commission approval of a natural gas utility's system expansion plan is that the Plan must provide for the recovery of eligible system expansion infrastructure costs in accordance with the provisions of the Infrastructure Expansion Act. As stated above, the definition of "eligible system expansion infrastructure costs" in § 56-610 of the Code identifies the factors and expenses to be included therein, in addition to the eligible expansion investment. Whether the Company's projected eligible system expansion infrastructure costs include the correct categories of expense does not appear to be in dispute. However, both the Company and Staff have proposed alternative options for the method of recovering such costs. As more fully discussed below, we find that the system expansion plan approved herein complies with this requirement in § 56-611 B of the Code.

Prudent and Reasonable

As required by § 56-611 B of the Code, the Commission must also find that the proposed System Expansion Plan is prudent and reasonable. We find that the Company's projected Plan investment of \$3,568,603 (with the ability to exceed this amount by no more than 10%) and the projected number of 5,319 affected customers are reasonable for the initial phase of the Plan. We further find that Staff's Modification Numbers 1 through 6, as well as the incorporation of the effect of the bonus depreciation tax laws that were enacted December 18, 2015, are necessary to make the Plan reasonable and prudent, with respect to calculation of the overall Plan Cost of Service. We also approve the Company's proposed tariff language as proposed in the Application and Reply Comments.

With regard to the method of recovery of the Plan Cost of Service, we have considered the Company's proposal of a monthly MAIN Rider in the amount of \$6.63 recovered over a period of 20 years, with Staff's recommended revisions, as well as Staff's three alternative rate design proposals. For the reasons stated below, we approve the monthly MAIN Rider in the amount of \$6.63 with a 20-year recovery period. Columbia Gas shall be required to file updates after five and ten years to update the MAIN Rider amount.

We note the Staff's concerns with a cumulative revenue requirement that is based on a "substantial number of estimates . . . over an extended period . . ." ⁴⁴ However, with Staff's accounting adjustments, the impact of the changes in federal tax law relating to bonus depreciation, and maintaining the MAIN Rider at \$6.63 as originally proposed, the total Plan Cost of Service is significantly reduced.⁴⁵ Moreover, we find that requiring the Company to file updates after five and ten years will allow the Commission to determine whether maintaining the same fixed monthly rider for all affected customers is reasonable and prudent based on actual customer additions and investment.

We note further that Staff's alternative rate design options implicate notice concerns, as each option includes rider amounts that exceed the amount noticed to the public pursuant to the Commission's September 3, 2015 Order for Notice and Comment. In accordance with recent cases, we do not approve a rate design in this case that results in a monthly MAIN Rider greater than \$6.63.⁴⁶

We further find that it is not necessary to require the Company to include within its contract for extension of service a requirement that the developer provide notice of the MAIN Rider within the covenant or bylaws of their new subdivision, when applicable, in order for the Plan to be prudent and reasonable. We recognize the Company's concerns expressed in its Reply Comments⁴⁷ and find that the Company's proposed communication and notification procedures as set forth in its Application and Comments⁴⁸ are reasonable methods to provide notice of the MAIN Rider to potential customers.

⁴¹ These customer classes include the following rate schedules: RS, RTS, SGS1, SGTS1, SGS2, SGTS2, ACS and ACTS. Johnson Direct at 9.

⁴² Pre-filed Direct Testimony of Christian A. Griffin at 9.

⁴³ See Johnson Direct at 13.

⁴⁴ Staff Report at 18.

⁴⁵ See *id.* at 17; Company Comments at 14-15.

⁴⁶ See *Application of Virginia Electric and Power Company, For revisions of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUE-2014-00052, Doc. Con. Cen. No. 150310315, Final Order (Mar. 12, 2015); *Application of Virginia Natural Gas, Inc., For approval of its 2015 SAVE Rider update*, Case No. PUE-2015-00050, Doc. Con. Cen. No. 150750100, Order Approving SAVE Rider Adjustment (July 29, 2015).

⁴⁷ See Company Comments at 10-14.

⁴⁸ See *id.* at 8-9.

Annual Reporting Requirements

In accordance with § 56-611 B, we order Columbia Gas to file an annual report with the Commission that demonstrates whether its recovery of Plan costs is in compliance with the requirements of the Code. The Company's annual report shall incorporate Staff's accounting recommendations and shall include, but not be limited to, the following information: rate base components used to determine the cost of service; education and outreach costs; depreciation expense; property tax expense; income tax expense; revenue conversion amount; an accounting of MAIN Rider recoveries; monthly over-under-recoveries of Plan costs; the cumulative balance of the deferral costs; the number of customers (by rate class) utilizing the Plan, the costs per customer, and the areas served through the Plan.

Accordingly, IT IS ORDERED THAT:

(1) A system expansion plan, as permitted by § 56-610 *et seq.* of the Code, is approved as set forth in this Order Approving System Expansion Plan and shall become effective beginning with the first billing unit after the necessary information technology programming and accounting processes are in place.

(2) As long as the MAIN Rider is in effect, investments, costs and recoveries related to the System Expansion Plan shall be removed from the utility base rate cost of service in any annual informational filings, earning tests, or base rate applications.

(3) Columbia Gas shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation in accordance with this Order Approving System Expansion Plan.

(4) This matter is dismissed.

**CASE NO. PUE-2015-00059
FEBRUARY 29, 2016**

APPLICATION OF
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

FINAL ORDER

On June 1, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider R ("Application"). Through its Application, the Company seeks to recover costs associated with the Bear Garden Generating Station, a 580-megawatt (nominal) natural gas- and oil-fired combined-cycle generating facility and associated transmission interconnection facilities in Buckingham County, Virginia.¹

On June 18, 2015, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing for November 12, 2015, and appointed a Hearing Examiner to conduct further proceedings in this matter. Notices of participation were filed by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On November 3, 2015, the Commission issued an Order Bifurcating Issues in this proceeding and three other rate adjustment clause ("RAC") proceedings, which Dominion had filed contemporaneously: Case Nos. PUE-2015-00058, PUE-2015-00060, and PUE-2015-00061. In the Order Bifurcating Issues, the Commission found that factual and legal issues related to return on equity ("ROE") in each RAC case should be bifurcated from the remainder of the case and heard together, without consolidation, by the Commission.² The Commission scheduled a public hearing on the ROE Issues for January 20, 2016, and established filing dates for the filing of Schedule 45, pre-filed testimony, and legal briefs.

On November 10, 2015, the Company and the Commission Staff ("Staff") (collectively, "Stipulating Parties") filed a Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all contested issues in this proceeding other than the ROE Issues. In the Stipulation, the Stipulating Parties agreed in part that: (i) the Projected Cost Recovery Factor for Rider R will reflect projected balances as of month-end immediately preceding the rate year for the following rate base components: accumulated deferred income taxes as per books, net plant, inventories, asset retirement cost and related accumulated depreciation and asset retirement obligation, and construction work in progress when commercial operations begin within the rate year; (ii) the Projected Cost Recovery Factor will reflect projected amounts to be incurred over the 12-month period immediately preceding the rate year for depreciation expense; (iii) the Projected Cost Recovery Factor will continue to reflect projected amounts over the rate year for regulatory assets and liabilities, operations and maintenance expenses, property taxes, asset retirement obligation accretion expense, asset retirement cost depreciation expense, and construction work in progress for rate years prior to the commercial operation date; and (iv) to the extent that any other costs are expected to be accrued or incurred during the rate year and are not specifically provided for above, such costs shall be evaluated for any potential conflict or inconsistency with the normalization requirements of the Internal Revenue Service before being included in projections for the rate year, and the first time the Company seeks recovery of such costs through an application filed with the Commission, the Company shall address its proposed treatment of the costs in its direct

¹ Exhibit ("Ex.") 2 (Application) at 1.

² The factual and legal ROE issues shall be referred to collectively herein as "ROE Issues."

testimony.³ The Stipulating Parties further agreed that for purposes of Rider R to exclude an amount of carrying costs associated with the implementation of new depreciation rates from the revenue requirement.⁴

A hearing on the non-ROE Issues was conducted by a Hearing Examiner as scheduled on November 12, 2015. Counsel for the Company, Staff, and Consumer Counsel attended this hearing. At the hearing, the Stipulating Parties presented the proposed Stipulation. Consumer Counsel stated that it did not oppose the terms of the Stipulation.⁵

Pursuant to the Order Bifurcating Issues, Dominion filed Schedule 45 and the direct ROE testimony of Robert B. Hevert on December 2, 2015. On December 23, 2015, Staff filed the ROE testimony of Lawrence T. Oliver. On January 6, 2016, Dominion filed the rebuttal testimony of Company witness Hevert. Also on January 6, 2016, the Company, Staff, Consumer Counsel, and the Committee filed legal briefs discussing the Commission's authority to set ROE in RAC proceedings. On January 20, 2016, a hearing on the ROE Issues was conducted by the Commission as scheduled in the Order Bifurcating Issues. Counsel for the Company, Staff, Consumer Counsel and the Committee attended the hearing.

On January 26, 2016, the Report of A. Ann Berkebile, Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. The Report presented findings and recommendations on the non-ROE Issues in this proceeding. In her Report, the Hearing Examiner found that: (i) the terms of the Stipulation offer a fair and reasonable resolution to the remaining non-ROE Issues in this case; (ii) the revenue requirement in this proceeding should comprise a Projected Cost Recovery Factor and an Actual Cost True-Up Factor; (iii) the ROE applicable to the Company's Projected Cost Recovery Factor will be determined by the Commission and will determine the associated revenue requirement; (iv) the ROE applicable to the Company's Actual Cost True-Up Factor should be 12.3% for the period of January 1, 2011, through November 30, 2011; 11.4% for the period of December 1, 2011, through November 30, 2013; and 11.0% for the period of December 1, 2013, through December 31, 2014; (v) a total Rider R revenue requirement not exceeding \$74,334,000, the amount noticed to the public in this case, is reasonable, with the understanding that the Company shall be allowed to recover in a future Rider R true-up any under-recovery associated with the Commission's approval of an ROE following the ROE hearing; (vi) the Company's proposed rate design and methodology for allocating the Rider R revenue requirement among rate classes are reasonable and should be approved by the Commission; (vii) the Company's 2014 Rider R true-up should be adjusted in a future Rider R case to incorporate the Commission's decision relative to Micron;⁶ and (viii) the Rate Year shall commence April 1, 2016, and extend through March 31, 2017, and the revised Rider R rates shall become effective for service rendered on and after April 1, 2016.⁷ Accordingly, the Hearing Examiner recommended that the Commission enter an Order adopting the findings of the Report and approving the updated Rider R rates recommended in the Report.⁸

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

The Commission finds that the Hearing Examiner's Report is reasonable and shall be adopted. The Commission agrees with the Hearing Examiner that "[t]he terms of the Stipulation offer a fair and reasonable resolution of the remaining issues in this case."⁹

ROE ISSUES

Code § 56-585.1 A 6

The plain language of Code § 56-585.1 A 6 allows the Commission to determine ROE for Rider R in the instant proceeding. Code § 56-585.1 A 6 requires the Commission to apply an "enhanced rate of return on common equity" to the instant RAC by adding 100 basis points "to the utility's general rate of return." Code § 56-585.1 A 6 then defines "general rate of return" as follows:

For purposes of this subdivision, "general rate of return" means the fair combined rate of return on common equity as it is determined by the Commission *from time to time* for such utility *pursuant to subdivision 2*.
(Emphasis added).

This provision addresses (1) when, and (2) how, the Commission determines the "general rate of return" included in a specific generation facility's costs that are recovered through the respective RAC under Code § 56-585.1 A 6 ("Section A 6 RAC"). Specifically, the plain language: (1) gives the Commission discretion as to *when* it may determine the general rate of return for the Section A 6 RAC (*i.e.*, "from time to time"); and (2) directs the Commission *how* to determine that general rate of return (*i.e.*, "pursuant to subdivision 2").

The plain meaning of the phrase "from time to time" does not limit the Commission's ROE determination to a prescribed time, but, rather, allows the Commission to choose the occasions at which such ROE is determined. Accordingly, the Commission has the discretion to determine ROE for the

³ Ex. 12 (Stipulation) at 3-4.

⁴ *Id.* at 4.

⁵ See November 12, 2015 Hearing Tr. at 6-7.

⁶ See *Application of Virginia Electric and Power Company, For a 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*, Case No. PUE-2015-00027, Doc. Con. Cen. No. 151140125, Final Order at 11-14 (Nov. 23, 2015).

⁷ Report at 12-13.

⁸ *Id.* at 13.

⁹ *Id.* at 12.

Section A 6 RAC in the instant Section A 6 RAC proceeding (which we do below). Similarly, the Commission had the discretion to determine ROE for Section A 6 RACs as part of prior biennial reviews, which we also have done in the past for purposes of judicial economy and efficiency.¹⁰

Contrary to the phrase "from time to time," the phrase "pursuant to subdivision 2" is not discretionary. When the Commission "from time to time" determines ROE for a Section A 6 RAC, we must follow the methodology and requirements set forth in "subdivision 2," *i.e.*, Code § 56-585.1 A 2 (which we do below). This mandate addresses how, not when, the Commission determines the "general rate of return" to be used in a Section A 6 RAC. Dominion's argument to the contrary does not comport with the plain language and, further, inappropriately effects a re-writing that makes Code § 56-585.1 A 6 read as follows:

For purposes of this subdivision, "general rate of return" means the fair combined rate of return on common equity as it is determined by the Commission ~~from time to time in a biennial review~~ for such utility pursuant to subdivision 2.

This is not the language of the statute. The General Assembly obviously could have directed the Commission to determine ROE for Section A 6 RACs only in the biennial reviews, but it did not do so.¹¹

The Commission also notes that the General Assembly similarly used the phrase "pursuant to subdivision A 2" elsewhere in the Regulation Act (Code § 56-576 *et seq.*) to address how, not when, the Commission determines rate of return. Specifically, Code § 56-585.1 B states in part as follows:

Nothing in this section shall preclude an investor-owned incumbent electric utility from applying for an increase in rates pursuant to § 56-245 or the Commission's rules governing utility rate increase applications; however, in any such filing, a fair rate of return on common equity shall be determined *pursuant to subdivision A 2*. (Emphasis added).

If a utility files a rate case under Code § 56-245 for an emergency rate increase, this provision directs the Commission to determine ROE in such proceeding using the requirements set forth in "subdivision A 2." Accordingly, as with Code § 56-585.1 A 6, the italicized phrase specifies the methodology (*i.e.*, how, not when) the Commission must use in determining ROE.

Dominion, however, argues that the Commission's explicit "from time to time" discretion is implicitly stricken by the following sentence in Code § 56-585.1 A 6: "In any proceeding under this subdivision conducted prior to the conclusion of the first biennial review for such utility, the Commission shall determine a general rate of return for such utility in the same manner as it would in a biennial review proceeding."¹² The plain meaning of this provision, on its face, does not apply to this proceeding or point in time, so Dominion's use of it is an attempt to construe "from time to time" well beyond its plain meaning. Since the plain meaning of "from time to time" and "pursuant to subdivision A 2" is clear, Dominion's resort to statutory construction fails.¹³ Moreover, even resorting to statutory construction, the sentence relied upon by Dominion – which is no longer applicable since the first biennial review was concluded years ago – does not alter the plain meaning of the express terms in the statute as discussed above. Rather, such sentence was a limited-purpose provision mandating that the ROE methodology created in subdivision A 2 to be used in biennial review cases had to be followed by the Commission for Section A 6 RAC cases even *before* such methodology was to be used in biennial reviews.

Finally, Dominion argues that a prohibition on the Commission's authority to determine ROE in a Section A 6 RAC proceeding should be discerned from within the "statutory framework," and that such framework requires RAC ROEs and base rate ROEs to move in "lock-step."¹⁴ Dominion further asserts that this "results in a logical scheme that provides for uniform ROE application, stability and predictability," and that the General Assembly did not intend the alleged "chaos" that would ensue if the Commission determines ROE for a Section A 6 RAC in the contemporaneous Section A 6 RAC proceeding.¹⁵

¹⁰ See, e.g., *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, Order for Notice and Hearing at 3-4 (June 28, 2013); *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, 376 n. 42, Final Order (Nov. 26, 2013). Staff asserts that Dominion has repeatedly – in at least 35 separate RAC dockets – asked the Commission to use the RAC ROE from the biennial review for "judicial economy," and not because the Commission lacked the authority to establish a RAC ROE in a RAC proceeding. Staff's Jan. 6, 2016 Brief at Attachment A, p.39 (emphasis added) (citations omitted). Conversely, Dominion states that it "has consistently held the position that once the biennial reviews commenced, the RAC ROEs would be reset every two years in such reviews, and would not be determined in the individual RAC proceedings." Dominion's Jan. 6, 2016 Brief at 13-15. The Commission's decision in this matter, however, is based on the plain language of the statute.

¹¹ The Committee further notes that "none of the three provisions [Dominion] relies upon contains any explicit language prohibiting the Commission from determining ROE in a RAC case. The General Assembly easily could have included such language....Yet the General Assembly included no such language when it enacted § 56-585.1." Committee's Jan. 6, 2016 Brief at 5.

¹² Dominion's Jan. 6, 2016 Brief at 7-8.

¹³ *Newberry Station Homeowners Ass'n v. Bd. of Supervisors*, 285 Va. 604, 614 (2013) ("[W]hen the language of an enactment is free from ambiguity, resort to legislative history and extrinsic facts is not permitted because we take the words as written to determine their meaning.") (internal quotes and citation omitted); *Smith v. Commonwealth*, 282 Va. 449, 454 (2011) ("When statutory terms are plain and unambiguous, we apply them according to their plain meaning without resorting to rules of statutory construction.") (citing *Halifax Corp. v. First Union Nat'l Bank*, 262 Va. 91, 99-100 (2001)); *Kummer v. Donak*, 282 Va. 301, 306 (2011) ("Because there is no ambiguity in the applicable statutes, the Kummer children's public policy argument must fail."); *Brown v. Lukhard*, 229 Va. 316, 321 (1985) ("If language is clear and unambiguous, there is no need for construction by the court; the plain meaning and intent of the enactment will be given it.") (citation omitted).

¹⁴ Dominion's Jan. 6, 2016 Brief at 5-6.

¹⁵ *Id.* at 16-17.

In this regard, there is no chaos – or legal absurdity – in the plain meaning of the statute. That is, the plain language of Code § 56-585.1 A 6 is not internally inconsistent or incapable of operation.¹⁶ Again, as cited above, since the plain language is clear, there can be no resort to extrinsic facts, statutory construction, legislative history, or public policy arguments.

Moreover, even if the statute was ambiguous, Dominion's argument that legislative policy and intent mandate "uniform" outcomes is not supported by the extensive provisions within Code § 56-585.1 A 6.¹⁷ This specific subsection contains numerous provisions that treat individual Section A 6 RAC cases differently from biennial reviews and from other Section A 6 RAC cases, and which are certain to result in outcomes that are *not* "uniform." For example, Code § 56-585.1 A 6 contains: (1) disparate ROE "adders" for different RACs, ranging from 0 to 200 basis points for different types of generation; (2) no ROE "adders" for similar facilities included in base rates; (3) guaranteed write-offs against earnings for certain costs incurred prior to certificate and RAC approval for a new nuclear plant, but no such pre-approval or pre-RAC write-offs for other types of generation facilities; (4) the potential for different amortization schedules for different types of generation assets – based on the Commission's discretion - resulting in disparate cost recoveries over the life of different Section A 6 RACs; and (5) a mandatory finding that certain types of generation assets, but not all, are necessarily in the "public interest." As a result, the General Assembly established a "framework" where there could be very different outcomes in different cases under the Regulation Act.

Senate Bill 1349

Next, contrary to Dominion's assertion, the Commission's discretion in the instant case cannot be modified by the enactment of Chapter 6, 2015 Va. Acts of Assembly ("Senate Bill 1349" or "SB 1349"), codified in part as Code § 56-585.1:1.¹⁸ Senate Bill 1349 became effective on July 1, 2015, while the instant case was pending. Since SB 1349 does not include language manifesting an intent that such enactment apply retroactively or specifically to this proceeding, the provisions thereof do not apply to the instant case.¹⁹

Fair Rate of Return on Common Equity

As is noted above, the Commission is utilizing the discretion provided to it by Code § 56-585.1 to determine ROE for a Section A 6 RAC in the instant Rider R proceeding. In determining Dominion's fair ROE in this case, we first determine the market cost of equity. Next, we apply the statutory peer group ROE floor pursuant to Code § 56-585.1 A 2.

Company witness Hevert calculated Dominion's cost of equity to be between 10.25% and 10.75%, and determined that, given the Company's proposed level of capital expenditures, risks associated with environmental regulations, and the regulatory environment in which the Company operates, an ROE of 10.75% represents Dominion's cost of equity.²⁰ Staff witness Oliver calculated Dominion's market cost of equity to be between 8.75% and 9.75%, and determined that establishing the Company's cost of equity capital at or below the mid-point of the range was appropriate given the Company's risk profile.²¹

We find that a market cost of equity of 9.6% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. We conclude that this return is supported by evidence in the record, results in a fair and reasonable return on common equity, and satisfies the following constitutional standards as stated by Staff witness Oliver: "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."²² Conversely, we further find that Dominion's proposed cost of equity of 10.25% to 10.75% represents neither the actual cost of equity in the marketplace nor a reasonable return on common equity for the Company.

While the market cost of equity approved herein is supported by reasonable proxy groups, growth rates, discounted cash flow methods, risk premium analyses, and gradualism in ROE determinations, we find that Dominion's proposed market cost of equity range of 10.25% to 10.75% is not supported by reasonable proxy groups, growth rates, discounted cash flow methods or risk premium analyses. For example, the Company uses only earnings per share as the measure of growth in its DCF model.²³ Using only earnings per share as the measure of long-term growth results in unreasonably high growth rates that upwardly skew results. The Commission has explicitly rejected the use of similar growth rate measures in previous cases on the basis that

¹⁶ 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).

¹⁷ Dominion's Jan. 6, 2016 Brief at 16.

¹⁸ 2015 Va. Acts Ch. 6 (approved February 24, 2015; effective July 1, 2015) (codified in part as Code § 56-585.1:1).

¹⁹ See, e.g., *Bailey v. Spangler*, 289 Va. 353, 358-59 (2015) ("Virginia law does not favor retroactive application of statutes. ... For this reason, we interpret statutes to apply prospectively 'unless a contrary legislative intent is manifest.' ... Absent an express manifestation of intent by the legislature, this Court will not infer the intent that a statute is to be applied retroactively. ... 'It is reasonable to conclude that the failure to express an intention to make a statute retroactive evidences a lack of such intention.'") (citations omitted); *Washington v. Commonwealth of Virginia*, 216 Va. 185, 193 (1975) ("The general rule is that statutes are prospective in the absence of an express provision by the legislature. Thus 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.") (citation omitted). Accordingly, we make no other findings herein attendant to Code § 56-585.1:1.

²⁰ Ex. ROE-2 (Hevert Direct) at 14-46, 51.

²¹ Ex. ROE-3 (Oliver Direct) at 2-16, 33-34.

²² *Id.* at 2.

²³ See Ex. ROE-2 (Hevert Direct) at 20-21.

they impart an upward bias in a utility's cost of equity results.²⁴ Moreover, the Company's CAPM analysis is also flawed. For example, the Company relies in part on a 2017 projected 30-year Treasury bond yield of 4.30% and a 2019 projected 30-year Treasury bond yield of 4.90%.²⁵ The Commission has explicitly rejected the use of such projected interest rates in prior cases, stating that inclusion of these projected rates inflates the results of the utility's risk premium analysis.²⁶

In addition, we disagree with Company witness Hevert's claims that certain risks, including those associated with the Company's regulatory environment, warrant an ROE at the upper-end of his recommended range.²⁷ Further, while Company witness Hevert claims that risks associated with the Company's anticipated capital expenditures also warrant an ROE at the upper-end of his recommended range, of the approximately \$8.5 billion of additional planned capital expenditures between 2015-2017 identified by the Company, the record indicates that Dominion plans to recover \$5.5 billion of this projected amount through RACs, which permit the timely and current recovery of such costs.²⁸

Virginia law next requires that the Commission calculate a statutory floor below which the authorized ROE cannot be set. In developing the statutory floor, Code § 56-585.1 A 2 states:

The Commission may use any methodology to determine such return it finds consistent with the public interest, but such return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned electric utilities in the peer group of the utility subject to such biennial review, nor shall the Commission set such return more than 300 basis points higher than such average.

The majority that we select had, on average, a return on average equity close to the ROE found fair and reasonable herein.²⁹ This results in a statutory floor below the ROE approved above.³⁰ We conclude that the specific majority chosen herein is reasonable and does not violate any constitutional or statutory provision.³¹

In sum, we conclude that the fair ROE in this proceeding for Dominion is 9.6%. We find that this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards. After adding 100 basis points as required by Code § 56-585.1 A 6, this results in an ROE for Rider R of 10.6% effective April 1, 2016, which is the effective date for Rider R as approved herein.³²

²⁴ See *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, Doc. Con. Cen. No. 160110195, Final Order (Jan. 7, 2016); *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); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, Final Order (May 15, 2007). In its Final Order in Case No. PUE-2006-00065, the Commission found that significant biases were embodied in Appalachian Power Company's ("APCo") DCF analysis because the utility's growth rate "primarily emphasized projected earnings per share growth rates and ignored other projected rates for growth for dividends, book value, and retained earnings to estimate a long-term sustainable growth rate assumed by the DCF model and reflected in the rates developed by the other witnesses."

²⁵ Ex. ROE-2 (Hevert Direct) at 28.

²⁶ See *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, Doc. Con. Cen. No. 160110195, Final Order (Jan. 7, 2016); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, Final Order (May 15, 2007). Using a current 30-year Treasury bond yield, the Company's CAPM analysis suggested an ROE range of 9.24% to 10.86%. Use of the 2019 projected 30-year Treasury yield suggested an ROE range of 11.24% to 12.86%. Ex. ROE-2 (Hevert Direct) at 28.

²⁷ See, e.g., Ex. ROE-2 (Hevert Direct) at 32-39, 51; Ex. ROE-5 (Hevert Rebuttal) at 18-19.

²⁸ See, e.g., Ex. ROE-2 (Hevert Direct) at 32-35; Ex. ROE-3 (Oliver Direct) at 30.

²⁹ We find, on the facts before us in this case, that it is reasonable to utilize returns on average equity for this purpose.

³⁰ Specifically, the statutory floor determined herein is 9.51% and is comprised of the following companies: Progress Energy Florida, Inc., Louisville Gas & Electric Company, South Carolina Electric & Gas Company, Duke Energy Carolinas, LLC, Tampa Electric Company, Gulf Power Company, and Florida Power & Light Company. The participants differed on which utilities should comprise the majority to be selected by the Commission to determine the statutory floor. Staff included APCo in its proposed peer group, while Dominion excluded APCo from its proposed peer group. See Ex. ROE-2 (Hevert Direct) at 48; Ex. ROE-3 (Oliver Direct) at 18-20. However, the statutory floor majority is comprised of the same seven companies regardless of whether APCo is included as part of the total peer group; thus, we need not address APCo as part of this proceeding.

³¹ The Code clearly leaves the selection of the "majority" to the Commission's discretion. If the General Assembly wanted the Commission to apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not. As we have previously determined, we find that it is reasonable in this proceeding to select a majority that has an earned return that is close to the market cost of equity capital found fair and consistent with the public interest herein. We do not, and need not, find that this is the only majority that is reasonable. See, e.g., *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, 375-76, Final Order (Nov. 26, 2013).

³² The total revenue requirement for Rider R is \$74,827,000; however, for the reasons set forth in the Hearing Examiner's Report, the total revenue requirement shall be limited at this time to \$74,334,000, subject to true-up for the total revenue requirement approved herein.

Accordingly, IT IS ORDERED THAT:

(1) Rider R, as approved herein, shall become effective for service rendered on and after April 1, 2016.

(2) The Stipulation and Recommendation is reasonable and shall be 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 30, 2016, the Company shall file an application to revise Rider R effective April 1, 2017.

(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-2015-00060
FEBRUARY 29, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center

FINAL ORDER

On June 1, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider S ("Application"). Through its Application, the Company seeks to recover costs associated with the Virginia City Hybrid Energy Center, a 600 megawatt (nominal) primarily coal-fueled generating plant and associated interconnection facilities located in Wise County, Virginia.¹

On June 30, 2015, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing for December 9, 2015, and appointed a Hearing Examiner to conduct further proceedings in this matter. Notices of participation were filed by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On November 3, 2015, the Commission issued an Order Bifurcating Issues in this proceeding and three other rate adjustment clause ("RAC") proceedings, which Dominion had filed contemporaneously: Case Nos. PUE-2015-00058, PUE-2015-00059, and PUE-2015-00061. In the Order Bifurcating Issues, the Commission found that factual and legal issues related to return on equity ("ROE") in each RAC case should be bifurcated from the remainder of the case and heard together, without consolidation, by the Commission.² The Commission scheduled a public hearing on the ROE Issues for January 20, 2016, and established filing dates for the filing of Schedule 45, pre-filed testimony, and legal briefs.

On November 24, 2015, the Company and the Commission Staff ("Staff") (collectively, "Stipulating Parties") filed a Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all contested issues in this proceeding other than the ROE Issues. In the Stipulation, the Stipulating Parties agreed in part that: (i) the Projected Cost Recovery Factor for Rider S will reflect projected balances as of month-end immediately preceding the rate year for the following rate base components: accumulated deferred income taxes as per books, net plant, inventories, asset retirement cost and related accumulated depreciation and asset retirement obligation, and construction work in progress when commercial operations begin within the rate year; (ii) the Projected Cost Recovery Factor will reflect projected amounts to be incurred over the 12-month period immediately preceding the rate year for depreciation expense; (iii) the Projected Cost Recovery Factor will continue to reflect projected amounts over the rate year for regulatory assets and liabilities, operations and maintenance expenses, property taxes, asset retirement obligation accretion expense, asset retirement cost depreciation expense, and construction work in progress for rate years prior to the commercial operation date; and (iv) to the extent that any other costs are expected to be accrued or incurred during the rate year and are not specifically provided for above, such costs shall be evaluated for any potential conflict or inconsistency with the normalization requirements of the Internal Revenue Service before being included in projections for the rate year, and the first time the Company seeks recovery of such costs through an application filed with the Commission, the Company shall address its proposed treatment of the costs in its direct testimony.³

A hearing on the non-ROE Issues was conducted by the Chief Hearing Examiner as scheduled on December 9, 2015. Counsel for the Company, Staff, and Consumer Counsel attended this hearing. At the hearing, the Stipulating Parties presented the proposed Stipulation. Consumer Counsel stated that it did not oppose the terms of the Stipulation.⁴

¹ Exhibit ("Ex.") 2 (Application) at 1.

² The factual and legal ROE issues shall be referred to collectively herein as "ROE Issues."

³ Ex. 13 (Stipulation) at 3-4.

⁴ See December 9, 2015 Hearing Tr. at 10.

Pursuant to the Order Bifurcating Issues, Dominion filed Schedule 45 and the direct ROE testimony of Robert B. Hevert on December 2, 2015. On December 23, 2015, Staff filed the ROE testimony of Lawrence T. Oliver. On January 6, 2016, Dominion filed the rebuttal testimony of Company witness Hevert. Also on January 6, 2016, the Company, Staff, Consumer Counsel, and the Committee filed legal briefs discussing the Commission's authority to set ROE in RAC proceedings. On January 20, 2016, a hearing on the ROE Issues was conducted by the Commission as scheduled in the Order Bifurcating Issues. Counsel for the Company, Staff, Consumer Counsel and the Committee attended the hearing.

On February 12, 2016, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. The Report presented findings and recommendations on the non-ROE Issues in this proceeding. In her Report, the Chief Hearing Examiner found that: (i) the terms of the Stipulation offer a fair and reasonable resolution to the remaining non-ROE issues in this case; (ii) the revenue requirement in this proceeding should comprise a Projected Cost Recovery Factor and an Actual Cost True-Up Factor; (iii) the ROE applicable to the Company's Projected Cost Recovery Factor will be determined by the Commission and will determine the associated revenue requirement; (iv) the revenue requirement applicable to the Company's Actual Cost True-Up Factor is \$28,435,000; (v) a total Rider S revenue requirement not exceeding \$251,140,000, the amount noticed to the public in this case, is reasonable, and the Company should be allowed to recover in a future Rider S True-Up Factor any under-recovery associated with the Commission's approval of the Stipulation and an ROE that results in a revenue requirement higher than the amount noticed to the public; (vi) the proposed rate design and methodology for allocating the Rider S revenue requirement among rate classes is reasonable; and (vii) the rate year should commence on April 1, 2016, and the revised Rider S rates should become effective for service rendered on and after April 1, 2016.⁵ Accordingly, the Chief Hearing Examiner recommended that the Commission enter an Order adopting the Stipulation and the findings of the Report and approving the updated Rider S rates recommended in the Report.⁶

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

The Commission finds that the Hearing Examiner's Report is reasonable and shall be adopted. The Commission agrees with the Chief Hearing Examiner that "[t]he terms of the Stipulation offer a fair and reasonable resolution of the remaining issues in this case."⁷

ROE ISSUES

Code § 56-585.1 A 6

The plain language of Code § 56-585.1 A 6 allows the Commission to determine ROE for Rider S in the instant proceeding. Code § 56-585.1 A 6 requires the Commission to apply an "enhanced rate of return on common equity" to the instant RAC by adding 100 basis points "to the utility's general rate of return." Code § 56-585.1 A 6 then defines "general rate of return" as follows:

For purposes of this subdivision, "general rate of return" means the fair combined rate of return on common equity as it is determined by the Commission *from time to time* for such utility *pursuant to subdivision 2*. (Emphasis added).

This provision addresses (1) when, and (2) how, the Commission determines the "general rate of return" included in a specific generation facility's costs that are recovered through the respective RAC under Code § 56-585.1 A 6 ("Section A 6 RAC"). Specifically, the plain language: (1) gives the Commission discretion as to *when* it may determine the general rate of return for the Section A 6 RAC (*i.e.*, "from time to time"); and (2) directs the Commission *how* to determine that general rate of return (*i.e.*, "pursuant to subdivision 2").

The plain meaning of the phrase "from time to time" does not limit the Commission's ROE determination to a prescribed time, but, rather, allows the Commission to choose the occasions at which such ROE is determined. Accordingly, the Commission has the discretion to determine ROE for the Section A 6 RAC in the instant Section A 6 RAC proceeding (which we do below). Similarly, the Commission had the discretion to determine ROE for Section A 6 RACs as part of prior biennial reviews, which we also have done in the past for purposes of judicial economy and efficiency.⁸

Contrary to the phrase "from time to time," the phrase "pursuant to subdivision 2" is not discretionary. When the Commission "from time to time" determines ROE for a Section A 6 RAC, we must follow the methodology and requirements set forth in "subdivision 2," *i.e.*, Code § 56-585.1 A 2 (which we do below). This mandate addresses how, not when, the Commission determines the "general rate of return" to be used in a Section A 6 RAC. Dominion's argument to the contrary does not comport with the plain language and, further, inappropriately effects a re-writing that makes Code § 56-585.1 A 6 read as follows:

⁵ Report at 10.

⁶ *Id.*

⁷ *Id.*

⁸ See, e.g., *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, Order for Notice and Hearing at 3-4 (June 28, 2013); *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, 376 n. 42, Final Order (Nov. 26, 2013). Staff asserts that Dominion has repeatedly – in at least 35 separate RAC dockets – asked the Commission to use the RAC ROE from the biennial review for "judicial economy," and not because the Commission lacked the authority to establish a RAC ROE in a RAC proceeding. Staff's Jan. 6, 2016 Brief at Attachment A, p.39 (emphasis added) (citations omitted). Conversely, Dominion states that it "has consistently held the position that once the biennial reviews commenced, the RAC ROEs would be reset every two years in such reviews, and would not be determined in the individual RAC proceedings." Dominion's Jan. 6, 2016 Brief at 13-15. The Commission's decision in this matter, however, is based on the plain language of the statute.

For purposes of this subdivision, "general rate of return" means the fair combined rate of return on common equity as it is determined by the Commission ~~from time to time~~ in a biennial review for such utility pursuant to subdivision 2.

This is not the language of the statute. The General Assembly obviously could have directed the Commission to determine ROE for Section A 6 RACs only in the biennial reviews, but it did not do so.⁹

The Commission also notes that the General Assembly similarly used the phrase "pursuant to subdivision A 2" elsewhere in the Regulation Act (Code § 56-576 *et seq.*) to address how, not when, the Commission determines rate of return. Specifically, Code § 56-585.1 B states in part as follows:

Nothing in this section shall preclude an investor-owned incumbent electric utility from applying for an increase in rates pursuant to § 56-245 or the Commission's rules governing utility rate increase applications; however, in any such filing, a fair rate of return on common equity shall be determined *pursuant to subdivision A 2*. (Emphasis added).

If a utility files a rate case under Code § 56-245 for an emergency rate increase, this provision directs the Commission to determine ROE in such proceeding using the requirements set forth in "subdivision A 2." Accordingly, as with Code § 56-585.1 A 6, the italicized phrase specifies the methodology (*i.e.*, how, not when) the Commission must use in determining ROE.

Dominion, however, argues that the Commission's explicit "from time to time" discretion is implicitly stricken by the following sentence in Code § 56-585.1 A 6: "In any proceeding under this subdivision conducted prior to the conclusion of the first biennial review for such utility, the Commission shall determine a general rate of return for such utility in the same manner as it would in a biennial review proceeding."¹⁰ The plain meaning of this provision, on its face, does not apply to this proceeding or point in time, so Dominion's use of it is an attempt to construe "from time to time" well beyond its plain meaning. Since the plain meaning of "from time to time" and "pursuant to subdivision A 2" *is* clear, Dominion's resort to statutory construction fails.¹¹ Moreover, even resorting to statutory construction, the sentence relied upon by Dominion – which is no longer applicable since the first biennial review was concluded years ago – does not alter the plain meaning of the express terms in the statute as discussed above. Rather, such sentence was a limited-purpose provision mandating that the ROE methodology created in subdivision A 2 to be used in biennial review cases had to be followed by the Commission for Section A 6 RAC cases even *before* such methodology was to be used in biennial reviews.

Finally, Dominion argues that a prohibition on the Commission's authority to determine ROE in a Section A 6 RAC proceeding should be discerned from within the "statutory framework," and that such framework requires RAC ROEs and base rate ROEs to move in "lock-step."¹² Dominion further asserts that this "results in a logical scheme that provides for uniform ROE application, stability and predictability," and that the General Assembly did not intend the alleged "chaos" that would ensue if the Commission determines ROE for a Section A 6 RAC in the contemporaneous Section A 6 RAC proceeding.¹³

In this regard, there is no chaos – or legal absurdity – in the plain meaning of the statute. That is, the plain language of Code § 56-585.1 A 6 is not internally inconsistent or incapable of operation.¹⁴ Again, as cited above, since the plain language is clear, there can be no resort to extrinsic facts, statutory construction, legislative history, or public policy arguments.

Moreover, even if the statute was ambiguous, Dominion's argument that legislative policy and intent mandate "uniform" outcomes is not supported by the extensive provisions within Code § 56-585.1 A 6.¹⁵ This specific subsection contains numerous provisions that treat individual Section A 6 RAC cases differently from biennial reviews and from other Section A 6 RAC cases, and which are certain to result in outcomes that are *not* "uniform." For example, Code § 56-585.1 A 6 contains: (1) disparate ROE "adders" for different RACs, ranging from 0 to 200 basis points for different types of generation; (2) no ROE "adders" for similar facilities included in base rates; (3) guaranteed write-offs against earnings for certain costs incurred prior to certificate and RAC approval for a new nuclear plant, but no such pre-approval or pre-RAC write-offs for other types of generation facilities; (4) the potential for different amortization schedules for different types of generation assets – based on the Commission's discretion – resulting in disparate cost recoveries over the life of different Section A 6 RACs; and (5) a mandatory finding that certain types of generation assets, but not all, are necessarily in the "public interest." As a result, the General Assembly established a "framework" where there could be very different outcomes in different cases under the Regulation Act.

⁹ The Committee further notes that "none of the three provisions [Dominion] relies upon contains any explicit language prohibiting the Commission from determining ROE in a RAC case. The General Assembly easily could have included such language....Yet the General Assembly included no such language when it enacted § 56-585.1." Committee's Jan. 6, 2016 Brief at 5.

¹⁰ Dominion's Jan. 6, 2016 Brief at 7-8.

¹¹ *Newberry Station Homeowners Ass'n v. Bd. of Supervisors*, 285 Va. 604, 614 (2013) ("[W]hen the language of an enactment is free from ambiguity, resort to legislative history and extrinsic facts is not permitted because we take the words as written to determine their meaning.") (internal quotes and citation omitted); *Smith v. Commonwealth*, 282 Va. 449, 454 (2011) ("When statutory terms are plain and unambiguous, we apply them according to their plain meaning without resorting to rules of statutory construction.") (citing *Halifax Corp. v. First Union Nat'l Bank*, 262 Va. 91, 99-100 (2001)); *Kummer v. Donak*, 282 Va. 301, 306 (2011) ("Because there is no ambiguity in the applicable statutes, the Kummer children's public policy argument must fail."); *Brown v. Lukhard*, 229 Va. 316, 321 (1985) ("If language is clear and unambiguous, there is no need for construction by the court; the plain meaning and intent of the enactment will be given it.") (citation omitted).

¹² Dominion's Jan. 6, 2016 Brief at 5-6.

¹³ *Id.* at 16-17.

¹⁴ *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).

¹⁵ Dominion's Jan. 6, 2016 Brief at 16.

Senate Bill 1349

Next, contrary to Dominion's assertion, the Commission's discretion in the instant case cannot be modified by the enactment of Chapter 6, 2015 Va. Acts of Assembly ("Senate Bill 1349" or "SB 1349"), codified in part as Code § 56-585.1:1.¹⁶ Senate Bill 1349 became effective on July 1, 2015, while the instant case was pending. Since SB 1349 does not include language manifesting an intent that such enactment apply retroactively or specifically to this proceeding, the provisions thereof do not apply to the instant case.¹⁷

Fair Rate of Return on Common Equity

As is noted above, the Commission is utilizing the discretion provided to it by Code § 56-585.1 to determine ROE for a Section A 6 RAC in the instant Rider S proceeding. In determining Dominion's fair ROE in this case, we first determine the market cost of equity. Next, we apply the statutory peer group ROE floor pursuant to Code § 56-585.1 A 2.

Company witness Hevert calculated Dominion's cost of equity to be between 10.25% and 10.75%, and determined that, given the Company's proposed level of capital expenditures, risks associated with environmental regulations, and the regulatory environment in which the Company operates, an ROE of 10.75% represents Dominion's cost of equity.¹⁸ Staff witness Oliver calculated Dominion's market cost of equity to be between 8.75% and 9.75%, and determined that establishing the Company's cost of equity capital at or below the mid-point of the range was appropriate given the Company's risk profile.¹⁹

We find that a market cost of equity of 9.6% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. We conclude that this return is supported by evidence in the record, results in a fair and reasonable return on common equity, and satisfies the following constitutional standards as stated by Staff witness Oliver: "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."²⁰ Conversely, we further find that Dominion's proposed cost of equity of 10.25% to 10.75% represents neither the actual cost of equity in the marketplace nor a reasonable return on common equity for the Company.

While the market cost of equity approved herein is supported by reasonable proxy groups, growth rates, discounted cash flow methods, risk premium analyses, and gradualism in ROE determinations, we find that Dominion's proposed market cost of equity range of 10.25% to 10.75% is not supported by reasonable proxy groups, growth rates, discounted cash flow methods or risk premium analyses. For example, the Company uses only earnings per share as the measure of growth in its DCF model.²¹ Using only earnings per share as the measure of long-term growth results in unreasonably high growth rates that upwardly skew results. The Commission has explicitly rejected the use of similar growth rate measures in previous cases on the basis that they impart an upward bias in a utility's cost of equity results.²² Moreover, the Company's CAPM analysis is also flawed. For example, the Company relies in part on a 2017 projected 30-year Treasury bond yield of 4.30% and a 2019 projected 30-year Treasury bond yield of 4.90%.²³ The Commission has explicitly rejected the use of such projected interest rates in prior cases, stating that inclusion of these projected rates inflates the results of the utility's risk premium analysis.²⁴

¹⁶ 2015 Va. Acts Ch. 6 (approved February 24, 2015; effective July 1, 2015) (codified in part as Code § 56-585.1:1).

¹⁷ See, e.g., *Bailey v. Spangler*, 289 Va. 353, 358-59 (2015) ("Virginia law does not favor retroactive application of statutes. ... For this reason, we interpret statutes to apply prospectively 'unless a contrary legislative intent is manifest.' ... Absent an express manifestation of intent by the legislature, this Court will not infer the intent that a statute is to be applied retroactively. ... It is reasonable to conclude that the failure to express an intention to make a statute retroactive evidences a lack of such intention.") (citations omitted); *Washington v. Commonwealth of Virginia*, 216 Va. 185, 193 (1975) ("The general rule is that statutes are prospective in the absence of an express provision by the legislature. Thus 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.") (citation omitted). Accordingly, we make no other findings herein attendant to Code § 56-585.1:1.

¹⁸ Ex. ROE-2 (Hevert Direct) at 14-46, 51.

¹⁹ Ex. ROE-3 (Oliver Direct) at 2-16, 33-34.

²⁰ *Id.* at 2.

²¹ See Ex. ROE-2 (Hevert Direct) at 20-21.

²² See *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, Doc. Con. Cen. No. 160110195, Final Order (Jan. 7, 2016); *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); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, Final Order (May 15, 2007). In its Final Order in Case No. PUE-2006-00065, the Commission found that significant biases were embodied in Appalachian Power Company's ("APCo") DCF analysis because the utility's growth rate "primarily emphasized projected earnings per share growth rates and ignored other projected rates for growth for dividends, book value, and retained earnings to estimate a long-term sustainable growth rate assumed by the DCF model and reflected in the rates developed by the other witnesses."

²³ Ex. ROE-2 (Hevert Direct) at 28.

²⁴ See *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, Doc. Con. Cen. No. 160110195, Final Order (Jan. 7, 2016); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, Final Order (May 15, 2007). Using a current 30-year Treasury bond yield, the Company's CAPM analysis suggested an ROE range of 9.24% to 10.86%. Use of the 2019 projected 30-year Treasury yield suggested an ROE range of 11.24% to 12.86%. Ex. ROE-2 (Hevert Direct) at 28.

In addition, we disagree with Company witness Hevert's claims that certain risks, including those associated with the Company's regulatory environment, warrant an ROE at the upper-end of his recommended range.²⁵ Further, while Company witness Hevert claims that risks associated with the Company's anticipated capital expenditures also warrant an ROE at the upper-end of his recommended range, of the approximately \$8.5 billion of additional planned capital expenditures between 2015-2017 identified by the Company, the record indicates that Dominion plans to recover \$5.5 billion of this projected amount through RACs, which permit the timely and current recovery of such costs.²⁶

Virginia law next requires that the Commission calculate a statutory floor below which the authorized ROE cannot be set. In developing the statutory floor, Code § 56-585.1 A 2 states:

The Commission may use any methodology to determine such return it finds consistent with the public interest, but such return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned electric utilities in the peer group of the utility subject to such biennial review, nor shall the Commission set such return more than 300 basis points higher than such average.

The majority that we select had, on average, a return on average equity close to the ROE found fair and reasonable herein.²⁷ This results in a statutory floor below the ROE approved above.²⁸ We conclude that the specific majority chosen herein is reasonable and does not violate any constitutional or statutory provision.²⁹

In sum, we conclude that the fair ROE in this proceeding for Dominion is 9.6%. We find that this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards. After adding 100 basis points as required by Code § 56-585.1 A 6, this results in an ROE for Rider S of 10.6% effective April 1, 2016, which is the effective date for Rider S as approved herein.³⁰

Accordingly, IT IS ORDERED THAT:

(1) Rider S, as approved herein, shall become effective for service rendered on and after April 1, 2016.

(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) On or before June 30, 2016, the Company shall file an application to revise Rider S effective April 1, 2017.

(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.

²⁵ See, e.g., Ex. ROE-2 (Hevert Direct) at 32-39, 51; Ex. ROE-5 (Hevert Rebuttal) at 18-19.

²⁶ See, e.g., Ex. ROE-2 (Hevert Direct) at 32-35; Ex. ROE-3 (Oliver Direct) at 30.

²⁷ We find, on the facts before us in this case, that it is reasonable to utilize returns on average equity for this purpose.

²⁸ Specifically, the statutory floor determined herein is 9.51% and is comprised of the following companies: Progress Energy Florida, Inc., Louisville Gas & Electric Company, South Carolina Electric & Gas Company, Duke Energy Carolinas, LLC, Tampa Electric Company, Gulf Power Company, and Florida Power & Light Company. The participants differed on which utilities should comprise the majority to be selected by the Commission to determine the statutory floor. Staff included APCo in its proposed peer group, while Dominion excluded APCo from its proposed peer group. See Ex. ROE-2 (Hevert Direct) at 48; Ex. ROE-3 (Oliver Direct) at 18-20. However, the statutory floor majority is comprised of the same seven companies regardless of whether APCo is included as part of the total peer group; thus, we need not address APCo as part of this proceeding.

²⁹ The Code clearly leaves the selection of the "majority" to the Commission's discretion. If the General Assembly wanted the Commission to apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not. As we have previously determined, we find that it is reasonable in this proceeding to select a majority that has an earned return that is close to the market cost of equity capital found fair and consistent with the public interest herein. We do not, and need not, find that this is the only majority that is reasonable. See, e.g., *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, 375-76, Final Order (Nov. 26, 2013).

³⁰ The total revenue requirement for Rider S is \$252,177,000; however, for the reasons set forth in the Hearing Examiner's Report, the total revenue requirement shall be limited at this time to \$251,140,000, subject to true-up for the total revenue requirement approved herein.

**CASE NO. PUE-2015-00061
FEBRUARY 29, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider W, Warren County Power Station

FINAL ORDER

On June 1, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider W ("Application"). Through its Application, the Company seeks to recover costs associated with the Warren County Power Station, a 1,342-megawatt (summer net) natural gas-fired, combined-cycle electric generating facility and associated transmission interconnection facilities in Warren County, Virginia.¹

On June 12, 2015, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing for November 17, 2015, and appointed a Hearing Examiner to conduct further proceedings in this matter. Notices of participation were filed by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On November 3, 2015, the Commission issued an Order Bifurcating Issues in this proceeding and three other rate adjustment clause ("RAC") proceedings, which Dominion had filed contemporaneously: Case Nos. PUE-2015-00058, PUE-2015-00059, and PUE-2015-00060. In the Order Bifurcating Issues, the Commission found that factual and legal issues related to return on equity ("ROE") in each RAC case should be bifurcated from the remainder of the case and heard together, without consolidation, by the Commission.² The Commission scheduled a public hearing on the ROE Issues for January 20, 2016, and established filing dates for the filing of Schedule 45, pre-filed testimony, and legal briefs.

On November 13, 2015, the Company and the Commission Staff ("Staff") (collectively, "Stipulating Parties") filed a Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all contested issues in this proceeding other than the ROE Issues. In the Stipulation, the Stipulating Parties agreed in part that: (i) the Projected Cost Recovery Factor for Rider W will reflect projected balances as of month-end immediately preceding the rate year for the following rate base components: accumulated deferred income taxes as per books, net plant, inventories, asset retirement cost and related accumulated depreciation and asset retirement obligation, and construction work in progress when commercial operations begin within the rate year; (ii) the Projected Cost Recovery Factor will reflect projected amounts to be incurred over the 12-month period immediately preceding the rate year for depreciation expense; (iii) the Projected Cost Recovery Factor will continue to reflect projected amounts over the rate year for regulatory assets and liabilities, operations and maintenance expenses, property taxes, asset retirement obligation accretion expense, asset retirement cost depreciation expense, and construction work in progress for rate years prior to the commercial operation date; and (iv) to the extent that any other costs are expected to be accrued or incurred during the rate year and are not specifically provided for above, such costs shall be evaluated for any potential conflict or inconsistency with the normalization requirements of the Internal Revenue Service before being included in projections for the rate year, and the first time the Company seeks recovery of such costs through an application filed with the Commission, the Company shall address its proposed treatment of the costs in its direct testimony.³

A hearing on the non-ROE Issues was conducted by a Hearing Examiner as scheduled on November 17, 2015. Counsel for the Company, Staff, and Consumer Counsel attended this hearing. At the hearing, the Stipulating Parties presented the proposed Stipulation. Consumer Counsel stated that it did not oppose the terms of the Stipulation.⁴

Pursuant to the Order Bifurcating Issues, Dominion filed Schedule 45 and the direct ROE testimony of Robert B. Hevert on December 2, 2015. On December 23, 2015, Staff filed the ROE testimony of Lawrence T. Oliver. On January 6, 2016, Dominion filed the rebuttal testimony of Company witness Hevert. Also on January 6, 2016, the Company, Staff, Consumer Counsel, and the Committee filed legal briefs discussing the Commission's authority to set ROE in RAC proceedings. On January 20, 2016, a hearing on the ROE Issues was conducted by the Commission as scheduled in the Order Bifurcating Issues. Counsel for the Company, Staff, Consumer Counsel and the Committee attended the hearing.

On January 5, 2016, the Report of Michael D. Thomas, Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. The Report presented findings and recommendations on the non-ROE Issues in this proceeding. In his Report, the Hearing Examiner found that: (i) the Stipulation is fair, reasonable, and in the public interest; (ii) if the Commission's approved ROE results in a total revenue requirement that is less than \$117,928,000, the Commission should adopt that revenue requirement in this case; (iii) if the Commission's approved ROE results in a total revenue requirement that equals or exceeds \$117,928,000, then the Commission should adopt a total revenue requirement of \$117,928,000, the amount noticed in the Commission's Order for Notice and Hearing; and (iv) to the extent the Commission's ROE results in a total revenue requirement that exceeds \$117,928,000, any excess should be tried-up in the next Rider W proceeding and the excess should be subject to a carrying charge consistent with current regulatory practice.⁵ Accordingly, the

¹ Exhibit ("Ex.") 2 (Application) at 1, 5.

² The factual and legal ROE issues shall be referred to collectively herein as "ROE Issues."

³ Ex. 13 (Stipulation) at 3-4.

⁴ See November 17, 2015 Hearing Tr. at 10-11.

⁵ Report at 16.

Hearing Examiner recommended that the Commission enter an Order adopting the Stipulation and the findings of the Report and approving a Rider W revenue requirement consistent with the findings in the Report and the ROE determined by the Commission in the bifurcated ROE cases.⁶

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

The Commission finds that the Hearing Examiner's Report is reasonable and shall be adopted. The Commission agrees with the Hearing Examiner that "[t]he Stipulation is fair, reasonable, and in the public interest."⁷

ROE ISSUES

Code § 56-585.1 A 6

The plain language of Code § 56-585.1 A 6 allows the Commission to determine ROE for Rider W in the instant proceeding. Code § 56-585.1 A 6 requires the Commission to apply an "enhanced rate of return on common equity" to the instant RAC by adding 100 basis points "to the utility's general rate of return." Code § 56-585.1 A 6 then defines "general rate of return" as follows:

For purposes of this subdivision, "general rate of return" means the fair combined rate of return on common equity as it is determined by the Commission *from time to time* for such utility *pursuant to subdivision 2*. (Emphasis added).

This provision addresses (1) when, and (2) how, the Commission determines the "general rate of return" included in a specific generation facility's costs that are recovered through the respective RAC under Code § 56-585.1 A 6 ("Section A 6 RAC"). Specifically, the plain language: (1) gives the Commission discretion as to *when* it may determine the general rate of return for the Section A 6 RAC (*i.e.*, "from time to time"); and (2) directs the Commission *how* to determine that general rate of return (*i.e.*, "pursuant to subdivision 2").

The plain meaning of the phrase "from time to time" does not limit the Commission's ROE determination to a prescribed time, but, rather, allows the Commission to choose the occasions at which such ROE is determined. Accordingly, the Commission has the discretion to determine ROE for the Section A 6 RAC in the instant Section A 6 RAC proceeding (which we do below). Similarly, the Commission had the discretion to determine ROE for Section A 6 RACs as part of prior biennial reviews, which we also have done in the past for purposes of judicial economy and efficiency.⁸

Contrary to the phrase "from time to time," the phrase "pursuant to subdivision 2" is not discretionary. When the Commission "from time to time" determines ROE for a Section A 6 RAC, we must follow the methodology and requirements set forth in "subdivision 2," *i.e.*, Code § 56-585.1 A 2 (which we do below). This mandate addresses how, not when, the Commission determines the "general rate of return" to be used in a Section A 6 RAC. Dominion's argument to the contrary does not comport with the plain language and, further, inappropriately effects a re-writing that makes Code § 56-585.1 A 6 read as follows:

For purposes of this subdivision, "general rate of return" means the fair combined rate of return on common equity as it is determined by the Commission ~~from time to time~~ in a biennial review for such utility pursuant to subdivision 2.

This is not the language of the statute. The General Assembly obviously could have directed the Commission to determine ROE for Section A 6 RACs only in the biennial reviews, but it did not do so.⁹

The Commission also notes that the General Assembly similarly used the phrase "pursuant to subdivision A 2" elsewhere in the Regulation Act (Code § 56-576 *et seq.*) to address how, not when, the Commission determines rate of return. Specifically, Code § 56-585.1 B states in part as follows:

Nothing in this section shall preclude an investor-owned incumbent electric utility from applying for an increase in rates pursuant to § 56-245 or the Commission's rules governing utility rate increase applications; however, in any such filing, a fair rate of return on common equity shall be determined *pursuant to subdivision A 2*. (Emphasis added).

⁶ *Id.* at 17.

⁷ *Id.* at 16.

⁸ *See, e.g., 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, Order for Notice and Hearing at 3-4 (June 28, 2013); 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, 376 n. 42, Final Order (Nov. 26, 2013).* Staff asserts that Dominion has repeatedly – in at least 35 separate RAC dockets – asked the Commission to use the RAC ROE from the biennial review for "judicial economy," and not because the Commission lacked the authority to establish a RAC ROE in a RAC proceeding. Staff's Jan. 6, 2016 Brief at Attachment A, p.39 (emphasis added) (citations omitted). Conversely, Dominion states that it "has consistently held the position that once the biennial reviews commenced, the RAC ROEs would be reset every two years in such reviews, and would not be determined in the individual RAC proceedings." Dominion's Jan. 6, 2016 Brief at 13-15. The Commission's decision in this matter, however, is based on the plain language of the statute.

⁹ The Committee further notes that "none of the three provisions [Dominion] relies upon contains any explicit language prohibiting the Commission from determining ROE in a RAC case. The General Assembly easily could have included such language....Yet the General Assembly included no such language when it enacted § 56-585.1." Committee's Jan. 6, 2016 Brief at 5.

If a utility files a rate case under Code § 56-245 for an emergency rate increase, this provision directs the Commission to determine ROE in such proceeding using the requirements set forth in "subdivision A 2." Accordingly, as with Code § 56-585.1 A 6, the italicized phrase specifies the methodology (*i.e.*, how, not when) the Commission must use in determining ROE.

Dominion, however, argues that the Commission's explicit "from time to time" discretion is implicitly stricken by the following sentence in Code § 56-585.1 A 6: "In any proceeding under this subdivision conducted prior to the conclusion of the first biennial review for such utility, the Commission shall determine a general rate of return for such utility in the same manner as it would in a biennial review proceeding."¹⁰ The plain meaning of this provision, on its face, does not apply to this proceeding or point in time, so Dominion's use of it is an attempt to construe "from time to time" well beyond its plain meaning. Since the plain meaning of "from time to time" and "pursuant to subdivision A 2" is clear, Dominion's resort to statutory construction fails.¹¹ Moreover, even resorting to statutory construction, the sentence relied upon by Dominion – which is no longer applicable since the first biennial review was concluded years ago – does not alter the plain meaning of the express terms in the statute as discussed above. Rather, such sentence was a limited-purpose provision mandating that the ROE methodology created in subdivision A 2 to be used in biennial review cases had to be followed by the Commission for Section A 6 RAC cases even *before* such methodology was to be used in biennial reviews.

Finally, Dominion argues that a prohibition on the Commission's authority to determine ROE in a Section A 6 RAC proceeding should be discerned from within the "statutory framework," and that such framework requires RAC ROEs and base rate ROEs to move in "lock-step."¹² Dominion further asserts that this "results in a logical scheme that provides for uniform ROE application, stability and predictability," and that the General Assembly did not intend the alleged "chaos" that would ensue if the Commission determines ROE for a Section A 6 RAC in the contemporaneous Section A 6 RAC proceeding.¹³

In this regard, there is no chaos – or legal absurdity – in the plain meaning of the statute. That is, the plain language of Code § 56-585.1 A 6 is not internally inconsistent or incapable of operation.¹⁴ Again, as cited above, since the plain language is clear, there can be no resort to extrinsic facts, statutory construction, legislative history, or public policy arguments.

Moreover, even if the statute was ambiguous, Dominion's argument that legislative policy and intent mandate "uniform" outcomes is not supported by the extensive provisions within Code § 56-585.1 A 6.¹⁵ This specific subsection contains numerous provisions that treat individual Section A 6 RAC cases differently from biennial reviews and from other Section A 6 RAC cases, and which are certain to result in outcomes that are *not* "uniform." For example, Code § 56-585.1 A 6 contains: (1) disparate ROE "adders" for different RACs, ranging from 0 to 200 basis points for different types of generation; (2) no ROE "adders" for similar facilities included in base rates; (3) guaranteed write-offs against earnings for certain costs incurred prior to certificate and RAC approval for a new nuclear plant, but no such pre-approval or pre-RAC write-offs for other types of generation facilities; (4) the potential for different amortization schedules for different types of generation assets – based on the Commission's discretion – resulting in disparate cost recoveries over the life of different Section A 6 RACs; and (5) a mandatory finding that certain types of generation assets, but not all, are necessarily in the "public interest." As a result, the General Assembly established a "framework" where there could be very different outcomes in different cases under the Regulation Act.

Senate Bill 1349

Next, contrary to Dominion's assertion, the Commission's discretion in the instant case cannot be modified by the enactment of Chapter 6, 2015 Va. Acts of Assembly ("Senate Bill 1349" or "SB 1349"), codified in part as Code § 56-585.1:1.¹⁶ Senate Bill 1349 became effective on July 1, 2015, while the instant case was pending. Since SB 1349 does not include language manifesting an intent that such enactment apply retroactively or specifically to this proceeding, the provisions thereof do not apply to the instant case.¹⁷

¹⁰ Dominion's Jan. 6, 2016 Brief at 7-8.

¹¹ *Newberry Station Homeowners Ass'n v. Bd. of Supervisors*, 285 Va. 604, 614 (2013) ("[W]hen the language of an enactment is free from ambiguity, resort to legislative history and extrinsic facts is not permitted because we take the words as written to determine their meaning.") (internal quotes and citation omitted); *Smith v. Commonwealth*, 282 Va. 449, 454 (2011) ("When statutory terms are plain and unambiguous, we apply them according to their plain meaning without resorting to rules of statutory construction.") (citing *Halifax Corp. v. First Union Nat'l Bank*, 262 Va. 91, 99-100 (2001)); *Kummer v. Donak*, 282 Va. 301, 306 (2011) ("Because there is no ambiguity in the applicable statutes, the Kummer children's public policy argument must fail."); *Brown v. Lukhard*, 229 Va. 316, 321 (1985) ("If language is clear and unambiguous, there is no need for construction by the court; the plain meaning and intent of the enactment will be given it.") (citation omitted).

¹² Dominion's Jan. 6, 2016 Brief at 5-6.

¹³ *Id.* at 16-17.

¹⁴ *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).

¹⁵ Dominion's Jan. 6, 2016 Brief at 16.

¹⁶ 2015 Va. Acts Ch. 6 (approved February 24, 2015; effective July 1, 2015) (codified in part as Code § 56-585.1:1).

¹⁷ *See, e.g., Bailey v. Spangler*, 289 Va. 353, 358-59 (2015) ("Virginia law does not favor retroactive application of statutes. ... For this reason, we interpret statutes to apply prospectively 'unless a contrary legislative intent is manifest.' ... Absent an express manifestation of intent by the legislature, this Court will not infer the intent that a statute is to be applied retroactively. ... 'It is reasonable to conclude that the failure to express an intention to make a statute retroactive evidences a lack of such intention.'") (citations omitted); *Washington v. Commonwealth of Virginia*, 216 Va. 185, 193 (1975) ("The general rule is that statutes are prospective in the absence of an express provision by the legislature. Thus 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.") (citation omitted). Accordingly, we make no other findings herein attendant to Code § 56-585.1:1.

Fair Rate of Return on Common Equity

As is noted above, the Commission is utilizing the discretion provided to it by Code § 56-585.1 to determine ROE for a Section A 6 RAC in the instant Rider W proceeding. In determining Dominion's fair ROE in this case, we first determine the market cost of equity. Next, we apply the statutory peer group ROE floor pursuant to Code § 56-585.1 A 2.

Company witness Hevert calculated Dominion's cost of equity to be between 10.25% and 10.75%, and determined that, given the Company's proposed level of capital expenditures, risks associated with environmental regulations, and the regulatory environment in which the Company operates, an ROE of 10.75% represents Dominion's cost of equity.¹⁸ Staff witness Oliver calculated Dominion's market cost of equity to be between 8.75% and 9.75%, and determined that establishing the Company's cost of equity capital at or below the mid-point of the range was appropriate given the Company's risk profile.¹⁹

We find that a market cost of equity of 9.6% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. We conclude that this return is supported by evidence in the record, results in a fair and reasonable return on common equity, and satisfies the following constitutional standards as stated by Staff witness Oliver: "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."²⁰ Conversely, we further find that Dominion's proposed cost of equity of 10.25% to 10.75% represents neither the actual cost of equity in the marketplace nor a reasonable return on common equity for the Company.

While the market cost of equity approved herein is supported by reasonable proxy groups, growth rates, discounted cash flow methods, risk premium analyses, and gradualism in ROE determinations, we find that Dominion's proposed market cost of equity range of 10.25% to 10.75% is not supported by reasonable proxy groups, growth rates, discounted cash flow methods or risk premium analyses. For example, the Company uses only earnings per share as the measure of growth in its DCF model.²¹ Using only earnings per share as the measure of long-term growth results in unreasonably high growth rates that upwardly skew results. The Commission has explicitly rejected the use of similar growth rate measures in previous cases on the basis that they impart an upward bias in a utility's cost of equity results.²² Moreover, the Company's CAPM analysis is also flawed. For example, the Company relies in part on a 2017 projected 30-year Treasury bond yield of 4.30% and a 2019 projected 30-year Treasury bond yield of 4.90%.²³ The Commission has explicitly rejected the use of such projected interest rates in prior cases, stating that inclusion of these projected rates inflates the results of the utility's risk premium analysis.²⁴

In addition, we disagree with Company witness Hevert's claims that certain risks, including those associated with the Company's regulatory environment, warrant an ROE at the upper-end of his recommended range.²⁵ Further, while Company witness Hevert claims that risks associated with the Company's anticipated capital expenditures also warrant an ROE at the upper-end of his recommended range, of the approximately \$8.5 billion of additional planned capital expenditures between 2015-2017 identified by the Company, the record indicates that Dominion plans to recover \$5.5 billion of this projected amount through RACs, which permit the timely and current recovery of such costs.²⁶

Virginia law next requires that the Commission calculate a statutory floor below which the authorized ROE cannot be set. In developing the statutory floor, Code § 56-585.1 A 2 states:

The Commission may use any methodology to determine such return it finds consistent with the public interest, but such return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned

¹⁸ Ex. ROE-2 (Hevert Direct) at 14-46, 51.

¹⁹ Ex. ROE-3 (Oliver Direct) at 2-16, 33-34.

²⁰ *Id.* at 2.

²¹ See Ex. ROE-2 (Hevert Direct) at 20-21.

²² See *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, Doc. Con. Cen. No. 160110195, Final Order (Jan. 7, 2016); *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); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, Final Order (May 15, 2007). In its Final Order in Case No. PUE-2006-00065, the Commission found that significant biases were embodied in Appalachian Power Company's ("APCo") DCF analysis because the utility's growth rate "primarily emphasized projected earnings per share growth rates and ignored other projected rates for growth for dividends, book value, and retained earnings to estimate a long-term sustainable growth rate assumed by the DCF model and reflected in the rates developed by the other witnesses."

²³ Ex. ROE-2 (Hevert Direct) at 28.

²⁴ See *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, Doc. Con. Cen. No. 160110195, Final Order (Jan. 7, 2016); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, Final Order (May 15, 2007). Using a current 30-year Treasury bond yield, the Company's CAPM analysis suggested an ROE range of 9.24% to 10.86%. Use of the 2019 projected 30-year Treasury yield suggested an ROE range of 11.24% to 12.86%. Ex. ROE-2 (Hevert Direct) at 28.

²⁵ See, e.g., Ex. ROE-2 (Hevert Direct) at 32-39, 51; Ex. ROE-5 (Hevert Rebuttal) at 18-19.

²⁶ See, e.g., Ex. ROE-2 (Hevert Direct) at 32-35; Ex. ROE-3 (Oliver Direct) at 30.

electric utilities in the peer group of the utility subject to such biennial review, nor shall the Commission set such return more than 300 basis points higher than such average.

The majority that we select had, on average, a return on average equity close to the ROE found fair and reasonable herein.²⁷ This results in a statutory floor below the ROE approved above.²⁸ We conclude that the specific majority chosen herein is reasonable and does not violate any constitutional or statutory provision.²⁹

In sum, we conclude that the fair ROE in this proceeding for Dominion is 9.6%. We find that this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards. After adding 100 basis points as required by Code § 56-585.1 A 6, this results in an ROE for Rider W of 10.6% effective April 1, 2016, which is the effective date for Rider W as approved herein.³⁰

Accordingly, IT IS ORDERED THAT:

- (1) Rider W, as approved herein, shall become effective for service rendered on and after April 1, 2016.
- (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) On or before June 30, 2016, the Company shall file an application to revise Rider W effective April 1, 2017.
- (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.

²⁷ We find, on the facts before us in this case, that it is reasonable to utilize returns on average equity for this purpose.

²⁸ Specifically, the statutory floor determined herein is 9.51% and is comprised of the following companies: Progress Energy Florida, Inc., Louisville Gas & Electric Company, South Carolina Electric & Gas Company, Duke Energy Carolinas, LLC, Tampa Electric Company, Gulf Power Company, and Florida Power & Light Company. The participants differed on which utilities should comprise the majority to be selected by the Commission to determine the statutory floor. Staff included APCo in its proposed peer group, while Dominion excluded APCo from its proposed peer group. See Ex. ROE-2 (Hevert Direct) at 48; Ex. ROE-3 (Oliver Direct) at 18-20. However, the statutory floor majority is comprised of the same seven companies regardless of whether APCo is included as part of the total peer group; thus, we need not address APCo as part of this proceeding.

²⁹ The Code clearly leaves the selection of the "majority" to the Commission's discretion. If the General Assembly wanted the Commission to apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not. As we have previously determined, we find that it is reasonable in this proceeding to select a majority that has an earned return that is close to the market cost of equity capital found fair and consistent with the public interest herein. We do not, and need not, find that this is the only majority that is reasonable. See, e.g., *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, 375-76, Final Order (Nov. 26, 2013).

³⁰ The total revenue requirement for Rider W is \$118,037,000; however, for the reasons set forth in the Hearing Examiner's Report, the total revenue requirement shall be limited at this time to \$117,928,000, subject to true-up for the total revenue requirement approved herein.

**CASE NO. PUE-2015-00063
FEBRUARY 2, 2016**

APPLICATION OF
KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY

For an adjustment of electric base rates

FINAL ORDER

On June 30, 2015, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority to adjust its electric base rates pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) 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"). KU/ODP requested an increase in base rates to produce an increase in revenues in the amount of \$7.16 million, a 10.2% increase in its total operating revenues, including fuel.¹ For residential customers, KU/ODP proposed a two-step increase in the

¹ Ex. 2 (Application) at 1-2.

monthly basic service charge.² As proposed, the current \$12.00 monthly basic service charge would be increased initially to \$15.00, with a second increase to raise the monthly residential basic service charge to \$18.00 to be effective January 2017.³

On July 24, 2015, the Commission issued an Order for Notice and Hearing that, among other things: (i) suspended the Company's proposed increase in rates until the Commission entered its Final Order in this proceeding; (ii) required the Company to provide notice of its Application; (iii) provided any interested person an opportunity to file comments on the Company's Application or to participate in the case as a respondent by filing a notice of participation; (iv) scheduled a local hearing for September 24, 2015, in the Town of Norton to receive the testimony of public witnesses; (v) scheduled a public hearing for December 14, 2015, in Richmond; and (vi) assigned this matter to a Hearing Examiner.

On September 24, 2015, four witnesses testified during the public hearing in Norton, Virginia.⁴ On October 6, 2015, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a notice of participation.

On November 16, 2015, the Staff of the Commission ("Staff") filed its testimony that, among other things, recommended an annual increase in rates for the Company to produce an increase in revenues of approximately \$4.44 million, as compared to the \$7.16 million KU/ODP requested.⁵ The Staff's testimony also addressed issues of rate design, the Company's terms and conditions for tariffed service in Virginia,⁶ return on equity ("ROE"), and overall cost of capital.⁷

On December 3, 2015, KU/ODP, the Staff, and Consumer Counsel filed a Stipulation and Recommendation ("Stipulation")⁸ and Joint Motion to Accept Stipulation. In the Stipulation, KU/ODP, the Staff, and Consumer Counsel recommended that the Commission approve increasing KU/ODP's operating revenues by \$5.5 million, effective for service rendered on and after February 15, 2016, as a fair, just, and reasonable resolution of KU/ODP's request for an increase in base rates in this case. The Stipulation documented that the recommendation was the product of compromise and settlement between KU/ODP, the Staff, and Consumer Counsel based upon the evidence in the record and represented a settlement as to a specific revenue number but not on a specific determination of ROE, accounting adjustments, or ratemaking methodologies, unless otherwise provided therein.⁹ The Stipulation documented that KU/ODP, the Staff, and Consumer Counsel recommend that the current residential basic service charge remain at \$12.00 per month¹⁰ and an ROE range of 9.5% to 10.5% for purposes of the Commission's review of filings under § 56-234.2 of the Code and the Commission's Rate Case Rules, beginning with calendar year 2015, and continuing thereafter until KU/ODP's ROE is reset by the Commission.¹¹

The Stipulation included documentation for revenue allocation among rate classes and the agreed upon rates, terms, and conditions for service by KU/ODP.¹² Per the Stipulation, the Company will mail notices once a year to affected customers as part of KU/ODP's plan to phase out grandfathering in its General Service Rate Schedule, Power Service Rate Schedule, and Curtailable Service Rider and continue to report on these customers in the Company's next base rate case.¹³

On January 13, 2016, the Chief Hearing Examiner issued her report in which she summarized the record, including the public witness testimony presented in Norton, Virginia; the testimony and exhibits presented by KU/ODP and the Staff; and the Stipulation ("Report").¹⁴ The Chief Hearing Examiner found that based on the evidence received in this case:

- (1) The Stipulation presents a reasonable resolution to those issues which it addresses, and should be adopted;
- (2) The Company's Application requesting additional gross annual base revenues of \$7.16 million is unjust and unreasonable;
- (3) An annual base revenue increase of \$5.5 million as recommended in the Stipulation, however, is justified and reasonable;
- (4) The revenue allocation methodology recommended in the Stipulation is just and reasonable;

² Ex. 3 (Conroy Prefiled Direct Testimony at 23-24); Ex. 2 (Application at Schedule 43).

³ Ex. 3 (Conroy Prefiled Direct Testimony at 23-27); Ex. 2 (Application at Schedule 43).

⁴ See Report of Deborah V. Ellenberg, Chief Hearing Examiner (Jan. 13, 2016) at 2-3; Transcript 7-24 (Sept. 24, 2015). Each public witness testified in opposition to KU/ODP's proposed rate increase.

⁵ Ex. 10 (Impastato Direct) at 20.

⁶ See Ex. 13 (Tufaro Direct).

⁷ See Ex. 11 (Gereaux Direct); Ex. 12 (Gleason Direct).

⁸ See Ex. 14 (Stipulation).

⁹ *Id.* at 1.

¹⁰ *Id.* at 2.

¹¹ *Id.*

¹² *Id.* at 2 and Stipulation Exhibits 1 and 2.

¹³ *Id.* at 2.

¹⁴ Report at 1-6.

- (5) The rates, charges, and tariff provisions recommended in the Stipulation are just and reasonable; and
- (6) An ROE range of 9.5% to 10.5% should be used for purpose of Commission rate review until another ROE is established by the Commission.¹⁵

Accordingly, the Chief Hearing Examiner recommended that the Commission enter an Order that: (i) adopts the findings in her Report; (ii) adopts the Stipulation presented by KU/ODP, the Staff, and Consumer Counsel; (iii) grants the Company a revenue requirement increase of \$5.5 million; and (iv) dismisses this case from the Commission's docket of active cases.¹⁶ KU/ODP and the Staff filed responses to the Report asking that the Commission accept the recommendations contained therein.

NOW THE COMMISSION, upon consideration of the Company's Application, the record herein, and the applicable statutes, is of the opinion and finds that it should adopt the findings and recommendations of the Chief Hearing Examiner. We find that the Stipulation satisfies the statutory requirements attendant to this case. Accordingly, we approve and adopt the Stipulation.¹⁷

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the January 13, 2016 Chief Hearing Examiner's Report hereby are adopted.
- (2) The Stipulation presented by KU/ODP, the Staff, and Consumer Counsel hereby is approved.
- (3) KU/ODP forthwith shall file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation, in accordance with the findings made herein, for service rendered on and after February 15, 2016. This shall include retaining the residential basic service monthly charge at the current level of \$12 per month, as set forth in the Stipulation.
- (4) An ROE range of 9.5% to 10.5% shall be used for purposes of the Commission's review of filings under § 56-234.2 of the Code and the Rate Case Rules beginning with calendar year 2015 and continuing thereafter until KU/ODP's ROE is reset by the Commission.
- (5) KU/ODP shall mail notices once a year to affected customers as part of the Company's plan to phase out rate grandfathering and continue to report on these customers in KU/ODP's next base rate case.
- (6) 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.

¹⁵ *Id.* at 7.

¹⁶ *Id.*

¹⁷ Ex. 14 (Stipulation).

**CASE NO. PUE-2015-00072
FEBRUARY 23, 2016**

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

ORDER APPROVING AMENDED NATURAL GAS CONSERVATION AND RATEMAKING EFFICIENCY PLAN

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 ("CARE Plan") approved by the Commission in Case No. PUE-2012-00013 ("Application").¹ The Commission previously approved the Company's 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 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

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) ("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*, Case No. PUE-2013-00114, 2014 S.C.C. Ann. Rept. 326, Final Order (Apr. 10, 2014).

⁴ Application at 7.

On October 29, 2015, the Commission issued a Final Order in the above-captioned proceeding ("2015 Order") that approved in part and denied in part the Company's Application. In its 2015 Order, the Commission made the following findings:

[W]e 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. . . . 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.⁶

On December 28, 2015, CGV filed an amended application ("Amended Application"). In its Amended Application, the Company seeks approval to modify its CARE Plan as approved in part and denied in part by the Commission's 2015 Order ("Revised Amended CARE Plan"). CGV proposes to address the concerns and deficiencies identified by the Commission in its 2015 Order and requests that the Commission approve its Amended Application to be effective with the first billing unit of April 2016 (*i.e.*, March 31, 2016) through December 31, 2018.⁷

In its Amended Application, the Company seeks approval of the High-Efficiency Showerhead and Kitchen and Bathroom Faucet Aerator measures in the following programs: (1) Web-Based Home Audit Program; (2) Home Savings Program, direct install; (3) Residential Low-Income and Elderly Program, direct install; and (4) Business Savings Program, direct install.⁸ CGV asserts that the assumptions and natural gas savings estimates underlying these measures are now supported by data gathered through the evaluation, measurement and verification ("EM&V") process that is Company- and/or Virginia-specific, as appropriate.⁹

The Company represents that Nexant, Inc., a third-party consultant, incorporated this EM&V data into its cost/benefit analyses and that such analyses demonstrate that the Revised Amended CARE Plan is cost-effective on the portfolio, program, and measure levels.¹⁰ In its Amended Application, CGV asserts that the Revised Amended CARE Plan "is consistent with the requirements set forth in the CARE Act, [and] satisfies the public policy goals promoting energy efficiency in the Commonwealth, . . .".¹¹ In addition, the Company states that it is requesting approval of a three-year CARE Plan budget of \$3,323,529, which is \$3,190,349 less than the budget it requested in its initial Application.¹²

On January 7, 2016, the Commission issued a Procedural Order for Amended Application of Columbia Gas of Virginia, Inc., that, among other things, reopened the docket, directed the Commission's Staff ("Staff") to investigate the Amended Application and file a report containing its findings and recommendations ("Staff Report"), and provided an opportunity for the Company to file a response to the Staff Report ("Response").

On February 2, 2016, the Staff filed its Staff Report which, among other things, analyzed the Company's cost/benefit model, including an analysis of the general assumptions and structure of CGV's cost/benefit model, and an analysis of the individual modifications that the Company is proposing.¹³

Staff states that there is a degree of uncertainty concerning the accuracy of some of the underlying input assumptions because some of these assumptions are: (i) not derived specifically from CGV's customers, and/or (ii) based on estimates or approximations rather than measured and verifiable data.¹⁴ However, Staff does not believe the Company's methodology is unreasonable.¹⁵ Staff has similar concerns regarding the Company's water temperature assumptions and notes that using data from third-party sources may increase the amount of uncertainty regarding the accuracy of the savings estimate.¹⁶

Due to these concerns, Staff performed a gas savings sensitivity analysis showing how the results of the four cost/benefit tests change as a consequence of variation in the gas savings estimate.¹⁷ Staff concluded that the High-Efficiency Showerhead measure appears to remain cost-effective for a

⁵ *Id.* at 9.

⁶ *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*, Case No. PUE-2015-00072, Doc. Con. Cen. No. 151040129, Final Order at 10-11 (Oct. 29, 2015).

⁷ Amended Application at 1, 12.

⁸ *Id.* at 2.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.* at 2-3.

¹² *Id.*

¹³ Staff Report at 9.

¹⁴ *Id.* at 11-12.

¹⁵ *Id.* at 12.

¹⁶ *Id.* at 12-14.

¹⁷ *Id.* at 14.

wide range of savings estimates, and the cost/benefit results associated with the Bathroom and Kitchen Faucet Aerators measure remain reliable and satisfactory even though the savings estimates may be uncertain.¹⁸

In addition, Staff also examined the impact of variation in gas savings for these two measures on the overall Revised Amended CARE Plan portfolio.¹⁹ For the High-Efficiency Showerhead measure, Staff determined that the cost/benefit results of the portfolio appear to be fairly dependent on the natural gas savings estimate for the High-Efficiency Showerhead measure.²⁰ For the Bathroom and Kitchen Faucet Aerators measures, Staff concluded that any uncertainty that might exist in gas savings estimates for this measure is not likely to have a significant impact on the overall portfolio.²¹

Finally, the Staff indicates that it does not oppose the Company's Revenue Normalization Adjustment methodology, performance-based incentive mechanism methodology or its usage reduction targets, and CARE Program Adjustment methodology.²²

On February 9, 2016, the Company filed its Response to the Staff Report. In its Response, the Company addresses Staff's concerns about uncertainty regarding the accuracy of some of the Company's assumption inputs. Specifically, the Company states that only two of the twelve input assumptions used to calculate usage estimates for High Efficiency Showerheads are based on non-Company- or Virginia-specific data.²³ In addition, CGV indicates that only two input assumptions for the Bathroom and Kitchen Faucet Aerators measures continue to be non-Company or Virginia specific.²⁴ The Company also addresses Staff's concerns about using data from third-party sources by stating that independent analysis and verification of these very limited inputs would be cost-prohibitive and unlikely to result in any meaningful change.²⁵

In its Response, the Company disagrees with the Staff's definition of "measured and verified," stating that input assumptions obtained from telephone customer interviews within CGV's service territory are "measured and verified" by an industry- and utility-accepted process.²⁶ The Company indicates that it is confident that both measures will provide real, measurable savings to customers and requests that the Commission approve them as in the public interest.²⁷

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, subject to the requirements in this Order, satisfies the statutory provisions of the CARE Act and therefore is approved.

In evaluating CGV's Amended Application, we considered, among other relevant factors, the net present value ("NPV") of the benefits and the NPV of the costs of the following four tests: the Utility Cost Test, Participant Test, Ratepayer Impact Measure Test, and Total Resource Cost Test. As stated in our 2015 Order, we do not base our decision 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. We note that the Company has sought to address the concerns stated in the 2015 Order by, among other things, including more Company- and Virginia-specific data in its EM&V process and reducing the CARE Plan budget requested in its initial Application.

We considered Staff's concern that there is a degree of uncertainty concerning the accuracy of some of the underlying input assumptions because some of these assumptions are (i) not derived specifically from CGV's customers, and/or (ii) based on estimates or approximations rather than measured and verifiable data. Although we share Staff's concerns and have directed the Company to use Company-specific and Virginia-specific data when it is available and not cost-prohibitive, we find that the Revised Amended Care Plan meets the statutory criteria discussed above in the limited circumstances here.

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 Revised Amended 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.

¹⁸ *Id.* at 14-15, 17-18.

¹⁹ *Id.* at 14, 18.

²⁰ *Id.* at 15.

²¹ *Id.* at 18.

²² *Id.* at 19-21.

²³ Response at 3.

²⁴ *Id.* at 4.

²⁵ *Id.*

²⁶ *Id.* at 5-6.

²⁷ *Id.* at 8.

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 assign 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 Amended Application for approval to amend its CARE Plan is approved subject to the requirements set forth herein and shall be effective March 31, 2016.

(2) CGV shall file its Revised Amended 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.

(3) This matter is dismissed.

**CASE NO. PUE-2015-00075
MARCH 29, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of the proposed Greensville 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 GV, pursuant to § 56-585.1 A 6 of the Code of Virginia

FINAL ORDER

On July 1, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application and supporting documents (collectively, "Application") for approval of electric generation and related transmission facilities (collectively, the "Project") and for approval of a rate adjustment clause ("RAC"). Dominion seeks approval of these related requests under various sections of the Code of Virginia ("Code").

Dominion seeks a certificate of public convenience and necessity as well as approval to construct and operate the Greensville County Power Station, an approximately 1,588 megawatt ("MW") (nominal) natural gas-fired combined-cycle electric generating facility in Greensville County, Virginia, pursuant to §§ 56-580 D and 56-46.1 of the Code.¹ The Company seeks a separate certificate of public convenience and necessity and approval to construct new 500 kilovolt transmission lines, a new switching station, and associated facilities in Brunswick and Greensville Counties, Virginia (collectively, the "Transmission Interconnection Facilities"), pursuant to §§ 56-265.2 and 56-46.1 of the Code.² Finally, Dominion seeks approval of a RAC, designated Rider GV, for the recovery of Project costs, pursuant to § 56-585.1 A 6 of the Code ("Section A 6").³

As estimated by the Company, the total projected cost of the Project is \$1.33 billion, excluding financing costs.⁴ Dominion seeks to recover, through rates proposed to be effective beginning April 1, 2016, an annual revenue requirement of approximately \$41,643,000 in projected financing costs and allowance for funds used during construction of the Project.⁵

On July 29, 2015, the Commission entered an Order for Notice and Hearing that, among other things, required the Company to publish notice of its Application; established a schedule for the filing of notices of participation and the submission of prefiled testimony; and scheduled a public evidentiary hearing. Notices of participation were filed by the Old Dominion Electric Cooperative; the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); the Virginia Committee for Fair Utility Rates ("Committee"); the Virginia Chapter of the Sierra Club ("Sierra Club"); and Appalachian Voices, the Chesapeake Climate Action Network, and the Natural Resources Defense Council (collectively, "Environmental Respondents").

¹ Exhibit ("Ex"). 2 (Application) at 1.

² *Id.*

³ *Id.* at 2, 15.

⁴ *Id.* at 7.

⁵ *Id.* at 17. The proposed rate year for this proceeding is from April 1, 2016, through March 31, 2017. *Id.* at 16.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The hearing was convened on January 12, 2016, and concluded on January 13, 2016. The Company, Consumer Counsel, Environmental Respondents, the Committee, the Sierra Club, and the Commission's Staff ("Staff") participated in the hearing. The Commission also received public comments regarding the Company's Application as well as testimony from public witnesses.

On February 19, 2016, the Company, Staff, Consumer Counsel, Sierra Club and Environmental Respondents filed post-hearing briefs.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

Section 56-580 D of the Code states in part:

The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility, (ii) are required by the public convenience and necessity, if a petition for such permit is filed after July 1, 2007, and if they are to be constructed and operated by any regulated utility whose rates are regulated pursuant to § 56-585.1, and (iii) are not otherwise contrary to the public interest.

Further, with regard to generating facilities, § 56-580 D of the Code directs that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1...." Section 56-46.1 A of the Code states in part:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact.... In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2.

Section 56-46.1 A of the Code also states:

In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters.

Section 56-580 D of the Code contains language limiting the Commission's authority that is nearly identical to the language set forth in § 56-46.1 A.

Section 56-46.1 B of the Code states that, with regard to overhead transmission lines, "[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." Section 56-46.1 B of the Code also directs that "[i]n 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." Section 56-46.1 D of the Code explains that "'environmental' 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."

Section 56-46.1 C of the Code directs 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." Section 56-259 C of the Code states that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

The Code also directs the Commission to consider the effect of a proposed project on economic development in Virginia. Section 56-46.1 A of the Code states in part:

Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Similarly, § 56-596 A of the Code states that "[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation Act], the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

Section A 6, pursuant to which the Company applied for a RAC, includes the following:

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 ... (ii) one or more other generation facilities....

According to Section A 6, "[t]he costs of the facility, other than return on projected construction work in progress and allowance for funds used during construction, shall not be recovered prior to the date a facility constructed by the utility ... begins commercial operation...." Allowance for funds used during construction shall be calculated "utilizing the utility's actual capital structure and overall cost of capital...."

Finally, Section A 6 provides that "[a] utility seeking approval to construct or purchase a generating facility shall demonstrate that it has considered and weighed alternative options, including third-party market alternatives, in its selection process."

Need

We find that the Company has established a need for the additional capacity and energy that the Project would provide. We find that both the Company's assessment of need and the load forecasts employed by Dominion in this proceeding are reasonable.⁶

Energy Efficiency

The Environmental Respondents have asserted in this proceeding that Dominion did not examine reductions in load from increased energy efficiency.⁷ We find, however, that in evaluating the need for the proposed Project and in developing its peak demand and energy forecasts, the Company reasonably considered current and future conservation and energy efficiency measures.⁸ We further find that increased energy efficiency does not have the potential to defer or satisfy the Company's need for the additional capacity the Project is expected to provide.⁹

Consideration of Alternative Options

Section A 6 provides that a utility seeking approval to construct a generating facility must demonstrate that "it has considered and weighed alternative options, including third-party market alternatives, in its selection process." The Environmental Respondents and the Sierra Club have argued that the Commission must reject Dominion's Application because the Company has not properly considered reasonable alternatives.¹⁰

First, the Environmental Respondents and the Sierra Club argued that Dominion failed to adequately consider third-party alternatives. The parties stated that, although Dominion issued a formal request for proposals ("RFP") to solicit bids from third-party power providers, the RFP included certain onerous, non-standard, and opaque eligibility requirements that discouraged third-parties from submitting bids, limited the scope of generating facilities that could submit bids, and expressed an unwillingness to negotiate terms of purchase power agreements.¹¹ The parties also argued that the Company failed to evaluate meaningfully and objectively the proposed Project against the bids received in the RFP.¹²

Second, the Environmental Respondents stated that Dominion "not only failed its obligation to consider third-party alternatives, it also failed in its duty to consider self-build options other than Greensville."¹³ The Environmental Respondents claimed that the Company failed to consider a number of alternative generating technologies such as solar generation, failed to consider building a solar/gas hybrid facility, and failed to analyze whether choosing a combination of resources, *i.e.*, a "portfolio approach," would be more cost-effective than the proposed Project.¹⁴

In the Final Order issued in Case No. PUE-2015-00006, we held as follows:

[t]he statutory requirement that an applicant must demonstrate that third-party market alternatives have been considered and weighed during the applicant's selection process expresses the General Assembly's clear intent

⁶ See, e.g., Ex. 4 (Kelly Direct) at 3-12; Ex. 29 (Kelly Rebuttal) at 2-6. We have considered the Environmental Respondents' position that the Company has not demonstrated need for the proposed Project, in part because the Company based its load forecasts on "outdated methods and data." Ex. 19 (Wilson Direct) at 4-10. However we find that the load forecasts employed by Dominion are reasonable and that the Company has demonstrated a need for additional energy and capacity that the Project would provide. We also note that neither Staff nor Consumer Counsel disputed the Company's stated need for energy and capacity. See Ex. 21 (Tufaro Direct) at 4-7; Consumer Counsel's Post Hearing Brief at 2 (stating, "Consumer Counsel does not oppose the Company's request to construct and operate the proposed ... [P]roject").

⁷ See Ex. 19 (Wilson Direct) at 3.

⁸ See, e.g., Ex. 21 (Tufaro Direct) at 11; Dominion's Post Hearing Brief at 7; Ex. 4 (Kelly Direct) at 15-16; Ex. 29 (Kelly Rebuttal) at 6-9, 17.

⁹ See, e.g., Ex. 30 (Thomas Rebuttal) at 2-3; Ex. 4 (Kelly Direct) at 3-12.

¹⁰ See Ex. 19 (Wilson Direct) at 14-18; Environmental Respondent's Post Hearing Brief at 2-16; Sierra Club's Post Hearing Brief at 13-23.

¹¹ See Sierra Club's Post Hearing Brief at 14-18; Environmental Respondent's Post Hearing Brief at 2-8.

¹² See Sierra Club's Post Hearing Brief at 18-23; Environmental Respondent's Post Hearing Brief at 9-11.

¹³ Environmental Respondent's Post Hearing Brief at 11.

¹⁴ Ex. 19 (Wilson Direct) at 15-18; Tr. 252-57; Environmental Respondent's Post Hearing Brief at 12-15.

that serious and credible efforts must be made to determine whether there are third-party market options available to provide ... power at prices less burdensome to consumers than the applicant's self-build option.¹⁵

Based on the record in this case, we find that the Company undertook serious and credible efforts to assess the cost and availability of third-party alternatives. The Company issued an RFP and, pursuant to that RFP, the Project was evaluated against 5,020 MW of fully dispatchable, baseload or intermediate generation resources.¹⁶ The Company's evaluation of the RFP found that the proposed Project was more favorable than any third-party alternative that was examined through the RFP process.¹⁷ We find the Company's RFP to be adequate for purposes of this proceeding. Moreover, the Project was also compared to multiple unsolicited offers for solar, wind, landfill gas, and coal resources that were received outside of the RFP.¹⁸

We further find that the Company undertook serious and credible efforts to compare the Project to potential Company-owned resources. The Company evaluated the Project against numerous dispatchable and non-dispatchable supply-side resources, including renewable resources.¹⁹ The Company also modeled the proposed Project against a portfolio of resources, and the results of the Company's modeling support the Project as a least-cost option.²⁰ We find this analysis to be adequate in this proceeding.

In sum, we find, based on the record in this case and for purposes of this proceeding only, that the Company has adequately considered and weighed alternative options, including third-party market alternatives and alternative self-build options (including renewable resource options), in its selection process.²¹

Technology

We find that the Company's choice of technology for the Greenville facility – a 3x1 natural gas-fired combined-cycle plant – is reasonable based on the record herein. As noted by the Company, the 3x1 technology is cost-effective, proven, reliable, and widely used in commercial plants around the world.²² Once this plant is constructed and in operation in the Commonwealth, it "will operate as one of the most efficient natural gas-fueled power plants in the country...."²³ Between 2019 and 2030, the Project is expected to meet approximately 10% of customers' total energy requirements annually while reducing system-wide fuel expenses.²⁴

In addition, we find that this facility is particularly reasonable and prudent in relation to the Company's overall fuel diversity. Specifically, by 2020, natural gas generation is expected to make up approximately 39% of the Company's energy mix, with nuclear at 30%, coal at 19%, and the balance being provided by renewable generation, contracts with non-utility generators ("NUGs"), market purchases, and demand-side management.²⁵

Moreover, the Company's choice of a natural gas facility appears prudent given the current natural gas market and forecasted gas prices.²⁶

Cost

We find that the estimated capital cost of this Project - \$1.33 billion (excluding financing costs) – is reasonable. In addition, the Company has been able to fix approximately 83% of the total Project costs by executing a Turbine Supply Agreement ("TSA") and an Engineering, Procurement and

¹⁵ *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 6 (Oct. 20, 2015) (internal citations omitted).

¹⁶ Ex. 29 (Kelly Rebuttal) at 12-13.

¹⁷ See Ex. 4 (Kelly Direct) at 18-21; Ex. 21 (Tufaro Direct) at 14-16.

¹⁸ Ex. 29 (Kelly Rebuttal) at 15. The Company also examined renewing several purchase power agreements. See *id.* at 15-16.

¹⁹ Ex. 29 (Kelly Rebuttal) at 17. Dominion testified that it evaluated the Project against numerous dispatchable and non-dispatchable supply-side resources, including "combustion turbines, super critical pulverized coal (with and without carbon sequestration), integrated gasification combined cycle (with and without carbon sequestration), biomass, nuclear, fuel cell, on-shore wind, off-shore wind, and [photovoltaic] solar (with and without battery backup)." *Id.* With regard specifically to renewable resources, we find that the Company adequately considered renewable alternatives to the Project and the evidence reflects that renewable resources were not cost-competitive with the Greenville County Power Station. See, e.g., *id.* at 6-9, 16-17.

²⁰ *Id.* at 7-9.

²¹ A determination that Dominion adequately considered and weighed alternative options including third-party alternatives in this proceeding does not equate to a determination that the Company's evaluation of alternative options will be appropriate in all future instances. Our findings herein are limited to the specific facts of this proceeding. Under different circumstances, alteration or expansion of the Company's evaluation process, including alteration or expansion of any RFP that Dominion chooses to issue, may be necessary or appropriate to ensure that any proposed self-build option is superior to alternative options.

²² Ex. 9 (McKinley Direct) at 8.

²³ Ex. 3 (Rogers Direct) at 3.

²⁴ Ex. 4 (Kelly Direct) at 10.

²⁵ *Id.* at 11.

²⁶ See Ex. 3 (Rogers Direct) at 4; Ex. 10 (Hinson Direct) at 3-11.

Construction ("EPC") contract.²⁷ The TSA and EPC contract also provide for performance guarantees, liquidated damages, and on-schedule completion provisions.²⁸ Dominion has established in this proceeding that the estimated capital costs of the Project, along with the protections negotiated by contract, are reasonable and prudent.

Economic Development

We find that the Project will provide economic benefits to Greensville County, the Southside region, and the Commonwealth. There will be direct and indirect economic benefits related to the construction and operation of the facility, including job creation and increases in local and state tax revenues.²⁹ In addition to local benefits related to construction and operation, most importantly the Project will foster economic development in Virginia by providing reliable and cost-effective electricity supply to meet the growing demand for electric service in the Commonwealth.³⁰

Transmission Facilities

We find that the Company's request for approval of the Transmission Interconnection Facilities satisfies the statutory requirements applicable to such facilities if the Project is constructed and placed into service. In such event, the need for the Transmission Interconnection Facilities is not disputed in this record, and the proposed route of the line is reasonable and will minimize adverse impacts.³¹

Environmental Impact

We must consider environmental impact. The relevant statutes, however, do not require the Commission to find any particular level of environmental benefit, or an absence of environmental harm, as a precondition to approval. Rather, the statutes direct that the Commission "shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."³²

The Department of Environmental Quality ("DEQ") coordinated an environmental review of the proposed Project and submitted a report ("DEQ Report").³³ The DEQ Report summarizes the Project's potential impacts, makes recommendations for minimizing those impacts, and outlines the Company's responsibility for compliance with legal requirements governing environmental protection.³⁴ The Company did not object to any of the recommendations made by DEQ in its Summary of Findings and Recommendations.³⁵ Based on the record in this case, we find that the Project will be in compliance with all applicable environmental regulations.

Public Convenience and Necessity

Pursuant to § 56-580 D of the Code, the Commission may only permit the construction and operation of an electrical generating facility if it determines that such generating facility has no material adverse effect upon reliability of electric service, is required by the public convenience and necessity, and is not otherwise contrary to the public interest. The Sierra Club has argued that the Commission must reject the Company's Application because, without additional information on the potential impact that the United States Environmental Protection Agency's recent regulation to control carbon dioxide emissions from existing electric generation units under Section 111(d) of the Clean Air Act ("Clean Power Plan") could have on Virginia, the Commission lacks evidence necessary to determine that the Company's proposal is required by the public convenience and necessity.³⁶

While the record in the current proceeding demonstrates that significant uncertainty regarding Clean Power Plan compliance existed at the time the Company filed its Application and will likely continue for some time, the record also states that the Project's carbon intensity is lower than the carbon intensity of Dominion's existing fossil fleet.³⁷ In addition, the addition of the Project to the Company's current portfolio would effectively displace generation from more carbon-intensive resources, thereby reducing the system-wide carbon intensity.³⁸ Further, the Company has analyzed the Project using

²⁷ See Ex. 9 (McKinley Direct) at 16.

²⁸ *Id.* at 16-17.

²⁹ Ex. 2 (Application) at 11; Ex. 3 (Rogers Direct) at 9-10.

³⁰ Ex. 2 (Application) at 11.

³¹ See Ex. 18 (Fisher Direct) at 3-6; Ex. 23 (Cizenski Direct) at Staff Report 8-9, 11; Dominion's Post Hearing Brief at 46-47.

³² Va. Code § 56-46.1. See also Va. Code § 56-580 D (stating that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1....").

³³ Ex. 24 (DEQ Report).

³⁴ *Id.*

³⁵ Ex. 33 (Fisher Rebuttal) at 2.

³⁶ See Sierra Club's Post Hearing Brief at 6-13. The Environmental Respondents also expressed concern that the Company did not test the effect the Project would have on compliance with the Clean Power Plan. See Ex. 19 (Wilson Direct) at 13.

³⁷ Ex. 29 (Kelly Rebuttal) at 9.

³⁸ *Id.*

a variety of potential market sensitivities. The results of this analysis show that despite varying market conditions, the Project remains the most prudent option to fill the Company's capacity and energy needs by 2019.³⁹

Based on the record developed herein, and in accordance with our findings above, the Commission concludes that the proposed generating facility and associated facilities: (i) will have no material adverse impact upon reliability of electric service; (ii) are required by the public convenience and necessity; and (iii) are not otherwise contrary to the public interest.

Return on Equity

The Commission finds that the fair rate of return on common equity ("ROE") for Rider GV approved herein shall be 9.6%, which becomes effective April 1, 2016. This results in a total revenue requirement for Rider GV, which also becomes effective April 1, 2016, of \$40,361,000.

The Commission has recently held that the plain language of Section A 6 allows us to determine the ROE for a Section A 6 RAC – such as Rider GV – in the actual Section A 6 RAC proceeding.⁴⁰ We note that those orders did not address Chapter 6, 2015 Va. Acts of Assembly ("Senate Bill 1349" or "SB 1349"), codified in part as § 56-585.1:1 of the Code,⁴¹ because such statute was not in effect when those respective cases were initiated.⁴² The instant Application, however, was filed on July 1, 2015, the effective date of SB 1349. In this regard, Dominion asserts that: (i) prior to SB 1349, the Commission did not have the authority to determine ROE for a Section A 6 RAC in the actual Section A 6 RAC proceeding; (ii) SB 1349 does not give the Commission such authority; and (iii) "[t]hus, Senate Bill 1349 has no bearing on the Commission's authority to set ROE in this case."⁴³

Senate Bill 1349 directs the Commission to hold two consolidated proceedings ("Consolidated Proceedings"), one in 2017 and one in 2019, to determine ROE for all of Dominion's Section A 6 RACs:

Commencing in 2017 and concluding in 2019, the State Corporation Commission, after notice and opportunity for a hearing, shall conduct a proceeding every two years to determine the fair rate of return on common equity to be used by [Dominion] as the general rate of return applicable to rate adjustment clauses under subdivisions A 5 or A 6 of § 56-585.1. [Dominion's] filing in such proceedings shall be made on or before March 31 of 2017 and 2019.⁴⁴

Dominion asserts that the General Assembly included the above provision in SB 1349 because the Commission is prohibited from determining ROE for a Section A 6 RAC in an actual Section A 6 RAC case.⁴⁵ We disagree. For the reasons set forth in the four orders cited above, the Commission continues to find that the plain language of Code § 56-585.1 A 6 – which explicitly allows the Commission to determine RAC ROEs "from time to time ... pursuant to subdivision 2" – gives the Commission the discretion to determine ROE for a Section A 6 RAC in the actual Section A 6 RAC proceeding. Furthermore, we note that the ROE is part of the cost included in the RAC, and, contrary to Dominion's claim, the statute does not require the Commission to set a rate in the RAC that is above the Commission-determined cost-of-service by using an inflated ROE.

In addition, having found that the plain language is not ambiguous, we do not resort to statutory construction – as sought by Dominion – by looking at SB 1349 to ascertain the plain meaning of Section A 6.⁴⁶ Moreover, even if it was appropriate to look at SB 1349 for such purpose, we note that SB 1349 in fact *confirms* the plain reading of Section A 6. That is, in direct contrast to the explicit "from time to time" discretion in Section A 6, Senate Bill 1349 conclusively shows that the General Assembly is quite able – when it chooses – to specify precise biennial dates on which the Commission *must* determine ROE for all Section A 6 RACs.

³⁹ *Id.* at 11-12.

⁴⁰ *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations for the rate year commencing April 1, 2016*, Case No. PUE-2015-00058, Doc. Con. Cen. No. 160250199, Final Order (Feb. 29, 2016); *Application of 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*, Case No. PUE-2015-00059, Doc. Con. Cen. No. 160250198, Final Order (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2015-00060, Doc. Con. Cen. No. 160250197, Final Order (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUE-2015-00061, Doc. Con. Cen. No. 160250196, Final Order (Feb. 29, 2016).

⁴¹ 2015 Va. Acts Ch. 6 (approved February 24, 2015; effective July 1, 2015) (codified in part as Va. Code § 56-585.1:1).

⁴² *See, e.g., Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUE-2015-00061, Doc. Con. Cen. No. 160250196, Final Order at 9 (Feb. 29, 2016).

⁴³ *See* Dominion's Post Hearing Brief at 50-58.

⁴⁴ Va. Code § 56-585.1:1 C 2.

⁴⁵ *See* Dominion's Post Hearing Brief at 50-52, 56-58.

⁴⁶ *See, e.g., Newberry Station Homeowners Ass'n v. Bd. of Supervisors*, 285 Va. 604, 614 (2013) ("[W]hen the language of an enactment is free from ambiguity, resort to legislative history and extrinsic facts is not permitted because we take the words as written to determine their meaning.") (internal quotes and citation omitted); *Smith v. Commonwealth*, 282 Va. 449, 454 (2011) ("When statutory terms are plain and unambiguous, we apply them according to their plain meaning without resorting to rules of statutory construction.") (citing *Halifax Corp. v. First Union Nat'l Bank*, 262 Va. 91, 99-100 (2001)); *Kummer v. Donak*, 282 Va. 301, 306 (2011) ("Because there is no ambiguity in the applicable statutes, the Kummer children's public policy argument must fail."); *Brown v. Lukhard*, 229 Va. 316, 321 (1985) ("If language is clear and unambiguous, there is no need for construction by the court; the plain meaning and intent of the enactment will be given it.") (citation omitted).

The Commission will, of course, follow the law and timely conduct required proceedings for all RAC ROEs in the future. In the interim, it is self-evident that we must also set ROEs in RAC cases that are initiated on and after July 1, 2015, but prior to the 2017 Consolidated Proceeding, since every RAC must have an ROE. Indeed, Dominion does not contest the fact that we face the present necessity of setting an ROE for Rider GV in the instant case. As explained below, however, the requirements of SB 1349 do not alter the ROE of 9.6% as approved in the instant proceeding, because a resulting ROE of 9.6% is justified under either of the two procedural alternatives available in this case.

Specifically, there are two paths in this proceeding that lead to the same result. Under one path, during SB 1349's Transitional Rate Period, the explicit requirement for the Consolidated Proceedings is interpreted to preempt temporarily the Commission's "from time to time" discretion in Section A 6. In that situation, we find that it is reasonable to use Dominion's most recently approved RAC ROE of 9.6% as determined on February 29, 2016 (in cases that were filed before the effective date of SB 1349), which we found fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital.⁴⁷ We further find that it is not reasonable to continue to use Dominion's requested ROE of 10% from 2013, which was set in the Company's 2013 Biennial Review (based on data from several years ago), as opposed to the ROE of 9.6% that was approved just last month (based on an analysis of more recent information).

Following the second path, prior to the 2017 Consolidated Proceeding, the Commission retains the "from time to time" discretion in Section A 6 during SB 1349's Transitional Rate Period and has the authority to determine an ROE based on the facts presented in the instant case. In this situation, we continue to find – based on the record in this proceeding – that a market cost of equity of 9.6% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. We find that this ROE is supported by the record in this proceeding (which is consistent with that of the four cases cited above),⁴⁸ is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable statutory and constitutional standards.⁴⁹

Rider GV

Dominion has calculated the Rider GV rates in accordance with the same methodology used for rates approved by the Commission in several recent cases.⁵⁰ Staff found that "there have been no significant changes associated with this proceeding that would necessitate a change in the methodology used to develop the proposed surcharges."⁵¹ We find that the Company's proposed rate design for Rider GV should be approved.⁵²

There is no disagreement between Staff and Dominion with regard to any Project expenditures at this time.⁵³ The primary difference between Staff's and the Company's Rider GV revenue requirement concerns the appropriate ROE to be used to calculate the Projected Cost Recovery Factor and the AFUDC Cost Recovery Factor.⁵⁴ As is discussed above, we find that a revenue requirement of \$40,361,000, which incorporates an ROE of 9.6%, effective April 1, 2016, is appropriate and should be approved.

⁴⁷ *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations for the rate year commencing April 1, 2016*, Case No. PUE-2015-00058, Doc. Con. Cen. No. 160250199, Final Order at 10-14 (Feb. 29, 2016); *Application of 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*, Case No. PUE-2015-00059, Doc. Con. Cen. No. 160250198, Final Order at 10-14 (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2015-00060, Doc. Con. Cen. No. 160250197, Final Order at 9-13 (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUE-2015-00061, Doc. Con. Cen. No. 160250196, Final Order at 9-13 (Feb. 29, 2016).

⁴⁸ For example, portions of the instant record supporting this factual finding (consistent with the most recent RAC orders) include: Ex. 27 (Oliver ROE Direct); Staff's Post Hearing Brief at 8-10; Tr. 81-84.

⁴⁹ See the Final Orders in Case Nos. PUE-2015-00058, -00059, -00060, and -00061 for additional discussion of these concepts.

⁵⁰ Ex. 13 (Anderson Direct) at 2; Ex. 21 (Tufaro Direct) at 16-17. See, e.g., *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*, Case No. PUE-2014-00103, Doc. Con. Cen. No. 150420130, Final Order (Apr. 21, 2015); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2014-00051, Doc. Con. Cen. No. 150310313, Final Order (Mar. 12, 2015).

⁵¹ Ex. 21 (Tufaro Direct) at 19.

⁵² The Environmental Respondents have alleged that Dominion's use of winter declining block rates incents customers to use more electricity than they might otherwise use under another policy. Therefore, the Environmental Respondents recommended that the Company continue to explore alternative rate designs. Ex. 19 (Wilson Direct) at 9-10. In its Final Order in Case No. PUE-2015-00035, the Commission directed the Company to analyze certain alternative rate designs and to report on the results of this analysis in future Integrated Resource Plan proceedings. *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2015-00035, Doc. Con. Cen. No. 151250091, Final Order at 14-15 (Dec. 30, 2015).

⁵³ See Dominion's Post Hearing Brief at 48; Ex. 25 (Myers Direct) at 7.

⁵⁴ Dominion has calculated a total revenue requirement for Rider GV of \$41,643,000 for the April 1, 2016, through March 31, 2017 rate year, while Staff has calculated a total revenue requirement of \$39,182,000. See Ex. 12 (Propst Direct) 8; Ex. 25 (Myers Direct) at 7-8.

Sunset Provision

As a requirement of our approvals herein, we find that the authority granted by this Final Order shall expire two (2) years from the date hereof if construction of the Greenville County Power Station has not commenced, and that Dominion may petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) Subject to the findings and requirements set forth in this Final Order, Dominion is granted approval and Certificate of Public Convenience and Necessity No. ET-204 to construct and operate the Greenville County Power Station as set forth in this proceeding.

(2) Subject to the findings and requirements set forth in this Final Order, Dominion is granted approval and certificates of public convenience and necessity to construct and operate the Transmission Interconnection Facilities to interconnect the Greenville County Power Station.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificates of public convenience and necessity:

Certificate No. ET-83h, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated transmission lines and facilities in Greenville County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00075, cancels Certificate No. ET-83g issued to Virginia Electric and Power Company on August 2, 2013, in Case No. PUE-2012-00128.

Certificate No. ET-63f, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated transmission lines and facilities in Brunswick County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00075, cancels Certificate No. ET-67e issued to Virginia Electric and Power Company on August 2, 2013, in Case No. PUE-2012-00128.

(4) The Company's Application for approval of a RAC, designated Rider GV, is granted in part and denied in part as set forth herein.

(5) The Company shall file, within thirty (30) days of the date of this Final Order, a revised Rider GV 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 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) Rider GV, as approved herein, shall become effective for service rendered on and after April 1, 2016.

(7) The Company shall file its annual Rider GV application on or before July 1st of each year.

(8) This case is dismissed.

DIMITRI, Commissioner, concurring:

I concur in the decision to grant the requested certificates and in the revenue requirement approved for Rider GV in this Final Order. In addition, I would find that SB 1349 cannot impact the Commission's authority in this matter because it violates the plain language of Article IX, Section 2, of the Constitution of Virginia, for the reasons set forth in my separate opinion in Case No. PUE-2015-00027. Indeed, the instant case further illustrates how SB 1349 fixes base rates as discussed in that separate opinion. The evidence in this case shows that Dominion plans to allow certain NUG contracts, currently providing power to customers, to expire while base rates are frozen by SB 1349.⁵⁵ The capacity costs associated with these contracts, however, are currently included in those base rates.⁵⁶ Thus, as explained by Consumer Counsel, this means that "the Company's base rates will remain inflated" because Dominion (i) will no longer be paying these NUG capacity costs, but (ii) will continue to recover such costs from its customers since base rates are frozen under SB 1349.⁵⁷ Based on Dominion's cost estimates, between now and the end of 2019, it will have recovered over \$243 million from its customers for NUG capacity costs that the Company no longer incurs.⁵⁸ While other costs and revenues are likely to change up and down during this period and would not be reflected in base rate changes precluded by SB 1349, these NUG costs are known, major cost reductions that will not be passed along to customers.

⁵⁵ Consumer Counsel's Post-Hearing Brief at 5-6.

⁵⁶ *Id.* at 5; Tr. 107-110.

⁵⁷ Consumer Counsel's Post-Hearing Brief at 5-6.

⁵⁸ Ex. 6 (Virginia Jurisdictional NUG Capacity Costs and Greenville Revenue Requirement).

**CASE NO. PUE-2015-00075
APRIL 6, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of the proposed Greensville 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 GV, pursuant to § 56-585.1 A 6 of the Code of Virginia

CORRECTING ORDER

On July 1, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion") filed with the State Corporation Commission ("Commission") an application and supporting documents for approval of electric generation and related transmission facilities and for approval of a rate adjustment clause.

On March 29, 2016, the Commission issued a Final Order in this proceeding. In Ordering Paragraph (3) of the Final Order, the Commission inadvertently issued an incorrect certificate number to Dominion for the operation of transmission lines and facilities in Brunswick County.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (3) of the Commission's March 29, 2016 Final Order hereby is corrected and amended to read as follows: Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificates of public convenience and necessity:

Certificate No. ET-83h, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated transmission lines and facilities in Greensville County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00075, cancels Certificate No. ET-83g issued to Virginia Electric and Power Company on August 2, 2013, in Case No. PUE-2012-00128.

Certificate No. ET-67f, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated transmission lines and facilities in Brunswick County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00075, cancels Certificate No. ET-67e issued to Virginia Electric and Power Company on August 2, 2013, in Case No. PUE-2012-00128.

(2) All other provisions of the March 29, 2016 Final Order shall remain in full force and effect.

**CASE NO. PUE-2015-00088
JANUARY 6, 2015**

APPLICATION OF
APPALACHIAN POWER COMPANY

To revise its fuel factor

ORDER ESTABLISHING 2015-2016 FUEL FACTOR

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 Application proposed to reduce the Company's fuel factor from 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, 2016.² 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 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 proposed to reduce the in-period factor component from 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's Application projected would be approximately \$15.3 million by the end of September 2015.⁵ The

¹ The Company filed its Application in both confidential and public versions.

² Ex. 2 (Application) at 4.

³ Ex. 7 (Simmons direct) at 5.

⁴ Ex. 2 (Application) at 2, 4.

⁵ *Id.* at 3.

Company proposed to reduce the prior-period factor from 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

According to the Company, 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 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

On September 2, 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 first phase of the Company's proposed fuel factor of 2.586¢/kWh on an interim basis for service rendered on and after October 1, 2015.

The Old Dominion Committee for Fair Utility Rates ("Committee"), VML/VACo APCo Steering Committee ("Steering Committee"), the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), and Steel Dynamics, Inc. ("SDI") filed notices of participation, but did not file testimony, in this proceeding. On November 20, 2015, the Commission's Staff ("Staff") filed the testimony of four witnesses. On December 4, 2015, APCo filed its rebuttal testimony.

On December 14, 2015, Staff and the Company filed a Stipulation, agreeing and recommending to the Commission, in relevant part, that:

- [T]he fuel factor of 2.586¢/kWh, requested in the Application, and implemented by the Commission's September 2, 2015 Order, for service rendered on and after October 1, 2015, should remain in effect through January 31, 2016.
- [A] fuel factor of 2.301¢/kWh should be approved for service rendered on and after February 1, 2016, and should remain in effect until changed by the Commission.
- [T]he Commission should close APCo's 2010-2011 fuel audit.
- [C]osts associated with the Putnam Coal Terminal which were charged to fuel inventory during the period 2010 through 2013 shall be credited to the Virginia fuel deferral balance in the amount recommended by Staff.⁹
- [The Company shall] provide, by March 31 of each year, a report [on the Company's hedging activities] that includes, at a minimum, the following information:
 - a. details concerning [the Company's] actual hedging, fuel procurement practices, and off-system sales hedges over the prior year, including, but not limited to: (1) the percentage of fuel volumes hedged physically and financially by fuel type; (2) the types of physical and financial hedges used for each month; (3) a quantification of the gains and losses associated with the financial hedges; and (4) an itemized list of all costs associated with these financial hedges; and
 - b. a detailed explanation, with supporting workpapers, of: (1) the Company's current risk management program for its off-system sales and its procurement of coal, oil, natural gas, and wholesale electricity; (2) any changes the Company is considering to its current risk management program related to off-system sales, and for its procurement of coal, oil, natural gas, and wholesale electricity in the next year as a result of changing fuel mix, market conditions, or any other reason; and (3) the analyses undertaken in adopting and implementing such plan and in rejecting alternatives.¹⁰

The Commission convened a public hearing on December 15, 2015. APCo, the Committee, the Steering Committee, Consumer Counsel, and Staff participated at the hearing. All parties and Staff either supported or did not oppose the proposed Stipulation. No public witnesses appeared at the hearing.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that APCo's fuel factor approved herein shall be 2.586¢/kWh, for service rendered on and after October 1, 2015, and 2.301¢/kWh, for service rendered on and after February 1, 2016.

⁶ *Id.* at 2, 4.

⁷ Ex 7 (Simmons direct) at 7.

⁸ *Id.* at 7-8.

⁹ The total amount recommended by Staff is \$1,598,598 on a Virginia jurisdictional basis. Ex. 11 (Carr) at 5.

¹⁰ Ex. 8 (Stipulation) at 2-3. Although not parties to the Stipulation, the Stipulation indicates that the Committee, the Steering Committee, SDI, and Consumer Counsel had represented, by counsel, that they do not oppose the Stipulation. *Id.* at 3.

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 is attached hereto, and direct the Company to comply therewith.

Pursuant to § 56-249.6 of the Code, APCo is statutorily entitled to recover its prudently incurred fuel costs. Indeed, in describing this statutory provision over twenty-five (25) years ago, the Commission explained that the fuel factor permits dollar for dollar recovery of prudently incurred fuel costs.¹¹ As also explained in prior fuel cases, approval of a fuel factor herein does not represent ultimate approval of the Company's actual fuel expenses. An audit and investigation of the Company's actual booked fuel expenses, among other things, is conducted by the Staff after the close of the fuel year. The Commission subsequently determines what are, in fact, reasonable, prudent and, therefore, allowable fuel expenses and credits, as well as the Company's recovery position as of the end of the audit period. For example, the Commission has previously described this review as follows:

Should the Commission find in its Final Audit Order (1) that any component of the Company's actual fuel expenses or credits has been inappropriately included or excluded, or (2) that the Company has failed to make every reasonable effort to minimize fuel cost or has made decisions resulting in unreasonable fuel cost, the Company's recovery position will be adjusted. This adjustment will be reflected in the recovery position of the Company's next fuel factor. We reiterate that no finding in this order is final, as this matter is continued generally, pending Staff's audit of actual fuel expenses.¹²

Likewise, while we find that the Company's proposed fuel factor shall be approved, no finding in this Order Establishing Fuel Factor is final, other than our approvals to close the 2010-2011 fuel audit which has now been completed and to address the Putnam Coal Terminal costs associated therewith.¹³ This matter is otherwise continued generally, pending audit and investigation of the Company's actual fuel expenses.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's fuel factor shall be 2.586¢/kWh, for service rendered on and after October 1, 2015, and 2.301¢/kWh, for service rendered on and after February 1, 2016.
- (2) The Stipulation filed with the Commission on December 14, 2015, and attached hereto, is approved.
- (3) This case is continued generally.

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

¹¹ *Commonwealth of Virginia, ex rel. State Corp. Comm'n, Ex Parte: In the matter of establishing Commission policy regarding rate treatment of purchased power capacity charges by electric utilities and cooperatives*, Case No. PUE-1988-00052, 1988 S.C.C. Ann. Rept. 346, 347 (Nov. 10, 1988) (describing the "fuel factor" as "a statutory adjustment mechanism through which all prudently incurred energy costs are recovered, dollar for dollar"). See also *Application of Kentucky Utils. Co., t/a Old Dominion Power Co., To revise its fuel factor pursuant to Virginia Code § 56-249.6*, Case No. PUE-1994-00043, 1995 S.C.C. Ann. Rept. 309, 310 (Jan. 6, 1995) ("*Kentucky Utils.*") (explaining that the "fuel factor mechanism . . . gives the Company dollar for dollar recovery for allowable fuel expenses").

¹² *Kentucky Utils.*, 1995 S.C.C. Ann. Rept. at 311.

¹³ Staff's findings and recommendations resulting from the fuel audits for calendar years 2010 and 2011 are set out in a Staff report filed on November 20, 2015, in Case Nos. PUE-2009-00038, PUE-2010-00058, and PUE-2012-00051.

CASE NO. PUE-2015-00088 NOVEMBER 3, 2016

APPLICATION OF
APPALACHIAN POWER COMPANY

To revise its fuel factor

ORDER

On August 19, 2016, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") a 2016 Fuel Filing and Request to Change Fuel Year ("Filing"). APCo's Filing requests a one-month change of the "fuel year" on which the Company's actual and projected fuel factor calculations are based. The Company proposes that, for future fuel factor filings, its fuel year would extend from November through October of the subsequent year.¹ APCo's Filing does not seek a change to the Company's current fuel factor.

On September 9, 2016, the Commission's Staff ("Staff"), by counsel, filed with the Commission a memorandum indicating that Staff has no objection to APCo's Filing. Among other things, Staff identified prior and projected under-recovery balances for the Company's Virginia jurisdictional fuel expenses and indicated that Staff will continue to monitor fuel factor expense and recovery data provided monthly by the Company. Staff also indicated that deferred accounting for fuel costs ensures that APCo's proposed one-month change to its fuel year would not alter the amount of such costs recovered by the Company from its customers.

¹ Currently, APCo's fuel year is from October through September of the subsequent year.

NOW THE COMMISSION, upon consideration of this matter, finds that APCo's request to change its fuel year by one month shall be granted.

Accordingly, IT IS SO ORDERED and this case is continued generally.

**CASE NO. PUE-2015-00089
APRIL 19, 2016**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia

FINAL ORDER

On August 28, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 5 ("Subsection 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 directive contained in Ordering Paragraph (6) of the Commission's April 24, 2015 Final Order in Case No. PUE-2014-00071,⁴ filed with the Commission its petition for approval to implement new DSM programs, for approval to continue a DSM program, and for approval of two updated rate adjustment clauses ("Petition").

In its Petition, Dominion Virginia Power seeks approval to implement two new DSM programs as the Company's "Phase V" programs.⁵ Specifically, the Company requests that the Commission permit the Company to implement the following proposed DSM programs for the five-year period of May 1, 2016, through April 30, 2021, subject to future extensions as requested by the Company and granted by the Commission:

- Residential Programmable Thermostat Program ("RPT Program"); and
- Small Business Improvement Program ("SBI Program").⁶

According to the Company, both of its proposed Phase V programs are energy efficiency programs as defined by § 56-576 of the Code.⁷ The Company proposes a five-year spending cap for the Phase V programs in the amount of \$51,369,393.⁸

Additionally, in its Petition, the Company requests approval to continue its Residential Air Conditioner Cycling Program ("AC Cycling Program").⁹ The AC Cycling Program was originally approved by the Commission in Case No. PUE-2009-00081,¹⁰ and was extended by the Commission in Case No. PUE-2012-00100.¹¹ In its Petition in the current proceeding, the Company seeks approval to extend the AC Cycling Program, a peak-shaving program as defined by § 56-576 of the Code, through April 30, 2021, subject to future extensions as requested by the Company and approved by the

¹ 20 VAC 5-201-10 *et seq.*

² 20 VAC 5-303-10 *et seq.*

³ 20 VAC 5-304-10 *et seq.*

⁴ *Petition of Virginia Electric and Power Company, For approval to 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 (Apr. 24, 2015) ("2014 DSM Proceeding").

⁵ Exhibit ("Ex.") 2 (Petition) at 2.

⁶ *Id.* at 5-6.

⁷ *Id.* at 5.

⁸ *Id.* at 6. This cost is inclusive of operating costs, estimated revenue reductions related to energy efficiency programs ("lost revenues"), common costs, return on capital expenditures, margins on operation and maintenance expenses, and evaluation, measurement and verification ("EM&V") 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%. *Id.*

⁹ *Id.* at 2.

¹⁰ *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).

¹¹ *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, Order (Apr. 19, 2013).

Commission.¹² According to the Company, it plans to maintain the current level of participation in the AC Cycling Program and does not plan to actively solicit additional enrollment to expand the program significantly beyond its current level.¹³

Further, the Company requests approval of an annual update to continue two rate adjustment clauses, Riders C1A and C2A, for the May 1, 2016, through April 30, 2017 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"),¹⁴ Case No. PUE-2013-00072 ("Phase III programs"),¹⁵ and Case No. PUE-2014-00071 ("Phase IV programs"); (ii) calendar year 2014 true-up of costs associated with the Company's approved Phase II and Phase III programs; (iii) Rate Year costs and calendar year 2014 true-up costs associated with the Company's Electric Vehicle Pilot Program, which was approved by the Commission in Case No. PUE-2011-00014;¹⁶ and (iv) Rate Year costs associated with the Company's proposed Phase V programs.¹⁷

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 2014 calendar year to the actual revenues collected during the same period.¹⁸ In its Petition, the Company's proposed total revenue requirement for Riders C1A and C2A is \$49,566,538.¹⁹

For purposes of calculating the Rate Year projected revenue requirement and the 2014 calendar year monthly true-up adjustment, the Company has utilized a general rate of return on common equity ("ROE") of 10.0%.²⁰ A 10.0% ROE was approved by the Commission in Case No. PUE-2013-00020.²¹

On September 21, 2015, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Petition, required Dominion Virginia Power 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: Appalachian Voices, the Natural Resources Defense Council, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"); the Virginia Committee for Fair Utility Rates; and the Office of Attorney General's Division of Consumer Counsel ("Consumer Counsel").

The Environmental Respondents and the Commission Staff ("Staff") filed the testimony and exhibits of their expert witnesses. Subsequently, the Company filed its rebuttal testimony. The Commission held a public and evidentiary hearing on March 8, 2016. Dominion Virginia Power, Staff, Consumer Counsel, and the Environmental Respondents participated in the hearing. At the hearing, the Commission received testimony from witnesses on behalf of the participants and also received testimony from three public witnesses.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Code of Virginia

Dominion Virginia Power seeks approval to continue the two rate adjustment clauses, Riders C1A and C2A, pursuant to Subsection A 5, which allows a utility to petition the Commission for approval of a rate adjustment clause for the timely and current recovery from customers of the following costs:

- b. Projected and actual costs for the utility to design and operate fair and effective peak-shaving programs. The Commission shall approve such a petition if it finds that the program is in the public interest; provided that the Commission shall allow the recovery of such costs as it finds are reasonable;

¹² Ex. 2 (Petition) at 7. The Company states that no additional funding for the AC Cycling Program is being requested in this case because the program is presently funded through the Company's base rates. *Id.*

¹³ Ex. 4 (Hubbard Direct) at 4.

¹⁴ *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").

¹⁵ *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2013-00072, 2014 S.C.C. Ann. Rept. 289, Final Order (Apr. 29, 2014).

¹⁶ *Application of Virginia Electric and Power Company, For approval to establish an electric vehicle pilot program pursuant to § 56-234 of the Code of Virginia*, Case No. PUE-2011-00014, 2011 S.C.C. Ann. Rept. 436, Order Granting Approval (July 11, 2011).

¹⁷ Ex. 2 (Petition) at 2, 8; Ex. 3 (Cralbe Direct) at 1-2.

¹⁸ Ex. 2 (Petition) at 9.

¹⁹ *Id.* at 10.

²⁰ *Id.* at 8.

²¹ *See id.*; *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).

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 V Programs

Consistent with our decision in Dominion Virginia Power's 2011 DSM Proceeding and subsequent proceedings, we evaluated the Company's Petition to determine whether the proposed Phase V programs are "in the public interest" under Subsection A 5 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. The cost of demand-side management programs is paid by all customers whether participating or not, with the exception of those statutorily exempt.²²

We find that the Company has not established that its Phase V programs, as proposed, are in the public interest. Specifically, we find that the Small Business Improvement Program is only in the public interest with modifications to the program. We further find that the Residential Programmable Thermostat Program is not in the public interest and, thus, deny the program at this time.

Small Business Improvement Program

Dominion Virginia Power previously proposed a small business improvement program in the Company's 2014 DSM Proceeding. In that proceeding, the Commission found that the program was not yet developed to the point where it could be fairly reviewed for approval and that the lack of detail regarding important elements of the program, including eligibility and implementation criteria, called into question the accuracy of the Company's cost/benefit analyses offered in support of the program.²³ The Commission therefore denied the program without prejudice.²⁴

In the present case, the Company is seeking approval of a revised SBI Program. The Company has addressed the concerns that we expressed in the Final Order in Case No. PUE-2014-00071, including providing needed detail regarding eligibility and implementation criteria.²⁵ Therefore, based on the record in this proceeding, we find that the SBI Program should be approved, subject to certain modifications.

The Commission shares the concerns expressed by Staff that the Company's projected savings associated with the SBI Program may be too high in light of the fact that the majority of customers eligible to participate in the SBI Program have average annual usage less than the Company's assumed average energy savings per participant, which calls into question the accuracy of the cost/benefit analyses offered in support for the SBI Program.²⁶ In order to be in the public interest, the Commission finds that two modifications to the SBI Program are necessary. First, the Commission shall approve the SBI Program for the five-year period of May 1, 2016, through April 30, 2021, subject to the SBI Program's performance. If the SBI Program underperforms once implemented, the Commission may consider shortening the approval period in a future case. Second, we find that, to be in the public interest, the SBI Program shall be limited to \$23.5 million, which represents approximately half of the Company's proposed five-year budget.²⁷

²² Certain large commercial and industrial customers are exempted from paying for these programs under Subsection A 5.

²³ *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 8 (Apr. 24, 2015).

²⁴ *Id.*

²⁵ *See e.g.*, Ex. 4 (Hubbard Direct) at 9-12; Ex. 15 (Carsley Direct) at 6; Tr. 24-25, 161.

²⁶ *See, e.g.*, Ex. 15 (Carsley Direct) at 11-15; Ex. 22 (Herndon Rebuttal) at Schedule 2; Tr. 114-116; 140-141. The Commission agrees with the Company that the eligibility criteria should be modified to include business customers with demand up to 100 kW per month. *See, e.g.*, Ex. 22 (Herndon Rebuttal) at 8-10; Tr. 59-60; 114-15.

²⁷ *See* Ex. 2 (Petition) at Schedule 46B, Statement 7. The calculation of the approved budget for the Small Business Improvement Program includes a change from the 10.0% ROE originally used by the Company to calculate the total cost of the program to an ROE of 9.6%. The Commission's approval of a 9.6% ROE is discussed in more detail below.

Residential Programmable Thermostat Program

Based on the evidence in this case, the Commission finds that the RPT Program is not in the public interest and approval is therefore denied. Staff raised legitimate concerns that the Company's RPT Program assumptions include an unreasonably low level of free-ridership given recent thermostat sales data and raised questions associated with the study relied upon by the Company to support the free-ridership assumption.²⁸ Moreover, the record reflects that, based on the total projected cost of the program (\$3.6 million), and the number of thermostats to be installed (5,870), the total cost to customers of each participating thermostat will be approximately \$600.²⁹ The Commission finds that this is an unreasonable burden on customers when the eligible thermostats have a retail price of between \$100 to \$200.³⁰

AC Cycling Program

In its Petition, Dominion Virginia Power requested approval to continue its AC Cycling Program for a five-year period through April 30, 2021.³¹ The Company acknowledged that savings achieved through the AC Cycling Program have trended downward over recent years and, as a result, the program's cost/benefit scores have declined. However, the Company stated that further study and analysis could result in improvements that make the AC Cycling Program become cost-beneficial again.³² Further, the Company noted that no additional funding for the AC Cycling Program is being requested in this case because the AC Cycling Program is presently funded through the Company's base rates.³³

The Commission finds that, because the AC Cycling Program is on-going and its costs are being recovered through frozen base rates, customers would most benefit by its continuation. Therefore, given the unique circumstances in this case, we find that the AC Cycling Program shall be continued through April 30, 2021.

Dominion Virginia Power should begin studying and analyzing the AC Cycling Program immediately and should include the results of its analysis in the Company's next EM&V report, which is to be filed on or before April 1, 2017.³⁴ The Commission also finds that, going forward, when using the average coincident and non-coincident peak savings per participant when evaluating the AC Cycling Program, the Company should use actual EM&V results, rather than the assumed savings originally used to model the program.³⁵

Jurisdictional Allocation

The Non-Residential Solar Window Film Program was approved as part of the Company's Phase III programs. In 2014, three customers participated in this program. During the course of this proceeding, it was discovered that one of these three customers is a Virginia non-jurisdictional customer.³⁶ Both Dominion Virginia Power and Staff agreed that it was appropriate to remove the rebate payment made to the non-jurisdictional customer from the calculation of costs that the Company seeks to recover through Riders C1A and C2A.³⁷ However, when calculating the amount of related program costs and deferred program design costs ("administrative costs") that should also be removed, Staff proposed to allocate administrative costs to non-jurisdictional customers based on the percentage of rebate payments received by the non-jurisdictional customer in 2014, while the Company allocated administrative costs based on the number of rebates (participation count) that occurred during each month of the year.³⁸

²⁸ See, e.g., Ex. 15 (Carsley Direct) at 15-17; Ex. 24 (Cadmus Study); Tr. 116-18; 212-215.

²⁹ Tr. 120-127. While the Commission has previously approved internet-capable thermostat programs for other utilities, the Company's RPT Program is a significantly larger program than those programs previously approved by the Commission. Further, the proposed incentive for participating in the RPT Program is larger than the incentives previously approved. See, e.g., *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*, Case No. PUE-2015-00072, Doc. Con. Cen. No. 151040129, Final Order (Oct. 29, 2015).

³⁰ Tr. 121.

³¹ Ex. 2 (Petition) at 2, 7.

³² See Ex. 16 (Cralbe Rebuttal) at 3-4; Ex. 17 (Pettit Rebuttal) at 4-7.

³³ Ex. 2 (Petition) at 7.

³⁴ See Ex. 17 (Pettit Rebuttal) at 6-7. The Company should conduct studies that, at a minimum, characterize the impact of the exogenous market changes on the AC Cycling Program, assess the AC Cycling Program's implementation approach, and mitigate any potential biases in the Company's modeling approach. The Company's studies should include, but are not limited to, an examination of the Company's AC Cycling Program tracking data to assess average connected load and efficiency levels for new participants over time, an impact analysis on all Automated Metering Infrastructure ("AMI") customers in the AC Cycling Program in order to identify customers for whom no perceptible load drops can be identified, and an examination of AMI and non-AMI households to compare household size and verify cooling equipment vintage (as well as an examination of whether the participant population of those households are statistically different). See *id.*

³⁵ Ex. 17 (Pettit Rebuttal) at 4; Tr. 263.

³⁶ See Ex. 13 (Ellis Direct) at 8.

³⁷ Ex. 13 (Ellis Direct) at 8-10, 16; Ex. 27 (Turner Rebuttal) at 2.

³⁸ Ex. 13 (Ellis Direct) at 8-9; Ex. 27 (Turner Rebuttal) at 2-3.

Based on the facts and circumstances of this case, we find that Dominion Virginia Power's proposed allocation methodology is appropriate in this instance. As the Company notes, its proposed allocation methodology has been utilized in many prior DSM cases and has been accepted by Staff and approved by the Commission in those prior cases.³⁹

Riders C1A and C2A

As is noted above, we approve the SBI Program for a five-year period, subject to a cost cap of \$23.5 million; we also approve the continuation of the AC Cycling Program.⁴⁰ We approve a Rate Year credit of \$852,764 for Rider C1A and a revenue requirement of \$46,769,287 for Rider C2A, for a total revenue requirement of \$45,916,523.⁴¹

For purposes of calculating the monthly true-up adjustment for calendar year 2014, an ROE of 10.0% shall be utilized. For purposes of calculating the projected cost recovery factor, an ROE of 9.6% shall be utilized and shall be effective May 1, 2016, which is the effective date for Riders C1A and C2A.⁴² Further, a December 31, 2014 ratemaking capital structure shall be used to calculate the revenue requirement.⁴³ Finally, we approve the Company's proposed cost allocation and rate design.⁴⁴

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 Company shall forthwith file revised tariffs, designed to recover a Rate Year credit of \$852,764 for Rider C1A and revenue requirement of \$46,769,287 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.
- (3) Riders C1A and C2A as approved herein shall become effective for usage on and after 15 calendar days following the issuance of this Order.
- (4) On or before September 1, 2016, the Company shall file its application to continue Riders C1A and C2A.

³⁹ Ex. 27 (Turner Rebuttal) at 3.

⁴⁰ 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 Virginia Power 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 Virginia Power of the total amount of the approved cost cap. See 2012 S.C.C. Ann. Rept. at 301, n. 20. Finally, the Company has not requested herein – nor have we approved – recovery of any lost revenues for these programs. The Company represented at the hearing that it would not seek recovery of lost revenues for periods prior to a previous true-up for Rider C1A and Rider C2A. See Tr. 29-30.

⁴¹ See Ex. 13 (Ellis Direct) at Schedules 1-11, Supp. Schedule 1; Ex. 18 (Givens Rebuttal) at Rebuttal Schedule 1. We approve a total revenue requirement of \$45,916,523 for Riders C1A and C2A for the Rate Year associated with the proposed Phase V programs, the Phase IV programs, the Phase III programs, the Phase II programs, the Electric Vehicle Pilot Program, and the calendar year 2014 true-up of costs.

⁴² The Commission has recently held that the plain language of § 56-585.1 A 6 of the Code ("Subsection A 6") allows us to determine the ROE for a Subsection A 6 rate adjustment clause in the Subsection A 6 rate adjustment clause proceeding. For the same reasons set forth in those recent Commission decisions, the Commission finds that the plain language of § 56-585.1 of the Code allows us to determine the ROE for a Subsection A 5 rate adjustment clause in the Subsection A 5 rate adjustment clause proceeding. Further, in this case, we continue to find – based on the record in this proceeding – that a market cost of equity of 9.6% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion Virginia Power seeking to attract equity capital. We find that this ROE is supported by the record in this proceeding, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable statutory and constitutional standards. See Ex. 14 (Oliver Direct) at 4-38; Tr. 39-40, 259; *Application of Virginia Electric and Power Company, For approval and certification of the proposed Greensville 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 GV, pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00075, Doc. Con. Cen. No. 160340035, Final Order (Mar. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations for the rate year commencing April 1, 2016*, Case No. PUE-2015-00058, Doc. Con. Cen. No. 160250199, Final Order (Feb. 29, 2016); *Application of 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*, Case No. PUE-2015-00059, Doc. Con. Cen. No. 160250198, Final Order (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2015-00060, Doc. Con. Cen. No. 160250197, Final Order (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUE-2015-00061, Doc. Con. Cen. No. 160250196, Final Order (Feb. 29, 2016).

⁴³ See Ex. 7 (Givens Direct) at Schedule 1, pg. 16; Ex. 14 (Oliver Direct) at 3.

⁴⁴ See Ex. 9 (Stephens Direct) at 3-5; Ex. 15 (Carsley Direct) at 24-25.

(5) Consistent with the Commission's directive in Case No. PUE-2013-00072, the Company is directed to submit, with every DSM filing going forward, an exhibit similar to Exhibit 5 in Case No. PUE-2013-00072. The Company shall work with Staff in preparing this pre-filed exhibit, which shall, at a minimum, contain the same categories of information included in Exhibit 5 for all DSM programs proposed by the Company as of the date of each subsequent DSM filing.

(6) Dominion Virginia Power shall continue to file its annual EM&V reports, including the results of its analysis of the Company's AC Cycling Program as noted herein.

(7) This matter is continued.

**CASE NO. PUE-2015-00089
APRIL 26, 2016**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia

AMENDING ORDER

On August 28, 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 petition for approval to implement new demand-side management ("DSM") programs, for approval to continue a DSM program, and for approval of two updated rate adjustment clauses designated Riders C1A and C2A ("Petition"). Thereafter, on April 19, 2016, the Commission entered a Final Order in this docket, approving in part and denying in part Dominion Virginia Power's Petition, all as set forth in the Final Order. Ordering Paragraph (3) thereof states that "Riders C1A and C2A as approved herein shall become effective for usage on and after 15 calendar days following the issuance of this Order." Thus, revised Riders C1A and C2A are slated to become effective for usage on and after May 4, 2016.¹

Following entry of the Final Order, the Commission Staff ("Staff") was advised that the Company would now prefer that the revised Riders C1A and C2A be made effective for usage on and after May 1, 2016. In particular, the Staff was advised by the Company that utilizing a May 1, 2016 effective date will enable more efficient implementation of revised Riders C1A and C2A within the Company's billing system.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows. For good cause shown, Ordering Paragraph (3) of the Final Order shall be modified to provide that revised Riders C1A and C2A approved therein shall become effective for usage on and after May 1, 2016.

Accordingly, IT IS ORDERED THAT:

(1) Riders C1A and C2A as approved in the Final Order shall become effective for usage on and after May 1, 2016, and Ordering Paragraph (3) in such Order shall be deemed modified, accordingly.

(2) This matter is continued.

¹ The Company's Petition requested that "the Company's updated Riders C1A and C2A, [] be effective for billing purposes either (a) for usage on and after 15 calendar days following the date of any Commission order approving Riders C1A and C2A or (b) for usage on and after May 1, 2016, whichever is later." Petition at 15. The Final Order's entry on April 19, 2016, thus made May 4, 2016, the later of the two dates.

**CASE NO. PUE-2015-00090
JUNE 7, 2016**

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval and certification of the Bland Area Improvements – 138 kV Transmission Line Rebuild Project Under Title 56 of the Code of Virginia

FINAL ORDER

On September 3, 2015, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") for a certificate of public convenience and necessity ("CPCN") to construct and operate electric transmission facilities in Bland and Wythe Counties pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, § 56-265.1 *et seq.* of the Code.

APCo proposes to construct, own, operate, and maintain the Bland Area Improvements 138 kilovolt ("kV") Transmission Line Project ("Project"). The Company states that the Project generally consists of rebuilding the Virginia portion of the existing South Bluefield – Bland – Wythe 69 kV line to 138 kV.¹ If approved, APCo estimates the Project will cost approximately \$68 million and that the Company will need approximately 30 months

¹ Exhibit ("Ex.") 1 (Application) at 1-2.

after entry of the Commission's final order for engineering, design, right-of-way ("ROW") acquisition, permitting, material procurement and construction to place the Project in service.² APCo proposes an in-service date of December 1, 2018, and requests expedited consideration to the extent permitted by law.³

The Company states that the Project will: (i) provide a comprehensive solution for the reliability concerns identified in the affected load area in Bland and Tazewell Counties, Virginia, and Mercer County, West Virginia; (ii) accomplish the replacement of a 90-year old 69 kV line that has reached the end of its useful life; and (iii) satisfy APCo's commitment in its 2003 Memorandum of Understanding with the U.S. Forest Service ("USFS MOU") to remove the existing 69 kV line crossing Rich Mountain.⁴

The Company states that its preferred route ("Preferred Route") for the Project is approximately 25.2 miles in length within Virginia and that 64% of the Preferred Route consists of a rebuild to 138 kV within an existing ROW, with 36% to be located on new ROW.⁵ According to the Company, over 80% of the Preferred Route would be on or adjacent to existing transmission ROW.⁶ APCo states there are three areas totaling approximately 9.4 miles where the Preferred Route diverges from the existing ROW and where new 100-foot ROW will be required on private land: (a) the relocation of the existing 69 kV line crossing Rich Mountain to address a requirement of the USFS MOU; (b) the relocation to connect the rebuilt line with the new Town Creek Substation; and (c) the relocation to accommodate the change in the southern terminus of the rebuilt line from the existing Wythe Substation to the existing Progress Park Substation.⁷ The Company represents that because more than 60% of the Project would be located within the existing 69 kV line ROW owned and maintained by APCo, no viable alternative for the entire Project has been identified.⁸

The Application states that the rebuilt line will be a single circuit three-phase design with a nominal phase-to-phase voltage of 138 kV, using primarily guyed-V lattice towers, H-frame steel poles and monopole steel structures.⁹ The Company indicates that the new structures will have an approximate average height of 90 to 100 feet tall with a cross arm approximately 32 to 48 feet wide, as compared to existing structures that are approximately 55 feet tall with a cross arm approximately 24 feet wide.¹⁰ As a result of the taller and more efficient proposed structures, the Company anticipates a decrease of approximately 20% in the total number of transmission line structures within the portion of the existing ROW that would be used for the Project.¹¹

The Company proposes to construct the Project within a 100-foot 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 interview of landowners.¹² The Company states that 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.¹³ The Company requests expansion of the 500-foot corridor in the vicinity of U.S. Route 52 near the community of Bland to afford the Company flexibility to determine the final location of the proposed Town Creek Substation after completing surveys, studies, design work and landowner consultations.¹⁴

On October 9, 2015, the Commission issued an Order for Notice and Hearing ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide public notice of the Application; provided an opportunity for interested persons to file comments or participate in this proceeding by filing a notice of participation; directed the Commission Staff ("Staff") to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon; and scheduled a public hearing for February 23, 2016. The evidentiary hearing was subsequently rescheduled for April 12, 2016, and the February 23, 2016 hearing was retained for the receipt of testimony from public witnesses.

As noted in the Procedural Order, the Staff requested that the Department of Environmental Quality ("DEQ") coordinate a review of the proposed Project by state and local agencies and file a report thereon. DEQ filed its report ("DEQ Report") with the Commission on November 18, 2015. The DEQ Report provides eight general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report recommended that APCo should:

² *Id.* at 4; Ex. 3 (Wilcox Direct) at 5.

³ Ex.1 (Application) at 4.

⁴ *Id.* at 3; Ex. 3 (Wilcox Direct) at 4.

⁵ Ex. 1 (Application), Response to Guidelines at 31.

⁶ *Id.*

⁷ *Id.* at 20.

⁸ *Id.* at 28.

⁹ Ex. 4 (Earhart Direct) at 3-4.

¹⁰ *Id.* at 4; Ex. 1 (Application), Response to Guidelines at 36.

¹¹ Ex. 4 (Earhart Direct) at 4.

¹² *Id.* at 6-7.

¹³ *Id.* at 12.

¹⁴ *Id.* at 7.

- Conduct an on-site delineation of all wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, as applicable;
- Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage regarding its recommendations to protect natural heritage resources, including its recommendation to conduct plant surveys for certain species in the project area, as well as for updates to the Biotics Data System database if six months have passed before the project is implemented;
- Coordinate with the Department of Game and Inland Fisheries ("DGIF") as necessary regarding its recommendations to minimize impacts to wildlife and natural resources, including its recommendation to conduct mussel and bat surveys;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Virginia Department of Health's Office of Drinking Water regarding its recommendations to protect public drinking water sources;
- 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.¹⁵

On January 12, 2016, the Board of Supervisors of Wythe County, Virginia, filed a notice of participation in this proceeding. A public comment was filed in this proceeding on January 14, 2016.

On January 19, 2016, 36 individuals (collectively, "Local Residents") filed a Motion to File a Late Notice ("Motion") and Notice of Participation ("Notice") in this case. On February 2, 2016, the Hearing Examiner issued a Ruling finding the Motion and Notice procedurally deficient and denying both without prejudice. However, the Hearing Examiner found the Local Residents' Notice reflected significant local interest in the Application and therefore found it appropriate to schedule a local hearing in Bland County, Virginia, on April 7, 2016, for the receipt of testimony of public witnesses.

On February 29, 2016, Staff filed its testimony and exhibits summarizing the results of its investigation of the Company's Application. Staff concludes that the Company has demonstrated a need for the Project and that the Project is the preferable solution to address the electrical violations identified by APCo. Staff notes that the existing 69 kV line is at the end of its useful life and must be replaced and that the Project will satisfy the Company's obligations under the USFS MOU. Staff states that the Company's preferred route minimizes cost, new ROW requirements, and the impact on existing residences, scenic assets, historic districts, and the environment.¹⁶

On March 22, 2016, APCo filed the rebuttal testimony of its witness. In its rebuttal testimony, the Company states that, while it concurs with many of the recommendations listed in the DEQ Report, it objects to two recommendations.¹⁷ First, APCo objects to a recommendation made by the DGIF that the Company "maintain naturally vegetated buffers of at least 100 feet in width around wetlands and on both sides of all perennial and intermittent streams, where practicable . . ." ¹⁸ APCo contends that this recommendation may present safety and reliability risks due to the potential for vegetation and wire contact from tall tree growth.¹⁹ APCo states that where reasonable and practical, it will utilize selective clearing methods to retain low-growth shrubs and other compatible vegetation within (i) 50 feet of all year-round streams, ponds or wetlands, (ii) 50 feet of road crossings, (iii) 100 feet of water supply wells, and (iv) 25 feet of karst features and outcrops of limestone or dolomite rock.²⁰

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 . . ." ²¹ 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 it 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.²² 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.²³

¹⁵ Ex. 8 (DEQ Report) at 5-6.

¹⁶ Ex. 7 (Essah Direct) at 26.

¹⁷ Ex. 9 (Earhart Rebuttal) at 2.

¹⁸ *Id.* (citing Ex. 8 (DEQ Report) at 20).

¹⁹ *Id.*

²⁰ *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.

²¹ *Id.* at 3 (citing Ex. 8 (DEQ Report) at 20).

²² *Id.*

²³ *Id.*

In its rebuttal testimony, the Company also states it has now identified the final location for the proposed Town Creek Substation portion of the Project and, under the circumstances, the expanded corridor described in the Application is no longer needed.²⁴ The Company further states that it has coordinated with Wythe County to alleviate Wythe County's concerns regarding the possible impact of the Project on the proposed access road to Progress Park.²⁵

A hearing was convened as scheduled on February 23, 2016, for the receipt of testimony from public witnesses. One public witness testified at the February 23, 2016 hearing. A local hearing was convened as scheduled on April 7, 2016, at the Bland County Courthouse for the receipt of testimony of public witnesses. Four public witnesses testified at the April 7, 2016 hearing. The Hearing Examiner convened an evidentiary hearing as scheduled on April 12, 2016. The Company and the Staff participated at the hearing.

On May 12, 2016, the Report of A. Ann Berkebile, Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. 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 comment on the Hearing Examiner's Report.

The Hearing Examiner recommends that the Commission grant the requested certificate of public convenience and necessity to construct and operate the proposed transmission facilities using the Company's Preferred Route based on the following findings:

- (1) The Project is justified by the public convenience and necessity;
- (2) The Commission should approve the Company's Preferred Route for the transmission line portion of the Project;
- (3) The Commission should issue a CPCN for the completion of the Project; and
- (4) The unopposed recommendations in the DEQ Report should be adopted by the Commission as conditions of approval.²⁶

On May 13, 2016, the Company filed a letter concurring with the Hearing Examiner's Report and stating that the Company had no comments. On May 16, 2016, the Staff filed a letter stating that it had no comments to the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that certificates of public convenience and necessity should be issued authorizing the proposed Project, subject to the findings and conditions contained in this Final Order, and that the public convenience and necessity require that the Company construct, own, and operate the Project.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 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."

²⁴ *Id.* at 6.

²⁵ *Id.* at 7.

²⁶ Hearing Examiner's Report at 13.

Need and Service Reliability

We agree with the Hearing Examiner that the Project is needed to enhance system reliability and operational flexibility for areas within Bland, Tazewell, and Wythe counties in Virginia.²⁷ In addition, the Project replaces a 69 kV transmission line that has reached the end of its service life and fulfills the Company's obligations under the USF S MOU.²⁸ Based on the facts and circumstances of this case, the Company has sufficiently demonstrated the public need for the Project to be constructed at 138 kV.

Routing and Right-of-Way

The Hearing Examiner found that the majority of the Company's Preferred Route will be located within existing ROW and reasonably avoids or minimizes adverse impacts to scenic assets, historic districts, and the environment.²⁹ We agree with the Hearing Examiner that the Preferred Route should be approved and that the evidence does not support modification to the Preferred Route.³⁰

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 improving reliability for customers in the area and meeting growing electrical demands.³¹

Scenic Assets and Historic Districts

We agree with the Hearing Examiner that the proposed 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.³²

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 agree with the Hearing Examiner that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Project.³³ However, the Commission conditions the approval granted herein on the conditions recommended in the DEQ Report, with certain exceptions. As recommended by the Hearing Examiner, 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.³⁴ APCo should obtain all necessary environmental permits and approvals that are needed to construct and operate the Project.³⁵

²⁷ Hearing Examiner's Report at 10-11.

²⁸ *Id.* at 11.

²⁹ *Id.* at 11.

³⁰ *Id.* at 11-12.

³¹ *See, e.g.*, Ex. 7 (Essah Direct) at 24.

³² Hearing Examiner's Report at 11.

³³ *Id.* at 12.

³⁴ 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 the Tazewell-Bearwallow 138 kV Transmission Line Rebuild Project Under Title 56 of the Code of Virginia*, Case No. PUE-2015-00021, Doc. Con. Cen. No.150920178, Final Order (Sept. 14, 2015); *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).

³⁵ *See* Ex. 4 (Earhart Direct) at 15-16.

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 imposed herein.
- (2) Pursuant to §§ 56-46.1, 56-265.2 of the Code, and related provisions of Title 56 of the Code, the Company's request for certificates of public convenience and necessity to construct and operate the Project is granted, as provided for herein, and subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to the Company:

Certificate No. ET-27d which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Bland County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00090; cancels Certificate No. ET-27c, issued to Appalachian Power Company on May 31, 2001, in Case No. PUE-1997-00766.

Certificate No. ET-51g which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Wythe County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00090; cancels Certificate No. ET-51f, issued to Appalachian Power Company on October 10, 2013, in Case No. PUE-2012-00132.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide the Commission's Division of Energy Regulation with three copies of an appropriate map that shows the routing of the transmission line approved herein.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Project approved herein must be constructed and in service by December 1, 2018; however, the Company is granted leave to apply for an extension for good cause shown.

(7) As there is nothing further to come before the Commission this matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUE-2015-00092
APRIL 8, 2016

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For approval and certification of the Virginia portion of the Piney Grove-Wattsville 138 kV/69kV transmission line project under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1, *et seq.*

FINAL ORDER

On August 24, 2015, Delmarva Power & Light Company ("Delmarva" or "Company") filed with the State Corporation Commission ("Commission") an Application for a certificate of public convenience and necessity to construct and operate the Virginia portion of a transmission line extending from Maryland into Accomack County, Virginia.¹ Delmarva filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.* The Company filed direct testimony and other materials in support of its Application.

Specifically, Delmarva proposes to replace and rebuild an existing 69 kilovolt ("kV") transmission line,² which extends from the Piney Grove substation in Worcester County, Maryland, to the Wattsville substation in Accomack County, Virginia, with a double-circuit 138 kV/69 kV transmission line ("Project"). The proposed Project would be constructed using the right-of-way for the existing 69 kV line, and the existing wood poles would be replaced by larger, weathering steel poles that can support both circuits.³ The total length of the Project is approximately 30.9 miles, 6.2 miles of which would be in Virginia between the Maryland-Virginia border and the Wattsville substation.⁴

¹ On August 28 and September 23, 2015, Delmarva supplemented its Application with additional information filed by the Company.

² The existing 69 kV line is comprised of two circuits: (1) Circuit 6729, extending from the Piney Grove substation to the Kenney substation, located entirely in Maryland; and (2) Circuit 6712, extending from the Kenney substation to the Wattsville substation, located in Maryland and Virginia. Direct Pre-filed Testimony of Raymond F. Rouault at 4.

³ Application at 6-8. According to the Company, there would be a limited need to amend or supplement certain right-of-way agreements. Direct Pre-filed Testimony of Raymond F. Rouault at 9, 11.

⁴ Application at 7.

According to the Application, the proposed Project is needed to address, among other things, a thermal overload identified in planning studies that could adversely impact reliability as early as June 2018.⁵ Additionally, the existing 69 kV transmission line, which was originally installed in the 1940s, must be replaced to address the risk associated with its age and condition.⁶ The in-service date for the Project is June of 2018.⁷

In its Application, Delmarva estimates that it will take 17 months to construct the Project.⁸ The Company estimates the total capital cost of the Project to be approximately \$44.7 million, of which approximately \$8.9 million is estimated for the Virginia portion.⁹

On September 30, 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 notice of its Application; granted the opportunity for interested persons to request a hearing, comment on the Application, and participate in the proceeding; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Staff Report"). The Commission received no notices of participation, requests for hearing, or public comments on the proposed Project.

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of Delmarva's Project by the appropriate agencies and to provide a report on the review. On November 5, 2015, DEQ filed its report ("DEQ Report") with the Commission. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Recommendations regarding the Project. The Company should:

- Conduct an on-site delineation of wetlands and streams within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable;
- Coordinate with the Department of Conservation and Recreation ("DCR") on the development of measures to minimize adverse impacts to the aquatic ecosystem of the Wattsville Branch Stream Conservation Unit;
- Coordinate with the DCR for updates to the Biotics Data System database (if the scope of the Project changes or six months passes before the Project is implemented);
- Coordinate with the U.S. Fish and Wildlife Service and Department of Game and Inland Fisheries ("DGIF") to ensure compliance with federal and state guidelines for the protection of bald eagles;
- Coordinate with the DGIF regarding its recommendations to protect wildlife resources;
- Coordinate with the Department of Historic Resources regarding recommendations to conduct a comprehensive architectural and archaeological survey to evaluate identified resources for listing in the Virginia Landmarks Register ("VLR") and National Register of Historic Places ("NRHP"); and to avoid, minimize, or mitigate for adverse impacts to VLR- and NRHP-eligible resources;
- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.¹⁰

On January 5, 2016, Staff filed its Staff Report summarizing the results of its investigation of Delmarva's Application. Staff concluded that Delmarva had reasonably demonstrated the need for the proposed Project and that it would increase reliability.¹¹ On January 19, 2016, Delmarva filed a letter indicating that the Company supports the conclusions of the Staff Report. The Company further stated that it has no objections to the DEQ's Summary of Recommendations.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the proposed Project. The Commission finds that certificates of public convenience and necessity authorizing the Project should be issued subject to certain findings and conditions contained herein.

⁵ *Id.* at 4-6.

⁶ *Id.* at 4, 7.

⁷ *Id.* at 1.

⁸ Direct Pre-filed Testimony of Raymond F. Rouault at 16.

⁹ Application at 7; Direct Pre-filed Testimony of Jaclyn R. Cantler at 7.

¹⁰ DEQ Report at 5-6.

¹¹ Staff Report at 14.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code. Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need

The Commission finds that the Company's proposed Project is needed. The need for the Project is unchallenged. The record reflects that completing the Project would replace an aging transmission line that is nearing the end of its expected service life and maintain reliability of the grid.¹²

Economic Development

The Commission finds that the proposed Project will promote economic development in the Commonwealth, including the area of the Project, by assuring continued reliable bulk electric power delivery to the region and thereby maintaining the reliability of the electric transmission system.¹³

Routing and Right-of-Way

For meeting the Company's reliability needs, the Commission finds that the Project is preferable to other electrical and routing alternatives considered in this proceeding. This finding is based on our consideration of, among other things, cost, environmental impact, routing constraints, and transmission system needs, including the need to rebuild the existing 69 kV transmission line.¹⁴

In addition, Delmarva has adequately considered existing rights-of-way. If approved, the proposed Project would be located entirely within existing rights-of-way, with the possible exception of one pole and associated equipment necessary for the new 138 kV line to terminate at the Wattsville substation.¹⁵

Scenic Assets and Historic Districts

Due to the fact that the Project will be located within existing rights-of-way, the Commission finds that adverse impacts on scenic assets and historic districts in the Commonwealth 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 impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company

¹² See, e.g., Staff Report at 4-7; Application, Response to Guidelines at 1-18.

¹³ See, e.g., Staff Report at 13.

¹⁴ See, e.g., Staff Report at 11-13; Application, Response to Guidelines at 19-24; Direct Pre-filed Testimony of Raymond F. Rouault at Schedule RFR-2.

¹⁵ See, e.g., Staff Report at 9-10; Direct Pre-filed Testimony of Raymond F. Rouault at 9.

complies with the recommendations set forth in the DEQ Report.¹⁶ We therefore find that, as a condition to our approval herein, Delmarva must comply with all of DEQ's recommendations as provided in the DEQ Report.

Maryland

As part of an interstate transmission line, the electrical circuits of the Project extend beyond the bounds of Virginia. Indeed, the need for the Virginia portion of this double-circuit transmission line, as proposed and approved herein, is based, in part, on a continuation of the line to an electrical termination point at a substation in Maryland. However, the record indicates that the proposed construction of the Maryland portion of this line is pending before the Maryland Public Service Commission ("Maryland PSC").¹⁷ Consequently, prior to commencing construction of the Project approved herein, Delmarva must submit to the Staff a copy of the order from the Maryland PSC approving a Maryland portion of the double-circuit transmission line. Additionally, the Company shall submit regular reports advising Staff of the status of the Maryland proceedings.

Accordingly, IT IS ORDERED THAT:

(1) Delmarva is authorized to construct and operate the Project, as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificate of public convenience and necessity to Delmarva:

Certificate No. ET-9h which authorizes Delmarva Power and Light Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Accomack County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00092; cancels Certificate No. ET-9g, issued to Delmarva Power and Light Company on December 3, 2010, in Case No. PUE-2009-00106.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Energy Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein in addition to the facilities shown on the map for cancelled Certificate No. ET-9g.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) Prior to commencing construction of the Project approved herein, Delmarva must submit to the Commission's Division of Energy Regulation a copy of the order from the Maryland Public Service Commission approving a Maryland portion of the double-circuit 138 kV/69 kV transmission line.

(7) On or before April 29, 2016, and every four (4) weeks thereafter until construction of the Project can commence, the Company shall submit to the Commission's Division of Energy Regulation monthly reports advising Staff of the status of the Maryland proceedings.

(8) The Project approved herein must be constructed and in service by June 2018. The Company, however, is granted leave to apply for an extension for good cause shown.

(9) 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.

¹⁶ The DEQ recommendations are set forth above and discussed in the DEQ Report.

¹⁷ Staff Report at 1, n.2.

**CASE NO. PUE-2015-00094
FEBRUARY 8, 2016**

JOINT PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On August 24, 2015, Virginia Electric and Power Company ("Dominion Virginia Power" or "DVP") and Northern Virginia Electric Cooperative ("NOVEC") (collectively, "Petitioners") filed a joint petition ("Petition") with the State Corporation Commission ("Commission") for authority pursuant to Chapter 5 of Title 56¹ of the Code of Virginia ("Code") to transfer from NOVEC to Dominion Virginia Power the approximately 6.0 mile, 115 kilovolt

¹ Va. Code § 56-88 *et seq.*

("kV") Gainesville-Wheeler Line #922 ("Line #922") and associated rights and facilities (collectively, "Transmission Assets") in place for the transmission of electric energy in Prince William County, Virginia ("Transfer").

The Transmission Assets consist of real property rights, electric transmission facilities, contracts, permits, records, intangibles, insurance benefits, and actions related to Line #922.² The proposed Transmission Assets purchase price of \$10,782,219 reflects a \$9,061,076 acquisition premium over NOVEC's net book value of \$1,721,143 for the Transmission Assets.³ DVP must seek Federal Energy Regulatory Commission ("FERC") approval of a modification to its electric transmission formula rate under Section 205 of the Federal Power Act in order to address the \$9,061,076 electric plant acquisition adjustment in its Annual Transmission Revenue Requirement.⁴

The proposed Transfer will require Rural Utilities Service ("RUS") approval under the Rural Electrification Act of 1936, as amended. NOVEC plans to submit an application for RUS approval within thirty (30) days of receiving Commission approval. The proposed Transfer will also require FERC approval under Section 203 of the Federal Power Act. DVP plans to submit an application for FERC approval within ninety (90) days of receiving Commission approval.⁵

The Petitioners represent that the purchase, uprate, and conversion of Line #922 is an integral part of the proposed Vint Hill-Wheeler-Gainesville 230 kV Line Project, which is one of two transmission projects ("Projects")⁶ pending Commission approval in Case No. PUE-2014-00025.⁷ The Projects are intended to address transmission congestion constraints that DVP faces in the Vint Hill-Wheeler-Gainesville and Warrenton-Remington areas. The Commission is considering several different route options for the Projects. The acquisition of Line #922 is required for all of the options.⁸

The Petitioners further represent that they performed a high-level review of alternatives to the \$10.7 million proposed Transfer, using the per-mile cost estimate prepared for the Option A alternatives shown in the Case No. PUE-2014-00025 application, and determined that the next best alternative to the proposed Transfer would be a potential new overhead/underground hybrid route that would cost approximately \$47.1 million.⁹

NOW THE COMMISSION, upon consideration of the Petition and having been advised by the Commission Staff ("Staff"), is of the opinion and finds that based on the specific facts and circumstances of this case and the Petitioners' representations and responses, the proposed Transfer will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, we will approve the proposed Transfer subject to the requirements listed in the Appendix attached to Staff's action brief, which are necessary to protect the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-89 and § 56-90 of the Code, the Petitioners hereby are granted approval of the proposed Transfer as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) 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.

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.

² See Petition, Attachment B (Asset Purchase Agreement) at Article 2, Section 2.1.

³ See Petition, Attachment A (Transaction Summary) at 2-3. The purchase price is comprised of an appraised value of the property being transferred of \$4,250,000, and NOVEC's calculation of the fair market value of the transmission line at a replacement cost new survivor value of \$6,532,219. Both Dominion Virginia Power and NOVEC appraised the property being transferred and separately developed similar valuations for the property. DVP estimates that the cost of the best alternative to the proposed Transfer, which is a necessary part of the Company's proposed Vint Hill-Wheeler-Gainesville 230 kV Line Project, would exceed \$47.1 million. See Petition at 8; Attachment D; Attachment E2.

⁴ Response to Staff Data Request 1-10(h).

⁵ Petition, Attachment A (Transaction Summary) at 9.

⁶ The second transmission project involves adding an additional 230 kV circuit between DVP's existing Warrenton Substation and Remington CT switching station. Petition at 4.

⁷ See Petition at 1; *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities for the Remington CT-Warrenton 230 kV Double Circuit Transmission Line, Vint Hill-Wheeler and Wheeler-Loudoun 230 kV Transmission Lines, 230 kV Vint Hill Switching Station, and 230 kV Wheeler Switching Station*, Case No. PUE-2014-00025, Application (Mar. 31, 2014); Supplemental Appendix (Nov. 14, 2014).

⁸ See Petition at 1, n. 1.

⁹ See Petition at 8; Response to Staff Data Request 1-9.

**CASE NO. PUE-2015-00095
JANUARY 21, 2016**

JOINT PETITION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY,
ANGD, LLC,
And
UTILITY PIPELINE, LTD.

For approval of the transfer of control of Appalachian Natural Gas Distribution Company

ORDER GRANTING TRANSFER

On August 25, 2015, Appalachian Natural Gas Distribution Company ("Distribution"), ANGD, LLC ("ANGD"), and Utility Pipeline, Ltd. ("UPL") (collectively, "Petitioners"), filed with the State Corporation Commission ("Commission") a joint petition seeking approval to transfer control of Distribution from ANGD to UPL ("Joint Petition") pursuant to the Utility Transfers Act, § 56-88 *et seq.* of the Code of Virginia ("Code"). On September 11, 2015, the Commission entered an Order for Notice and Comment, which, among other things, required the Petitioners to publish notice of its Joint Petition and provided interested persons an opportunity to request a hearing on the Joint Petition. The Town of Richlands ("Respondent") filed a Request for Hearing on October 21, 2015,¹ and on November 10, 2015, the Commission entered an Order Scheduling Hearing wherein it, among other things, scheduled a hearing and assigned a Hearing Examiner to conduct further proceedings in this case on behalf of the Commission.

On November 17, 2015, the Staff filed its Report concluding that the transaction proposed in the Joint Petition ("Proposed Transfer") will not impair or jeopardize Distribution's provision of adequate service to the public at just and reasonable rates, provided that the Petitioners are required to comply with Staff's recommended conditions. The Petitioners filed a letter on December 9, 2015, stating "Petitioners agree to Staff's recommendations, and because the [Respondent] did not file testimony in this proceeding, the Petitioners will not be submitting rebuttal testimony."²

On November 24, 2015, the Petitioners filed a Motion for Interim Operating Authority ("Motion"). In their Motion, the Petitioners acknowledged that the Proposed Transfer would require additional Commission approvals pursuant to § 56-55 *et seq.* of the Code ("Chapter 3") and § 56-76 *et seq.* of the Code ("Chapter 4").³ Therefore, the Petitioners sought interim authority so that the transactions described in the Motion could begin immediately following the financial closing of the Proposed Transfer and continue until the Commission approved the necessary Chapters 3 and 4 applications ("Interim Period"). The Petitioners further proposed to file the applications for necessary approvals under Chapters 3 and 4 within ten business days of the associated stock purchase.⁴ On December 3, 2015, the Staff filed a response to the Motion indicating that it was not opposed to the Motion and agreeing that any services provided or payments made during the Interim Period should be subject to Commission approval. The Respondent did not file a response to the Motion.

On December 14, 2015, a hearing was convened as scheduled,⁵ and on December 21, 2015, the Hearing Examiner issued her Report of A. Ann Berkebile, Hearing Examiner ("Report"). In her Report, the Hearing Examiner concluded that the Proposed Transfer complies with the applicable statutory requirements. Based on the evidence in the record, the Hearing Examiner recommended the Commission enter an order adopting the findings in her Report; approving the Proposed Transfer subject to the conditions recommended by the Staff; granting the Petitioners' Motion; and dismissing the case from the Commission's docket of active cases.⁶

NOW THE COMMISSION, upon consideration of the matter, is of the opinion that the findings in the Hearing Examiner's Report should be adopted; the Proposed Transfer should be approved subject to the conditions recommended by the Staff as set forth in the Appendix attached to this Order; the Petitioners' Motion should be granted; and this case should be dismissed.

Accordingly, IT IS SO ORDERED.

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.

¹ The Tazewell County Public Service Authority, the Tazewell County Industrial Development Authority, and the Tazewell County Board of Supervisors filed written comments on the Joint Petition.

² Letter at 2.

³ Motion at 2-3.

⁴ *Id.* at 3.

⁵ At the hearing, the Respondent noted its support of the Proposed Transfer. *See* Tr. at 10.

⁶ The Staff, Petitioners, and the Respondent waived the opportunity to file comments to the Report.

**CASE NO. PUE-2015-00097
MAY 18, 2016**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

ORDER

On October 30, 2015, Virginia-American Water Company ("Virginia-American" or "Company") filed an application with the State Corporation Commission ("Commission") for an increase in water rates ("Application").

On November 30, 2015, the Commission issued its Order for Notice and Hearing in this proceeding that, among other things, docketed the Application, set a date for an evidentiary hearing on the Application, and permitted Virginia-American to implement its proposed rates for service rendered on and after April 1, 2016, on an interim basis, subject to refund with interest.

Pursuant to § 56-238 of the Code of Virginia, the Commission requires the Company to file a bond in the amount of \$8,686,000, which is satisfied by the Company's filing on May 13, 2016.

Accordingly, IT IS SO ORDERED, and this case is continued pending further order of the Commission.

**CASE NO. PUE-2015-00100
MARCH 10, 2016**

JOINT PETITION OF
AQUA VIRGINIA, INC.
and
SPOTSYLVANIA COUNTY

For authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 10, 2015, Aqua Virginia, Inc. ("Aqua"), and Spotsylvania County ("Spotsylvania") (collectively, "Petitioners") filed a joint petition ("Petition") with the State Corporation Commission ("Commission") for authority pursuant to Chapter 5 of Title 56¹ of the Code of Virginia ("Code") to transfer from Aqua to Spotsylvania ("Proposed Transfer") the utility assets located in Spotsylvania County that are used to provide water service to the customers of Country Club Estates (the "System"). The Petitioners represent that Spotsylvania will charge the customers of Country Club Estates Spotsylvania's water rates upon completion of the transfer. In addition, the Petitioners request that Aqua's certificate of public convenience and necessity ("CPCN") be modified to eliminate the service area related to the Country Club Estates water system effective as of the closing date of this transfer.

NOW THE COMMISSION, upon consideration of the Petition and having been advised by the Commission Staff ("Staff"), is of the opinion and finds that based on the specific facts and circumstances of this case and the Petitioners' representations and responses, the Proposed Transfer will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates. Therefore, the Proposed Transfer is approved subject to the requirements recommended in the Appendix attached to Staff's Action Brief and filed contemporaneously with this Order, which are necessary to protect the public interest. The Commission further finds that Aqua's CPCN should be amended to exclude the Country Club Estates located in Spotsylvania County.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-89 and § 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transfer as described herein, subject to the requirements set forth in the Appendix attached to this Order.
- (2) Pursuant to § 56-265.3 D of the Code, Aqua's CPCN hereby is amended to exclude the System service territory located in Spotsylvania County.
- (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.

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.

¹ Va. Code § 56-88 *et seq.*

**CASE NO. PUE-2015-00102
JUNE 30, 2016**

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, 2016

FINAL ORDER

On October 1, 2015, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application and supporting documents ("Application") for revision of a rate adjustment clause, Rider BW, for 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 The Company filed its Application pursuant to § 56-585.1 A 6 ("Subsection A 6") of the Code of Virginia ("Code") and the directive contained in Ordering Paragraph (4) of the Final Order issued by the Commission on April 21, 2015, in Case No. PUE-2014-00103.²

On October 29, 2015, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in, the proceeding; scheduled a public hearing for March 8, 2016; and appointed a Hearing Examiner to conduct further proceedings in this matter. A notice of participation was filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

A hearing was conducted by a Hearing Examiner as scheduled on March 8, 2016. Counsel for the Company, Commission Staff ("Staff"), and Consumer Counsel attended this hearing. The only contested issue addressed at the hearing was the appropriate return on equity ("ROE") for the Company. The Company and Staff reached agreement on all other issues. Consumer Counsel did not object to such agreement.³

On March 31, 2016, Hearing Examiner Howard P. Anderson, Jr., filed his Report ("Hearing Examiner's Report" or "Report"). In his Report, the Hearing Examiner found that: (i) the Company should file a corrected Virginia jurisdictional Factor 1 with Micron reflected as a non-jurisdictional customer and all supporting calculations and inputs in the next Rider BW proceeding; (ii) the Company should file a corrected Actual Cost True-Up Factor for calendar year 2014 that removes all costs and revenues associated with Micron in the next Rider BW proceeding; (iii) the Company should file supporting calculations and documentation demonstrating that all revenues associated with Micron are removed from the calculation of the corrected Actual Cost True-Up Factor for calendar year 2014 in the next Rider BW proceeding; (iv) the Company's ROE should be set at 9.6%; (v) the Company's December 31, 2013 capital structure with an equity ratio of 52% for the 2013 Actual Cost True-Up Factor and the Company's proposal to use its December 31, 2014 capital structure with an equity ratio of 50% for the 2014 Actual Cost True-Up Factor and Projected Cost Recovery Factor is reasonable; (vi) the Company's revenue requirement in this proceeding is \$119,429,000, comprised of a Projected Cost Recovery Factor of \$116,367,000 and an Actual Cost True-Up Factor of \$3,062,000; and (vii) the proposed rate design and methodology for allocating the Rider BW revenue requirement among the rate classes is reasonable, and the new charges should be adjusted proportionately.⁴ Accordingly, the Hearing Examiner recommended that the Commission enter an order adopting the findings of the Report.⁵

The Company filed comments to the Hearing Examiner's Report on April 21, 2016. The Company stated it agrees with and supports the findings and recommendations in the Report with exception to the Report's recommendation to apply a 9.6% ROE.⁶ No other participants filed comments on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows:

¹ Ex. 5 (Application) at 1.

² *Id.*; *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*, Case No. PUE-2014-00103, 2015 S.C.C. Ann. Rept. 248, Final Order (Apr. 21, 2015).

³ Tr. at 5-8.

⁴ Report at 20.

⁵ *Id.*

⁶ Comments at 1.

The Commission finds that the Hearing Examiner's Report is reasonable and should be adopted. We find that the Company's ROE should be set at 9.6%.⁷ After adding 100 basis points as required by Code §56-585.1 A 6, this results in an ROE for Rider B of 10.6% effective September 1, 2016. We are of the opinion and find that a revenue requirement of \$119,429,000 is just and reasonable and should be approved for implementation in rates for the rate year commencing September 1, 2016.

Accordingly, IT IS ORDERED THAT:

- (1) The Hearing Examiner's Report is reasonable and hereby is adopted.
- (2) Rider BW, as approved herein, shall be effective for service as requested in the Company's Application.
- (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 after October 3, 2016, the Company shall file an application to revise Rider BW to be effective on or before September 1, 2017.
- (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.

⁷ The Commission has recently held that the plain language of Subsection A 6 allows us to determine the ROE for a Subsection A 6 rate adjustment clause in the Subsection A 6 rate adjustment clause proceeding. Further, in this case, we continue to find – based on the record in this proceeding – that a market cost of equity of 9.6% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion Virginia Power seeking to attract equity capital. We find that this ROE is supported by the record in this proceeding, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable statutory and constitutional standards. See Ex. 3 (Oliver Direct) at 4-38; *Application of Virginia Electric and Power Company, For approval and certification of the proposed Greenville 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 GV, pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00075, Doc. Con. Cen. No. 160340035, Final Order (Mar. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations for the rate year commencing April 1, 2016*, Case No. PUE-2015-00058, Doc. Con. Cen. No. 160250199, Final Order (Feb. 29, 2016); *Application of 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*, Case No. PUE-2015-00059, Doc. Con. Cen. No. 160250198, Final Order (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2015-00060, Doc. Con. Cen. No. 160250197, Final Order (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUE-2015-00061, Doc. Con. Cen. No. 160250196, Final Order (Feb. 29, 2016).

CASE NO. PUE-2015-00103 JANUARY 19, 2016

APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY

For approval of special rates, terms and conditions pursuant to § 56-235.2 of the Code of Virginia and new rate schedules SCR – GS-3 and SCR - GS-4

FINAL ORDER

On September 21, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-235.2 of the Code of Virginia, filed with the State Corporation Commission ("Commission") an application ("Application") for approval of a special rate and contract for electric service ("Special Rate Contract"). The Company also filed an Energy Management Services Agreement ("EMSA") with its Application for the Commission's consideration.

On September 18, 2015, Dominion Virginia Power and Vadata, Inc. ("Vadata"), entered into a Special Rate Contract. Vadata is a high-load factor, Virginia jurisdictional customer of Dominion Virginia Power. Vadata is a subsidiary of Amazon.com, Inc., and an affiliate of Amazon Web Services.¹

In its Application, Dominion Virginia Power states that the Special Rate Contract would provide Vadata with a newly-designed and optional market-based rate, structured to reflect pricing in the PJM Interconnection, L.L.C. ("PJM") wholesale market, for Vadata's qualifying load accounts.² According to the Company, Vadata's objective of integrating more renewable energy into its portfolio and desire to manage costs like a wholesale market participant led to the proposed market-based rate that is included in the Special Rate Contract.³

¹ Exhibit ("Ex.") 2 (Application) at 1, 3.

² *Id.* at 4.

³ *Id.* at 3. In its Application, Dominion Virginia Power states that Amazon Web Services, and by extension Vadata, has made a long-term corporate commitment ultimately to achieve 100% renewable energy usage for its global infrastructure footprint, with a short-term goal of increasing its renewable energy usage to at least 40% by the end of 2016. *Id.*

The Special Rate Contract comprises: (i) a base contract proposed for an initial term extending through December 31, 2020, and continuing thereafter by automatic one-year renewals, unless otherwise terminated with notice; and (ii) two companion market-based rate schedules, designated Rate Schedule SCR – GS-3 and Rate Schedule SCR – GS-4 (collectively, "SCR Rate Schedules"), for the Company's provision of electric service to Vadata's qualifying current or future accounts.⁴ To qualify to transfer to the SCR Rate Schedules, Vadata's accounts must: (i) be eligible for Rate Schedule GS-3 or Rate Schedule GS-4; (ii) have peak demand of 5 megawatts or more; and (iii) meet the additional criteria set forth in the Special Rate Contract.⁵ According to the Application, Vadata will determine whether to transfer accounts to the SCR Rate Schedules on an individual account basis.⁶

On September 18, 2015, Dominion Virginia Power and Vadata also entered into an EMSA for the Company's provision to Vadata of certain incidental non-tariff market management services, including wholesale energy scheduling and settlement services, and other wholesale energy management services relating to the wholesale activities of Vadata and its affiliates in the PJM market.⁷ According to the Application, the EMSA will allow Vadata, at its option, to have one entity – the Company – manage both Vadata's wholesale transaction activities in PJM and its retail electric service and billing under the Special Rate Contract.⁸

On October 9, 2015, the Commission entered an Order for Notice and Hearing, which, 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; directed the Commission's Staff ("Staff") to investigate the Application and file testimony; and appointed a Hearing Examiner to conduct all further proceedings in this matter.

On November 16, 2015, the Office of the Attorney General's Division of Consumer Counsel filed a notice of participation.⁹ On November 17, 2015, Staff filed testimony on the Application.¹⁰ On December 1, 2015, Dominion Virginia Power and Staff (collectively, "Stipulating Parties") filed a proposed Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all outstanding issues in this proceeding. The hearing was convened as scheduled on December 15, 2015. At the hearing, the Company and Staff presented the proposed Stipulation. No other party at the hearing opposed approval of the Stipulation.¹¹

The Stipulation provides in part that: (i) the tariff revenues collected from Vadata under the SCR Rate Schedules will fund all Commission-approved generation rate adjustment clauses and fuel charges (collectively, "Riders"), and, to the extent that such revenues ever become insufficient to fund Vadata's share of the Riders fully, such insufficiency will be booked as a reduction to base rate revenues; (ii) approval of the Special Rate Contract will be limited to an initial five-year term through December 31, 2020, and extension beyond this five-year period will require Commission approval; (iii) in support of any application to extend the Special Rate Contract beyond the initial five-year term, the Company agrees to file certain documentation, including total revenues collected by year for each account served under the SCR Rate Schedules, total revenues that would have been collected by year for each account served under the SCR Rate Schedules assuming the accounts were instead billed by the appropriate Rate Schedule GS-3 or GS-4 charges, the rate of return on rate base for the accounts served under the SCR Rate Schedules, and the rate of return on rate base for the GS-3 and GS-4 customer classes, both including and excluding the accounts served under the SCR Rate Schedules; (iv) in future class cost of service studies, the Company agrees to allocate costs separately to accounts served under the SCR Rate Schedules; (v) certain information will be maintained by the Company and presented in the Company's next biennial review proceeding and in any application to extend the Special Rate Contract beyond the initial five-year term, including calculations of Riders and base rate revenues for Vadata accounts taking service under the SCR Rate Schedules for calendar years 2016-2020, calculations of Riders and base rate revenues for Vadata accounts taking service under the SCR Rate Schedules as though such accounts took service under Rate Schedule GS-3 or GS-4 for calendar years 2016-2020, general ledger data separately showing the monthly base rate revenue journal entries recorded due to the difference between the revenues produced by the SCR Rate Schedules and the revenues that would have been produced by Rate Schedule GS-3 or GS-4, and cost data for any new employee the Company needs to add to support the SCR Rate Schedules; (vi) certain information related to the EMSA will be maintained by the Company and presented in the Company's next biennial review proceeding and in any application to extend the Special Rate Contract beyond the initial five-year term, including a detailed calculation of EMSA revenues, general ledger data showing recordation of EMSA revenues, and detailed support for EMSA-related costs; and (vii) the Stipulating Parties agree that nothing in the Stipulation dictates the regulatory accounting treatment of any revenues or costs in future biennial reviews or other proceedings.¹²

⁴ *Id.*

⁵ *Id.* at 3-4.

⁶ *Id.* at 4.

⁷ *Id.* at 1, 8-9.

⁸ *Id.* at 9.

⁹ On December 8, 2015, EDF Renewable Development, Inc. ("EDF") filed a motion for leave to intervene out of time. However, on December 10, 2015, EDF filed to withdraw this motion.

¹⁰ On November 18, 2015, Staff filed corrected copies of its testimony to provide for extraordinarily sensitive information contained in the testimony of Staff witness Carol B. Myers.

¹¹ See Tr. at 17-18.

¹² Ex. 10 (Stipulation) at 2-4.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On December 31, 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 found that "the proposed Special Rate Contract and the Stipulation are in the public interest."¹³ Therefore, the Hearing Examiner found that the Stipulation should be adopted and the Special Rate Contract, as modified by the Stipulation, should be approved.¹⁴

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 adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) The Stipulation is reasonable and shall be adopted.
- (3) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

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

¹³ Report at 14.

¹⁴ *Id.*

**CASE NO. PUE-2015-00104
JUNE 30, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification for the proposed 2016 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-2, under § 56-585.1 A 6 of the Code of Virginia

FINAL ORDER

On October 1, 2015, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval and certificates of public convenience and necessity ("CPCN") to construct and operate three utility scale solar electric generating facilities: (i) the Scott Solar Facility, a 17 megawatt ("MW") (nominal alternating current ("AC")) facility located in Powhatan County; (ii) the Whitehouse Solar Facility, a 20 MW AC facility located in Louisa County; and (iii) the Woodland Solar Facility, a 19 MW AC facility located in Isle of Wight County (collectively, "Solar Projects" or "Projects"). The Company requests approval and a CPCN for each of the Solar Projects pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code") and the Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility ("Generation Rules").¹ Through its Application, the Company also requests approval of a rate adjustment clause ("RAC"), designated Rider US-2, pursuant to § 56-585.1 A 6 of the Code ("Section A 6") and the Rules Governing Utility Rate Applications and Annual Informational Filings.² The Company requests approval of a revenue requirement for the proposed RAC using a market index-based rate mechanism, as permitted by Section A 6. Alternatively, the Company states it would pursue the Projects if the Commission were to approve a revenue requirement for the proposed RAC based on a cost of service methodology.³

Dominion indicates in its Application that it will obtain all necessary approvals and permits required for environmental impacts and asserts that the Projects will have minimal adverse environmental effects.⁴

On October 30, 2015, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, established a procedural schedule, provided the opportunity for any interested person to comment or participate in this proceeding as a respondent, directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits, provided the opportunity for the Company to file rebuttal testimony and exhibits, scheduled an evidentiary hearing, and assigned a Hearing Examiner to conduct further proceedings in this matter.

In the Procedural Order, the Commission noted that the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the Projects.⁵ DEQ filed a report ("DEQ Report") on the proposed Projects on December 17, 2015.⁶ The DEQ Report summarizes the proposed Projects' potential impacts, makes recommendations for minimizing those impacts, and outlines Dominion's responsibilities for compliance

¹ 20 VAC 5-302-10 *et seq.*

² 20 VAC 5-201-10 *et seq.*

³ Tr. 60-61; Dominion's Post Hearing Brief at 54.

⁴ Ex. 2 (Application) at 10; Ex. 13 (Lawton Direct) at 5-6.

⁵ Procedural Order at 6-7.

⁶ Ex. 22 (DEQ Report).

with the legal requirements governing environmental protection. The DEQ Report contained the following recommendations with respect to each of the Solar Projects:⁷

1. Conduct an on-site delineation of all wetlands and stream crossings within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
2. Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, as applicable;
3. Coordinate with the Department of Conservation and Recreation's ("DCR") Division of Natural Heritage regarding its recommendations to protect natural heritage resources as well as for updates to the Biotics Data System database if six months have passed before the Project is implemented;
4. Coordinate with DCR and the Department of Game and Inland Fisheries ("DGIF") regarding their recommendations to coordinate with the U.S. Fish and Wildlife Service regarding the federal-listed threatened northern long-eared bat;
5. Coordinate with DGIF as necessary regarding its recommendations to minimize impacts to wildlife and natural resources;
6. Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
7. Coordinate with the Department of Health regarding its recommendations to protect public drinking water resources;
8. Follow the principles and practices of pollution prevention to the maximum extent practicable; and
9. Limit the use of pesticides and herbicides to the extent practicable.

The following parties filed notices of participation in this proceeding: Appalachian Voices, the Chesapeake Climate Action Network, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"); the Maryland, D.C., Virginia Solar Energy Industries Association; and the Office of Attorney General's Division of Consumer Counsel ("Consumer Counsel"). Staff filed the testimony and exhibits of its witnesses. Subsequently, the Company filed its rebuttal testimony.

The Hearing Examiner convened a hearing as scheduled on March 22, 2016. The Company, the Environmental Respondents, Consumer Counsel, and the Staff participated at the hearing. Three public witnesses also appeared and testified in support of the Application.⁸ At the conclusion of the hearing, the Hearing Examiner provided the opportunity for participants to file post hearing briefs in this proceeding, which the Company, the Environmental Respondents, Consumer Counsel and the Staff did on April 25, 2016.

On May 11, 2016, the Report of A. Ann Berkebile, Hearing Examiner ("Report"), was issued. In her Report, the Hearing Examiner provided a history of the case, a summary of the record, a discussion of the applicable Code sections and analysis of the issues in the case, and her findings and recommendations. On June 1, 2016, the Company, Environmental Respondents, Consumer Counsel and the Staff filed comments on the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

Section 56-580 D of the Code states in part:

The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility, (ii) are required by the public convenience and necessity, if a petition for such permit is filed after July 1, 2007, and if they are to be constructed and operated by any regulated utility whose rates are regulated pursuant to § 56-585.1, and (iii) are not otherwise contrary to the public interest. . . . 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.

Further, with regard to generating facilities, § 56-580 D of the Code directs that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1," Section 56-46.1 A of the Code states in part:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 *et seq.*) of Chapter 22 of Title 15.2.

⁷ *Id.* at 6.

⁸ Tr. 39-47.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Section 56-46.1 A of the Code also states:

In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters.

Section 56-580 D of the Code contains language limiting the Commission's authority that is nearly identical to the language set forth above.

The Code further directs the Commission to consider the effect of a proposed project on economic development in Virginia. Section 56-46.1 A of the Code states in part:

Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Similarly, § 56-596 A of the Code states that "[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation Act], the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

Section A 6, pursuant to which the Company applied for a RAC, includes the following provisions:

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 ... (ii) one or more other generation facilities

A utility filing a petition for approval to construct or purchase a facility consisting of at least one megawatt of generating capacity using energy derived from sunlight and located in the Commonwealth and that utilizes goods or services sourced, in whole or in part, from one or more Virginia businesses may propose a rate adjustment clause based on a market index in lieu of a cost of service model for such facility. A utility seeking approval to construct or purchase a generating facility shall demonstrate that it has considered and weighed alternative options, including third-party market alternatives, in its selection process. . . .

The construction or purchase by a utility of one or more generation facilities with at least one megawatt of generating capacity, and with an aggregate rated capacity that does not exceed 500 megawatts, that use energy derived from sunlight and are located in the Commonwealth, regardless of whether any of such facilities are located within or without the utility's service territory, is in the public interest, and in determining whether to approve such facility, the Commission shall liberally construe the provisions of this title.

Section 56-585.1:1 G contains nearly identical language declaring certain solar facilities to be in the public interest and directing the Commission, in determining whether to approve such facilities, to liberally construe the provisions of this section.

In addition, § 56-585.1 D of the Code preserves the Commission's authority to determine the reasonableness and prudence of any cost incurred or projected to be incurred and provides 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.

Public Interest

The General Assembly has made a policy decision that "[s]mall renewable energy projects as defined in § 10.1-1197.5 [of the Code] are in the public interest and in determining whether to approve such project, the Commission shall liberally construe the provisions of this title."⁹ Pursuant to § 10.1-1197.5 of the Code, the definition of a "small renewable energy project" is:

(i) an electrical generation facility with a rated capacity not exceeding 100 megawatts that generates electricity only from sunlight, wind, falling water, wave motion, tides, or geothermal power, or (ii) an electrical generation facility with a rated capacity not exceeding 20 megawatts that generates electricity only from biomass, energy from waste, or municipal solid waste.

The General Assembly has also made the policy decision in Section A 6 that:

The construction or purchase by a utility of one or more generation facilities with at least one megawatt of generating capacity, and with an aggregate rated capacity that does not exceed 500 megawatts, that use energy derived from sunlight and are located in the Commonwealth, regardless of whether any of such facilities are located within or without the utility's service territory, is in the public interest, and in determining whether to approve such facility, the Commission shall liberally construe the provisions of this title.¹⁰

The Solar Projects fit the definition of "small renewable energy project" and will provide "at least one megawatt of generating capacity, and with an aggregate rated capacity that does not exceed 500 megawatts, that use energy derived from sunlight and are located in the Commonwealth . . ." Thus, the Solar Projects are "not otherwise contrary to the public interest" under § 56-580 D of the Code and in determining whether to approve such facilities, the Commission must "liberally construe the provisions of this title."

Need

We find that the Company has established a need for the additional capacity and energy that the Solar Projects would provide, and that the Projects will assist the Company in diversifying its fuel portfolio.¹¹ As noted by the Hearing Examiner, the need for the Solar Projects was not contested in this case.¹²

Consideration of Alternative Options

Section A 6 provides that a utility seeking approval to construct a generating facility must demonstrate that "it has considered and weighed alternative options, including third-party market alternatives, in its selection process."

In the Final Order issued in Case No. PUE-2015-00006, we held as follows:

[t]he statutory requirement that an applicant must demonstrate that third-party market alternatives have been considered 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 . . . power at prices less burdensome to consumers than the applicant's self-build option.¹³

Based on the record in this case, we agree with the Hearing Examiner that the Company undertook serious and credible efforts to assess the cost and availability of third-party alternatives.¹⁴ The Company issued a formal RFP to solicit solar PPA and development proposals and received 28 proposals for 21 facilities totaling approximately 350 MW of capacity.¹⁵ The Company evaluated the PPA proposals using quantitative and qualitative criteria and price and non-price factors.¹⁶ The Company evaluated the development proposals, including four self-build options, using a uniform set of price and non-price factors.¹⁷

In sum, we find, based on the record in this case and for purposes of this proceeding only, that the Company has adequately considered and weighed alternative options, including third-party market alternatives and alternative self-build options in its selection process.

⁹ Code § 56-580 D.

¹⁰ As previously noted, Code § 56-585.1:1 G contains nearly identical language.

¹¹ See, e.g., Ex. 5 (Fasca Direct) at 3-8.

¹² Hearing Examiner's Report at 25.

¹³ *Application of Virginia Electric and Power Company, For approval and certification for the proposed Remington Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia, and for approval of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00006, 2015 S.C.C. Ann. Rept. 270, 271-272, Final Order (Oct. 20, 2015) (internal quotations omitted) ("Remington Final Order").

¹⁴ Hearing Examiner's Report at 25-26.

¹⁵ Ex. 7 (Gaskill Direct) at 4-6.

¹⁶ See, e.g., *id.* at 7-8; Ex. 5 (Fasca Direct) at 12-15.

¹⁷ See, e.g., Ex. 5 (Fasca Direct) at 12-13; Ex. 7 (Gaskill Direct) at 7-8.

Technology

We find that the Company's choice of technology for the Solar Projects, ground-mounted, single-axis tracking solar panel arrays, is reasonable based on the record herein. As noted by the Company, this technology is proven, reliable, and expected to have an operating life of approximately 35 years.¹⁸

Reasonableness or Prudence

As noted above, § 56-585.1 D of the Code preserves the Commission's authority to determine the reasonableness or prudence of any cost incurred or projected to be incurred in connection with the Solar Projects. Section 56-585.1 D further requires that:

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.

We have considered the objectives of the Commonwealth Energy Policy¹⁹ and whether the costs of the Solar Facilities are likely to result in unreasonable increases in rates paid by consumers. We find that the estimated combined capital cost of the Solar Projects of \$129.5 million (excluding financing costs) is reasonable. In addition, the Company anticipates taking advantage of federal Investment Tax Credits ("ITCs"), stating that approximately 91% of the capital expenditures on the Projects would qualify for a 30% solar ITC.²⁰ The Company has established in this proceeding that the estimated capital costs of the Solar Projects are reasonable and prudent under the requirements of the statutes applicable herein.

Economic Development

We agree with the Hearing Examiner that the Company has established that the Solar Projects will provide economic benefits to the localities where they will be located and to the Commonwealth as a whole.²¹ There will be direct and indirect economic benefits related to the construction and operation of the facilities, including job creation and increases in local and state tax revenues.²²

Environmental Impact

We must consider environmental impact. The relevant statutes, however, do not require the Commission to find any particular level of environmental benefit, or an absence of environmental harm, as a precondition to approval. Rather, the statutes direct that the Commission "shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."²³

The DEQ Report summarizes the Solar Projects' potential impacts, makes recommendations for minimizing those impacts, and outlines the Company's responsibility for compliance with legal requirements governing environmental protection.²⁴ As noted by the Hearing Examiner, the Company did not object to any of the recommendations made by DEQ in its Summary of Findings and Recommendations.²⁵ Upon consideration of this record, we find that the Company should be required to comply with the DEQ Report recommendations. Further, the Company should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Projects.²⁶

Public Convenience and Necessity

Based on the record developed herein, and in accordance with our findings above, the Commission concludes that the proposed Solar Projects: (i) will have no material adverse impact upon reliability of electric service; (ii) are required by the public convenience and necessity; and (iii) are not otherwise contrary to the public interest.

¹⁸ See, e.g., Ex. 2 (Application) at 9-10.

¹⁹ See, e.g., Ex. 3 (Rogers Direct) at 11-12.

²⁰ Ex. 5 (Fasca Direct) at 10.

²¹ Hearing Examiner's Report at 25.

²² See, e.g., Ex. 2 (Application) at 17; Ex. 3 (Rogers Direct) at 11.

²³ Va. Code § 56-46.1. See also Va. Code § 56-580 D (stating that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1, . . .").

²⁴ Ex. 22 (DEQ Report).

²⁵ Hearing Examiner's Report at 25.

²⁶ See Ex. 13 (Lawton Direct) at 6.

Rider US-2

The Commission finds that a RAC using a cost of service methodology for Rider US-2 is reasonable for the Solar Projects and, conversely, that the proposed market index rate is not reasonable for purposes of the instant proceeding. Initially, we note that the evidence set forth in the current case - which supports the Commission's approval herein of the Solar Projects - is distinctly different from the evidence presented in a recent proceeding in which the Commission denied a separate solar facility proposed by Dominion. In that prior case, the Commission found, *inter alia*, that "the record does not demonstrate that the Company considered and weighed alternative options, including third-party market alternatives, during the selection process . . . as required by Code § 56-585.1 A 6," and that Dominion had not "established that the costs of the [solar facility] proposed to be paid by consumers would be reasonable or prudent . . ." ²⁷ As set forth above, however, in the instant case we have found that Dominion considered and weighed alternative options (including third-party market alternatives) as required by Section A 6, and that the proposed costs of the Solar Projects are reasonable and prudent under the applicable statutes. Accordingly, we find that it is reasonable to utilize a cost of service methodology for Rider US-2. ²⁸

Current uncertainties surrounding the market index rate proposed in this proceeding could alter the impact on customers over the life of the Projects. This includes questions regarding cost recovery over the final fifteen years of the Solar Projects' service life, the ability to modify the market index rate mechanism once approved, and the impact of the proposed cost escalator for purposes of a utility-owned facility. We note that Consumer Counsel supported the use of a market index if such rate could be changed in the future if it became unreasonable. ²⁹ As illustrated by the pleadings in this case, however, there remain serious legal questions as to whether the market index rate, if approved herein, could be subsequently modified under the statute if facts so warranted. ³⁰ We share Consumer Counsel's concerns attendant to such uncertainty. We find that it is more appropriate to proceed at this time on a cost of service basis, in which actual prudently incurred costs can be determined annually. The Commission also emphasizes that a market index rate, as referenced in the applicable statute, could be reasonable and preferable in a future context and warrants further study as to how such a mechanism would perform as the solar market continues to develop. Based on the totality of the circumstances in this record, however, we do not find - at this time - that the proposed market index rate is reasonable for purposes of Rider US-2.

Finally, we have recently approved a return on equity ("ROE") of 9.6% for Dominion. ³¹ We continue to find - based on the record in this proceeding - that a market cost of equity of 9.6% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. We find that this ROE is supported by the record in this proceeding, ³² is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable statutory and constitutional standards. ³³

Sunset Provision

As a requirement of our approval herein, we find that the authority granted by this Final Order shall expire two years from the date hereof if construction of the Projects has not commenced, though Dominion subsequently may petition the Commission for an extension of this sunset provision for good cause shown.

²⁷ Remington Final Order at 272.

²⁸ We also find that a 35-year life span depreciation rate, which is based on the projected service life of the Solar Projects, should be used for this purpose and that the revised 2014 Production Demand Allocation Factor excluding Micron should be used to allocate the revenue requirement to the Virginia jurisdiction and among the customer classes. *See, e.g.*, Hearing Examiner's Report at 30; Staff's Post Hearing Brief at 19-21; Ex. 17 (Armstrong Direct) at 22-24; Ex. 16 (Grant Direct) at 26; Ex. 24 (Seiders Rebuttal) at 3.

²⁹ *See, e.g.*, Consumer Counsel's Post Hearing Brief at 13-14; Consumer Counsel's Comments on the Hearing Examiner's Report at 2.

³⁰ *See, e.g.*, Dominion's Post Hearing Brief at 80-85.

³¹ *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations for the rate year commencing April 1, 2016*, Case No. PUE-2015-00058, Doc. Con. Cen. No. 160250199, Final Order (Feb. 29, 2016); *Application of 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*, Case No. PUE-2015-00059, Doc. Con. Cen. No. 160250198, Final Order (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2015-00060, Doc. Con. Cen. No. 160250197, Final Order (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUE-2015-00061, Doc. Con. Cen. No. 160250196, Final Order (Feb. 29, 2016); *Application of Virginia Electric and Power Company, For approval and certification of the proposed Greensville 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 GV, pursuant to § 56-585.1-A 6 of the Code of Virginia*, Case No. PUE-2015-00075, Doc. Con. Cen. No. 160340035, Final Order (Mar. 29, 2016).

³² For example, portions of the instant record supporting this factual finding include: Ex. 20 (Oliver Direct); Staff's Post Hearing Brief at 17-19. *See* the Final Orders in Case Nos. PUE-2015-00058, -00059, -00060, -00061 and -00075 for additional discussion of ROE.

³³ The Commission's findings herein result in an initial total annualized revenue requirement of \$5,587,000 for Rider US-2, effective September 1, 2016. The Company, however, is herein authorized to implement - subject to future true-up - an initial total annualized revenue requirement of \$3,980,416, which represents the amount set forth in the public notice provided in this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) Subject to the findings and requirements set forth in this Final Order, Dominion is granted approval and Certificates of Public Convenience and Necessity Nos. ET-206, ET-207 and ET-208, to construct and operate the Scott Solar Facility, the Whitehouse Solar Facility, and the Woodland Solar Facility, respectively.

(2) The Company's Application for approval of a RAC, designated Rider US-2, is granted in part and denied in part as set forth herein.

(3) The Company shall file, within thirty (30) days of the date of this Final Order, a revised Rider US-2 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 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) Rider US-2, as approved herein, shall be effective for usage on and after September 1, 2016.

(5) The Company shall file its annual Rider US-2 application on or after October 3, 2016.

(6) This case is dismissed.

**CASE NO. PUE-2015-00108
SEPTEMBER 23, 2016**

APPLICATION OF
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

FINAL ORDER

On November 3, 2015, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval to establish experimental companion rates, designated Rate Schedule MBR - GS-3 (Experimental) and Rate Schedule MBR - GS-4 (Experimental) (collectively, "MBR Rate Schedules") pursuant to § 56-234 B of the Code of Virginia ("Code").

Specifically, Dominion Virginia Power requested an opportunity to test market-based rates, on an experimental basis, for certain high load-factor customers.¹ The Company stated that such an experimental rate could gauge customer interest in a market-based rate; would allow the Company to gather necessary information about market-based rate implementation with respect to customers outside of the context of a special rate contract; and is in furtherance of the public interest.²

As proposed in the Company's Application, the MBR Rate Schedules contain newly designed and optional market-based rates structured to reflect pricing in the PJM Interconnection, LLC ("PJM") wholesale market for qualifying customers who would otherwise take service under Rate Schedule GS-3 or Rate Schedule GS-4.³ The Company represented that the MBR Rate Schedules include a: (1) generation capacity charge; (2) generation energy charge; (3) PJM ancillary service charge; (4) PJM administrative fee charge; and (5) margin charge.⁴

In its Application, Dominion Virginia Power represented that, to be eligible for the MBR Rate Schedules, customers must: (i) be currently taking electric service under Rate Schedule GS-3 or Rate Schedule GS-4, subject to certain qualifications and limitations specified in the MBR Rate Schedules; (ii) have a measured peak demand of five megawatts or more during at least three billing months in the current and previous 11 billing months; (iii) have a billing history with the Company for at least 12 consecutive billing months in the current and previous 11 billing months; and (iv) have a qualifying average monthly load factor of at least 85%.⁵ The Company also proposed that the MBR Rate Schedules expire on December 31, 2022.⁶

On December 10, 2015, the Commission entered an Order for Notice and Hearing, which, 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;

¹ Ex. 2 (Application) at 3.

² *Id.* Dominion Virginia Power recently filed for, and received, approval of a special rate contract for a similar market-based rate, pursuant to § 56-235.2 of the Code, for a customer with unique load characteristics and a corporate commitment to increase renewable energy supply. *See Application of Virginia Electric and Power Company, For approval of special rates, terms and conditions pursuant to § 56-235.2 of the Code of Virginia and new rate schedules SCR –GS-3 and SCR – GS-4, Case No. PUE-2015-00103, Doc. Con. Cen. No. 160120076, Final Order (Jan. 19, 2016).*

³ Ex. 2 (Application) at 3.

⁴ *Id.*

⁵ *Id.* at 4.

⁶ *Id.* at 6.

scheduled a public hearing; directed the Commission's Staff ("Staff") to investigate the Application and file testimony; and appointed a Hearing Examiner to conduct all further proceedings in this matter.

Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel, WestRock CP, LLC ("WestRock"), and EDF Renewable Development, Inc. On February 29, 2016, WestRock filed testimony on the Application. On March 15, 2016, Staff filed testimony on the Application. On March 28, 2016, Dominion Virginia Power filed a letter advising the Commission that it did not oppose the findings and recommendations in Staff's prefiled testimony and that it had reached an agreement with WestRock to explore options to resolve the issues raised in WestRock's prefiled testimony outside of the context of this proceeding.⁷

On April 8, 2016, Dominion Virginia Power and Staff (collectively, "Stipulating Parties") filed a proposed Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all outstanding issues in this proceeding.

The public hearing was convened as scheduled on April 12, 2016. At the hearing, the Company and Staff presented the proposed Stipulation. No other party at the hearing opposed approval of the Stipulation.⁸

The Stipulation provides in part that: (i) the Company agrees to file a report within 90 days of the proposed December 31, 2022 conclusion date of the MBR Rate Schedules, or should the Company wish to extend the MBR Rate Schedules beyond this proposed conclusion date, the Company agrees to file a report with such proposal for extension; (ii) the report filed by the Company should include (in addition to the information to be included in the annual updates and final report as proposed in the Company's Application) total revenues collected by year for each account served under the MBR Rate Schedules, total revenues that would have been collected by year for each account served under the MBR Rate Schedules assuming that the accounts were instead billed under the appropriate Rate Schedule GS -3 or Rate Schedule GS -4, and the rate of return on rate base for the Rate Schedule GS-3 and Rate Schedule GS-4 customer classes, both including and excluding the accounts served under the MBR Rate Schedules; (iii) certain information will be maintained by the Company and presented in the Company's next biennial review proceeding, in annual updates to the Commission on the MBR Rate Schedules, and in a report to be filed at the conclusion of the MBR Rate Schedules, including calculations of rate adjustment clause, fuel, and base rate revenues for each customer account taking service pursuant to the MBR Rate Schedules, calculations of rate adjustment clause, fuel, and base rate revenues for each customer account taking service pursuant to the MBR Rate Schedules as though such accounts took service under Rate Schedule GS-3 or Rate Schedule GS-4, general ledger data separately showing the monthly base rate revenue journal entries recorded due to the difference between the revenues produced by the MBR Rate Schedules and the revenues that would have been produced by Rate Schedule GS-3 and Rate Schedule GS-4 (for the periods that data necessary to calculate such difference is available), and cost data for any new employee the Company needs to add to support the MBR Rate Schedules; and (iv) the Stipulating Parties agree that nothing in the Stipulation dictates the regulatory accounting treatment of any revenues or costs in future biennial reviews or other proceedings.⁹

On September 12, 2016, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In her Report, the Chief Hearing Examiner found that "the proposed experimental MBR Rate Schedules should be approved as necessary in order to acquire information which is in furtherance of the public interest."¹⁰ The Hearing Examiner also found that the Stipulation should be adopted.¹¹

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 adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) The Stipulation is reasonable and hereby is adopted.
- (3) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

⁷ The Company's March 28, 2016 letter further stated that WestRock agreed that it would not offer its prefiled testimony into evidence at the public hearing in this case.

⁸ See Tr. at 15.

⁹ Ex. 7 (Stipulation) at 2-4.

¹⁰ Report at 8.

¹¹ *Id.*

**CASE NO. PUE-2015-00113
FEBRUARY 23, 2016**

JOINT PETITION OF
THE SOUTHERN COMPANY,
AGL RESOURCES INC.
and
VIRGINIA NATURAL GAS, INC.

For approval of an acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia

FINAL ORDER

On October 26, 2015, The Southern Company ("Southern"), AGL Resources Inc. ("AGLR"), and Virginia Natural Gas, Inc. ("VNG") (collectively, "Petitioners"), filed with the State Corporation Commission ("Commission") a joint petition seeking Commission approval, pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),¹ of the indirect acquisition of control over VNG by Southern ("Joint Petition").² According to the Petitioners, subsequent to obtaining all regulatory approvals, AGLR will merge with AMS Corp., a wholly owned subsidiary of Southern ("Merger").³ The Petitioners further stated that VNG will remain a direct subsidiary of AGLR and thereby become an indirect, wholly owned subsidiary of Southern upon completion of the Merger.⁴

On November 12, 2015, the Commission issued an Order for Notice and Comment that, among other things, directed the Petitioners to provide notice to the public of the Joint Petition; provided an opportunity for interested persons to file a notice of participation in this proceeding and file comments or request a hearing on the Joint Petition; and directed the Staff of the Commission ("Staff") to conduct an investigation of the Joint Petition and present its findings and recommendations in a report ("Staff Report").

On December 18, 2015, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a notice of participation. No other parties have maintained their participation in this proceeding,⁵ and no comments on the Joint Petition have been filed.

The Staff filed a Staff Report on the Joint Petition on February 2, 2016, which documented a number of representations made by the Petitioners in the Joint Petition and in response to the Staff's investigation.⁶ Based upon the Petitioners' representations, the Staff concluded that adequate service to the public at just and reasonable rates would not be impaired or jeopardized by the granting of approval of the proposed Merger and, therefore, recommended that the Commission approve the Merger subject to certain requirements listed in the Appendix to the Staff Report.⁷

On February 17, 2016, the Petitioners and Staff filed a Joint Motion for Leave to Present Stipulation and Recommendation ("Joint Motion"), attached to which was a Stipulation and Recommendation ("Stipulation") as a proposed resolution of all key issues with respect to the proposed requirements listed in the Staff Report.⁸ In the Joint Motion, the Petitioners and the Staff asserted that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by approval of the Merger, contingent upon the recommended requirements identified in the Stipulation, consistent with § 56-90 of the Code, and therefore urged the Commission to adopt the Stipulation and approve the Merger.⁹

The only issue with respect to the requirements that was not resolved by the Stipulation was related to the timing of the sunset provision for a proposed requirement on staffing levels.¹⁰ The proposed requirement provides in part that the Petitioners "maintain, at a minimum, 215 employee positions that, in whole or in part, pertain to the requirements of the Commission's pipeline safety standards, as well as the Underground Utility Damage Prevention Act (§ 56-265.14 *et seq.* of the Code)...."¹¹ The Petitioners and the Staff asked the Commission to determine whether the requirement should be in place for five years as proposed by the Staff or for three years as proposed by the Petitioners.¹²

¹ Va. Code § 56-88 *et seq.*

² Joint Petition at 1.

³ *Id.* at 1, 6-7.

⁴ *Id.* at 7.

⁵ On December 28, 2015, Direct Energy Business Marketing, LLC, and Gateway Energy Services Corporation filed a motion withdrawing their December 18, 2015 notice of participation and request for hearing, which the Commission granted by Order dated December 29, 2015. By Order dated February 8, 2016, the Commission also granted the February 3, 2016 motion of the International Brotherhood of Electrical Workers Local 50 ("IBEW Local 50") to withdraw their February 1, 2016 motion to accept notice of participation and IBEW Local 50's notice of participation.

⁶ *See, e.g.*, Staff Report at 4-5, 15-17, 21, 27-28, 31-33, 35-37, 39.

⁷ *See id.* at 17, 28-29, 39-43, 44-47.

⁸ Joint Motion at 2-3.

⁹ *Id.* at 3.

¹⁰ *Id.*; Stipulation at 2, 4-5.

¹¹ Stipulation at 4-5.

¹² *See id.* at 2,4-5; Joint Motion at 3; Staff Report at 31-32; Petitioner's Response at 7-9.

Also filed on February 17, 2016, was the Petitioners' Response to the Staff Report ("Petitioners' Response"), in which the Petitioners asserted that the Merger should be approved because it will not impair or jeopardize VNG's provision of adequate service to its customers at just and reasonable rates, consistent with the statutory standard set forth in § 56-90 of the Code.¹³ The Petitioners reiterated that the Merger will be seamless for VNG's customers and notable mostly for what it will not change for VNG.¹⁴ Furthermore, the Petitioners emphasized that Virginia customers will continue to receive service from VNG in the same manner and pursuant to the same Commission-approved rates, terms and conditions upon which they now receive service, as borne out by the representations and voluntary commitments offered by the Petitioners.¹⁵

As to the only question left unresolved by the Stipulation, the Petitioners asserted that beyond the three years to which they have committed they, and VNG in particular, should be allowed the flexibility to manage potential changes in the work force due to the needs of the business, employee performance, the desires of individual employees, or other unforeseen circumstances.¹⁶ The Petitioners further argued that it is conceivable that lower maintenance requirements from system modernization, improved technology, or other factors could influence these employment levels over time, and that requiring VNG to maintain those employees for a period of five years could limit VNG's flexibility to effectively and efficiently manage its cost of service for the benefit of customers without any clear incremental benefit in terms of safety.¹⁷

On February 19, 2016, Consumer Counsel filed a response to the Joint Motion stating that with the conditions set out in the Stipulation, it does not appear that approval of the Joint Petition and Stipulation will impair or jeopardize VNG's ability to provide adequate service to the public at just and reasonable rates. Accordingly, Consumer Counsel stated that it does not object to the Joint Motion and Stipulation.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows. Section 56-90 of the Code provides:

If and when the Commission, with or without hearing, shall be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the prayer of the petition, the Commission shall make such order in the premises as it may deem proper and the circumstances require, and thereupon it shall be lawful to do the things provided for in such order....

The Petitioners have made several representations in support of the Joint Petition, both in their filings in this proceeding and in response to the Staff's investigation, as documented in the Staff Report. For example, the Petitioners represent that they "will not seek cost recovery of any portion of the acquisition premium, acquisition adjustment, fair value write-up, or goodwill/intangible related to the proposed merger through rates charged to Virginia jurisdictional customers."¹⁸ We rely upon the Petitioners' representations to find that: (i) the Stipulation should be accepted; (ii) that we are satisfied that adequate service at just and reasonable rates will not be impaired or jeopardized by the Merger so long as the requirements as set out in the Stipulation are ordered as a condition of approval; and (iii) that the Merger should be approved subject to the requirements set forth in the Appendix to this Final Order.

The Stipulation presented by the Petitioners and the Staff asked the Commission to determine whether a requirement on staffing levels should be in effect for three years or five years.¹⁹ Specifically, in Requirement (13) of the Stipulation, "Petitioners agree to maintain, at a minimum, 215 employee positions ..."²⁰ It is our understanding from the record herein that 205 of the 215 positions referenced in Requirement (13) will be VNG positions.²¹ We find that these staffing levels should be maintained for five years. If in the future the Petitioners find that advancements in system modernization, improved technology, or other factors would affect the Petitioners' ability to effectively and efficiently manage its cost of service for the benefit of customers, and thereby render the requirement unreasonable, then the Petitioners may file for relief at that time.

Accordingly, IT IS ORDERED THAT:

(1) The Joint Motion filed by the Petitioners and the Staff is granted, and the Stipulation attached thereto hereby is adopted.

(2) The Petitioners shall maintain, at a minimum, 215 employee positions that, in whole or in part, pertain to the requirements of the Commission's pipeline safety standards, as well as the Underground Utility Damage Prevention Act (§ 56-265.14 *et seq.* of the Code) for a period of five years after the approval of this Merger by the Commission and shall not degrade the competence level of the employee workforce as a result of the Merger.

¹³ Petitioners' Response at 3.

¹⁴ *Id.*

¹⁵ *Id.* at 3-4.

¹⁶ *Id.* at 8.

¹⁷ *Id.*

¹⁸ Staff Report at 7-8 (quoting Response to Staff Interrogatory No. 04-049).

¹⁹ See Stipulation at 2, 4-5; Joint Motion at 3; Staff Report at 31-32; Petitioner's Response at 7-9.

²⁰ Stipulation at 4-5.

²¹ See Staff Report Part E at 81.

(3) Pursuant to § 56-88.1 and § 56-90 of the Code, the proposed Merger as described in the Joint Petition hereby is approved subject to the requirements set forth in the Appendix to this Final Order.

(4) There being nothing further to come before the Commission, this case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the 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-2015-00114
AUGUST 22, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For establishment of a rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing September 1, 2016

FINAL ORDER

On December 1, 2015, 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 ("Section A 6") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* ("Rate Case Rules"), 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, 2016, through August 31, 2017 ("2016 Rate Year").¹ Pursuant to § 56-585.1 A 7 of the Code of Virginia ("Code"), 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 legislation² ("2014 Legislation") which "allows a utility to petition the Commission for approval of a RAC pursuant to clause (iv) of [Section] A 6 for recovery of the costs of new underground facilities to replace overhead distribution facilities of 69 kilovolts [] or less."³ The Company further states that, pursuant to the 2014 Legislation, it previously filed an application requesting Commission approval of a RAC in connection with its Strategic Underground Program ("SUP"), which was denied by the Commission in Case No. PUE-2014-00089 by Final Order dated July 30, 2015 ("2015 Rider U Final Order").⁴ In its Application, the Company acknowledges the Commission's concerns as expressed in the 2015 Rider U Final Order and states in response that it is presenting a substantially revised Application which seeks "approval of a rider for cost recovery of a more limited and clearly defined Phase One of the SUP."⁵ According to the Application, Phase One began in April 2014 and includes only "those projects which will actually be completed prior to the beginning of the proposed rate year or September 1, 2016."⁶

From a set of 4,000 miles of outage-prone lines, the Company states that it has identified a smaller subset of lines, approximately 400 miles, or two percent, of its overhead tap lines located across its Virginia service territory, for Phase One implementation, which will assist in evaluating and providing processes and procedures needed to potentially implement subsequent phases of a broader SUP.⁷ As proposed in the Application, the capital investment for Phase One is limited to no more than \$140 million.⁸ Dominion states that its actual expenses for Phase One incurred between April 1, 2014, and August 31, 2015, were approximately \$74 million and that the projected costs through August 31, 2016, are an additional approximately \$66 million, for a total of \$140 million.⁹ In its Application, the Company seeks approval of Rider U with an associated revenue requirement in the amount of \$24.329 million for the 2016 Rate Year.¹⁰

¹ The Company's Application included certain waiver requests with respect to the filing requirements of the Rate Case Rules. Pursuant to its Order issued on December 9, 2015, the Commission denied the Company's requested waiver to file Schedule 45 and found the Application incomplete for purposes of initiating this proceeding and commencing the Commission's nine-month review period. *See* Va. Code § 56-585.1 A 7. On December 10, 2015, the Company filed Schedule 45, together with supporting testimony, making the Application complete as of that date.

² *See* Chapters 212 and 548 of the 2014 Virginia Acts of Assembly.

³ Ex. 3 (Application) at 3.

⁴ *Id.* at 3-4. *See Application of Virginia Electric and Power Company, For approval of a rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing September 1, 2015*, Case No. PUE-2014-00089, 2015 S.C.C. Ann. Rept. 239, Final Order (July 30, 2015).

⁵ Ex. 3 (Application) at 4.

⁶ *Id.* at 7; Ex. 7 (Carter Direct) at 3.

⁷ Ex. 3 (Application) at 6.

⁸ *Id.*

⁹ Ex. 7 (Carter Direct) at 3-4.

¹⁰ Ex. 3 (Application) at 9-11.

On December 23, 2015, 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 Cable Telecommunications Association and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On April 12, 2016, Consumer Counsel filed the testimony and exhibits of its witness. On May 10, 2016, the Commission Staff ("Staff") filed the testimonies and exhibits of its witnesses and on June 6, 2016, the Staff filed supplemental testimony. On May 24, 2016, the Company filed rebuttal testimony. Public comments were also received on the Application.

The Commission convened a public hearing for the receipt of public witness testimony on Dominion's Application on June 7, 2016, during which 12 public witnesses provided testimony. On June 13, 2016, Dominion and Consumer Counsel filed a proposed Stipulation and Recommendation ("Stipulation"). The Commission reconvened the public hearing on June 14 and 15, 2016, to receive evidence on the Company's Application from the Staff, respondents and the Company. The Commission received testimony from witnesses on behalf of the participants and admitted evidence on the Application. On July 15, 2016, 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 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.*).

Rider U

This is the second proceeding in which Dominion has requested approval for Rider U. In denying the Company's first request, the Commission found, based on the record in that case, that Dominion had not satisfied statutory requirements and had not established that its proposal was reasonable, prudent, and in the public interest.¹¹ In analyzing the evidence and arguments on the new Rider U as proposed in the instant proceeding, the Commission has again fully applied the applicable statutes to the record developed in the case. We find that the proposed Rider U satisfies statutory requirements, and is reasonable, prudent, and in the public interest, only if implemented subject to the specific provisions directed below.

¹¹ 2015 Rider U Final Order, 2015 S.C.C. Ann. Rept. at 240.

The Commission directs that the total investment and revenue requirement for Rider U be limited, as set forth in the Stipulation, to: (a) \$140 million total investment, limited for cost recovery purposes through Rider U to \$122.5 million; (b) \$21.3 million revenue requirement for the 2016 Rate Year; (c) \$1.8 million credit against this revenue requirement, which results in a net revenue requirement of \$19.5 million for the 2016 Rate Year; and (d) a \$1.8 million credit in each of the respective Rider U true-up proceedings for rate years September 1, 2017 to August 31, 2018, and September 1, 2018 to August 31, 2019.¹² The investment approved herein for cost recovery purposes encompasses all such costs and represents a "hard cap" on such costs that shall be recoverable by Dominion under this Rider U approval.¹³

In approving the above investment and revenue requirement for Rider U, the Commission emphasizes that the SUP is approved herein as a pilot-type project, consistent with our prior Order that rejected Dominion's initially-proposed SUP:

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. . . . 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.¹⁴

Indeed, as a pilot-type program, the Commission expects to see actual data collected to analyze the specific impacts of the project.¹⁵

For example, Dominion should be prepared to establish, with specificity, how the SUP has resulted in demonstrated *system-wide* benefits, as well as documented *local* benefits to the neighborhoods in which distribution lines have been placed underground. The Company has the burden to collect the data necessary to measure, as stated by Consumer Counsel, "whether the SUP can be a cost effective means of ensuring reliability for its *entire* system."¹⁶ In this regard, Consumer Counsel appropriately observes that "Phase One data should be reviewed to demonstrate the SUP to be cost beneficial for the *system* before cost recovery is approved for future phases of the SUP," because the "purpose of the SUP is to benefit reliability across the Company's *entire* system."¹⁷ In short, detailed evidence demonstrating both the local and system-wide benefits – and establishing that the SUP is and will be cost effective on *both* a local and system-wide basis – will be paramount in any future SUP proceeding.

The Commission also notes that the SUP approval sought herein by Dominion is limited to the undergrounding of only a small fraction of the Company's customers. Specifically, this program will underground distribution tap lines for only 6,000 customers – which represents just two percent of Dominion's total miles of overhead tap lines – at a capital cost of approximately \$140 million (equating to a relative capital cost of \$23,333 per customer whose service is undergrounded).¹⁸ The Company has explained that its long-term vision of the SUP is limited to only 20% of its overhead tap lines (representing only about 150,000 customers), but would have a capital cost of approximately \$2 billion.¹⁹ Dominion further acknowledged that, with the addition of financing costs, its customers would pay approximately \$6 billion in costs related to the Company's anticipated full SUP investment over its depreciable life.²⁰ Thus, the full SUP contemplated by Dominion represents a very expensive program, the actual benefits of which have yet to be established, documented, measured, or verified.

As a result, the Commission stresses that approval of this initial pilot-type project does not predetermine approval of any other investment in the SUP. Indeed, we explicitly find that, based on the record in this proceeding, Dominion has not established that any expenditure for the SUP, above that approved herein, is reasonable, prudent, and in the public interest. Accordingly, any additional dollars Dominion has chosen, or subsequently chooses, to spend on such project – above the amount approved herein for recovery – are incurred solely at Dominion's risk and are not presumed to be recoverable

¹² Ex. 2 (Stipulation) at 7-8.

¹³ The Company also may recover financing costs associated with the capital investment approved herein. In addition, the Commission approves, finds reasonable for purposes of Rider U, and directs the Company to utilize, Staff's recommended: (i) 2015 ratemaking capital structure; (ii) jurisdictional allocation methodology; (iii) class allocation methodology; (iv) inclusion of the impact of the 50% bonus depreciation in projected Rider U accumulated deferred income tax balances; and (v) recovery of all appropriately deferred SUP costs through Rider U during the 2016 Rate Year to the extent possible within the approved revenue requirement. See, e.g., Ex. 17 (Abbott Direct) at 23-29; Ex. 20 (Davis Direct) at 29-30; Ex. 20 (Davis Supplemental) at 3; Ex. 21 (Myers Direct) at 7-9; Staff's Post-Hearing Brief at 27-31. The Commission also approves, for purposes of Rider U and as requested by the Company, the financing costs for the capital investments approved herein that were incurred between July 1, 2014, and August 31, 2016.

¹⁴ 2015 Rider U Final Order, 2015 S.C.C. Ann. Rept. at 241.

¹⁵ The Commission also approves the final aspect of the Stipulation, which requires the Company to provide periodic updates to both the Staff and Consumer Counsel on performance results of the SUP. Ex. 2 (Stipulation) at 8.

¹⁶ Consumer Counsel's Post-Hearing Brief at 7 (emphasis added).

¹⁷ *Id.* at 10, 11 (emphasis added).

¹⁸ See, e.g., Ex. 3 (Application) at 6; Tr. 135.

¹⁹ See, e.g., Tr. 308-310.

²⁰ See, e.g., Tr. 310.

(through Rider U, base rates, or any other rate mechanism).²¹ Further, the limited approval in this proceeding does not represent approval of costs beyond those explicitly authorized herein for recovery through Rider U, including, but not limited to, those costs currently being deferred by the Company. Dominion retains the burden to establish, in any relevant future proceeding, that its decision to incur any SUP expenses other than those authorized herein satisfies the statutory requirements and is reasonable, prudent, and in the public interest.

The Commission's limited approval of the SUP as a pilot-type program also does not relieve the Company of its continuing duty to maintain distribution reliability through a broad range of efforts that include, for example, rigorous and reasonable right-of-way clearing, vegetation management, overhead line strengthening, and deployment of storm response resources. The costs and benefits related to such efforts are also relevant to cost-benefit analyses associated with the SUP. For example, "[b]ecause vegetation management is a tried and true way to reduce outages on overhead lines, Staff focused on this alternative as having potential to reduce outages during significant weather events at a lower cost than the SUP."²² Specifically, Staff "conducted an analysis comparing the Company's proposed SUP with the enhanced vegetation management alternative considered by the Company," and "Staff witness Abbott concludes that an expanded vegetation management program might be a more cost-effective alternative to the SUP in some cases under certain circumstances, particularly in high cost areas."²³ In addition, Staff "explained that if the Company were to reduce the resources currently deployed during storm restoration events, then the indirect benefits to all customers may not materialize."²⁴

The Commission directs Dominion to provide (in addition to data demonstrating that the SUP is and will be cost effective on both a local and system-wide basis) detailed information on the other programs undertaken by the Company to achieve distribution reliability benefits. This shall include, but is not necessarily limited to, annual information on the resources (both in dollars and in number of employees) devoted over each of the past ten years related to right-of-way clearing, vegetation management, overhead line strengthening, and deployment of storm response resources, as well as the specific budgeted amounts going forward for such activities.

The Commission has recently approved a return on equity ("ROE") of 9.6% for Dominion.²⁵ We continue to find – based on the record in this proceeding – that a market cost of equity of 9.6% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. We find that this ROE is supported by the record in this proceeding,²⁶ is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable statutory and constitutional standards.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application for approval of a RAC designated Rider U is approved subject to the requirements set forth herein.
- (2) The Company shall file forthwith revised Rider U tariffs 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. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (3) Rider U, as approved herein, shall be effective for usage on and after fifteen (15) calendar days following issuance of this Order or, at the Company's option, shall be effective for usage on and after September 1, 2016.
- (4) The Company shall file its annual Rider U application on or after December 1, 2016.
- (5) On or before March 31, 2017, and each year thereafter until further order of the Commission, the Company shall file an annual update report on the SUP. The report shall include, but is not necessarily limited to, taps and miles converted, costs per mile, performance improvements measured by event count, duration, restoration, and System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) impacts, and any other information mutually determined by Dominion and the Staff to be useful in evaluating the results of the SUP.
- (6) On or before March 31, 2017, and each year thereafter until further order of the Commission, the Company shall file a report with respect to other programs undertaken by the Company to achieve distribution reliability benefits. The report shall include, but is not necessarily limited to, annual information on the resources (both in dollars and in number of employees) devoted over each of the past ten (10) years related to right-of-way clearing, vegetation management, overhead line strengthening, and deployment of storm response resources, as well as the specific budgeted amounts going forward for such activities.
- (7) This case is continued.

²¹ In addition, the Stipulation also states: "The Commission is not limited with respect to *any* determination it may make concerning *any* future phases of the SUP." Ex. 2 (Stipulation) at 7 (emphasis added).

²² Staff's Post-Hearing Brief at 16.

²³ *Id.* at 16, 19.

²⁴ *Id.* at 20 (citation omitted).

²⁵ See, e.g., *Application of Virginia Electric and Power Company, For approval and certification for the proposed 2016 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-2, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00104, Doc. Con. Cen. No. 160650176, Final Order (June 30, 2016).

²⁶ For example, portions of the instant record supporting this factual finding include: Ex. 23 (Oliver Direct); Staff's Post-Hearing Brief at 26-27. See also the Final Orders in Case Nos. PUE-2015-00058, -00059, -00060, -00061 and -00075 for additional discussion of ROE.

CASE NO. PUE-2015-00118
JUNE 17, 2016

PETITION OF
 APPALACHIAN POWER COMPANY

For approval to implement two demand response programs and for approval of a rate adjustment clause pursuant to § 56-585.1 A 5 of the Code of Virginia

FINAL ORDER

On December 16, 2015, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") a petition for approval of two new peak shaving demand response programs and, pursuant to § 56-585.1 A 5 b of the Code of Virginia ("Code"), for approval of a rate adjustment clause, designated DR-RAC, to recover costs related to the Company's existing peak shaving programs ("Application").

In support of its Application, the Company states that the Commission previously approved APCo's Peak Shaving Demand Response ("PSDR") Rider and Peak Shaving and Emergency Demand Response ("PSEDR") Rider (collectively, "2011 DR Riders") and that the Commission permitted the Company to defer costs associated with the 2011 DR Riders.¹ The Company further states that in 2013, the Commission approved the Company's request to terminate the PSDR Rider, and in 2014, the Commission approved the Company's request to close the PSEDR Rider to new entrants.²

In its Application, the Company requests approval to recover its costs associated with the 2011 DR Riders through the proposed DR-RAC.³ APCo indicates that as of October 31, 2015, it has deferred approximately \$2.4 million of costs associated with the PSDR Rider and \$9.4 million of costs associated with the PSEDR Rider.⁴ The Company represents that it expects to incur approximately \$300,000 in monthly demand credits pursuant to the PSEDR Rider until it terminates in May 2017.⁵ The Company states that the actual and forecasted costs associated with the 2011 DR Riders for which it seeks recovery in this proceeding are expected to total approximately \$17.5 million.⁶

APCo states that it is requesting to recover the costs of the 2011 DR Riders over four years to mitigate the impact on customers.⁷ If the proposed DR-RAC is approved, the impact on customer bills would depend on the customer's rate schedule and usage. The Company asserts that implementation of the proposed DR-RAC will increase the monthly bill of a residential customer using 1,000 kilowatt hours per month by approximately \$0.37, which would be a 0.3% increase from current rates.⁸

In its Application, the Company also requests approval to replace the 2011 DR Riders with two new voluntary peak shaving riders: (i) Demand Response Service RTO Capacity Rider ("Rider D.R.S.-RTO Capacity"); and (ii) Rider D. R. S. ("Rider D.R.S.") (collectively, "Proposed DR Riders").⁹ APCo states that under proposed Rider D. R. S.-RTO Capacity, the Company would contract for capacity consistent with updated requirements for demand response established by the PJM Interconnection, LLC, regional transmission entity ("PJM").¹⁰ The Company states that under the proposed Rider D.R.S.-RTO Capacity, interruptions are required when PJM declares an emergency or pre-emergency event.¹¹ The Company further states that the capacity associated with Rider D. R. S.-RTO Capacity qualifies as capacity within PJM and is designed to be included in the Company's fixed capacity resource requirement ("FRR") plan.¹² According to the Application, proposed Rider D. R. S. is a peak shaving rider designed to save system costs when energy

¹ Application at 2-3. See *Application of Appalachian Power Company, Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly, for approval of demand response programs to be offered to its retail customers*, Case No. PUE-2011-00001, 2011 S. C. C. Ann. Rept. 417, Final Order (Sept. 12, 2011) ("2011 Final Order").

² Application at 2. See *Application of Appalachian Power Company, For approval to terminate its Peak Shaving Demand Response Rider*, Case No. PUE-2013-00083, 2013 S. C. C. Ann. Rept. 441, Order (Sept. 24, 2013); *Application of Appalachian Power Company, For approval to close its Peak Shaving and Emergency Demand Response Rider to new customers*, Case No. PUE-2014-00014, 2014 S.C.C. Ann. Rept. 382, Order (Apr. 1, 2014). The PSEDR Rider will expire in 2017 when the existing contracts for grandfathered customers terminate. Application at 2.

³ Application at 2.

⁴ *Id.* at 3.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at 4.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

prices in the PJM market are high.¹³ The Company states that Rider D. R. S. is open to Rider D. R. S.-RTO Capacity participants, but would not be subject to PJM emergency conditions or count as PJM capacity.¹⁴

APCo states that customers will not be eligible to participate in the Proposed DR Riders until 2017 and that participation rates are unknown.¹⁵ Accordingly, the Company indicates that it is not seeking recovery of any projected costs associated with the Proposed DR Riders in its Application and will defer costs for future recovery.¹⁶

The Company asserts that the Proposed DR Riders are in the public interest because they provide customers with an additional opportunity to participate in demand response programs.¹⁷ In addition, APCo indicates that the Proposed DR Riders would benefit APCo and its customers through reduced energy and capacity costs.¹⁸ The Company states that Rider D.R.S.-RTO Capacity is valuable because the Company can use the resources in its FRR plan towards meeting PJM capacity obligations.¹⁹ APCo indicates that Rider D.R.S. will help the Company avoid market purchases of energy when demand, and therefore prices, are high.²⁰

On January 8, 2016, the Commission issued an Order for Notice and Comment that, among other things, required the Company to provide public notice of its Application; permitted interested persons to file comments on the Application, participate as respondents in this proceeding, and request a hearing on the Application; directed the Commission's Staff ("Staff") to investigate the Application and file a report containing its findings and recommendations ("Staff Report"); and provided APCo an opportunity to respond in rebuttal to the Staff Report and any comments filed on the Application ("Response").

On December 22, 2015, Steel Dynamics, Inc., filed a Notice of Participation in this proceeding. No comments on the Application or requests for hearing were received in this proceeding.

On April 14, 2016,²¹ the Staff filed its Staff Report in this matter. The Staff's audit showed that the Company has complied with the accounting and periodic reporting requirements set forth in the Commission's 2011 Final Order.²² The Staff stated that it verified the deferred balance for the 2011 DR Riders and that the proposed projected costs comply with the Commission-approved methodology.²³ Therefore, the Staff concluded that it does not oppose the Company's proposed annual recovery of \$4,185,764 for the four-year period beginning 60 days after the date of this Final Order.²⁴

The Staff recommended that APCo continue to comply with the requirements set forth in the Commission's 2011 Final Order. Staff also recommended that the Commission require the Company to file two additional schedules along with the periodic report required by the 2011 Final Order: (1) a schedule quantifying the difference in the estimated monthly cost requested in the Application to the actual monthly credits paid to customers; and (2) a schedule showing the actual monthly DR-RAC revenues, total actual monthly PSEDR credits, and the accumulated deferred balance.²⁵

The Staff recommended that the Commission require APCo to file an updated DR-RAC in a timely manner following the end of the proposed recovery period to address any over- or under-recovery associated with the 2011 DR Rider costs.²⁶ Staff stated that it does not oppose the Company's cost allocation and rate design methodology. However, should the Commission approve a revenue requirement that differs from the Company's requested revenue requirement, the Staff recommended that the corresponding DR-RAC charges be adjusted proportionally.²⁷

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.* at 4-5.

¹⁸ *Id.* at 5.

¹⁹ *Id.*

²⁰ *Id.*

²¹ On April 4, 2016, the Staff filed a Motion for an Extension of the Procedural Schedule ("Staff's Motion") requesting that the Commission extend the dates for the Staff Report and the Company's Response. On April 7, 2016, the Commission issued an Order Granting Extension in which it granted the Staff's Motion.

²² Staff Report at 15.

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.* Staff noted that the Company proposed to apply any such over- or under-recovery associated with the 2011 DR Riders toward any future cost recoveries related to the Proposed DR Riders. *Id.*

²⁷ *Id.* at 16.

The Staff Report also evaluated the Company's Proposed DR Riders. Staff explained that the Proposed DR Riders are voluntary tariffs and provide APCo's customers with an additional opportunity to participate in a demand response program and do not preclude the customer from participating in a demand response program offered by a third party.²⁸ The Staff Report noted that any benefits that may be realized will depend on the number of participants and the actual load curtailed.²⁹ The Staff stated that in its opinion, the Proposed DR Riders meet the criteria prescribed by Section 3 of Chapters 752 and 855 of the 2009 Acts of Assembly.³⁰

Ultimately, the Staff concluded that it does not oppose APCo's Proposed DR Riders, although the Staff recommended that Commission approval be contingent on the Company's willingness to not recover program-related costs that are not passed along to program participants until such time as the Company is able to definitively demonstrate that non-participants will, in fact, benefit from the Proposed DR Riders.³¹ The Staff also recommended that the Commission require APCo to file a cost/benefit assessment of the Proposed DR Riders, including two years of actual data, with the Division of Energy Regulation not later than two years and six months from the date of this Final Order.³² Further, the Staff recommended that the Commission require the Company to provide information on a monthly basis to the Division of Utility Accounting and Finance regarding the amounts and types of costs deferred for the Proposed DR Riders, and showing the recovery of such costs from both participating and non-participating customers.³³

On April 26, 2016, APCo filed its Response noting that it does not oppose certain recommendations in the Staff Report, including that the Company should: (1) continue to comply with the conditions in the 2011 Final Order; (2) file an updated DR-RAC shortly after the recovery period of the 2011 DR Riders; and (3) file a cost/benefit assessment of the Proposed DR Riders with two years of data not later than two years and six months after the date of this Final Order.³⁴ The Company also did not oppose providing the following two additional schedules with its report submitted to the Staff every six months pursuant to the 2011 Final Order: (1) quantifying the difference in the estimated monthly cost requested in the Application to the actual monthly credits paid to customers; and (2) showing the actual monthly DR RAC revenues, total actual monthly PSEDR credits, and the accumulated deferred balance.³⁵

Regarding the Staff's recommendation that the Commission require the Company to provide information on a monthly basis showing the amounts and types of Proposed DR Rider costs deferred and the recovery of such costs from both participating and non-participating customers, the Company agrees to provide such information every six months.³⁶ APCo noted that, in the 2011 Final Order, the Commission required the Company to provide such information every six months, even though Staff recommended that the Company provide the information monthly.³⁷

Finally, the Company stated that it disagrees with the Staff's recommendation that Commission approval be contingent on the Company's willingness to not recover program-related costs that are not passed along to program participants until such time as the Company is able to "definitively demonstrate that non-participants will, in fact, benefit from the Proposed DR Riders."³⁸ APCo indicated that this recommendation is unnecessary because the Commission must make a determination in this proceeding that the Proposed DR Riders are "fair and effective" and "in the public interest," and, therefore, the Commission will determine in this proceeding if customers will benefit from the Proposed DR Riders.³⁹ The Company further responded that the Company cannot guarantee cost savings from the Proposed DR Riders, even though such savings are very probable over the long term.⁴⁰

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that, subject to the requirements set forth herein, pursuant to § 56-585.1 A 5 b of the Code and Section 3 of Chapters 752 and 855 of the 2009 Acts of Assembly, APCo's Proposed DR Riders are effective, reliable, verifiable as a capacity resource, and in the public interest. Accordingly, we find that the Proposed DR Riders should be approved subject to the conditions set forth below. Further, we will permit the Company to recover the costs of the 2011 DR Riders in the proposed DR-RAC as set forth herein.

²⁸ *Id.* at 13.

²⁹ *Id.*

³⁰ *Id.* at 14.

³¹ *Id.* at 16.

³² *Id.*

³³ *Id.*

³⁴ Response at 2-3.

³⁵ *Id.*

³⁶ *Id.* at 3.

³⁷ *Id.* at 3-4.

³⁸ *Id.* at 4.

³⁹ *Id.*

⁴⁰ *Id.*

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Proposed DR Riders and DR-RAC, as modified by the requirements set forth herein, are approved.
- (2) The Company may defer costs associated with the Proposed DR Riders to the extent permitted by statute. Any costs deferred shall be offset by any non-compliance payments received by the Company from customers participating in the Proposed DR Riders.
- (3) Forthwith the Company shall file revised tariffs, designed to recover \$4,185,764 annually for four years for the DR-RAC, to be effective within 60 days of this Final Order, and shall file 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.
- (4) Sixty (60) days prior to implementation in 2017, the Company shall file applicable tariffs to implement the Proposed DR Riders with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance.
- (5) The Company shall continue to comply with the requirements set forth in the Commission's 2011 Final Order.
- (6) The Company shall include the following two schedules with the report submitted to the Commission's Division of Utility Accounting and Finance every six months pursuant to the 2011 Final Order:
 - (a) a schedule quantifying the difference in the estimated monthly cost requested in the Application to the actual monthly credits paid to customers; and
 - (b) a schedule showing the actual monthly DR-RAC revenues, total actual monthly PSEDR credits, and the accumulated deferred balance.
- (7) The Company shall file for approval of an updated DR-RAC within ninety (90) days following the end of the four-year recovery period approved herein to address any over- or under-recovery associated with the 2011 DR Rider costs.
- (8) No later than two years and six months from the date of implementation, the Company shall provide a cost/benefit assessment of the Proposed DR Riders, including two years of actual data, to the Commission's Division of Energy Regulation.
- (9) Once the Proposed DR Riders are implemented in 2017, APCo shall provide information to the Commission's Division of Utility Accounting and Finance regarding the amounts and types of costs deferred, and showing the recovery of such costs from both participating and non-participating customers. The Company shall provide such information with the report submitted to the Commission's Division of Utility Accounting and Finance every six months pursuant to the 2011 Final Order.
- (10) The Commission's approval of the Proposed DR Riders shall have no ratemaking implications. Specifically, the approval in this case shall not guarantee the recovery of any costs directly or indirectly related to the Proposed DR Riders.
- (11) This case is dismissed.

**CASE NO. PUE-2015-00119
DECEMBER 27, 2016**

APPLICATION OF
ATMOS ENERGY CORPORATION

For an expedited increase in rates

FINAL ORDER

On February 17, 2016, Atmos Energy Corporation ("Atmos" or "Company") filed an application with the State Corporation Commission ("Commission") for an expedited increase in rates together with direct testimony, exhibits, and schedules ("Application") as prescribed by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* In its Application, the Company proposed to increase its annual base rate revenues by approximately \$1.181 million, which included \$0.532 million that the Company was recovering outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy (SAVE) Plan ("SAVE Plan").¹ Atmos stated that the requested net increase in revenues of \$0.649 million represents an overall revenue increase of 2.46%.² In its Application, the Company proposed that its increase in rates take effect on an interim basis and subject to refund for service rendered on and after April 1, 2016.³

On March 22, 2016, the Commission entered an Order for Notice and Hearing that, among other things, directed the Company to provide notice of its Application; provided the opportunity for interested persons to comment on the Application and to participate in this case; set the matter for hearing before a Hearing Examiner; directed the Staff of the Commission ("Staff") to investigate the Application; and found that Atmos had satisfied the requirements for placing its proposed rates in effect on an interim basis and subject to refund for service rendered on and after April 1, 2016.

¹ Exhibit 1 (Application) at 1. Specifically, Atmos was recovering \$0.532 million through the Infrastructure Replacement Current Rate ("IRCR") component of its SAVE Plan. *Id.* See *Application of Atmos Energy Corporation, For approval to implement a 2015-2016 SAVE Plan and Rider adjustment*, Case No. PUE-2015-00064, 2015 S.C.C. Ann. Rept. 349, Order Approving SAVE Rider Adjustment (Aug. 25, 2015).

² Exhibit 1 (Application) at 1.

³ *Id.* at 2.

No one filed a notice of participation in this proceeding.

A public hearing was convened on September 21, 2016, for the receipt of testimony from public witnesses, and an evidentiary hearing was convened on November 2, 2016. At the evidentiary hearing, Atmos and Staff presented a Joint Motion to Accept Stipulation ("Joint Motion") along with a stipulation resolving all issues in the case ("Stipulation") and requesting that the Commission approve the rates set forth in Attachment 1 to the Stipulation ("Stipulated Rates"). Among other things, the Stipulation provided for no net increase in total operating revenues; reflected a revenue-neutral roll-in of certain of the Company's SAVE Plan costs;⁴ provided for Atmos's proposed depreciation rates, as set forth in Attachment 2 to the Stipulation, to be approved as proposed for booking and ratemaking purposes; and established a return on equity ("ROE") range of 9.0% to 10.0% only for purposes of future earnings tests until the Commission resets the Company's ROE in a future rate proceeding.⁵ At the hearing, the Hearing Examiner admitted into the record proof of public notice; the prepared testimony and exhibits of the Company and Staff; and the Stipulation. No public witnesses appeared at the evidentiary hearing.

On November 2, 2016, A. Ann Berkebile, Hearing Examiner, filed a Hearing Examiner's Ruling ("Ruling") authorizing Atmos to place the Stipulated Rates into effect, subject to refund with interest, pending the Commission's issuance of a final order on the Company's Application.

On November 8, 2016, in accordance with the Ruling, Atmos filed revised tariffs with the Commission setting forth the Stipulated Rates, which the Company implemented effective November 7, 2016, subject to refund with interest.

On November 28, 2016, the Hearing Examiner filed her report in this case ("Hearing Examiner's Report"). The Hearing Examiner recommended that the Commission grant the Joint Motion; accept the Stipulation; and direct Atmos to refund with interest the amounts charged to customers in excess of the Stipulated Rates.⁶ The Hearing Examiner also noted that, at the evidentiary hearing, Staff and the Company agreed to waive comments on the Hearing Examiner's Report.⁷

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the record supports the adoption of the proposed Stipulation. In addition, we find that the Stipulated Rates are designed to afford Atmos an opportunity to earn a reasonable return and are just and reasonable. Further, we direct the Company to refund the amounts charged to customers in excess of the Stipulated Rates.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report hereby are adopted.
- (2) The Company's Application for an expedited increase in rates is granted as modified herein.
- (3) The Company forthwith shall file revised rates and terms and conditions of service conforming to the proposed rates set out in Attachment 1 to the Stipulation, effective for service rendered on and after November 7, 2016.
- (4) Within ninety (90) days of the entry of this Final Order, the Company shall use the rates and charges approved in Ordering Paragraph (3) to recalculate each bill it rendered that used, in whole or in part, the rates and charges that took effect subject to refund on April 1, 2016. Where application of the rates prescribed in Ordering Paragraph (3) results in a reduced bill, the Company shall refund the difference with interest as set out below.
- (5) The refunds with interest directed in Ordering Paragraph (4) for current customers may be made by a credit to the customers' accounts and shown on bills. The bill shall show the refund as a separate item or items. For former customers, the refunds with interest that exceed \$1 shall be made by check and mailed to the last known address of such customers. The Company may set off the credit or refund against any undisputed outstanding balance for the current or former customer. No set-off shall be permitted against any disputed portion of an outstanding balance.
- (6) The refund amounts calculated as directed in Ordering Paragraph (4) shall bear interest at a rate for each calendar quarter that shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the "Bank prime loan" values published in the weekly Federal Reserve Statistical Release H. 15 (519), Selected Interest Rates, for the three months of the preceding calendar quarter. The interest shall be computed from the date bills were due to the date of the bill showing the credit to current customers or the date of the refund check mailed to former customers.
- (7) Within thirty (30) days of the completion of the refunds required by Ordering Paragraph (4), the Company shall provide to the Commission's Divisions of Utility Accounting and Finance and Public Utility Regulation a report showing that all refunds have been made pursuant to this Final Order, detailing the costs of the refunds and the accounts charged.
- (8) The Company shall bear all costs incurred in effecting the refund ordered herein.
- (9) This matter is dismissed.

⁴ The Company's SAVE Plan includes two cost components, the IRCR and the Infrastructure Replacement Reconciliation Rate ("IRRR"). The Stipulation provides that IRCR costs will be rolled into base rates, while the Company will continue to bill or refund its IRRR through a separate line item on customers' bills titled "All Applicable Riders."

⁵ See Exhibit 18 (Stipulation).

⁶ Hearing Examiner's Report at 14.

⁷ *Id.*

**CASE NO. PUE-2015-00120
FEBRUARY 18, 2016**

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 MOTION AND AMENDING AUTHORITY

By Order Granting Authority dated December 8, 2015 ("December Order"),¹ the State Corporation Commission ("Commission") authorized Virginia Natural Gas, Inc. ("VNG"), AGL Resources Inc. ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants"), to engage in affiliate financing transactions pursuant to Chapters 3² and 4³ of Title 56 of the Code of Virginia ("Code") under the terms and conditions and for the purposes set forth in the application filed by the Applicants on November 13, 2015 ("Initial Application"). Pursuant to the December Order, VNG was authorized through December 31, 2016, to: (i) incur short-term debt up to an aggregate balance of \$150 million 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 million; and (iii) issue and sell common stock to AGLR in an amount not to exceed \$300 million. All authority in the December Order was granted up to the limits, under the terms and conditions, and for the purposes set forth in the Initial Application and subject to the requirements set forth in the December Order.

On January 29, 2016, Applicants filed a Motion for Leave to Amend ("Motion") to amend the Initial Application for the sole purpose of incorporating AGL Capital Corporation ("AGCC") as an affiliated party to the financing transactions authorized in the December Order and to accept the amendments as reflected in the application contemporaneously filed with the Motion ("Amended Application"). Both the Motion and the Amended Application identify AGCC and its role as an affiliated party to the financial transactions authorized. Applicants state that AGCC is a wholly owned financing subsidiary of AGLR, which provides for the ongoing financial needs of AGLR and six of its regulated utility affiliates, including VNG, through a commercial paper program, including the issuance of various debt instruments and other financial arrangements that are fully and unconditionally guaranteed by AGLR.

NOW THE COMMISSION, upon consideration of the Motion, Amended Application, and having been advised by its Staff, is of the opinion and finds that the Applicants' Motion should be granted and that approval of the Amended Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Applicants' Motion and the Amended Application are hereby granted.
- (2) The authority granted by the December Order is hereby amended to authorize AGCC to participate as an affiliated party in the financing transactions authorized.
- (3) Except as modified herein, all remaining provisions of the December Order shall remain in full force and effect.
- (4) This matter is continued subject to the continuing review, audit, and appropriate directive of the Commission.

¹ Doc. Con. Cen. No. 151210242.

² Va. Code § 56-55 *et seq.*

³ Va. Code § 56-76 *et seq.*

**CASE NO. PUE-2015-00121
MARCH 9, 2016**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval to amend its SAVE Plan and Rider pursuant to Virginia Code § 56-604

FINAL ORDER

On November 16, 2015, in accordance with 5 VAC 5-20-80 of the Rules of Practice and Procedure of the State Corporation Commission ("Commission"), 5 VAC 5-20-10 *et seq.*, and § 56-604 of the Code of Virginia,¹ Virginia Natural Gas, Inc. ("VNG" 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-2012-00012.²

¹ Va. Code § 56-604 is a provision of the Steps to Advance Virginia's Energy (SAVE) Plan Act ("SAVE Act"), Va. Code § 56-603 *et seq.*

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).

In this Application for an amended SAVE Plan, VNG proposes to increase its authorized investment under the SAVE Plan in 2016 from \$25 million to \$30 million, and to extend the SAVE Plan for an additional five years until 2021, with a proposed annual investment of \$35 million from 2017-2021 (collectively, from January 1, 2016 to December 31, 2021, "SAVE Phase 2").³ Consistent with its currently approved SAVE Plan, the Company proposes to include up to a \$5 million variance in any single year of SAVE Phase 2, with a total program variance of up to \$5 million and a total investment over the six-year term of SAVE Phase 2 capped at \$210 million.⁴ The Company proposes to recover its anticipated expenditures through a monthly rider on customers' bills⁵ as required by § 56-604 A of the SAVE Act.

On December 4, 2015, the Commission issued an Order for Notice and Comment ("Procedural Order") that, among other things, directed the Company to provide notice to the public of the Application; provided an opportunity for interested persons to file a notice of participation in this proceeding and file comments or request a hearing on the Application; and directed the Staff of the Commission ("Staff") to conduct an investigation of the Application and present its findings and recommendations in a report ("Staff Report" or "Report").

The Company filed proof of notice of its Application as required by the Procedural Order. No comments, notices of participation, or requests for hearing were received.

In accordance with the Procedural Order, the Staff filed its Report on February 9, 2016. Relying on the Company's representations within its Application, the Staff recommended that the Commission issue an order granting the approval of the Company's Application contingent upon the following conditions. First, the Staff recommended that the Commission require the Company to provide to the Division of Utility and Railroad Safety, by January 31 of each year, certain additional information to allow the Staff to properly track the Company's progress with respect to the SAVE Phase 2 projects on a timely basis. Specifically, the Staff recommended that the Company be required to provide: (1) a list of completed projects for the previous calendar year as well as a list of planned projects for the current calendar year; and (2) at a minimum, a project description, location, number of services or miles of main involved, size, type of pipe, pressure and class location.⁶

Next, the Staff recommended that the Commission require the Company to incorporate the following in its rate base calculation in future SAVE adjustment filings: (1) its SAVE deferral net of taxes; (2) use of bonus depreciation; and (3) proration of its projected accumulated deferred income taxes.⁷

Staff's final recommendation is that the Commission require the Company to file all tariff sheets pursuant to the final order in the Company's 2016 SAVE adjustment filing, which will be filed on or before May 1, 2016.⁸

As permitted by the Procedural Order, the Company filed a response to the Staff Report ("Response"). In its Response, the Company stated that it agreed with the conclusions in the Staff Report, including Staff's recommended conditions.⁹

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's Application should be approved subject to the conditions recommended by the Staff in its Report, and this case should be dismissed.

Accordingly, IT IS SO ORDERED.

³ Application at 1.

⁴ *Id.*

⁵ *Id.* at 2.

⁶ Staff Report at 8.

⁷ *Id.*

⁸ *Id.*

⁹ Response at 2.

**CASE NO. PUE-2015-00123
JANUARY 14, 2016**

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to incur long-term debt indebtedness pursuant to Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On November 23, 2015, Atmos Energy Corporation ("Atmos" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3¹ of Title 56 of the Code of Virginia requesting authority to borrow up to \$200 million of long-term debt ("Term Loan"). Atmos paid the requisite fee of \$250.

¹ Va. Code § 56-55 *et seq.*

Atmos proposes to make Term Loan borrowings from a syndicate of up to four financial institutions. Term Loan borrowings are anticipated to be executed prior to December 31, 2016. Atmos represents that while specific terms for the Term Loan have not been finalized, the Company proposes that Term Loan borrowings will not exceed an aggregate total of \$200 million and will have a variable interest rate not to exceed 3.9% with a maturity not to exceed five years. Atmos states that the proceeds may be used for the refunding of debt as market conditions permit; for the purchase, acquisition and/or construction of additional properties and facilities, as well as improvements to existing utility plant; and for general corporate purposes.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicant, and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest

Accordingly, IT IS ORDERED THAT:

(1) Atmos is hereby authorized to borrow up to \$200 million of long-term debt through the period ending December 31, 2016, under the terms and conditions and for the purposes set forth in the Application.

(2) Applicants shall submit to the Commission a final report of action on or before March 1, 2017, to include a copy of each loan agreement associated with the \$200 million of indebtedness authorized, which indicates the syndicate of lending institutions and the terms and conditions of all borrowings pursuant to such agreement. Such report shall also include: a schedule of all borrowings executed pursuant to Ordering Paragraph (1); the maturity of each loan; the variable rate option and the associated variable interest rate selected at issuance for each loan; the most current variable interest rate in effect for each loan as of the final report along with an explanation for any change in the initial rate option selected; and a summary of all issuance costs incurred with a schedule to indicate how such costs are apportioned to each loan.

(3) The approval granted in this case shall have no ratemaking implications.

(4) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2015-00124
FEBRUARY 2, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of service agreement

ORDER GRANTING APPROVAL

On November 23, 2015, Washington Gas Light Company ("WGL") filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting approval to renew the service agreement ("Proposed Agreement") between WGL and its affiliate, WGSW, Inc. ("WGSW"). The service agreement currently in effect will expire on March 2, 2016.

This Proposed Agreement revises the descriptions of services to make them consistent with the descriptions contained in WGL's Cost Allocation and Inter-Company Pricing Manual. WGL currently provides similar services ("Service(s)") to the following affiliates: (1) WGL Holdings, Inc.; (2) Washington Gas Resources Corp.; (3) Hampshire Gas Company; (4) Crab Run Gas Company; (5) WGL Energy Services, Inc.; (6) WGL Energy Systems, Inc.; (7) WGL Midstream Inc.; (8) WGL Midstream CP, LLC; and (9) WGL Midstream MP, LLC under agreements approved in a previous Commission order.² Under those service agreements, WGL provides to each affiliate a unique selection of up to 25 different categories of Services shown in Attachment 1 to the Action Brief of the Commission Staff ("Staff"). For WGSW, the Proposed Agreement includes 12 of those available Services.

In response to a Staff data request, WGL represents that it does not propose to provide asset optimization service to WGSW and states it will revise the description of the "Finance" service category to remove that reference in the Proposed Agreement.

In the Application, WGL requested a five-year term for the Proposed Agreement. Staff recommends that as a matter of future regulatory efficiency, the Commission's approval should extend only until July 27, 2020, which is approximately six months earlier than requested. This change will synchronize the termination dates for all of WGL's service agreements.

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the Proposed Agreement as described herein is in the public interest and should be approved subject to the requirements set forth in the Appendix attached to this Order.

¹ Va. Code § 56-76 *et seq.*

² *Application of Washington Gas Light Company, For approval of service agreements*, Case No. PUE-2015-00048, Doc. Con. Cen. No. 150750043, Order Granting Approval (July 28, 2015). During the preparation of that filing, WGL determined that the service agreement with WGSW would need to be revised to be consistent with the agreements approved in Case No. PUE-2015-00048.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, WGL hereby is granted approval of 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 in this matter, it hereby 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-2015-00125
MARCH 10, 2016**

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval of a special contract for gas transportation service pursuant to § 56-235.2 of the Code of Virginia

ORDER GRANTING APPROVAL

On November 25, 2015, Atmos Energy Corporation ("Atmos" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to § 56-235.2 of the Code of Virginia ("Code") and 20 VAC 5-310-10 of the Commission's Rules for Filing an Application to Provide Electric and Gas Service Under a Special Rate, Contract or Incentive, wherein Atmos requested approval of a special contract for gas transportation service to James Hardie Building Products, Inc. ("James Hardie"), at its industrial facility in Pulaski, Virginia.

In its Application, the Company states that on November 23, 2015, Atmos and James Hardie (collectively, "Parties") entered into a "Firm Natural Gas Transportation Agreement" ("Contract") to transport gas to James Hardie's industrial facility in Pulaski, Virginia, and that the Contract renews and amends the previous arrangement between the Parties that was formalized in a contract entered into on April 2, 2013 ("Original Contract"), and approved by the Commission in Case No. PUE-2013-00038.¹ The Company further states that the Original Contract expires on March 31, 2016, and the Parties intend for the Contract to become effective April 1, 2016, subject to the Commission's approval. In its Application, the Company asserts that the Contract is substantially similar to the Original Contract with James Hardie.

The Company further states that the Contract promotes the public interest by ensuring that James Hardie remains a customer, remains in Virginia, and continues to provide economic benefits to the region. In its Application, Atmos asserts that there are no similarly situated customers that would be unreasonably prejudiced by the approval of the Contract.

On December 11, 2015, the Commission entered an Order for Notice and Hearing ("Procedural Order") that, among other things, established a procedural schedule for this case and directed the Company to provide public notice of its Application. The Procedural Order also assigned a Hearing Examiner to conduct further proceedings in the matter on behalf of the Commission, including the filing of a final report containing the Hearing Examiner's findings and recommendations.

No comments or notices of participation were filed.

On January 28, 2016, Commission Staff ("Staff") filed testimony concluding that "the Contract: (i) is not contrary to the public interest; (ii) will not unreasonably prejudice or disadvantage any customer or class of customers; and (iii) will not jeopardize the continuation of reliable utility service."² Therefore, Staff recommended approval of the Contract.³

The Company did not file rebuttal testimony, but it instead filed a letter clarifying some recommendations made in Staff's testimony.⁴

Alexander F. Skirpan, Jr., Senior Hearing Examiner, convened an evidentiary hearing in this docket on February 12, 2016. Hearing participants included the Company and Staff. No public witnesses appeared at the hearing. The Company's Application, exhibits, and all supporting testimony, as well as Staff's testimony, were admitted into the record without cross-examination.

On February 25, 2016, the Senior Hearing Examiner issued a Report that summarized the pre-filed testimony and concluded with the findings that the Contract between James Hardie and Atmos: (1) benefits all customers of Atmos; (2) protects the public interest; (3) will not unreasonably prejudice or disadvantage any customer or class of customers; and (4) will not jeopardize the continuation of reliable natural gas service.⁵ The Senior Hearing

¹ *Application of Atmos Energy Corporation, For approval of a special contract for gas transportation service pursuant to § 56-235.2 of the Code of Virginia*, Case No. PUE-2013-00038, 2013 S.C.C. Ann. Rep. 395, Order Granting Approval and Directing Response (Sept. 18, 2013).

² Exhibit 9 (Abbott) at 9.

³ *Id.*

⁴ See Exhibit 8.

⁵ Report at 8.

Examiner recommended that the Commission adopt the findings in his Report, approve the Contract, and dismiss the case.⁶ Neither the Company nor Staff filed comments to the Senior Hearing Examiner's Report.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Contract protects the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuance of reliable natural gas service, as required by § 56-235.2 of the Code. Therefore, we adopt the Senior Hearing Examiner's findings and approve the Contract.

Accordingly, IT IS ORDERED THAT:

- (1) The Senior Hearing Examiner's Report is adopted, the Company's Application is granted, and the Contract hereby is approved.
- (2) The Company forthwith shall file with the Commission's Division of Energy Regulation a special tariff showing the rates charged to James Hardie under the Contract in accordance with this Order Granting Approval.
- (3) This matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

⁶ *Id.*

**CASE NO. PUE-2015-00126
FEBRUARY 24, 2016**

APPLICATION OF
KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY

For authority to engage in affiliate transactions

ORDER GRANTING AUTHORITY

On November 30, 2015, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" 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 authority to engage in affiliate transactions with LG&E and KU Energy LLC ("LKE"), Louisville Gas and Electric Company ("LG&E"), LG&E and KU Services Company ("LKS"), PPL Corporation ("PPL"), PPL Services Corporation ("PPL Services"), PPL EU Services Corporation ("PPLEU Services"), and PPL Capital Funding, Inc. ("PPL Capital") (collectively, "Affiliates"), pursuant to the proposed 2015 Amended and Restated Utility Services Agreement ("2015 Services Agreement"), proposed amended LKS's 2015 Cost Allocation Manual ("2015 CAM"), and proposed Hosting Services Agreement PPL Alternate Data Center ("2015 Hosting Agreement").

In Case No. PUE-2011-00095, the Commission approved, *inter alia*, three affiliate services agreements between the Company and certain of the Affiliates: an Amended and Restated Utility Services Agreement ("Services Agreement"); a Utility Services Agreement for Third-Party Vendor Costs ("Third-Party Agreement"); and a Hosting Services Agreement PPL Alternate Data Center ("Hosting Agreement").² Amendments to the Services Agreement were approved by the Commission in 2012 in Case No. PUE-2012-00033 (as amended, "2012 Services Agreement"),³ and amendments to the Third-Party Agreement were approved by the Commission in 2012 and 2014 in Case Nos. PUE-2012-00112 and PUE-2014-00008, respectively (as amended, "2014 Third-Party Agreement").⁴ As part of its approval in Case No. PUE-2012-00033, the Commission also approved LKS's Cost Allocation Manual ("CAM"), which is attached to the 2012 Services Agreement and documents the methods, policies, and procedures by which LKS performs certain services for affiliate companies, including KU/ODP. In 2014, the Commission approved an amended LKS CAM in Case No. PUE-2013-00130.⁵

¹ Va. Code § 56-76 *et seq.*

² *Joint Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, Louisville Gas and Electric Company, LG&E and KU Services Company, LG&E and KU Energy LLC, LG&E and KU Capital LLC, PPL Corporation, PPL Electric Utilities Corporation, and PPL Services Corporation, For authority to engage in affiliate transactions and to enter into Utility Services Agreements, pursuant to Chapter 4 of Title 56 of the Code of Virginia, § 56-76 et seq.*, Case No. PUE-2011-00095, 2011 S.C.C. Ann. Rept. 534, Order Granting Authority (Nov. 14, 2011) ("Hosting Agreement Order").

³ *Joint Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, Louisville Gas and Electric Company, and LG&E and KU Services Company, For authority to engage in affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00033, 2012 S.C.C. Ann. Rept. 424, Order Granting Authority (June 15, 2012).

⁴ *Joint Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, LG&E and KU Energy LLC, PPL Corporation, PPL Services Corporation, and PPL Energy Supply, LLC, For authority to engage in affiliate transactions and to enter into a Utility Services Agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00112, 2012 S.C.C. Ann. Rept. 516, Order Granting Authority (Dec. 18, 2012); *Joint Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, LG&E and KU Energy LLC, Louisville Gas and Electric Company, LG&E and KU Services Company, PPL Corporation, PPL Electric Utilities Corporation, PPL Services Corporation, PPL Power Insurance, Ltd., and PPL Energy Supply LLC, For authority to engage in affiliate transactions*, Case No. PUE-2014-00008, 2014 S.C.C. Ann. Rept. 375, Order Granting Approval (Mar. 21, 2014).

⁵ *Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, et al., For authority to amend cost allocation manual under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUE-2013-00130, 2014 S.C.C. Ann. Rept. 345, Order Granting Authority (Feb. 14, 2014) ("CAM Order").

The Company seeks Commission authority to amend and combine the current 2012 Services Agreement and the 2014 Third-Party Agreement into one consolidated agreement. The Company represents that the proposed amendments in the 2015 Services Agreement will allow for the following: (1) KU/ODP and LG&E, upon their request, to obtain goods and services from LKE, LKS, PPL, PPL Services, and PPLEU Services; (2) KU/ODP and LG&E, upon their request, to obtain third-party goods and services from LKE, LKS, PPL, PPL Services, and PPLEU Services; (3) KU/ODP and LG&E, upon their election, to provide services to LKS'; and (4) PPL Capital to procure letters of credit on behalf of KU/ODP and LG&E. In addition, the Company also made minor amendments in the 2015 Services Agreement to clarify LKS's existing authority to provide goods and services, including third-party goods and services, and to act as payment and billing agent for KU/ODP.

The Company also seeks approval of an amended and restated LKS CAM, which was last approved by the Commission in Case No. PUE-2013-00130.⁶ Similar to the current CAM, the 2015 CAM documents the methods, policies, and procedures that LKS will follow in performing certain services for affiliate companies, including KU/ODP and LG&E. The changes for which KU/ODP seeks approval in the proposed 2015 CAM include the incorporation of revised and new service descriptions and allocation methodologies, as well as several changes in the wording of the informational portions of the CAM, which are improvements for reader use and/or updates to reflect organizational changes.

Finally, the Company seeks approval of an additional five-year term for the existing Hosting Agreement, which was last approved by the Commission in Case No. PUE-2011-00095.⁷ Because the current Hosting Agreement is set to expire on November 14, 2016, the Company seeks approval of the 2015 Hosting Agreement in order to continue, for an additional five-year term, the services currently approved under the existing Hosting Agreement. The only change in the proposed 2015 Hosting Agreement, other than extending its term, is to increase the amount of capacity available to PPL Services under the agreement, from two rows (20 data center racks) to a maximum of 25% of existing data racks.

NOW THE COMMISSION, upon consideration of the Application, the representations of the Company, the applicable statutes, and having been advised by the Staff of the Commission ("Staff"), is of the opinion and finds that the above-described 2015 Services Agreement, 2015 CAM, and 2015 Hosting Agreement are in the public interest and should, therefore, be approved subject to certain requirements set forth in the Appendix to the Staff's Action Brief.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Company hereby is granted authority to engage in affiliate transactions with the Affiliates pursuant to the 2015 Services Agreement, 2015 CAM, and 2015 Hosting Agreement, 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.

⁶ CAM Order, 2014 S.C.C. Ann. Rept. 345.

⁷ Hosting Agreement Order, 2011 S.C.C. Ann. Rept. 534.

CASE NO. PUE-2015-00127 JUNE 1, 2016

APPLICATION OF DOSWELL LIMITED PARTNERSHIP

For approval and certification of a 340 MW electric generating facility in Hanover County pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia

FINAL ORDER

On December 4, 2015, Doswell Limited Partnership ("Doswell" or "Applicant") filed with the State Corporation Commission ("Commission") an application ("Application") for a certificate of public convenience and necessity ("Certificate") to construct and operate a nominal 340 megawatt ("MW") generating facility, including associated facilities, in Hanover County, Virginia (collectively, the "Project"). Doswell filed its Application pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code") and the Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.¹

In its Application, Doswell proposes to build the Project on the grounds of the existing Doswell Energy Center in Hanover County ("DEC Site").² The Applicant indicates that it plans to construct the Project on the east side of the DEC Site, adjacent to property zoned for heavy industrial uses and owned by Bear Island Paper Company.³

¹ 20 VAC 5-302-10 *et seq.*

² Ex. 2 (Application) at 3; Ex. 4 (Vogt Direct) at 2. The DEC Site is located south of the Little River and north of Route 738.

³ Ex. 2 (Application) at 3.

Doswell currently operates electric generating facilities on the approximately 155-acre DEC Site.⁴ According to the Application, Doswell currently operates: (i) four combined-cycle turbines in conjunction with four duct burners capable of producing approximately 650 MW for primary electricity generation; (ii) one simple-cycle combustion turbine ("CT") capable of producing approximately 171 MW for on-demand, peaking electricity generation; and (iii) auxiliary facilities supporting these operations.⁵

Doswell requests approval to expand the DEC Site by adding a simple-cycle electric generating facility capable of firing both natural gas and ultra-low sulfur diesel ("ULSD").⁶ According to the Applicant, this Project involves the addition of two dual-fuel simple-cycle CTs that will provide on-demand, peaking electricity generation.⁷ The Applicant represents that the CTs will use dry low nitrogen oxide ("NO_x") burner technology to minimize NO_x emissions.⁸ Doswell expects the Project to begin commercial operation in March 2018.⁹

Doswell indicates that the Project will use pipeline-quality natural gas and will use ULSD when natural gas is not available.¹⁰ Doswell represents that it will obtain natural gas from its existing firm and interruptible capacity, or purchase transportation service on an as-needed basis from Virginia Natural Gas, Inc. ("VNG"), under its existing tariff, or purchase from a third party.¹¹ According to the Applicant, a VNG pipeline that currently traverses the DEC Site will transport natural gas to the Project.¹² To supply gas to the new CTs, Doswell states that it plans to construct a new natural gas supply line and a new pressure-regulating and dew-point heating station on the DEC Site.¹³ The Applicant indicates that the Project will not need any new off-site pipeline facilities.¹⁴

Doswell indicates that it will purchase ULSD from wholesale fuel suppliers in the Mid-Atlantic region.¹⁵ To store the ULSD, the Applicant represents that it plans to construct a dedicated ULSD storage tank on the DEC Site or use one of its two existing approximately 7.5 million gallon storage tanks.¹⁶

Doswell indicates the Project will interconnect at Virginia Electric and Power Company's existing Four Rivers Substation, located entirely on the DEC Site.¹⁷ To interconnect the Project with the substation, Doswell expects to construct a 0.3 mile interconnection line and associated facilities, located entirely on the DEC Site.¹⁸

According to the Applicant, Doswell is a special-purpose entity organized to develop, construct, own, and operate the facilities on the DEC Site including the proposed Project.¹⁹ Doswell explains that it is controlled by its two partners²⁰ and is 100% owned by affiliates of LS Power.²¹ The Applicant represents that Doswell, its two controlling partners, and LS Power have extensive experience in the development of projects of this nature.²² Doswell also indicates that LS Power is in a strong financial position and is well positioned to fund development of the Project.²³

⁴ *Id.*

⁵ Ex. 4 (Vogt Direct) at 2-3.

⁶ *Id.* at 2.

⁷ *Id.* at 3.

⁸ *Id.*

⁹ Ex. 2 (Appendix) at 6.

¹⁰ Ex. 4 (Vogt Direct) at 4-5.

¹¹ *Id.*

¹² *Id.* at 4.

¹³ *Id.*

¹⁴ Ex. 2 (Appendix) at 6.

¹⁵ Ex. 4 (Vogt Direct) at 5.

¹⁶ *Id.*

¹⁷ *Id.*; Ex. 2 (Appendix) at 10.

¹⁸ Ex. 4 (Vogt Direct) at 5; Ex. 2 (Appendix) at 10. To accommodate the Project, the Applicant states that a 230 kilovolt breaker and associated equipment will be installed at the Four Rivers Substation. Ex. 2 (Appendix) at 10.

¹⁹ Ex. 2 (Application) at 2.

²⁰ Doswell I, LLC as a general partner and Doswell LP, LLC as a limited partner.

²¹ Ex. 2 (Application) at 2.

²² *Id.*

²³ Ex. 2 (Appendix) at 1.

Doswell asserts that the Project is not contrary to the public interest and will have no material adverse effect on the reliability of electric service provided by a regulated public utility.²⁴ In fact, the Applicant represents that the Project will promote the public interest by providing economic benefits to Hanover County and the surrounding area, and will enhance the reliability of the electricity supply in the Commonwealth and the Mid-Atlantic region, particularly during peak demand times and extreme weather events.²⁵ Further, Doswell states that the Project will meet rising demand for electricity in the Mid-Atlantic region with appropriate, environmentally responsible technology; advance the goals set forth in the 2010 Virginia Energy Plan by providing in-state generating capacity; leverage the Commonwealth's existing infrastructure by enhancing an existing generation asset without requiring the acquisition of additional land; and enhance the competitive market for wholesale electricity in the region by offering generation that will not be owned by an incumbent electric utility.²⁶ In addition, the Applicant states that because it is not a regulated utility, it bears any business risk associated with the Project rather than ratepayers in Virginia.²⁷

Doswell indicates in its Application that it will obtain all necessary approvals and permits required for environmental impacts and asserts that the Project will have minimal adverse environmental effects.²⁸ In addition, the Applicant represents that it will comply with all necessary conditions imposed by the regulatory agencies with oversight responsibilities for all environmental aspects of the Project to ensure protection of public health and the environment.²⁹

On December 22, 2015, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, established a procedural schedule, provided the opportunity for any interested person to comment or participate in this proceeding as a respondent, directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits, provided the opportunity for the Applicant to file rebuttal testimony and exhibits, scheduled an evidentiary hearing, and assigned a Hearing Examiner to conduct further proceedings in this matter.

In the Procedural Order, the Commission noted that the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the Project.³⁰ DEQ filed a report ("DEQ Report") on the proposed Project on February 26, 2016.³¹ The DEQ Report summarizes the proposed Project's potential impacts, makes recommendations for minimizing those impacts, and outlines the Applicant's responsibilities for compliance with legal requirements governing environmental protection. The DEQ Report contained the following recommendations:

1. Conduct an on-site delineation of all wetlands and stream crossings within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
2. Follow DEQ's recommendation regarding air quality protection, as applicable;
3. Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable;
4. Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage for updates to the Biotics Data System database;
5. Coordinate with the Department of Game and Inland Fisheries ("DGIF") regarding its recommendations to coordinate with the U.S. Fish and Wildlife Service ("USFWS") regarding a protected species and to protect wildlife resources;
6. Coordinate with the Department of Aviation ("DOA") as necessary regarding its recommendations to ensure pilot safety;
7. Coordinate with the Department of Health ("DOH") on the implementation of mitigation measures to protect water supplies;
8. Follow the principles and practices of pollution prevention to the maximum extent practicable; and
9. Limit the use of pesticides and herbicides to the extent practicable.³²

²⁴ Ex. 2 (Application) at 6.

²⁵ *Id.*; Ex. 4 (Vogt Direct) at 7-8.

²⁶ Ex. 2 (Application) at 6-7; Ex. 4 (Vogt Direct) at 8-9.

²⁷ Ex. 4 (Vogt Direct) at 9; Ex. 2 (Appendix) at 13.

²⁸ Ex. 2 (Application) at 4-5; Ex. 4 (Vogt Direct) at 6.

²⁹ Ex. 2 (Application) at 4; Ex. 4 (Vogt Direct) at 6.

³⁰ Procedural Order at 5-6.

³¹ Ex. 6 (DEQ Report).

³² *Id.* at 6.

On March 25, 2016, the Staff filed its testimony in this proceeding. Staff stated that since Doswell is not a regulated public utility, it bears any business risk associated with the Project.³³ Staff also indicated that the proposed Project should enhance the reliability of the electricity supply in the Commonwealth and the Mid-Atlantic region, particularly during peak demand times.³⁴ In addition, Staff determined that the proposed Project should enhance the competitive market for wholesale electricity in the region and provide several economic benefits for Hanover County and the Commonwealth, including the creation of jobs in the area and the generation of tax revenue, as well as other indirect benefits to the local community.³⁵ Staff noted that the Applicant should further address the following four recommendations contained in the DEQ Report:

1. Avoidance and minimization of impacts to wetlands and streams;
2. Wildlife protections including coordination with the USFWS regarding protected species and any instream activities and aquatic wildlife protection;
3. Virginia DOA measures to protect pilot safety; and
4. Measures to protect water supplies.³⁶

On March 29, 2016, Rappahannock Electric Cooperative ("REC") filed comments ("Comments") and a notice of participation as a respondent.³⁷ In its Comments, REC stated that it owns and operates distribution facilities on the proposed Project construction site.³⁸ REC also noted that it intends to work with Doswell to ensure REC's plant and property on the Project site are properly identified, located, and safeguarded prior to, during and after construction to prevent damage to plant assets and risk of injury to those working in the area.³⁹ REC represented that it does not wish to impede the Project, nor does it oppose the Project.⁴⁰ On April 7, 2016, VNG filed comments supporting Doswell's Application and requesting that the Commission approve the Application and issue Doswell a Certificate for the Project.

On April 8, 2016, the Applicant filed its rebuttal testimony. In its rebuttal testimony, Doswell responded to the four DEQ recommendations listed above.⁴¹ Regarding the DEQ Report's recommendations to help minimize impacts of the Project to the non-tidal wetland and linear stream within the Project site, the Applicant stated that other permits would adequately address wetland and stream protection.⁴² Doswell indicated that DGIF made recommendations in the DEQ Report that either would be difficult for it to comply with or have the potential to significantly delay the Project if implemented.⁴³ Regarding the DEQ Report's recommendation concerning construction activity in the vicinity of an airport, Doswell stated that it does not believe this recommendation applies to the Project.⁴⁴ In addition, the Applicant represented that it intends to ensure that its employees and contractors take due care in transporting materials in and out of the Project site, in compliance with the Virginia DOH's recommendation.⁴⁵

The hearing was convened on April 20, 2016. Doswell, REC, and the Staff participated in the hearing. No public witnesses testified at the hearing.

³³ Ex. 5 (Pratt Direct) at 13.

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.* at 9-10.

³⁷ REC also filed the Motion of Rappahannock Electric Cooperative for Leave to File Out of Time as a Respondent ("Motion") on March 29, 2016. On April 1, 2016 the Hearing Examiner issued a Ruling shortening the period of time for responses to REC's Motion. On April 8, 2016, Doswell filed a response ("Response") to REC's Motion. On April 12, 2016, the Hearing Examiner issued a Ruling granting REC's Motion.

³⁸ REC's Comments at 3.

³⁹ *Id.* at 4.

⁴⁰ *Id.* at 3. In its Comments, REC also expressed its "concern that it, as the regulated utility responsible for providing distribution service to the [Project] site and neighboring properties, was not consulted or advised of the proposed [P]roject." *Id.* In its Response to REC's Motion, Doswell stated that it contacted REC regarding REC's facilities potentially impacted by construction of the Project on January 26, 2016. Doswell's Response at 3.

⁴¹ Ex. 7 (Vogt Rebuttal) at 2-8.

⁴² *Id.* at 3.

⁴³ *Id.* at 4. These recommendations include: (1) maintaining undisturbed 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; (2) implementing wetland and stream avoidance and minimization efforts, where practical, during Project construction by maintaining 100-foot buffers along either side of the streams; (3) recommendations regarding the design of stormwater controls; and (4) that the Project adhere to a time-of-year restriction for all tree removal and ground clearing activities from March 15 through August 15 to protect nesting resident and migratory songbirds. *Id.* at 4-6.

⁴⁴ *Id.* at 7.

⁴⁵ *Id.* at 8.

On May 3, 2016, Michael D. Thomas, Hearing Examiner, issued his report in this proceeding ("Report" or "Hearing Examiner's Report"). The Hearing Examiner found that: (1) the Project will not have a material adverse effect upon the reliability of the electric service provided by any public utility; (2) the Project is not otherwise contrary to the public interest; (3) the Project will comply with all applicable environmental laws and regulations;⁴⁶ and (4) the Project will have a positive economic impact on the Commonwealth.⁴⁷ The Hearing Examiner recommended that the Commission adopt the findings in his Report and grant Doswell a Certificate to construct and operate the Project.⁴⁸

On May 10, 2016, Doswell filed comments on the Hearing Examiner's Report requesting that the Commission adopt the findings and recommendations in the Report, approve the Company's Application, and issue a Certificate for the Project.⁴⁹ On May 10, the Staff filed a letter advising the Commission that it would not file comments on the Hearing Examiner's Report.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows:

Code of Virginia

Section 56-580 D of the Code provides in part:

The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility . . . , and (iii) are not otherwise contrary to the public interest.

Further, with regard to generating facilities, § 56-580 D of the Code directs that "[t]he Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1," Section 56-46.1 A of the Code provides in part:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2.

Subsection 56-46.1 A also provides:

In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters.

Section 56-580 D of the Code contains language limiting the Commission's authority that is nearly identical to the language set forth in § 56-46.1 A.

The Code also directs the Commission to consider the effect of a proposed project on economic development in Virginia. Section 56-46.1 of the Code states in part:

Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Similarly, § 56-596 A of the Code provides that "[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation] Act, the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

⁴⁶ The Hearing Examiner agreed with the Applicant's objections, set forth in its rebuttal testimony, to certain requirements in the DEQ Report. *See* Hearing Examiner's Report at 12-13.

⁴⁷ Hearing Examiner's Report at 13-14.

⁴⁸ *Id.* at 14.

⁴⁹ Doswell's Comments on the Hearing Examiner's Report at 3.

Reliability

We agree with the Hearing Examiner that there is no evidence in the record that the Project will have an adverse impact on the reliability of electric service provided by public utilities in Virginia.⁵⁰ The record in this case reflects that the construction of an additional electric generation facility such as the Project is likely to improve reliability in the Commonwealth and the Mid-Atlantic region, particularly during peak times.⁵¹

Economic Development

We find that the Project will provide economic benefits to Hanover County and the Commonwealth. As noted by Staff, Hanover County will benefit from an increase in the local tax base.⁵² In addition, the Project is likely to create or support a number of jobs in the area and also may result in indirect benefits to the local community as a result of an increase in employment and incomes in the area.⁵³

Environmental Impact

We must consider environmental impact. The relevant statutes, however, do not require the Commission to find any particular level of environmental benefit, or an absence of environmental harm, as a precondition to approval. Rather, the statutes direct that the Commission "shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."⁵⁴

As noted above, DEQ coordinated an environmental review of the proposed Project and submitted a DEQ Report that, among other things, set forth recommendations for the proposed Project.⁵⁵ In its rebuttal testimony, Doswell described its objections to four specific recommendations set forth in the DEQ Report.⁵⁶ The Hearing Examiner noted Doswell's concerns with these four recommendations and agreed that Doswell should not be subject to those specific requirements as a condition of its Certificate for the Project.⁵⁷ The Hearing Examiner found that the Project would comply with all applicable environmental laws and recommendations.⁵⁸ Upon consideration of this record, we find that Doswell should be required to comply with the DEQ Report recommendations except as set forth in the Hearing Examiner's Report.⁵⁹ Further, Doswell should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Project.⁶⁰

Public Interest

We agree with the Hearing Examiner that there is no evidence in the record that the Project is "contrary to the public interest" as contemplated by § 56-580 D of the Code.⁶¹ As discussed above, the Project is likely to produce economic benefits in terms of jobs, taxes, and revenues.

Sunset Provision

As a requirement of our approval herein, we find that the authority granted by this Final Order shall expire two years from the date hereof if construction of the Project has not commenced, though Doswell subsequently may petition the Commission for an extension of this sunset provision for good cause shown.

⁵⁰ Hearing Examiner's Report at 11.

⁵¹ See, e.g., *id.* at 11-12; Ex. 5 (Pratt Direct) at 13.

⁵² Ex. 5 (Pratt Direct) at 10, 13.

⁵³ *Id.* at 13.

⁵⁴ Va. Code § 56-46.1 A. See also Va. Code § 56-580 D (stating that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1 . . .").

⁵⁵ Ex. 6 (DEQ Report).

⁵⁶ Ex. 7 (Vogt Rebuttal) at 2-8.

⁵⁷ Hearing Examiner's Report at 12-13.

⁵⁸ *Id.* at 13.

⁵⁹ We find that Doswell does not have to comply with the following recommendations: (1) avoidance and minimization of impacts to wetlands and streams; (2) maintaining a 100-foot vegetated buffer around wetlands and streams, using bioretention areas and time-of-year restrictions for tree removal and ground clearing to protect nesting songbirds; and (3) compliance with FAA Advisory Circular 150/3570-2 Operational Safety on Airports during construction. See Hearing Examiner's Report at 12-13. We also find that Doswell is not required, as a condition of the Certificate granted herein, to comply with the recommendations regarding the design of stormwater controls. We note that these controls are being addressed by Hanover County in connection with the site plan amendment process and that Doswell has committed to comply with all necessary conditions imposed by regulatory agencies with regard to environmental aspects of the Project to ensure protection of public health and the environment. See Ex. 7 (Vogt Rebuttal) at 7; Hearing Examiner's Report at 13.

⁶⁰ See Ex. 4 (Vogt Direct) at 6.

⁶¹ *Id.* at 12.

Accordingly, IT IS ORDERED THAT:

(1) Upon filing the appropriate United States Geological Survey topographical maps detailing the location of the proposed facilities with the Division of Energy Regulation, subject to the findings and requirements set forth in this Final Order, pursuant to § 56-580 D of the Code, and in accordance with the record developed herein, Doswell hereby is granted authority and the following Certificate to construct and operate the Project described in this proceeding:

Certificate No. ET-205 which authorizes Doswell under §§ 56-46.1 and 56-580 D of the Code to construct and operate a 340 megawatt electric generating facility in Hanover County, Virginia.

(2) The authority granted by this Final Order shall expire two (2) years from the date hereof if construction of the Project has not commenced, though Doswell subsequently may petition the Commission for an extension of this sunset provision for good cause shown.

(3) This case is dismissed.

**CASE NO. PUE-2015-00129
APRIL 6, 2016**

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

FINAL ORDER

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"). On April 27, 2015, the Commission approved amendments to the Company's CARE Plan in Case No. PUE-2014-00068.²

On December 14, 2015, VNG filed an application ("Application") for authority to amend and extend its CARE Plan (the currently approved CARE Plan, with the Company's proposed amendments, will be referred to as the "Amended CARE Plan").³ The Company proposes to expand its Residential Home Incentive Program by: (1) increasing the required energy factor for the High-Efficiency Natural Gas Tank-Style Water Heater Incentive measure from 0.62 or greater to 0.67 or greater, consistent with current ENERGY STAR specifications, and increasing the corresponding incentive amount from \$50 to \$70; (2) adding a Programmable Thermostat Incentive measure that provides a \$25 rebate to customers who install a programmable or WiFi enabled thermostat; and (3) adding a Bundled Water Heater and Furnace Bonus Incentive measure that provides a \$50 additional rebate to customers who install both a qualifying water heater and furnace.⁴ Additionally, the Company is proposing to update the items included in the do-it-yourself energy savings kit provided under the Home Energy Audit Program and to permit customers to request the kit prior to taking the audit. The Company is proposing to continue the Low-Income Weatherization Program and the Customer Education and Outreach Program; however, the Company is not proposing any changes to the existing programs.⁵

The Company is also proposing a 5% participation and spending variance to be included in the budget for each individual measure, as well as the potential processing costs associated with the measure.⁶ The Company states that such flexibility in the budget will "make programs and measures easier to manage, particularly in instances where a measure is nearing its budgeted total participation or spend for the given program year."⁷ In its Application, the Company is not seeking to modify its Commission-approved CARE Plan decoupling mechanism ("Rider D"),⁸ which is designed to adjust sales consistent with the CARE Act.

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 *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. 150420333, Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan (Apr. 27, 2015) ("2014 Order").

³ The Company's current CARE Plan, which the Commission approved in its 2014 Order, includes the following programs: (i) a Residential Home Incentive Program, which includes high-efficiency tank-style natural gas water heater and high-efficiency furnace measures; (ii) an internet-based Home Energy Audit Program; (iii) a Low-Income Home Weatherization Program; and (iv) a Customer Education and Outreach Program.

⁴ Application at 3, 10; pre-filed Direct Testimony of Jim Herndon ("Herndon Direct") at 4-5.

⁵ Application at 10.

⁶ *Id.* at 3.

⁷ Pre-filed Direct Testimony of Kevin W. Kirby ("Kirby Direct") at 8.

⁸ Rider D only applies to VNG's residential customers taking service on Rate Schedule 1 (Residential Firm Gas Sales Service) and Rate Schedule 3 (Residential Air Conditioning Firm Gas Sales Service).

The Company states that, after the year-and-a-half gap between the first phase of its CARE Plan, approved in Case No. PUE-2008-00060,⁹ and the effective date of its current CARE Plan ("Phase 2"), initially approved in the 2012 Order, the Company's "energySMART brand recognition and customer participation have grown back to strong levels through extensive education and outreach efforts by the Company."¹⁰ The Company states further that it seeks to "capitalize on [that] positive momentum" and that expanding the range of measures will increase participation in the current CARE Plan.¹¹

The Company requests approval of an increase in annual spending in the amount of \$34,627 over the current annual budget for Program Year 3 ("PY3") of the currently approved CARE Plan.¹² The Company represents that, although the Amended CARE Plan is designed to have no impact on the rate design previously adopted by the Commission, the average residential customer using 621 ccf annually will see an average annual bill increase of \$0.13 over the current PY3 average annual charge of \$1.39.¹³ If approved by the Commission, the Company proposes that the Amended CARE Plan become effective June 1, 2016, for the three-year period ending May 31, 2019.¹⁴

On January 7, 2016, the Commission issued an Order for Notice and Comment that, among other things, docketed the Company's Application; directed the Company to provide public notice of its Application; allowed interested persons to file comments and request a hearing on the Application; directed the Commission's Staff ("Staff") to investigate the Application and to file a report ("Staff Report" or "Report") containing the Staff's findings and recommendations; and allowed the Company to file a response ("Response") to the Staff Report and any comments filed by interested persons.¹⁵

On March 8, 2016, the Staff filed its Report on the Company's Application. Among other things, the Staff Report summarized and examined the cost-effectiveness of the Company's proposed Amended CARE Plan. In Part I of the Staff Report, Staff from the Division of Energy Regulation ("Energy") expressed concerns about VNG's natural gas savings analysis and stated that "there is a degree of uncertainty concerning the accuracy of the Company's natural gas savings numbers...due to the fact that the Company's natural gas savings numbers appear to be based, at least in part, on estimations or assumptions rather than measured and verified data."¹⁶ Staff did perform a sensitivity analysis with respect to the Company's natural gas price forecast and found that the proposed CARE Plan portfolio will likely remain cost-effective under the Total Resource Cost Test, Participant Test and Program Administrator Test for all scenarios where future natural gas prices are lower (by up to 20%) than the current U.S. Energy Information Administration ("EIA") forecast, and the cost-effectiveness is likely to increase if future natural gas prices are higher than the current EIA forecast.¹⁷

Staff does not oppose the Programmable Thermostat measure and the requested increased rebate amount for qualifying natural gas water heaters.¹⁸ Staff also does not oppose the proposed revisions to the Home Energy Audit Program and the continuation of the Low Income Weatherization and Education and Outreach Programs.¹⁹

Staff does not, however, support the Bundled Water Heater and Furnace measure on the basis that, while it results in an incremental increase in costs (\$1,000), bundling these measures for an additional rebate does not result in any additional benefits when compared to the benefits associated with installing each measure separately or at different times.²⁰ Staff does not oppose the Company's proposed Amended CARE Plan budget but recommends that the budget be adjusted if the Commission denies the proposed Bundled Water Heater and Furnace measure.²¹ Lastly, Energy Staff opposes the requested 5%

⁹ *Application of Virginia Natural Gas, Inc., For approval to implement a natural gas conservation and ratemaking efficiency plan including a decoupling mechanism and to record accounting entries associated with such mechanism*, Case No. PUE-2008-00060, 2008 S.C.C. Ann. Rept. 566, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (Dec. 23, 2008).

¹⁰ Application at 5-6.

¹¹ *Id.* at 1, 6. The Company states that approximately 31,000 customers are participating in Phase 2 of its CARE Plan. *Id.* at 12.

¹² Kirby Direct at 8.

¹³ Pre-filed Direct Testimony of Robert S. Duvall at 6.

¹⁴ Application at 1.

¹⁵ No comments, notices of participation or requests for hearing were received.

¹⁶ Staff Report at 10. According to the pre-filed Direct Testimony of Company witness Jim Herndon, the Company's natural gas savings were based on the following: (i) savings for existing measures were based on findings reported in VNG's 2015 Annual CARE Plan Report, where available, and approved savings estimates from VNG's currently approved CARE Plan (Case No. PUE-2014-00068); (ii) savings for newly proposed measures were determined using engineering calculations that incorporated local weather characteristics, as appropriate; (iii) equipment useful life was derived from a review of industry standard secondary sources; and (iv) incremental customer costs were based on a combination of locally applicable sources, including retail cost data, VNG vendor cost data, and previously approved cost data from Case No. PUE-2014-00068. Herndon Direct at 8-9.

¹⁷ Staff Report (Part I) at 20.

¹⁸ *Id.* at 13, 16.

¹⁹ *Id.* at 18-19.

²⁰ *Id.* at 14.

²¹ *Id.* at 22.

participation and spending variance, based in part on the Commission's Order in Case No. PUE-2015-00072,²² stating that the variance is not limited to individual measures and, in theory, VNG is requesting authority to exceed its total plan year budget by up to 5%.²³

In Part II of the Staff Report, Staff from the Division of Utility Accounting and Finance ("UAF") summarizes UAF's audit of the compliance and internal control aspects of the Company's current CARE Plan, and the Company's costs, recoveries and deferral balances. UAF Staff made the following recommendations: (1) the Company should be required to provide certain information on an annual basis about its controls and procedures for rebate, incentive and/or vendor payments for each CARE program;²⁴ (2) the Company should be required to obtain before and after photos for the Residential Home Incentive Program measures that clearly illustrate project completion by contractors or installers;²⁵ (3) for transparency and consistency purposes, the Company should be required to adjust the methodology used to record entries to the Revenue Normalization Adjustment ("RNA") and CARE Program Cost Recovery Adjustment ("CPCRA") accounts, and the Company should segregate the CPCRA and RNA deferral accounts on a monthly basis;²⁶ (4) the Company should make a booking entry to correct the CPCRA deferral account balance;²⁷ and (5) the Company should accrue carrying costs for both the RNA and CPCRA deferral accounts.²⁸

On March 15, 2016, the Company filed its Response ("Company Response") to the Staff Report. The Company stated that, while it does not believe that there is a need for additional verification that participants have installed qualifying appliances under the Residential Home Incentive Program, the Company proposes that Staff's recommendation to provide before and after photos be limited to the water heater and furnace measures, and that only "after" photos (or a signed verification page in the event an "after" photo is not available) be required for the measures installed by contractors or installers.²⁹ The Company represents that Staff is not opposed to its suggested modifications to Staff's recommendation in this regard.³⁰ The Company agrees with Staff's recommendations regarding booking and accounting for the CPCRA and RNA; agrees to segregate the CPCRA and RNA deferral accounts; and agrees to book an entry to correct the CPCRA deferral account balance as of May 31, 2015.³¹ The Company further agrees, "[i]f the Commission determines it is prudent," to begin accruing carrying costs associated with the RNA and CPCRA deferral accounts.³² In addition, the Company agrees to Staff's additional recommended reporting requirements.³³

The Company maintains that the \$50 incentive for the proposed Bundled Water Heater and Furnace measure is appropriate and cost-effective but offers an alternative in the event the Commission determines this measure should not be approved. Specifically, the Company proposes to eliminate the bundled measure and, in lieu thereof, add 20 participants to the budget for the water heater measure and 20 participants to the budget for the furnace measure.³⁴ The Company states that by doing so the overall portfolio budget would decrease by \$1,000 per year.³⁵

With regard to the requested 5% participation and spending variance, the Company reiterates that the variance would allow it to create a phase-out period for a program or measure approaching the budget or participation cap, rather than abruptly closing the program or measure.³⁶ The Company states further that its sensitivity analysis shows that the 5% participation and spending variance would have minimal impacts to the cost-benefit results.³⁷ The Company, however, presents an alternative for the Commission's consideration, *i.e.* to limit the 5% variance to "those customer-driven measures contained in the Residential Home Incentive Program and the Home Energy Audit Program, including the processing, shipping, and Operational and Administrative costs associated with those programs."³⁸

²² *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*, Case No. PUE-2015-00072, Doc. Con. Cen. No. 151040129, Final Order (Oct. 29, 2015).

²³ Staff Report (Part I) at 23-24.

²⁴ Staff Report (Part II) at 2.

²⁵ *Id.* at 6.

²⁶ *Id.* at 13-14.

²⁷ *Id.* at 15.

²⁸ *Id.* at 16.

²⁹ Company Response at 6-7.

³⁰ *Id.* at 8.

³¹ *Id.*

³² *Id.*

³³ *Id.* at 8-9.

³⁴ *Id.* at 10-11.

³⁵ *Id.* at 11.

³⁶ *Id.* at 12.

³⁷ *Id.*

³⁸ *Id.* at 13.

Lastly, the Company disputes Staff's concerns about the accuracy of the Company's natural gas savings inputs on the basis that they incorporate appropriate forecasted natural gas prices, and the Company used conservative data to avoid or minimize the possibility of overstating the expected savings.³⁹ The Company also referenced Staff's sensitivity analysis of future natural gas prices, which shows that the "portfolio is cost-effective under three of the four requisite cost-benefit tests for every sensitivity scenario."⁴⁰ Nevertheless, to address some of the issues raised by Staff, and to "further ensure the statistical strength of the data" by "collecting as much data as possible and reducing the level of variations identified by [the Company's independent verification consultant]," the Company agrees to require customers to take the online Home Energy Audit prior to requesting an Energy Savings Kit, rather than after requesting a kit, as proposed in the Application.⁴¹ The Company also states that, as part of the online audit, the Company will request that customers describe the type and quantity of natural gas appliances in their homes.⁴²

NOW THE COMMISSION, upon consideration of this matter and based on the record herein, is of the opinion and finds that the Company's Amended CARE Plan, as modified in accordance with the findings made herein and subject to the requirements in this Order, satisfies the statutory provisions of the CARE Act and is therefore approved.

In evaluating VNG's Application, we have 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. We do not base our decision herein on a single cost/benefit test but, as we stated in the 2014 Order and previous CARE Plan Orders, we must consider the impact of the proposed Amended CARE Plan on non-participating customers in the affected rate classes.⁴³

We considered Staff's concern that there is a degree of uncertainty concerning the accuracy of the Company's natural gas savings numbers because they appear to be based, at least in part, on estimates or assumptions rather than measured and verified data.⁴⁴ Although we share Staff's concerns, we approve the continuation of the following, under the limited circumstances of this case: (1) High Efficiency Gas Storage Water Heater and High Efficiency Gas Furnace measures (with the requested modifications to the water heater measure); (2) Home Energy Audit Program (with the requested modification to the items included in the energy savings kit);⁴⁵ (3) Low-Income Weatherization Program; and (4) Education and Outreach Program. We also approve the proposed Programmable Thermostat measure. However, we expect the Company, in its annual analysis of natural gas savings of existing measures, to take all steps possible to achieve measured and verified statistically significant energy savings, including the use of Company-specific data in the Company's annual reports, as directed below.⁴⁶

We deny the proposed Bundled Water Heater and Furnace measure. We agree with Staff that bundling these measures for an additional rebate does not result in any additional benefits when compared to the benefits associated with installing each measure separately or at different times. We do, however, approve the alternative proposed in the Company's Response to add 20 participants to the budget for the water heater measure and 20 participants to the budget for the furnace measure, based on the Company's representation that increasing the participation levels of these measures minimally impacts the cost/benefit test results.⁴⁷ We further direct the Company to revise its overall proposed CARE Plan budget accordingly.

We adopt the recommendations of UAF Staff, as described above (and in more detail in the Staff Report), with one modification. As proposed by the Company in its Response, we direct the Company to provide "after" pictures (or a verification statement signed by the contractor or installer in the event an "after" photo is not available) for the water heater and furnace measures in the Residential Home Incentive Program. Additionally, for clarification, we direct the Company to provide information about its controls and procedures for rebate, incentive and/or vendor payments for each CARE program, as recommended by UAF Staff, in the Company's annual CARE Plan reports.

³⁹ *Id.* at 13-14.

⁴⁰ *Id.* at 15.

⁴¹ *Id.* at 17.

⁴² *Id.*

⁴³ See *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, 399, Final Order (Aug. 6, 2012); *Application of Washington Gas Light Company, For authority to amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2012-00138, 2013 S.C.C. Ann. Rept. 335, 338, Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan (Apr. 2, 2013).

⁴⁴ Staff Report (Part I) at 9-10.

⁴⁵ As noted above, the Company agreed in its Response to require customers to take the online Home Energy Audit prior to requesting an Energy Savings Kit, rather than after requesting a kit, as proposed in the Application. We note that this is the procedure followed under the current CARE Plan, as originally approved in the 2012 Order.

⁴⁶ As proposed by the Company in its Response, we direct the Company, as part of its online audit, to request that customers describe the type and quantity of natural gas appliances in their homes.

⁴⁷ Company Response at 11 and Attachment C.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

We further approve the Company's requested 5% participation and spending variance for the Residential Home Incentive Program and the Home Energy Audit Program, as proposed in the Company's Response to the Staff Report.⁴⁸ This is consistent with what we have allowed in Dominion Virginia Power's Demand Side Management program,⁴⁹ and is intended herein to avoid customer confusion or irritation caused by the abrupt closing of a program or measure after a customer has requested an energy savings kit or made a purchase decision in reliance on the promised rebate.⁵⁰

On or before August 1, 2016, and each August 1 thereafter, the Company shall file an annual report that includes independently measured and verified actual results of its CARE Plan. As required by § 56-602 E of the Code, such reports also shall show "the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year." The annual reports required herein shall provide significant information in evaluating whether certain programs are cost effective and warrant continuation or modification thereof. In addition, the annual reports shall include information about the Company's controls and procedures for rebate, incentive and/or vendor payments for each CARE program, as recommended by UAF Staff.

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 evaluation, measurement, and verification ("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 Residential Home Incentive Program are achieving actual, verifiable energy use 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, VNG shall directly assign program costs among program measures in its cost benefit calculations, whenever possible.

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 evidence of the incremental, independently verified net economic benefits created by the Company's CARE Plan approved herein to support any request to continue or modify other programs approved in this case. VNG is reminded that any application to which this filing requirement applies may be deemed incomplete, pursuant to Rule 5 VAC 5-20-160 of the Commission's Rules of Practice and Procedure, if the information directed herein is not included in such application.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application for approval to amend its CARE Plan is approved in part and denied in part, as set forth in this Final Order, and shall be effective June 1, 2016.
- (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 Final Order.
- (3) Consistent with the findings made herein, VNG must file for approval to extend, modify, or renew its CARE Plan beyond May 31, 2019, or the CARE Plan will terminate.
- (4) This matter is dismissed.

⁴⁸ *Id.* at 13.

⁴⁹ *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 (Apr. 24, 2015).

⁵⁰ We distinguish our approval of a 5% participation and spending variance herein from the request made by Columbia Gas of Virginia, Inc. ("Columbia"), and denied by the Commission, in Columbia's most recent application to amend its CARE Plan, Case No. PUE-2015-00072. Columbia requested authority to reallocate budgeted funds within four specified budget categories, not in excess of 5% of the total approved budget. We denied Columbia's request based on specific circumstances surrounding Columbia's CARE Plan, including past concerns about overpayment of rebates, and program design and assumptions supporting its cost/benefit analysis. We also agreed with Staff's concern 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." *See 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*, Case No. PUE-2015-00072, Doc. Con. Cen. No. 151040129, Final Order at 16 (Oct. 29, 2015).

**CASE NO. PUE-2015-00130
MARCH 3, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of an affiliate service agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On December 7, 2015, Washington Gas Light Company ("WGL" or "Applicant"), filed an application with the State Corporation Commission ("Commission") requesting approval under Chapter 4 of Title 56¹ of the Code of Virginia ("Code") of an Energy Management Services ("EMS") agreement ("EMS Agreement") with its affiliate, WGL Energy Systems, Inc. ("Systems") ("EMS Application"). The proposed EMS Agreement, scheduled to take effect on March 20, 2016, permits Systems to act as the general contractor for WGL for the provision of EMS to various federal and related agencies in Washington, D.C., Maryland, and Virginia under WGL's Areawide Public Utility Contract for Natural Gas, Gas Transportation and Energy Management Services ("AWC") with the Administrator of General Services ("GSA") of the United States of America.² WGL requests that the Commission's approval match the ten-year term of the renewed AWC.

WGL represents that the proposed EMS Agreement is in the public interest because: (1) it allows WGL to satisfy the GSA's request for EMS; (2) the arrangement maximizes Systems' work and responsibilities and minimizes WGL's obligations under the EMS Agreement and AWC; and (3) it provides a better separation of the utility gas service and the non-utility EMS operations provided under the AWC. On December 16, 2015, WGL filed a sister application to the EMS Application, which requests approval to enter into EMS project financing with third-party lenders for up to \$300 million outstanding at any time during a fiscal year ("Financing Application").³

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the proposed EMS Agreement is in the public interest and should be approved subject to the requirements listed in the Appendix to the Commission's Staff action brief. The Commission finds that the approval granted herein is independent of the approval sought in the Financing Application, which is pending.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicant is granted approval of the proposed EMS 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 active docket, 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.

¹ Va. Code § 56-76 *et seq.*

² WGL and the GSA are finalizing the terms and conditions for a new AWC to replace the current AWC.

³ *Application of Washington Gas Light Company, For authority to engage in project financing and affiliate transactions pursuant, respectively, to Chapters 3 and 4 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00135, Doc. Con. Ctr. Nos. 151220350-1, Application (Dec. 16, 2015).

**CASE NO. PUE-2015-00131
MARCH 3, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval pursuant to the Utility Affiliates Act of an amendment to an agreement for the allocation of certain federal income tax

ORDER GRANTING APPROVAL

On December 9, 2015, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application with the State Corporation Commission ("Commission") requesting approval pursuant to Chapter 4 of Title 56¹ of the Code of Virginia ("Code") of the NiSource Inc. and Subsidiary Companies Amended and Restated Intercompany Income Tax Allocation Agreement ("Amended Agreement") between NiSource Inc. ("NiSource") and 32 NiSource affiliates, including CGV (collectively, "NiSource Members"). The proposed Amended Agreement will provide for the determination, allocation, and payment of consolidated income tax liabilities by the NiSource Members, and it will replace the current NiSource tax allocation agreement ("Current Agreement"), which was approved in 2002.² The Applicant represents that several circumstances have occurred since then that have affected the Current Agreement and require its replacement. First, the Public Utility Holding Company Act of 1935 was repealed and replaced with the Public Utility Holding Company Act of 2005. Second, NiSource spun off the Columbia Pipeline Group, Inc., and its affiliates into a separate publicly traded company effective July 1, 2015.

¹ Va. Code § 56-76 *et seq.*

² *Application of Columbia Gas of Virginia, Inc., and NiSource Inc., and Other NiSource Inc. Affiliates, For approval of certain affiliate transactions under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUA-2002-00001, 2002 S.C.C. Ann. Rept. 184, Order Granting Authority (Apr. 2, 2002).

NOW THE COMMISSION, upon consideration of the matter and having been advised by Staff, is of the opinion and finds that the proposed Amended Agreement is in the public interest and should be approved subject to the requirements listed in the Appendix attached hereto.

Accordingly, IT IS SO ORDERED and this case 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-2015-00133
SEPTEMBER 14, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: transmission line rebuild of Belvoir-Gum Springs double circuit 230 kV lines #204 and #220

FINAL ORDER

On December 16, 2015, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval and for a certificate of public convenience and necessity for the proposed transmission line rebuild of 230 kilovolt ("kV") double circuit lines #204 and #220. 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.*

Specifically, the Company proposes to rebuild, entirely within existing right-of-way, approximately 2.6 miles of existing 230 kV transmission lines: Jefferson Street-Gum Springs Line #204 and Ox-Gum Springs Line #220, located entirely in Fairfax County, Virginia (the "Project").¹ As is discussed in the Application, the Company originally proposed to remove 48 existing structures (consisting of 90 individual poles and four towers), and erect 18 new structures (consisting of 21 individual poles).² The existing poles are, on average, approximately 60 feet tall. Most of the new poles were proposed to be between 100 feet and 125 feet tall.³

Dominion Virginia Power stated in its Application that the proposed Project is necessary for the Company to maintain the structural integrity and reliability of its transmission system. The Company also states that the proposed Project is necessary to maintain reliable electric service to its customers in the area.⁴

On February 11, 2016, the Commission issued an Order for Notice and Hearing ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide notice of its Application; scheduled local public hearings to be held on March 23, 2016, and a public evidentiary hearing to be held on June 15, 2016; granted the opportunity for interested persons to participate in this proceeding; directed the Staff of the Commission ("Staff") to investigate the Application and file testimony; and assigned a Hearing Examiner to conduct all further proceedings in this matter.

Notices of participation were filed by the Fairfax County Board of Supervisors ("Fairfax County"), the Friends of Huntley Meadows Park ("FOHMP"), the Friends of Historic Huntley ("FOHH"), Old Dominion Electric Cooperative, Angela F. Hofmann, and the Board of Directors for the Huntley Meadows Homeowners Association, Inc.

Fairfax County, FOHMP, and FOHH (collectively, "Respondents") filed testimony in this proceeding on May 4, 2016. The Respondents expressed concern that the height of the structures proposed by the Company may adversely impact views from the Historic Huntley House and may affect birds flying above the tree line in Huntley Meadows Park.⁵ The Respondents also stated that care should be taken to ensure that the Project does not damage rare plants, wetlands, or any existing known cultural resources, such as double-ditches emplaced by George Washington to demarcate his property from the property of George Mason, IV.⁶

On May 13, 2016, Staff filed testimony and an attached report ("Staff Report") in which it summarized the results of its investigation of the proposed Project. Staff agreed with the Company that the continued operation of Lines #204 and #220 is necessary for maintaining electric reliability and, due to the age and condition of the structures, both lines need to be rebuilt.⁷ Staff stated that it recognized and understood the Respondents' concerns related

¹ Ex. 4 (Application) at 2.

² Ex. 7 (Heisey Direct) at 4.

³ See Ex. 18 (Staff Report) at Attachment 6.

⁴ Ex. 4 (Application) at 2.

⁵ See Ex. 15 (C. Ledec Direct) 2-3; Ex. 16 (G. Ledec Direct) at 1-3; Ex. 17 (Carnes Direct) at 1-3.

⁶ See Ex. 13 (Sheffield Direct) at 8-9; Ex. 14 (Gamble Direct) at 2-4; Ex. 17 (Carnes Direct) at 3.

⁷ Ex. 18 (Staff Report) at 4-6.

to the possible impacts of the proposed structure heights and found, based on its investigation, that both the Project as proposed by the Company, as well as a rebuild that utilizes structures of a reduced height of 90 feet, would be viable options to address the need in this case.⁸

On May 27, 2016, Dominion Virginia Power filed rebuttal testimony. The Company stated that constructing 90-foot tall structures would significantly increase the number of structures and foundations that would be required and would require the Company to erect temporary structures, which would increase the cost of the Project from approximately \$10.4 million to approximately \$18.1 million, and would increase the construction time from four months to 12 months.⁹ The Company also stated that it will minimize or avoid impacts to wetlands, rare plant species, and cultural and historic resources, including the George Washington boundary ditches.¹⁰

Public hearings were held in Alexandria, Virginia, on March 23, 2016.¹¹ Ten public witnesses testified at these hearings. Numerous written public comments were also received during the course of this proceeding.

An evidentiary hearing was held on June 15, 2016, in Richmond, Virginia. At the hearing, Dominion Virginia Power, Fairfax County, FOHMP, and FOHH (collectively, "Stipulating Parties") presented a Stipulation and Recommendation ("Stipulation") resolving the contested issues in the case. In pertinent part, the Stipulation set forth that: (i) the Company will utilize 100-foot structures when constructing the Project;¹² (ii) concrete washouts for the Project shall utilize leak-proof matting under the concrete washout pit to prevent concrete residue from leaching into the soil or surface or subsurface water; (iii) the Company will prepare (or have prepared) detailed alignment sheets showing the wetlands, rare plants, and George Washington boundary ditches for use by contractors and will identify areas that should be avoided; (iv) the Company shall prepare (or have prepared) a detailed analysis of historic resources, including the George Washington boundary ditches, in the easement as described in the Stipulation; (v) the Company will install, as a cost of the Project, bird diverters along the entire rebuild section of the transmission line within Huntley Meadows Park and pay for a monitoring program to report on bird fatalities along the easement, if two or more bird fatalities are documented to occur in any calendar quarter and are found, using an established scientific methodology with independent third-party verification, to be caused by the rebuild section of the transmission line; (vi) FOHMP and FOHH will support the Company's request to use or extend its existing Fairfax County Park Authority Maintenance Work Permit for the Project utilizing 100-foot structures or, if necessary, FOHMP and FOHH will support the Company's application for a new Fairfax County Park Authority Maintenance Work Permit; and (vii) the Stipulating Parties acknowledge that Fairfax County and the Fairfax County Park Authority are distinct legal entities and the Stipulation therefore is in no way binding on the Fairfax County Park Authority.¹³

The Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was entered on July 26, 2016. In his Report, the Hearing Examiner found that the Stipulation was reasonable and should be accepted; there is a need for the proposed Project; the Project is justified by the public convenience and necessity and therefore a certificate of public convenience and necessity should be issued for the Project; the Project is not suitable for underground construction; the Project is essential to support ongoing economic development in the Alexandria-Arlington Load Area; the Project will maximize the use of existing right-of-way and therefore the Commission should approve the use of the existing right-of-way; and the Company has either agreed to comply with or has exceeded the recommendations set forth by the Department of Environmental Quality ("DEQ").¹⁴ The Hearing Examiner also noted that construction of the Project with 100-foot towers would cost approximately \$12.9 million, would require 30 structures (consisting of 33 poles), and would take approximately eight months to complete.¹⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Project, that the proposed Stipulation is reasonable and should be approved, and that certificates of public convenience and necessity authorizing the Project should be issued subject to the findings and conditions contained herein.

Code of Virginia

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code. Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to

⁸ *Id.* at 11, 13-14.

⁹ Ex. 12 (Heisey Rebuttal) at 7-8.

¹⁰ Ex. 11 (Saunders Rebuttal) at 12, 14-15.

¹¹ *See* March 23, 2016 Tr. 4-45.

¹² The Stipulating Parties stated that one structure will be 145 feet tall instead of 100 feet tall, and all structure heights are approximate and subject to increase (5% or less) based on final engineering and do not include foundation reveal. Ex. 1 (Stipulation) at Stipulation Exhibit A.

¹³ *Id.* at 4-8.

¹⁴ Report at 16-17.

¹⁵ *Id.* at 16.

all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need

The Commission finds that the Company's proposed Project is needed. The record reflects that completing the Project would replace an aging transmission line that is nearing the end of its expected service life, thereby enabling the Company to maintain the overall long-term reliability of its transmission system.¹⁶

Economic Development

The Commission finds that the proposed Project will promote economic development in the Commonwealth of Virginia ("Commonwealth") by assuring continued reliable electric service to more than 36,000 customers in the Alexandria-Arlington Load Area, including the Fort Belvoir Army Base.¹⁷

Routing and Right-of-Way

The Company did not consider any routing alternatives for its proposed transmission line since, if approved, the line would be located entirely on existing right-of-way. Thus, Dominion Virginia Power was not required, in accordance with § 56-46.1 C of the Code, to demonstrate that existing right-of-way could not adequately serve its needs. Similarly, § 56-259 C of the Code is not applicable to this proceeding because the Company seeks no additional easements associated with the proposed Project.¹⁸ The Commission also finds that the Project is preferable to other electrical alternatives considered in this proceeding, such as undergrounding the Project. This finding is based on our consideration of, among other things, cost, environmental impact, and transmission system needs.¹⁹

Scenic Assets and Historic Districts

Due to the fact that the Project will be located within existing right-of-way, and given the agreements reached by the Stipulating Parties in the proposed Stipulation, the Commission finds that adverse impacts on scenic assets and historic districts in the Commonwealth 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 impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

As noted in the Procedural Order, Staff requested that DEQ coordinate an environmental review of Dominion Virginia Power's Project by the appropriate agencies and provide a report on the review. On March 1, 2016, DEQ filed its report ("DEQ Report") with the Commission. The DEQ Report provides recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following summary of recommendations regarding the Project. The Company should:

- Conduct an on-site delineation of all wetlands and stream crossings within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Follow DEQ's recommendations regarding air quality protection, as applicable;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable;

¹⁶ Ex. 6 (Kaminsky Direct) at 4-5.

¹⁷ See, e.g., Ex. 18 (Staff Report) at 12.

¹⁸ Ex. 6 (Kaminsky Direct) at 5.

¹⁹ *Id.*

- Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage regarding its recommendations to protect natural heritage resources, including its recommendation to conduct plant surveys for rare species in the Project area, as well as for updates to the Biotics Data System database if six months have passed before the project is implemented;
- Coordinate with the Department of Game and Inland Fisheries as necessary regarding protected species and its recommendation to minimize adverse impacts to wildlife resources;
- Coordinate with the Department of Historic Resources ("DHR") regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Virginia Outdoors Foundation for further review if the Project area changes or if the Project does not begin within 24 months;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable; and
- Coordinate with Fairfax County regarding its concerns related to visual impacts to historic properties, potential impacts to migratory birds and rare plant species, and recommendations to protect wetlands.²⁰

Based on this record, the Commission conditions the approval granted herein on the conditions recommended in the DEQ Report, with the exception of certain conditions that the Commission believes have already been satisfied or are not necessary or desirable. The Commission does not require Dominion Virginia Power to: (i) conduct an on-site delineation of all wetlands and stream crossing within the Project area;²¹ (ii) conduct inventories and plant surveys for rare species in the project area, including the velvet sedge, brown bog sedge and purple milkweed;²² (iii) coordinate with DHR regarding its recommendations to protect historic and archaeological resources, including, but not limited to, performing comprehensive archaeological and architectural surveys in accordance with DHR guidelines;²³ (iv) coordinate with Fairfax County regarding its concerns related to possible impacts to historic properties, migratory birds, and rare plant species;²⁴ (v) submit Form 7460 to the Federal Aviation Administration, if such form is not necessary;²⁵ and (vi) perform any additional balloon tests.²⁶

The Commission finds that the Company should notify contractors regarding the potential presence of wood turtles and provide training concerning how to relocate these turtles if found at the Project site during construction; comply with all requirements in its Virginia Pollution Discharge Elimination System Construction and General Permit and Nationwide Permit #12 regarding the cleaning of heavy equipment and vehicles; and adhere to applicable time-of-year restrictions. However, the Commission does not adopt any additional requirements that may be included in DEQ Recommendation 17(b)(iii).²⁷ Further, Dominion Virginia Power should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Project.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power is authorized to construct and operate the Project, as proposed in its Application and amended in the Stipulation, subject to the findings and conditions imposed herein.

(2) The Stipulation is reasonable and shall be adopted.

(3) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Project is granted as provided for herein, subject to the requirements set forth herein.

(4) 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 Dominion Virginia Power:

²⁰ Ex. 19 (DEQ Report) at 5-6.

²¹ Ex. 2 (Company Response to DEQ Recommendations) at 3. The Company has already performed a wetlands delineation, which was verified by the U.S. Army Corps of Engineers in 2015.

²² *Id.* at 3-6. The Company has already identified, mapped, and field flagged all wetlands and purple milkweed prior to construction to minimize or avoid impacts to wetlands and rare plant species, and it will prepare (or have prepared) detailed alignment sheets showing the wetlands, rare plants, and George Washington boundary ditches as part of the Stipulation.

²³ *Id.* at 4-5; Ex. 11 (Saunders Rebuttal) at 6-7. The Company has already committed to perform an archaeological study of the George Washington ditches as part of the Stipulation, performed a balloon test to consider the visual impacts to the Historic Huntley House, and addressed concerns related to the height of the structures in the Stipulation.

²⁴ Ex. 2 (Company Response to DEQ Recommendations) at 5. The Stipulation addresses these concerns.

²⁵ *Id.* at 6.

²⁶ *Id.* A balloon test has already been completed, and the results of the test have been publicly filed in this proceeding.

²⁷ *See id.*; Ex. 19 (DEQ Report) at 24-25.

Certificate No. ET-79ll, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Fairfax County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00133; cancels Certificate No. ET-79kk, issued to Virginia Electric and Power Company on April 21, 2009, in Case No. PUE-2008-00072.

(5) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Energy Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein in addition to the facilities shown on the map for cancelled Certificate No. ET-79kk.

(6) Upon receiving the map directed in Ordering Paragraph (5), the Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate of public convenience and necessity issued in Ordering Paragraph (4) with the map attached.

(7) The Project approved herein must be constructed and in service by December 1, 2017. The Company, however, is granted leave to apply for an extension for good cause shown.

(8) 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-2015-00134
MARCH 10, 2016**

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, 2015, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, LLC ("AEM") (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 enter into a contract for the Purchase and Sale of Natural Gas and Asset Management ("AMA") effective for the period April 1, 2016, through March 31, 2019. The Applicants also filed a Motion for Protective Ruling ("Motion"), in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, to prevent public disclosure of the confidential information contained in the Application.

The Applicants request Commission authority to enter into the proposed AMA, which is the sixth such agreement between Atmos and AEM since 2005.² AEM currently provides certain services to Atmos relating to pipeline capacity, transportation, and storage, pursuant to a one-year gas supply and asset management agreement approved by the Commission in Case No. PUE-2014-00121, which expires on March 31, 2016. Atmos represents that it issued over 400 emails 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.

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"). 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' facilities to the benefit of Atmos' Virginia customers.

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 AMA is in the public interest and should, therefore, be approved subject to certain requirements set forth in the Appendix to the Staff's Action Brief. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.³

¹ Va. Code § 56-76 *et seq.*

² See *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.*, Case No. PUE-2014-00121, Doc. Con. Cen. No. 150310215, Order Granting Authority (Mar. 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 Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 et seq.*, Case No. PUE-2013-00136, 2014 S.C.C. Ann. Rept. 359, Order Granting Authority (Mar. 10, 2014); *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.*, Case No. PUE-2011-00018, 2011 S.C.C. Ann. Rept. 446, Order Granting Authority (May 9, 2011); *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. and Request for Interim Authority*, Case No. PUE-2008-00021, 2008 S.C.C. Ann. Rept. 498, Order Granting Authority (June 17, 2008); *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, L.L.C., For authority to enter into a gas exchange and optimization services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00003, 2005 S.C.C. Ann. Rept. 389, Order Granting Authority (July 5, 2005).

³ 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.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted authority to enter into the AMA, subject to the requirements set forth in the Appendix attached to this Order.

(2) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(3) 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-2015-00135
MARCH 14, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to engage in project financing and affiliate transactions pursuant, respectively, to Chapters 3 and 4 of Title 56 of the Code of Virginia

FINAL ORDER

On December 16, 2015, Washington Gas Light Company ("WGL" or "Company") filed with the State Corporation Commission ("Commission") an application pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia ("Code") requesting authority to engage in certain financing arrangements and to enter into transactions with WGL Energy Systems, Inc. ("WGES"), an affiliate ("Application"). Specifically, WGL is requesting authority to engage in up to \$300 million of project financing from various third-party financial institutions (on a project-by-project basis), and to transfer those funds to WGES for specific projects, as needed. The projects for which WGL would be obtaining financing involve the provision of energy management services ("EMS") by WGES to federal agencies pursuant to an areawide contract between the United States Government, acting through the Administrator of General Services, and WGL ("Areawide Contract").

On February 24, 2016, the Staff of the Commission ("Staff") shared with WGL a copy of its draft action brief ("Action Brief") containing the results of its investigation of the Application along with its findings and recommendations. In its Action Brief, the Staff raised two concerns with the financing authority requested in the Application.

First, the Staff questioned whether the purpose for the requested indebtedness to be incurred by WGL qualifies under the allowed purposes specified in Chapter 3 of the Code.¹ Next, the Staff raised concerns regarding the potential risk implications that may be associated with the amount of financing authority requested. Staff asserted that the proposed level of financing for unregulated operations appears to provide potential risks and costs that would be borne by WGL's ratepayers without any offsetting benefits.² Staff recommended that, if the Commission determines the financing arrangement proposed by the Company is authorized under Chapter 3 of the Code, the Commission limit the authority to a dollar limit, such as \$77 million, WGL's estimated level of project financing for 2016, or to a percentage of outstanding long-term debt, such as 10%.³

On March 3 and March 8, 2016, WGL submitted its responses to Staff's Action Brief (individually, "Response"). In its March 3 Response, the Company asserted that the project financing indebtedness relating to EMS projects under the Areawide Contract is permitted by Chapter 3 of the Code.⁴ Additionally, the Company requested that, if the Commission determines that a lower amount or cap on financing is warranted, WGL be permitted to engage in third-party financing up to \$182 million, which is the amount of financing the Company projects for 2017.⁵ The Company also noted that, "if directed by the Commission, the Company would not be opposed to investigating the feasibility of structuring EMS project financing that would not involve the utility."⁶ In its March 8 Response, WGL asserted that the federal Administrator of General Services "has confirmed that even though a holding company may have signed an [Areawide Contract], the individual [a]uthorizations under which services would be provided can only be signed by the holding company's *utility affiliates*."⁷

¹ Action Brief at 3.

² *Id.* 4-5.

³ *Id.* at 5.

⁴ March 3 Response at 2.

⁵ *Id.* at 13-14.

⁶ *Id.* at 14.

⁷ March 8 Response (emphasis in original).

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of this matter, including the Application, Staff's Action Brief, and WGL's Response, is of the opinion and finds that the Application is not in the public interest and is hereby denied.

The Commission finds that the Application creates an unreasonable risk for the regulated public utility and its ratepayers. WGL's requested increase in its level of debt capacity for unregulated operations creates unreasonable negative implications for the Company's regulated utility operations. In addition, the potential weakening of WGL's credit metrics related to interest coverage, cash flow coverage and capitalization ratio could unreasonably create a burden that could lower WGL's ability to finance its utility operations at the lowest cost possible, the impacts of which would be borne by ratepayers. Further, there is no reasonably offsetting benefit for ratepayers to compensate for the risks inherent in this Application, since such risks are incurred for the benefit of WGES's unregulated operations.⁸

The Company also states that "as discussed with Staff, and if directed by the Commission, the Company would not be opposed to investigating the feasibility of structuring EMS project financing that would not involve the utility."⁹ In this regard, our denial herein of the instant Application does not foreclose an affiliate of WGL from pursuing EMS project financing.

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

⁸ As a separate matter, having found that the Application is not in the public interest, the Commission does not reach, at this time, the question of whether the proposed project financing must also be denied because Code § 56-58 does not authorize such indebtedness for non-utility operations on behalf of an unregulated affiliate.

⁹ March 3 Response at 14.

**CASE NO. PUE-2015-00137
FEBRUARY 17, 2016**

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, 2015, 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% plus an additional \$0.0182 to recover a portion of the 2015 increases in the Company's local property taxes from Loudoun County and the Town of Leesburg.

On January 8, 2016, 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 February 2, 2016, TRIP II filed its proof of notice and publication.

On February 5, 2016, the Staff filed its report ("Staff Report"). The Staff Report confirmed that the proposed tolls as calculated by TRIP II are accurate, consistent with the Code and Commission precedent.

On February 8, 2016, TRIP II filed a Response to the Staff Report filed February 5, 2016, stating that it agrees with Staff's findings and conclusions.

The Commission also has received 99 public comments on TRIP II's Application as of February 9, 2016.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows:

Section 56-542 I of the Code states in part:

Effective January 1, 2013, through January 1, 2020, and notwithstanding any other provision of law:

1. Upon application of and public notification by the operator, filed not more often than once within any 12-month period, the Commission shall approve to become effective within 45 days any request to increase tolls by a percentage that (i) is equal to the increase in the [Consumer Price Index], as defined in subsection A, from the date the Commission last approved a toll increase, plus one percent, (ii) is equal to the increase in the real [Gross Domestic Product], as defined in subsection A, from the date the Commission last approved a toll increase, or (iii) 2.8 percent, whichever is greatest, which increase in the tolls approved by the Commission is hereafter referred to as the "annual percentage increase."
2. The operator additionally may request in an application made pursuant to subdivision I 1, and the Commission shall further approve, an addition to the toll increase to allow the operator to include, in its tolls, the amount by which its local property taxes paid in the immediately preceding calendar year increased by more than the annual percentage increase above such payments for the previous calendar year.

Sections 56-542 I (1) and (2) of the Code grant the Commission no discretion to reject a toll rate increase that meets the terms of those statutory provisions. The Company asserted in its Application, and the Staff confirmed, that the change in the Consumer Price Index plus one percent and the change in the real Gross Domestic Product since the date the Commission last approved a toll increase¹ were both less than 2.8%. The Staff also verified the Company's requested addition to the toll increase to recover a portion of the 2015 increases in the Company's local property taxes.

Accordingly, pursuant to the requirements of § 56-542 I of the Code, the Commission approves an increase in tolls of 2.8% plus an additional \$0.0182 to recover a portion of the 2015 increases in the Company's local property taxes from Loudoun County and the Town of Leesburg. Additionally, TRIP II shall file forthwith a revised tariff consistent with the findings in this Final Order.

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

¹ See *Application of Toll Road Investors Partnership II, L.P., For an increase in tolls pursuant to § 56-542 I of the Code of Virginia*, Case No. PUE-2014-00129, Doc. Con. Cen. No. 150220297, Final Order (Feb. 25, 2015).

**CASE NO. PUE-2015-00138
APRIL 29, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to amend its natural gas conservation and ratemaking efficiency plan

FINAL ORDER

On March 26, 2010, the State Corporation Commission ("Commission") entered an Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan in Case No. PUE-2009-00064, which approved a three-year Conservation and Ratemaking Efficiency ("CARE") plan for the residential customers of Washington Gas Light Company ("WGL" or "Company") effective May 1, 2010, pursuant to Chapter 25 of Title 56 (§§ 56-600 *et seq.*) ("CARE Act") of the Code of Virginia ("Code").¹ On April 2, 2013, the Commission approved amendments to the Company's CARE plan in Case No. PUE-2012-00138 ("Current CARE Plan").²

On December 31, 2015, WGL filed an application ("Application") for authority to amend and extend its Current CARE Plan ("Amended CARE Plan"). The Company proposes to revise and expand its portfolio of programs for Residential, Commercial and Industrial ("C&I"), and Group Metered Apartment ("GMA") customers receiving service under Rate Schedule Nos. 1, 1A, 2, 2A, 3, and 3A. WGL also proposes to increase funding to provide additional home-energy audits and weatherization projects to low-income customers.

For residential customers, the Company's Application seeks approval of the following programs: (1) a revised Residential Equipment Program, which continues the High-Efficiency Gas Furnace (>90% AFUE) measure and adds new WiFi-Enabled Thermostat, Storage Water Heater, and Tankless Water Heater measures; (2) a new Web-based Home Energy Audit with Energy Conservation Kits Program ("Home Energy Audit Program"); (3) a revised Low-Income Home Energy Audit and Weatherization Program ("Residential Low-Income Program"); (4) a new Residential Weatherization Program; and (5) an expanded Home Energy Reporting Program ("Opower HER Program").³

Additionally, the Company proposes two commercial programs for eligible C&I and GMA customers: (1) a new Direct Install Program; and (2) a revised Heating Equipment Program.⁴ The Company proposes to discontinue the following currently approved commercial program measures: (1) Direct Contact Water Heater; (2) Infrared Heater; (3) Programmable Thermostat; (4) Boiler Turbulator; (5) Boiler Cut Out Control; (6) Boiler Outdoor Air Reset; (7) Commercial Combination Oven; (8) Commercial Rack Oven; (9) Commercial Conveyor Oven; (10) Commercial Steam Cooker; and (11) Low-Flow Spray Rinse Valve.⁵

In its Application, the Company proposes a total budget of \$12,342,505⁶ for its Amended CARE Plan for a three-year period to be effective from the first day of the May 2016 billing cycle.⁷ If approved, these expenses will be recovered monthly through a CARE Cost Adjustment ("CCA") applied to all residential and eligible C&I and GMA customers' bills. The Amended CARE Plan also includes a CARE Ratemaking Adjustment, which adjusts the

¹ *Application of Washington Gas Light Company, For approval of natural gas conservation and ratemaking efficiency plan including a decoupling mechanism*, Case No. PUE-2009-00064, 2010 S.C.C. Ann. Rept. 354, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (Mar. 26, 2010).

² *Application of Washington Gas Light Company, For authority to amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2012-00138, 2013 S.C.C. Ann. Rept. 335, Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan (Apr. 2, 2013) ("2013 Order").

³ Application at 3; Pre-Filed Direct Testimony of Sean Skulley ("Skulley Direct") at 6-18, Exhibit SDS-1.

⁴ Application at 3; Skulley Direct at 26-29, Exhibit SDS-1.

⁵ Application at 5; Skulley Direct at 26-27, Exhibit SDS-1.

⁶ Application at 1. As proposed, \$10,600,244 of the total budget is targeted for residential programs, and \$1,742,261 is targeted for commercial programs. *Id.* at 3. As proposed, the Amended CARE Plan budget is \$10,042,505 over the Current CARE Plan budget of \$2,300,000.

⁷ The Company notes that the first day of the May 2016 billing cycle will be April 29, 2016. *Id.* at 1.

actual non-gas distribution revenues per customer to the allowed level of distribution revenues per customer approved in the Company's most recent rate case before the Commission, Case No. PUE-2010-00139.⁸ Based on the Company's proposed expenditures, the Company's projections for the CCA for Virginia customers in the first year of the Amended CARE Plan are as follows: (i) \$6.75 for a typical residential customer using 735 therms per year; (ii) \$17.54 for a typical small C&I heating customer using 5,326 therms per year; and (iii) \$53.76 for a typical GMA heating customer using 16,315 therms per year.⁹

On January 21, 2016, the Commission issued an Order for Notice and Comment that, among other things, docketed the Company's Application; directed the Company to provide public notice of its Application; allowed interested persons to file comments and request a hearing on the Application; directed the Commission's Staff ("Staff") to investigate the Application and to file a report ("Staff Report" or "Report") containing the Staff's findings and recommendations; and allowed the Company to file a response ("Response" or "Company Response") to the Staff Report and any comments filed by interested persons.¹⁰

On April 8, 2016, Staff filed its Report on the Company's Application. Among other things, the Staff Report summarized and examined the cost-effectiveness of the Company's proposed Amended CARE Plan. In Part I of the Staff Report, Staff from the Division of Energy Regulation expresses concerns regarding WGL's estimate of the Company's avoided costs and states that "Staff does not believe that either of the avoided cost methodologies presented by the Company . . . are appropriate for estimating the avoided cost of natural gas to be utilized in WGL's cost/benefit analysis of the Company's proposed programs."¹¹ Specifically, Staff disagrees with the Company's methodologies as they include distribution and other costs that are not avoided by the implementation of conservation and energy efficiency programs.¹²

Incorporating Staff's estimate of the Company's avoided costs (which followed WGL's avoided cost methodology used in previous CARE Plan applications), Staff determined that the proposed amended Residential Equipment Program and Opower HER Program are not cost-effective.¹³ Staff believes that, should the Commission decide to include the Residential Equipment Program in the proposed Amended CARE Plan, the Storage Water Heater and Tankless Water Heater measures should not be included due to low cost/benefit test results.¹⁴

Staff also stated that WGL's natural gas savings assumptions of the Residential Weatherization Program are "inappropriately high" and, therefore, the Company has not shown the Residential Weatherization Program to be cost-effective.¹⁵ Staff believes that should the Commission decide to include this program in the proposed Amended CARE Plan, the Low-E Windows measure should not be included in the program given the low cost/benefit test results of that measure.¹⁶

In Part II of the Staff Report, Staff from the Division of Utility Accounting and Finance ("UAF") summarizes UAF's audit of the compliance and internal control aspects of the Company's Current CARE Plan, and the Company's costs, recoveries, and deferral balance. UAF Staff makes the following recommendations: (1) the Company should be required to obtain post-installation photographs of high-efficiency natural gas furnaces associated with the Company's Residential Equipment Program;¹⁷ (2) the Company should be required to remove from the CCA deferral a \$10,000 charge applicable to the Maryland jurisdiction and refund this amount to Virginia jurisdictional ratepayers in the next CCA reconciliation factor;¹⁸ (3) if the Commission finds the Opower HER Program should be continued, the Company should be required to (a) implement policies to verify that its customers are receiving the required Home Energy Reports, and (b) conduct customer satisfaction surveys for the Opower HER Program;¹⁹ (4) if the Commission finds the Opower HER Program should be continued, the Company should be required to implement procedures to ensure it does not exceed the participation cap as ordered by the Commission;²⁰ (5) the Company should be required to obtain post-installation photographs of work performed by Community Housing Partners for the Residential Low-Income Program;²¹ and (6) the Company should remove from the CCA deferral the \$6,343 of unassignable overhead costs incurred during Program Year 5,²² and this amount should be refunded to Virginia ratepayers in the next CCA reconciliation factor.²³ UAF Staff notes that relative to the

⁸ *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).

⁹ Application at 9-10; Pre-Filed Direct Testimony of David G. Mencarini, Exhibit DGM-3, Attachment A, page 1.

¹⁰ Comments in support of the Application were filed by Advanced Energy Economy; the Virginia Department of Mines, Minerals and Energy; and Arlington County Board.

¹¹ Staff Report (Part I) at 11.

¹² *Id.* at 12.

¹³ *Id.* at 17-18, 20.

¹⁴ *Id.* at 21.

¹⁵ *Id.* at 18-19, 21.

¹⁶ *Id.* at 21.

¹⁷ Staff Report (Part II) at 12. Staff also recommended that the Commission consider requiring post-installation photographs in some or all newly approved commercial programs. *Id.* at 17.

¹⁸ *Id.* at 19.

¹⁹ *Id.* at 20.

²⁰ *Id.* at 19.

²¹ *Id.* at 24.

\$150,000 spending cap for Program Administration costs authorized by the Commission in the 2013 Order,²⁴ the Company has \$8,073 remaining to flow through the CCA factor for Program Year 6,²⁵ and that the \$181,982 of incurred costs, including those not flowed through the CCA factor, already exceed the \$150,000 found reasonable by the Commission.²⁶

On April 15, 2016, the Company filed its Response to the Staff Report. The Company states it does not object to the recommendations made by UAF Staff with the exception of the recommendation relating to the cap on the number of participants for the Opower HER Program.²⁷ The Company also objects to UAF Staff's statement that the Company has exceeded its approved three-year budget of \$150,000 for Program Administration costs.²⁸

The Company objects to Staff's determination that the Company's estimate of avoided costs is overstated due to the inclusion of distribution charges.²⁹ WGL maintains its cost estimates are reasonable and consistent with the approach and results widely accepted by regulatory authorities.³⁰ WGL notes that Staff's recommendation of the elimination of the Opower HER Program, the Residential Equipment Program, and the Residential Weatherization Program is primarily due to Staff's disagreement with WGL's estimate of avoided cost.³¹ WGL proposes revisions to these programs, which eliminate certain measures and incorporate Staff's avoided cost estimates as well as decreased program costs and/or number of participants.³² The Company states that with these revisions, the programs are cost-effective and should be approved as part of the Company's Amended CARE Plan.³³

NOW THE COMMISSION, upon consideration of this matter and based on the record herein, is of the opinion and finds the Company's Amended CARE Plan, as modified in accordance with the findings made herein and subject to the requirements in this Order, satisfies the statutory provisions of the CARE Act and is therefore approved.

In evaluating WGL's Application, we have 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. We do not base our decision herein on a single cost/benefit test but, as we stated in the 2013 Order and previous CARE plan orders, we must consider the impact of the proposed Amended CARE Plan on all customers, whether participating or not, in the affected rate classes.³⁴

We considered Staff's concern that WGL's estimate of the Company's avoided costs is overstated and accept Staff's estimate of the Company's avoided costs for the purposes of the cost/benefit analysis in this case. We approve the following programs, as proposed in the Application: (1) Home Energy Audit Program; (2) Residential Low-income Program; (3) Commercial Direct Install Program; and (4) Commercial Heating Equipment Program.

We approve the Residential Equipment Program as revised in the Company's Response, which includes the removal of the Storage Water Heater and Tankless Water Heater measures and the reduction of program overhead expense.³⁵

We deny the proposed Residential Weatherization Program. Staff questions the appropriateness of the natural gas savings assumptions of this program as appearing inappropriately high.³⁶ WGL did not address this criticism or provide new natural gas savings assumptions in the revised proposal for the Residential Weatherization Program. As this information was not provided by the Company, we cannot make a determination as to the cost effectiveness of the program.

²² Program Year 5 is the timeframe between May 1, 2014, and April 30, 2015.

²³ Staff Report (Part II) at 28.

²⁴ 2013 S.C.C. Ann. Rept. at 339.

²⁵ Program Year 6 is the timeframe between May 1, 2015, and April 30, 2016.

²⁶ Staff Report (Part II) at 27.

²⁷ Company Response at 2.

²⁸ *Id.* at 24.

²⁹ *Id.* at 2.

³⁰ *Id.* at 2-3.

³¹ *Id.* at 3.

³² *Id.* at 13-16.

³³ *Id.*

³⁴ See 2013 Order, 2013 S.C.C. Ann. Rept. at 338; *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, 399, Final Order (Aug. 6, 2012).

³⁵ Company Response at 13.

³⁶ Staff Report (Part I) at 18.

We approve the Opower HER Program as revised herein. First, we find that the number of participants should be limited to 30,000 participants. Such a reduction in the number of participants appears to make the Opower HER Program sufficiently cost-effective.³⁷ Further, we agree with Staff that the Company should implement procedures to ensure that it does not exceed the participation cap of 30,000 for the three-year period, as approved herein. We remain concerned by the lack of data available for this program based on actual experience by either WGL or by a Commission-regulated Virginia utility, and we still have concerns that the scores claimed for this program under the four cost benefit tests, as well as the claimed NPV calculations, can best be described as speculative. By increasing the number of participants in the Opower HER Program from the currently approved 14,000 to 30,000, WGL should be able to gather experiential data. Additionally, we share Staff's concerns regarding the internal controls of the Opower HER Program.³⁸ Therefore, we find that the Company should implement policies to verify that its customers are receiving the specified number of Home Energy Reports required as part of the Opower HER Program. We also find that the Company should conduct annual customer satisfaction surveys for the Opower HER Program. The results of the customer satisfaction surveys should include data that verifies that any reduction in natural gas consumption on the part of a participant in the Opower HER Program is actually tied to the Opower HER Program. We direct the Company to reduce the costs of this program by a proportionate amount.³⁹

Excluding the proposed costs for the Residential Weatherization Program and incorporating the proposed budget reductions for the Opower HER Program, as well as the proposed cost reductions due to the elimination of the two water heater measures from the proposed Residential Equipment Program, the proposed budget for the Company's Amended CARE Plan should be capped at \$6,099,000.

We adopt the recommendations of UAF Staff with regard to the programs approved herein, as set forth above. In addition, the Company shall be required to obtain post-installation photographs of the High-Efficiency Furnace measure in the proposed Commercial Heating Equipment Program. We further find that the Company shall not be permitted to include more than \$8,073 of Program Administration costs in the CCA reconciliation factor for Program Year 6, and any Program Administration costs incurred by the Company in Program Years 4 through 6 that exceed \$150,000 shall not be recovered in base rates.

On or before August 1, 2016, and each August 1 thereafter, the Company shall file an annual report that includes independently measured and verified actual results of its CARE Plan. As required by § 56-602 E of the Code, such reports also shall show "the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year." The annual reports required herein shall provide significant information in evaluating whether certain programs are cost effective and warrant continuation or modification thereof. In addition, the annual reports shall include information about the Company's controls and procedures for rebate, incentive and/or vendor payments for each CARE program, as recommended by UAF Staff.

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 evaluation, measurement, and verification ("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 Residential Equipment Program are achieving actual, verifiable energy use 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, WGL shall directly assign program costs among program measures in its cost benefit calculations, whenever possible.

Finally, any subsequent request by WGL to amend the CARE Plan approved herein, or to implement a new CARE Plan, shall: (a) incorporate the results from the annual reports required herein; (b) provide measured and verified evidence of energy savings to support any request to continue or modify programs designed for low-income or elderly customers; and (c) provide evidence of the incremental, independently verified net economic benefits created by the Company's CARE Plan approved herein to support any request to continue or modify other programs approved in this case. Any application to which this filing requirement applies may be deemed incomplete, pursuant to Rule 5 VAC 5-20-160 of the Commission's Rules of Practice and Procedure, if the information directed herein is not included in such application.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval to amend its CARE Plan is approved in part and denied in part, as set forth in this Final Order, and shall be effective May 1, 2016.

(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 Final Order.

³⁷ The Opower HER Program targets WGL's residential customers with the highest consumption of natural gas. Therefore, by limiting the number of participants, the cost of the program is reduced but the potential benefits to be gained from this program are increased. See Staff Report (Part I) Table 2 at 17 and Response at 18.

³⁸ Staff Report at 19.

³⁹ In its Response, the Company proposed a budget of \$1,460,000 for 100,000 participants. We have reduced the number of participants by 70%, which results in a spending limit of \$438,000. WGL may file to increase these limits with its own experiential data.

(3) Consistent with the findings made herein, WGL must file for approval to extend, modify, or renew its CARE Plan beyond April 30, 2019, or the CARE Plan will terminate.

(4) This matter is dismissed.

**CASE NO. PUE-2015-00138
MAY 19, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to amend its natural gas conservation and ratemaking efficiency plan

ORDER GRANTING RECONSIDERATION

On April 29, 2016, the State Corporation Commission ("Commission") issued a Final Order ("Order") in this docket. On May 18, 2016, Washington Gas Light Company filed a Petition for Clarification and Reconsideration of the Commission's Order ("Petition") pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 et seq., requesting that the Commission clarify its directives with respect to the overall three-year budget for the approved CARE Plan programs and reconsider the limitation on the budget amount approved for the revised Opower Home Energy Reporting Program.

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purposes of continuing jurisdiction over this matter and considering the above-referenced requests. The portions of the Order subject to the Petition's request for reconsideration are hereby suspended pending further order of the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced requests.
- (2) The portions of the Order subject to the Petition's request for reconsideration are hereby suspended pending further order of the Commission.
- (3) This matter is continued generally pending further order of the Commission.

**CASE NO. PUE-2015-00138
JUNE 21, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to amend its natural gas conservation and ratemaking efficiency plan

ORDER ON PETITION FOR CLARIFICATION AND RECONSIDERATION

On December 31, 2015, Washington Gas Light Company ("WGL" or "Company") filed an Application with the State Corporation Commission ("Commission") for authority to amend and extend its natural gas conservation and ratemaking efficiency plan ("Amended CARE Plan").¹ On April 29, 2016, the Commission issued a Final Order ("Final Order") in this case, approving the Company's Amended CARE Plan subject to certain modifications and requirements.²

On May 18, 2016, WGL filed a Petition for Clarification and Reconsideration of the Commission's Order ("Petition"), requesting that the Commission (1) clarify its directives with respect to the approved \$6,099,000 budget for the approved Amended CARE Plan programs, and (2) reconsider the limitation on the budget amount approved for the revised Opower Home Energy Reporting Program ("Opower HER Program"). On May 19, 2016, the Commission issued an Order Granting Reconsideration for the purpose of retaining jurisdiction over this matter and to consider WGL's Petition.

In the Petition, WGL specifically states that "the Order did not include a breakdown of the budget amount for the specific approved programs," and that the Company "was not able to determine the exact components of the \$6,099,000 three-year budget after allocating the amounts to reflect the Commission's directives in the Order."³ Accordingly, WGL requests clarification "of the program and annual allocations of the CARE Plan budget, which incorporates the Commission's directives for the modified Amended CARE Plan."⁴

¹ WGL's CARE Plan has been ongoing since 2010. The Company's Application filed on December 31, 2015, requested a three-year approval of certain amendments to the CARE Plan to be effective starting May 1, 2016. Commission approval of the Amended CARE Plan thus would impact Program Years 7, 8, and 9.

² See *Application of Washington Gas Light Company, For authority to amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2015-00138, Doc. Con. Cen. No. 160440058, Final Order (Apr. 29, 2016).

³ Petition at 5.

⁴ *Id.* at 6.

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Second, WGL requests that the Commission reconsider the limitation on the budget amount for the Opower HER Program, stating that the Commission's "reduction in the budget amount does not factor that there are baseline overhead and other program costs associated with running the Opower [HER] program."⁵ WGL states further that, according to Opower, "it is not economically viable to run the program with the budget amount approved by the Commission," and WGL requests that the Commission approve a three-year budget of \$700,000 for the Opower HER Program.⁶ WGL states in the Petition that it prepared a cost-benefit analysis of the Opower HER Program with a \$700,000 three-year budget for 30,000 participants, which resulted in a Total Resource Cost test net benefit of \$213,129 and positive cost/benefit ratio of 1.32.⁷

NOW THE COMMISSION, upon consideration of the Petition and the record, clarifies and finds as follows.

First, in response to the Company's request for clarification of the Commission's directives with respect to the \$6,099,000 three-year budget approved in the Final Order, we provide the following breakdown, based on the cost numbers provided by the Company:⁸

Budget as stated in Commission Order

Commercial Programs	Program Cycle Budget	PY7	PY8	PY9
Heating Equipment Program	\$ 32,900	\$ 10,000	\$ 10,900	\$ 12,000
Direct Install Program	\$ 954,503	\$ 350,701	\$ 301,901	\$ 301,901
EM&V	\$ 150,000	\$ 50,000	\$ 50,000	\$ 50,000
Processing	\$ 7,859	\$ 7,229	\$ 311	\$ 319
Education & Outreach	\$ 375,000	\$ 125,000	\$ 125,000	\$ 125,000
Labor	\$ 222,000	\$ 74,000	\$ 74,000	\$ 74,000
Total Commercial Program	\$ 1,742,262	\$ 616,930	\$ 562,112	\$ 563,220
Residential Programs	Program Cycle Budget	PY7	PY8	PY9
Web-Based Audit Program & Kits	\$ 382,868	\$ 141,956	\$ 120,456	\$ 120,456
Equipment Program	\$ 618,000	\$ 197,500	\$ 206,000	\$ 214,500
Low Income	\$ 1,500,000	\$ 500,000	\$ 500,000	\$ 500,000
Behavioral Program	\$ 438,000	\$ 146,000	\$ 146,000	\$ 146,000
EM&V	\$ 300,000	\$ 100,000	\$ 100,000	\$ 100,000
Processing	\$ 9,120	\$ 3,866	\$ 2,540	\$ 2,714
Education & Outreach	\$ 450,000	\$ 150,000	\$ 150,000	\$ 150,000
Labor	\$ 658,750	\$ 219,583	\$ 219,583	\$ 219,583
Total Residential Program	\$ 4,356,738	\$ 1,458,905	\$ 1,444,579	\$ 1,453,253
Total WGL CARE Plan Budget	\$ 6,099,000	\$ 2,075,835	\$ 2,006,691	\$ 2,016,473

⁵ Petition at 7. In the Application, WGL requested approval to increase the scope of the Opower HER Program from 14,000 residential participants to 210,000 residential participants, with a budget of \$3,025,000. In the Company's Response to the Staff Report, WGL revised its proposal to increase the scope of the Opower HER Program from 14,000 participants to 100,000 participants, with a budget of \$1,460,000. In the Final Order, we approved the Opower HER Program for 30,000 participants and directed the Company to reduce the costs of this program by a proportionate amount, resulting in a spending limit of \$438,000. Final Order at 9.

⁶ WGL states in the Petition that Opower projects that its costs for the Opower HER Program for 30,000 customers are as follows: \$260,000 in Program Year 7, \$220,000 in Program Year 8, and \$220,000 in Program Year 9, for a total three-year budget of \$700,000. WGL states further that, "[a]s directed by the Commission, the revised budget includes a survey component to verify customer receipt of the Home Energy Reports." Petition at 8. In the Commission's Final Order, we directed WGL to conduct annual customer satisfaction surveys for the Opower HER Program, and that the results of such surveys "should include data that verifies that any reduction in natural gas consumption on the part of a participant in the Opower HER Program is actually tied to the Opower HER Program." Final Order at 9.

⁷ Petition at 9 and Appendix A.

⁸ The Commission-approved budget of \$6,099,000 was derived as follows: Attachment-1 of the Company's April 15, 2016 Response to the Staff Report reflects a three-year total budget of \$10,117,514 for the proposed CARE Plan as amended in the Company's Response. In the Final Order, the Commission did not approve the Company's proposed revised Residential Weatherization Program (which would have excluded the Low-E Window Measure). Accordingly, \$2,373,000 of Attic and Floor Insulation incentives (reflected in Exhibit PHR-2 of Company witness Paul H. Raab's pre-filed Direct Testimony) and \$621,434 of program overhead expenses should be subtracted from the three-year total program expenses in the referenced attachment. Similarly, the Commission reduced the proposed budget of the Behavioral Program by \$1,024,000 (\$1,462,000 - \$438,000), so this amount should also be removed from the three-year program total cost. Therefore, the budget approved in the Final Order amounts to \$10,117,514 - \$2,373,000 - \$621,434 - \$1,024,000 = \$6,099,080, which was rounded down to \$6,099,000 in the Final Order.

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Second, based on WGL's representation as to the nature of the Opower HER Program, and to permit WGL to conduct annual customer satisfaction surveys for the Opower HER Program, we will reduce the requested spending limit (from \$1,460,000 requested in the Company's April 15, 2016 Response to the Staff Report) to \$700,000, while maintaining the three-year cap on the number of participants at 30,000. The proposed budget for the Company's Amended CARE Plan is therefore capped at \$6,361,000.⁹ Accordingly, the above table is modified as follows:

Budget as stated in Commission Order including requested increase for Opower

Commercial Programs	Program Cycle Budget	PY7	PY8	PY9
Heating Equipment Program	\$ 32,900	\$ 10,000	\$ 10,900	\$ 12,000
Direct Install Program	\$ 954,503	\$ 350,701	\$ 301,901	\$ 301,901
EM&V	\$ 150,000	\$ 50,000	\$ 50,000	\$ 50,000
Processing	\$ 7,859	\$ 7,229	\$ 311	\$ 319
Education & Outreach	\$ 375,000	\$ 125,000	\$ 125,000	\$ 125,000
Labor	\$ 222,000	\$ 74,000	\$ 74,000	\$ 74,000
Total Commercial Program	\$ 1,742,262	\$ 616,930	\$ 562,112	\$ 563,220
Residential Programs	Program Cycle Budget	PY7	PY8	PY9
Web-Based Audit Program & Kits	\$ 382,868	\$ 141,956	\$ 120,456	\$ 120,456
Equipment Program	\$ 618,000	\$ 197,500	\$ 206,000	\$ 214,500
Low Income	\$ 1,500,000	\$ 500,000	\$ 500,000	\$ 500,000
Behavioral Program	\$ 700,000	\$ 260,000	\$ 220,000	\$ 220,000
EM&V	\$ 300,000	\$ 100,000	\$ 100,000	\$ 100,000
Processing	\$ 9,120	\$ 3,866	\$ 2,540	\$ 2,714
Education & Outreach	\$ 450,000	\$ 150,000	\$ 150,000	\$ 150,000
Labor	\$ 658,750	\$ 219,583	\$ 219,583	\$ 219,583
Total Residential Program	\$ 4,618,738	\$ 1,572,905	\$ 1,518,579	\$ 1,527,253
Total WGL CARE Plan Budget	\$ 6,361,000	\$ 2,189,835	\$ 2,080,691	\$ 2,090,473

In addition to the reporting requirements set forth in the Final Order, we direct the Company to include, in its annual reports, a detailed breakdown of the costs paid to Opower for the Opower HER Program, which shall identify specific categories of costs, including overhead and other program costs. We further direct WGL, in any application to continue the Opower HER Program or for approval of an increased budget amount for that program, to provide detailed experiential data to support the baseline and other program costs associated with running the Opower HER Program.

Accordingly, IT IS ORDERED THAT:

- (1) The Final Order is hereby clarified and amended as described herein.
- (2) In all other respects, the findings and directives set forth in the Final Order shall remain in effect.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

⁹ The \$700,000 request is \$262,000 greater than the \$438,000 amount approved in the Final Order for the Opower HER Program. By approving the \$700,000 cap on the Opower HER Program herein, we are thus also raising the budget for WGL's Amended CARE Plan by \$262,000; the cap is now \$6,361,000. (\$6,099,000 + additional \$262,000 budget for Opower = \$6,361,000.)

**CASE NO. PUE-2015-00139
JANUARY 26, 2016**

APPLICATION OF
CRAIG-BOTETOURT ELECTRIC COOPERATIVE

For authority to incur long-term indebtedness

ORDER GRANTING AUTHORITY

On December 31, 2015, Craig-Botetourt Electric Cooperative ("CBEC") 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. CBEC has paid the requisite fee of \$250.

CBEC is seeking authority to incur up to \$4,238,000 in debt from Federal Financing Bank ("FFB"), guaranteed by Rural Utilities Services, to finance distribution plant construction. CBEC proposes to make draws on the loan in million dollar increments as approved work orders are expended. The interest rate on the FFB debt at the time the application was filed was 2.62%; however the actual interest rate will be the prevailing FFB rate at the time of each debt issuance. The maturity on the FFB debt will be 34 years.

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.

¹ Va. Code § 56-55 *et seq.*

Accordingly, IT IS ORDERED THAT:

- (1) CBEC is authorized to borrow up to \$4,238,000 from FFB, all in the manner, under the terms and conditions, and for the purposes set forth in the application.
- (2) Within thirty (30) days of the date of any advance of funds from FFB, CBEC shall file with the Commission's Division of Utility Accounting and Finance a Report of Action, which shall include the amount of the advance, 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.

**CASE NO. PUE-2016-00001
JULY 19, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For a general increase in rates and charges and to revise the terms and conditions applicable to gas service

ORDER FOR NOTICE AND HEARING

On June 30, 2016, Washington Gas Light Company ("WGL" or "Company") filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective for usage beginning with the December 2016 billing cycle, and to revise other terms and conditions applicable to its gas service ("Application").¹ WGL advises in its Application that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$45.6 million per year, which includes \$22.3 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy plan pursuant to § 56-603 *et seq.* of the Code.² The Company states that it is not earning sufficient annual revenues to cover its cost of service, including a reasonable return on common equity capital.³ In its Application, WGL indicates that its requested increase reflects "increases in net rate base, operation and maintenance costs, including employee-related costs, compliance and safety-related expenses, depreciation expense, and general tax increases" since its last base rate increase in 2011.⁴

¹ Pursuant to § 56-238 of the Code, the 150-day suspension period for the Company's proposed interim rates runs through November 27, 2016. WGL's counsel represents that WGL intends to place interim rates into effect for service rendered on and after November 28, 2016.

² Application at 1.

³ *Id.* at 5.

⁴ *Id.* at 4. 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 12, 2012) and 2012 S.C.C. Ann. Rept. 235, Order (July 24, 2012).

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According to the Company, its proposed rate increase is based on an overall rate of return of 8.21% on rate base, including a return on common equity of 10.25%.⁵ The Company proposes to increase firm service System Charges by 25% for most customer classes.⁶ The balance of the revenue increase applicable to firm customers is proposed to be collected through increases in Distribution Charges.⁷ WGL also proposes to increase System Charges and Distribution Charges for interruptible distribution customers.⁸ WGL proposes the following annual increase in rates for its Northern Virginia customers and its Shenandoah Gas Division customers:

	WGL Northern Virginia Customers	WGL Shenandoah Gas Division Customers
Residential	9.1%	9.4%
Commercial and Industrial		
Heating and/or cooling	5.3%	5.5%
Non-heating/non-cooling	4.9%	4.9%
Group Metered Apartments		
Heating and/or cooling	3.7%	5.5%
Non-heating/non-cooling	5.0%	8.5%
Large Commercial and Industrial	2.3%	2.4%
Large Group Metered Apartments	4.0%	n/a ⁹

In its Application, WGL proposes to replace its existing Weather Normalization Adjustment ("WNA")¹⁰ and CARE Ratemaking Adjustment ("CRA")¹¹ with a Revenue Normalization Adjustment ("RNA").¹² The Commission approved the current methodology for computing WGL's WNA in Case No. PUE-2010-00139. The Commission approved the Company's current CRA in Case No. PUE-2015-00138.¹³ WGL states that the RNA is a more straightforward calculation that will accomplish the same goal as the current separate WNA and CRA mechanisms.¹⁴

In Case No. PUE-2015-00015,¹⁵ the Commission approved WGL's request to defer \$2,781,156 of eligible safety activity costs ("ESAC") incurred in 2014 and directed that issues related to this deferral be addressed in a subsequent proceeding.¹⁶ WGL requests that the Commission address in this proceeding: (i) the types of ESAC that may be deferred pursuant to § 56-235.10 of the Code; (ii) whether § 56-235.10 of the Code requires the establishment of a baseline cost for every individual eligible safety activity; (iii) the level of ESAC that are eligible for deferral; and (iv) whether § 56-235.10 of the Code provides for an "ESAC Recovery Factor" as proposed by the Commission's Staff ("Staff").¹⁷

⁵ Application at 5.

⁶ Direct Testimony of James B. Wagner at 7.

⁷ *Id.* The Company's System Charges are fixed monthly charges and its Distribution Charges are volumetric charges. *See id.* at 8-9.

⁸ *Id.*

⁹ *Id.* at 7.

¹⁰ The Company's WNA is a billing adjustment mechanism designed to reduce the volatility of customers' monthly bills and the Company's non-gas revenues due to variances from normal weather. Application at 7.

¹¹ The Company's CRA is a decoupling mechanism that adjusts for variances due to conservation efforts. Application at 7.

¹² Application at 7.

¹³ *Application of Washington Gas Light Company, For authority to amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2015-00138, Doc. Con. Cen. No. 160440858, Final Order (Apr. 29, 2016) and Doc. Con. Cen. No. 160630125, Order on Petition for Clarification and Reconsideration (June 21, 2016).

¹⁴ Application at 7.

¹⁵ *Application of Washington Gas Light Company, For an annual informational filing*, Case No. PUE-2015-00015, Doc. Con. Cen. No. 151210093, Order Closing Proceeding (Dec. 2, 2015).

¹⁶ Application at 8.

¹⁷ *Id.*

In its Application, WGL also proposes three initiatives that the Company asserts will provide Virginia residential and commercial customers with greater access to natural gas.¹⁸ First, for any required customer contribution under General Service Provision ("GSP") No. 14 of the Company's Virginia tariff, WGL proposes a contribution payment plan as an alternative to a lump-sum payment.¹⁹ The Company also proposes a program that facilitates conversion to natural gas for neighborhoods and other target markets.²⁰ Finally, WGL proposes a program that facilitates access to natural gas for existing, high-growth communities in Virginia by helping to fund the extension of natural gas transmission and main pipelines.²¹

In its Application, WGL proposes to fund research and development programs that are managed by the Gas Technology Institute ("GTI") that, according to the Company, would benefit natural gas customers and improve Company operations in the provision of natural gas.²² WGL requests a funding level of \$0.50 per customer for participation in GTI's Operations Technology Development programs and \$0.50 per customer for participation in GTI's Utilization Technology Development programs, for a total amount of \$527,000 for the rate effective period.²³

WGL proposes various revisions to its Virginia tariff to reflect the new rates and proposals, including a new GSP for the proposed RNA and revisions to GSP No. 14.²⁴ WGL also proposes to implement its proposed rates, on an interim basis and subject to refund, effective for usage beginning with the December 2016 billing cycle, and to implement proposed rates, charges and revised terms and conditions of service upon issuance of the Commission's Final Order in this proceeding.²⁵

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that WGL should provide notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Company's Application; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Company's Application or to participate in this proceeding as a respondent; and the Staff should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2016-00001.
- (2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),²⁶ a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.
- (3) On or before October 4, 2016, WGL shall file a bond with the Commission in the amount of \$45.6 million payable to the Commission and conditioned to insure the prompt refund by the Company to those entitled thereto of all amounts the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.
- (4) A public hearing on the Application shall be convened at 10 a.m. on March 28, 2017, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.
- (5) The Company shall make copies of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. A copy also may be obtained by submitting a written request to counsel for WGL, Meera Ahamed, Esquire, Washington Gas Light Company, 101 Constitution Avenue, NW, Washington, D.C. 20080. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all documents filed in this case also shall be available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.
- (6) On or before September 14, 2016, WGL shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's Virginia service territory:

¹⁸ *Id.* at 9.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.* at 9-10. The rate effective period is anticipated to be the twelve months beginning December 1, 2016. Direct Testimony of Roberta W. Sims at 5.

²⁴ Application at 10.

²⁵ *Id.* at 14.

²⁶ 5 VAC 5-20-10 *et seq.*

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NOTICE TO THE PUBLIC OF
WASHINGTON GAS LIGHT COMPANY'S
APPLICATION FOR A GENERAL INCREASE IN
RATES AND CHARGES AND TO REVISE THE TERMS
AND CONDITIONS APPLICABLE TO GAS SERVICE
CASE NO. PUE-2016-00001

On June 30, 2016, Washington Gas Light Company ("WGL" or "Company") filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective for usage beginning with the December 2016 billing cycle, and to revise other terms and conditions applicable to its gas service ("Application"). WGL advises in its Application that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$45.6 million per year, which includes \$22.3 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy plan pursuant to § 56-603 *et seq.* of the Code. The Company states that it is not earning sufficient annual revenues to cover its cost of service, including a reasonable return on common equity capital. In its Application, WGL indicates that its requested increase reflects "increases in net rate base, operation and maintenance costs, including employee-related costs, compliance and safety-related expenses, depreciation expense, and general tax increases" since its last base rate increase in 2011.

According to the Company, its proposed rate increase is based on an overall rate of return of 8.21% on rate base, including a return on common equity of 10.25%. The Company proposes to increase firm service System Charges by 25% for most customer classes. The balance of the revenue increase applicable to firm customers is proposed to be collected through increases in Distribution Charges. WGL also proposes to increase System Charges and Distribution Charges for interruptible distribution customers.

WGL proposes the following annual increase in rates for its Northern Virginia customers and its Shenandoah Gas Division customers:

	WGL Northern Virginia Gas Customers	WGL Shenandoah Gas Division Customers
Residential	9.1%	9.4%
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Group Metered Apartments		
Heating and/or cooling	3.7%	5.5%
Non-heating/non-cooling	5.0%	8.5%
Large Commercial and Industrial	2.3%	2.4%
Large Group Metered Apartments	4.0%	n/a

In its Application, WGL proposes to replace its existing Weather Normalization Adjustment ("WNA") and CARE Ratemaking Adjustment ("CRA") with a Revenue Normalization Adjustment ("RNA"). The Commission approved the current methodology for computing WGL's WNA in Case No. PUE-2010-00139. The Commission approved the Company's current CRA in Case No. PUE-2015-00138. WGL states that the RNA is a more straightforward calculation that will accomplish the same goal as the current separate WNA and CRA mechanisms.

In Case No. PUE-2015-00015, the Commission approved WGL's request to defer \$2,781,156 of eligible safety activity costs ("ESAC") incurred in 2014 and directed that issues related to this deferral be addressed in a subsequent proceeding. WGL requests that the Commission address in this proceeding: (i) the types of ESAC that may be deferred pursuant to § 56-235.10 of the Code; (ii) whether § 56-235.10 of the Code requires the establishment of a baseline cost for every individual eligible safety activity; (iii) the level of ESAC that are eligible for deferral; and (iv) whether § 56-235.10 of the Code provides for an "ESAC Recovery Factor" as proposed by the Commission's Staff.

In its Application, WGL also proposes three initiatives that the Company asserts will provide Virginia residential and commercial customers with greater access to natural gas. First, for any required customer contribution under General Service Provision ("GSP") No. 14 of the Company's Virginia tariff, WGL proposes a contribution payment plan as an alternative to a lump-sum payment. The Company also proposes a program that facilitates conversion to natural gas for neighborhoods and other target markets. Finally, WGL proposes a program that facilitates access to natural gas for existing, high-growth communities in Virginia by helping to fund the extension of natural gas transmission and main pipelines.

In its Application, WGL proposes to fund research and development programs that are managed by the Gas Technology Institute ("GTI") that, according to the Company, would benefit natural gas customers and improve Company operations in the provision of natural gas. WGL requests a funding level of \$0.50 per

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customer for participation in GTI's Operations Technology Development programs and \$0.50 per customer for participation in GTI's Utilization Technology Development programs, for a total amount of \$527,000 for the rate effective period.

WGL proposes various revisions to its Virginia tariff to reflect the new rates and proposals, including a new GSP for the proposed RNA and revisions to GSP No. 14. WGL also proposes to implement its proposed rates, on an interim basis and subject to refund, effective for usage beginning with the December 2016 billing cycle, and to implement proposed rates, charges and revised terms and conditions of service upon issuance of the Commission's Final Order in this proceeding.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues, and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, permits the Company to place its proposed rates into effect on an interim basis, subject to refund, effective for usage beginning with the December 2016 billing cycle.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on March 28, 2017, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of all documents filed in this case are available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Copies of the Company's Application and the Commission's Order for Notice and Hearing also may be inspected during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: Meera Ahamed, Esquire, Washington Gas Light Company, 101 Constitution Avenue, NW, Washington, D.C. 20080. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before March 21, 2017, any interested person may file written comments on the Company's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before March 21, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUE-2016-00001.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before November 9, 2016. If not filed electronically, an original and fifteen copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation shall be sent to counsel for WGL at the address set forth above. Pursuant to Rule 5 VAC 5-20-80, Participation as a respondent, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, Counsel, of the Rules of Practice. All filings shall refer to Case No. PUE-2016-00001. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

The Commission's Rules of Practice may be viewed at the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

WASHINGTON GAS LIGHT COMPANY

(7) On or before September 14, 2016, WGL shall serve a copy of its Application and this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) and city or town attorney of every city and town in which WGL 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 28, 2016, WGL shall file proof of the notice and service required by Ordering Paragraphs (6) and (7), including the name, title, and address of each official served with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before March 21, 2017, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). Any interested person desiring to file comments electronically may do so on or before March 21, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUE-2016-00001.

(10) On or before November 9, 2016, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address in Ordering Paragraph (8), and each respondent shall serve a copy of the notice of participation on counsel to WGL at the address set forth in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2016-00001.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon the respondent a copy of this Order for Notice and Hearing, a copy of the public version of the Application, and a copy of the public version of all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before January 31, 2017, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). In all filings, respondents shall comply with the Commission's Rules of Practice, including, but not limited to: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2016-00001.

(13) The Staff shall investigate the Application. On or before February 28, 2017, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to the Company and all respondents.

(14) On or before March 14, 2017, WGL 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. It not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(15) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.²⁷ 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) WGL may place its proposed rates into effect on an interim basis, subject to refund with interest, for service rendered on and after November 28, 2016.

(17) This matter is continued.

²⁷ The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUE-2016-00001, in the appropriate box.

**CASE NO. PUE-2016-00002
MARCH 8, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to receive cash capital contributions from an affiliate pursuant to § 56-76 *et seq.* of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On January 11, 2016, Washington Gas Light Company ("WGL") 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 an agreement between WGL and WGL Holdings, Inc. ("WGL Holdings"), in which WGL could receive cash capital contributions from WGL Holdings up to an aggregate principal amount of \$200 million.

¹ Va. Code § 56-76 *et seq.*

WGL was previously authorized, in Case No. PUF-2001-00011, to receive cash capital contributions from WGL Holdings up to an aggregate principal amount of \$150 million between June 15, 2001, and September 30, 2003.²

According to the Application, WGL is requesting authorization to receive cash capital contributions from WGL Holdings, which would be made at WGL Holdings's discretion, in an aggregate amount up to \$200 million from time to time between the effective date of an order from the Commission and September 30, 2018. WGL would not issue securities to WGL Holdings at the time of the receipt of cash capital contributions from WGL Holdings. Rather, the actual cash contributions would be reflected by an accounting entry on the corporate records of WGL and WGL Holdings. WGL represents that the proceeds of such cash capital contributions, if any, would be applied by WGL to support its construction program, to repay short-term and long-term debt, to maintain an appropriate capital structure, and for other corporate purposes.

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the Application is in the public interest and should be approved subject to the requirements set forth in the Appendix attached hereto.

Accordingly, IT IS SO ORDERED and this case 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.

² *Application of Washington Gas Light Company, For authority to receive cash capital contributions from an affiliate*, 2001 S.C.C. Ann. Rept. 646, Order Granting Authority (June 19, 2001).

**CASE NO. PUE-2016-00003
JUNE 8, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION VIRGINIA POWER

For approval and certification of the Nansemond River crossing transmission line rebuild of double-circuit 230 kV lines #223 and #226 under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

FINAL ORDER

On January 20, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an Application for approval and for a certificate of public convenience and necessity to construct and operate electric transmission lines in the City of Suffolk, Virginia. Dominion filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.* The Company filed direct testimony and other materials in support of its Application.

Specifically, Dominion proposes to rebuild approximately 1.3 miles of existing double-circuit 230 kilovolt transmission lines, Surry-Yadkin Line #223 and Churchland-Surry Line #226, located between Harbour View Substation and Smithfield Substation in Suffolk, Virginia ("Project"). The proposed Project, which would be constructed using the right-of-way for the existing transmission lines, would replace a total of seven electric transmission towers located in, or on the banks of, the Nansemond River and would also replace the conductors of the existing lines.¹ Among other differences, the proposed towers would be taller, and would be constructed on larger foundations, than the existing towers.²

On February 22, 2016, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide notice of its Application; granted the opportunity for interested persons to request a hearing, comment on the Application, and participate in the proceeding; and directed the Commission's Staff ("Staff") to investigate the Application and file a report ("Staff Report") containing the Staff's findings and recommendations.

On May 2, 2016, Old Dominion Electric Cooperative file a notice of participation in this proceeding. The Commission received no requests for hearing or public comments on the proposed Project. As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Project by the appropriate agencies and to provide a report on the review. On March 28, 2016, DEQ filed its report ("DEQ Report") with the Commission. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Recommendations regarding the proposed Project. The Company should:

- Conduct an on-site delineation of wetlands and streams within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Take all reasonable precautions to limit emissions of oxides of nitrogen and volatile organic compounds, principally by controlling or limiting the burning of fossil fuels;

¹ In coordination with the proposed Project, the Company would also replace the shield wires located above Lines #223 and #226, which work would extend approximately 0.6 miles west, and 0.2 miles east, of the Project.

² See, e.g., Staff Report at 9-10, Attachment 5.

- 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 Game and Inland Fisheries regarding potential project impacts to the Peregrine falcon, Potential Anadromous Fish Use Area, and its general recommendations to protect wildlife resources;
- Coordinate with the Department of Historic Resources regarding recommendations to conduct comprehensive architectural and archaeological surveys to evaluate identified resources for listing in the Virginia Landmarks Register ("VLR") and National Register of Historic Places ("NRHP"); and to avoid, minimize, or mitigate for adverse impacts to VLR-and NRHP-eligible resources;
- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.³

On May 17, 2016, Staff filed its Staff Report summarizing the results of its investigation of Dominion's Application. Staff concluded that Dominion had reasonably demonstrated the need for the proposed Project and that it would maintain reliability.⁴ On May 26, 2016, Dominion filed a letter indicating that the Company supports the conclusions and recommendations of the Staff Report. The Company further stated that it will comply with the DEQ's Summary of Recommendations and will coordinate with agencies as appropriate.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the proposed Project. The Commission finds that certificates of public convenience and necessity authorizing the Project should be issued subject to certain findings and conditions contained herein.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code. Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need

The Commission finds that the Company's proposed Project is needed. The need for the Project is unchallenged. The record includes, among other things, documentation of extensive deterioration and damage to the supporting tower structures in the area where the existing transmission lines cross the Nansemond River.⁵ Completing the Project would replace aging transmission structures nearing the end of their expected service life and maintain reliability of the grid.

³ DEQ Report at 5-6.

⁴ Staff Report at 12.

⁵ See, e.g., Staff Report at 5-6; Application, Appendix at 5-25.

Economic Development

The Commission finds that the proposed Project will promote economic development in the Commonwealth of Virginia, including the area of the Project, by maintaining the reliability of the transmission system used to provide electric service to the Suffolk and Virginia Beach load areas.⁶

Rights-of-Way and Routing

Dominion has adequately considered existing rights-of-way. If approved, the proposed Project would be located entirely within existing rights-of-way.⁷

For meeting the Company's reliability needs, the Commission finds that the Project is preferable to an underground alternative considered in this proceeding. This finding is based on our consideration of, among other things, cost, environmental impacts, and transmission system needs.⁸

Scenic Assets and Historic Districts

Due to the fact that the Project will be located within existing rights-of-way, the Commission finds that adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia 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 impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.⁹ We therefore find that, as a condition to our approval herein, Dominion must comply with all of DEQ's recommendations as provided in the DEQ Report. Further, Dominion should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Project.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Project, as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificate of public convenience and necessity to Dominion:

Certificate No. ET-95x, which authorizes Dominion under the Utility Facilities Act to operate certificated transmission lines and facilities in the Cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00003; cancels Certificate No. ET-95w, issued to Dominion on October 21, 2010, in Case No. PUE-2010-00012.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Energy Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein in addition to the facilities shown on the map for cancelled Certificate No. ET-95w.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Project approved herein must be constructed and in service by July 1, 2017. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) As there is nothing further to come before the Commission, this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

⁶ See, e.g., Staff Report at 11; Application, Appendix at 26-28.

⁷ See, e.g., Staff Report at 8-9; Application, Appendix at 56. To facilitate construction, the new structures in the river will be located approximately 60 feet south of the existing structures. Staff Report at 8.

⁸ See, e.g., Staff Report at 10-11; Application, Appendix at 29; Direct Pre-filed Testimony of Kyle D. Hannah at 6-7.

⁹ The DEQ recommendations are set forth above and discussed in the DEQ Report.

**CASE NO. PUE-2016-00004
APRIL 14, 2016**

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval pursuant to the Affiliates Act, Va. Code § 56-76 *et seq.*

ORDER GRANTING APPROVAL

On January 26, 2016, Appalachian Power Company ("APCo" or "Company") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Affiliates Act")¹ requesting approval to enter into an affiliate transaction. The Company also requested a waiver on a prospective basis from filing its Cost Allocation Manual ("CAM") in several upcoming applications under the Affiliates Act anticipated in the coming months. By Order Extending Time for Review issued March 18, 2016, the Commission docketed this proceeding and extended the review period in this matter by an additional 30 days.

The Company is requesting approval to transfer an emergency diesel generator ("Back-up Generator") to an affiliate at the net book value of \$189,000 ("Proposed Transaction"). APCo asserts that the Back-up Generator is no longer needed at its Ohio Dresden Plant. APCo's affiliate Southwestern Electric Power Company ("SWEPCO") will purchase the Back-up Generator on an "as is" basis and will reimburse APCo for the costs to uninstall and ship the Back-Up Generator to the J. Lamar Stall Unit of the Arsenal Hill Plant operated by SWEPCO in Louisiana. APCo states that the transfer price is reasonable and that the Back-up Generator will be removed from the books and records of APCo if the Proposed Transaction is approved.

The Company also requests a waiver pursuant to the Commission's Rules of Practice and Procedure² from filing, on a prospective basis, its CAM in several upcoming applications under the Affiliates Act. APCo states that due to the 287-page size of the CAM, the filing of 16 copies in each of the upcoming cases would be burdensome and wasteful. APCo also states that the filing of the CAM in the forthcoming applications would be repetitive as the CAM is not likely to change in the upcoming months.

NOW THE COMMISSION, upon consideration of the Application and the comments of the Company, and having been advised by the Staff of the Commission ("Staff"), is of the opinion and finds that approval of the Proposed Transaction is in the public interest and should be approved subject to the requirements set forth in the Appendix attached hereto. In addition, the Commission grants the the Company's request for a waiver from filing its CAM in forthcoming applications under the Affiliates Act through December 31, 2016. The Company is directed to provide a copy to Staff coincident with the filing of each such application.

Accordingly, IT IS ORDERED THAT:

- (1) The Proposed Transaction as described herein is approved, subject to the requirements contained in the attached Appendix.
- (2) APCo is hereby granted a limited waiver from filing its CAM through December 31, 2016, as set forth above.
- (3) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

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

¹ Va. Code § 56-76 *et seq.*

² 5 VAC 5-20-10 *et seq.*

**CASE NO. PUE-2016-00006
FEBRUARY 17, 2016**

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On January 28, 2016, Appalachian Power Company ("APCo") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3¹ of Title 56 of the Code of Virginia ("Code") for authority to issue long-term debt securities. With respect to such long-term securities, APCo also requests authority to enter into one or more interest rate hedging arrangements to protect against future interest rate movements. Furthermore, APCo requests authority to use interest rate management techniques by entering into various Interest Rate Management Agreements ("IRMAs"). APCo paid the requisite fee of \$250.

APCo proposes to issue and sell secured or unsecured promissory notes ("Notes") up to the aggregate principal amount of \$750 million from time to time through December 31, 2017. The Notes may be issued in the form of Senior Notes, Senior or Subordinated Debentures, First Mortgage Bonds, Bank

¹ Va. Code § 56-55 *et seq.*

Credit Revolver or Loans, or other unsecured promissory notes. Within certain limitations, APCo requests flexibility to select specific terms and conditions for the Notes based on market conditions at the time of issuance. The Notes will have maturities of not less than nine months and not more than 60 years. The interest rates may be fixed or variable. APCo intends to sell the Notes either: (i) by competitive bidding; (ii) through negotiation with underwriters or agents; or (iii) by direct placement with a commercial bank or other institutional investors. Underwriting costs for the Notes will not exceed 1.0% of the principal amount issued with other issuance costs estimated to amount to approximately \$1,955,525. The proceeds from the issuance of the Notes may be used to redeem long-term debt; to repay short-term debt; to repay APCo's treasury for expenditures incurred in connection with its construction program; and for other proper corporate purposes.

APCo requests additional authority to enter into one or more interest rate hedging arrangements to protect against future interest rate movements in connection with the issuance of the Notes. Such hedging arrangements may include, but would not be limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options, or interest rate collar agreements ("Hedge Agreements"). All Hedge Agreements will correspond to the underlying amount of one or more of the Notes. Therefore, the cumulative notional amount of the Hedge Agreements will not exceed \$750 million for the underlying Notes.

Finally, APCo requests a continuation of the authority, which was initially granted in Case No. PUE-2004-00123 and was most recently granted in Case No. PUE-2014-00108,² to use interest rate management techniques and enter into IRMAs through December 31, 2017. The IRMAs will consist of interest rate swaps, caps, collars, floors, options, hedging forwards or futures, or any similar products designed and used to manage and minimize interest costs. IRMA transactions will be for a fixed period and based on a stated principal amount that corresponds to an underlying fixed or variable rate obligation of APCo. APCo will only enter into IRMAs with counterparties that are highly rated financial institutions. The aggregate notional amount of the IRMAs outstanding will not exceed 25% of APCo's existing debt obligations, inclusive of pollution control revenue bonds.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) APCo is hereby authorized under Chapter 3 to issue and sell up to an aggregate principal amount of \$750 million of Notes from time to time through December 31, 2017, for the purposes and under the terms and conditions set forth in the Application.

(2) APCo is authorized to enter into Hedge Agreements for the purposes set forth in its Application and to the extent that the aggregate notional amount outstanding does not exceed the value of underlying Notes.

(3) APCo is hereby authorized to enter into IRMAs through December 31, 2017, for the purposes set forth in its Application and to the extent that the aggregate notional amount outstanding does not exceed 25% of APCo's total outstanding debt obligations.

(4) APCo shall not enter into any IRMA or Hedge Agreement transactions involving counterparties having credit ratings of less than investment grade.

(5) APCo shall file with the Clerk of the Commission a preliminary Report of Action within ten (10) days after the issuance of any security pursuant to this Order to include the type of security, the issuance date, the amount of the issue, the interest rate or yield, the maturity date, and any securities retired with the proceeds.

(6) APCo shall file with the Clerk of the Commission, in this docket, a preliminary Report of Action within ten (10) days after it enters into any Hedge Agreement or IRMA pursuant to Order Paragraphs (2) and (3) to include: the beginning and, if established, ending dates of the agreement; the notional amount; the underlying securities on which the agreement is based; an explanation of the general terms of the agreement that explain how the payment obligation is determined and when it is payable; and a calculation of the cumulative notional amount of all outstanding IRMAs as a percent of total debt outstanding.

(7) Within sixty (60) days after the end of each calendar quarter in which any security is issued pursuant to this Order, APCo shall file with the Clerk of the Commission a more detailed Report of Action to include: the type of security issued; the date and amount of each series; the interest rate and yield; the maturity date; net proceeds to APCo; an itemized list of expenses to date associated with each issue; a description of how the proceeds were used; an analysis demonstrating the cost savings from the Notes used to refund existing debt; a list of all Hedging Agreements and IRMAs associated with the debt issued, and a balance sheet reflecting the actions taken.

(8) APCo's Final Report of Action shall be due on or before March 1, 2018, to include the information required in Order Paragraph (7) in a cumulative summary of actions taken during the period authorized.

(9) APCo shall submit a Report to the Commission's Division of Utility Accounting and Finance should its exercise of the authority granted herein contribute to a decline in APCo's bond rating below investment grade. Such Report shall be submitted within thirty (30) days of a decline below an investment grade bond rating from any agency and the Report shall outline APCo's plans and actions to restore an investment grade bond rating.

(10) Approval of the Application shall have no implications for ratemaking purposes.

²*Application of Appalachian Power Company, For authority to incur long-term debt*, Case No. PUE-2004-00123, 2004 S.C.C. Ann. Rept. 532, Order Granting Authority (Nov. 30, 2004); *Application of Appalachian Power Company, For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00108, 2014 S.C.C. Ann. Rept. 490, Order Granting Authority (Dec. 12, 2014).

(11) The authority granted herein shall not preclude the Commission from applying hereafter the provisions of § 56-78 or § 56-80 of the Code.

(12) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to § 56-79 of the Code.

(13) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2016-00008
APRIL 28, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a Service Agreement between Columbia Gas of Virginia, Inc., and Columbia Gas of Massachusetts

ORDER GRANTING APPROVAL

On January 29, 2016, 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 requesting approval of a service agreement ("Agreement") between CGV and Columbia Gas of Massachusetts ("CMA") whereby CGV will provide to and receive from CMA certain support and administrative services on an as-needed basis by company specialists who are experienced in the administration and operation of natural gas public utilities.

CGV represents that services that may be provided under the proposed Agreement include the sharing of knowledge and the expertise of subject matter experts and the provision of operations and technical support and assistance in areas such as emergency response and preparedness, outage restoration, training, process improvement, and identification/execution of best practices.

Additionally, the proposed Agreement allows the Company to use CMA employees to perform engineering and construction services and operations and support services for CGV. The Company represents that, while it does not have any plans or envision the need to utilize employees of CMA to perform these types of services for work related to CGV's distribution integrity management program and its plan approved pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act,² it could call on CMA for assistance performing such services if there was a significant emergency or work stoppage. The Company states that CMA employees would only be utilized to perform services for which they meet the Virginia Operator Qualification standards. CGV also has existing unwritten service arrangements, which are similar to the proposed Agreement, with Columbia Gas of Kentucky ("CKY"), Columbia Gas of Ohio ("COH"), Columbia Gas of Maryland ("CMD"), and Columbia Gas of Pennsylvania ("CPA") (collectively, "Regulated Affiliates"). These arrangements were originally approved by the Commission in Case No. PUA-1987-00060.³

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto. We specifically find that any CMA employee that performs pipeline construction or maintenance related work for CGV in Virginia should only be utilized to perform those services which such employee is qualified to perform under the Virginia Enhanced Operator Qualification Program. We also find that it is appropriate for CGV to memorialize the unwritten service arrangements that it has with its Regulated Affiliates into written agreements. Therefore, we direct CGV to prepare and file an application for approval of such agreements within ninety (90) days of the date of the Order in this case.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval of the Application as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

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

¹ Va. Code § 56-76 *et seq.*

² Va. Code § 56-603 *et seq.*

³ *Application of Columbia Gas of Virginia, Inc., For authority to participate in affiliate agreements*, Case No. PUA-1987-00060, 1988 S.C.C. Ann. Rept. 176, Order Granting Authority (Jan. 26, 1988).

**CASE NO. PUE-2016-00009
MARCH 11, 2016**

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to engage in financing pursuant to Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On February 2, 2016, Southside Electric Cooperative ("Southside" or "Cooperative") filed an Application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia¹ for authority to borrow up to \$17,143,214 with one new note ("New Note") from CoBank, ACB ("CoBank"). Southside has paid the requisite fee of \$250.

Southside is seeking authority to borrow up to \$17,143,214 from CoBank to retire, prior to maturity, up to \$17,143,214 of outstanding notes with Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The interest rate on the New Note is estimated to be a fixed rate of 3.79%. The New Note will have a 21-year maturity, and interest and principal payments will be made monthly. According to the Application, Southside expects to save approximately \$3.8 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) Southside is authorized to borrow up to \$17,143,214 with a New Note from CoBank to refinance a corresponding amount of outstanding RUS debt, under the terms and conditions and for the purposes stated in the Application.
- (2) Within thirty (30) days of the date of any advance of funds from CoBank, the Cooperative shall file with the Commission's Division of 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.

¹ Virginia Code §§ 56-55 *et seq.*

**CASE NO. PUE-2016-00010
JULY 1, 2016**

PETITION OF
THE OLD DOMINION COMMITTEE
FOR FAIR UTILITY RATES
v.
APPALACHIAN POWER COMPANY

For a declaratory judgment and an order requiring biennial review filings

FINAL ORDER

On February 3, 2016, the Old Dominion Committee for Fair Utility Rates ("Old Dominion Committee" or "Petitioner"), by counsel, filed with the State Corporation Commission ("Commission") a Petition pursuant to 5 VAC 5-20-100 B and C of the Commission's Rules of Practice and Procedure ("Rules of Practice").¹ In its Petition, the Old Dominion Committee seeks:

- (a) a declaratory judgment that certain provisions of § 56-585.1:1 of the Code of Virginia ... violate Article IX, Section 2 of the Constitution of Virginia and, accordingly, that Appalachian Power Company ("APCo" or "Company") is required under § 56-585.1 of the Code of Virginia ("Code") to make biennial review filings by March 31, 2016, and by March 31, 2018; and
- (b) an order directing APCo to make such filings by such dates.²

¹ 5 VAC 5-20-10 *et seq.*

² Petition at 1.

The Petition states that, prior to the enactment of Chapter 6 of the 2015 Acts of Assembly ("SB 1349"),³ the Code required APCo to submit a biennial review filing to the Commission by March 31, 2016, and every two years thereafter.⁴ According to the Petition, SB 1349 "prohibits the Commission from conducting biennial reviews for APCo until . . . 2020," and "prohibits the Commission from [adjusting] APCo's existing base rates (except for possible temporary, emergency increases requested by APCo), until the biennial review process resumes."⁵ The Old Dominion Committee asserts – and seeks a Commission order declaring – that "the provisions of [SB] 1349 that suspend the biennial reviews and fix the base rates of APCo are unconstitutional."⁶ Based on this assertion, the Old Dominion Committee asks that the Commission order APCo to submit the requested biennial review filings.⁷

On February 5, 2016, the Commission issued an Order Docketing Petition that, among other things, provided APCo, the Office of the Attorney General ("Attorney General"), other interested parties, and the Commission's Staff ("Staff") the opportunity to respond, on or before February 26, 2016, to the Petition, and scheduled oral argument on the Petition for March 17, 2016.

On February 16, 2016, pursuant to Rule 5 VAC 5-20-110 of the Commission's Rules of Practice, APCo filed a Motion to Stay. APCo requests that the Commission grant a stay and delay consideration of the Old Dominion Committee's Petition until the final outcome of an appeal noticed by the Virginia Committee for Fair Utility Rates ("Virginia Committee") of Commission orders issued in Case No. PUE-2015-00027, the 2015 biennial review proceeding for Dominion Virginia Power ("Dominion").⁸ In its Motion to Stay, APCo asserts that the constitutionality of SB 1349 – the issue raised by the Old Dominion Committee's Petition in the instant case – is also currently pending before the Supreme Court in the Virginia Committee's appeal.⁹ According to the Motion to Stay, good cause exists for granting a stay of the instant Commission proceeding.

On February 17, 2016, the Commission issued an Order directing that responses to the Motion to Stay be filed on or before February 26, 2016, and that APCo may reply thereto at the oral argument scheduled for March 17, 2016.

On or before February 26, 2016, responses to the Motion to Stay and/or Petition were filed by the following: Old Dominion Committee; APCo; Attorney General; Virginia Committee; Dominion; Virginia Municipal League/Virginia Association of Counties APCo Steering Committee ("VML/VACo APCo Steering Committee"); Karen E. Torrent, Esq. ("Torrent"); Apartment and Office Building Association of Metropolitan Washington ("AOBA"); Virginia Energy Purchasing Governmental Association ("VEPGA"); The Kroger Co. ("Kroger"); and Staff.

On March 17, 2016, beginning at 10:00 a.m. and concluding at 4:47 p.m., the Commission heard oral argument from the following: Old Dominion Committee; APCo; Attorney General; Virginia Committee; Dominion; VML/VACo APCo Steering Committee; and the Staff.¹⁰

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Petition is denied.

Initially, it is important to emphasize what this case is about and not about. We agree with the Attorney General's assertion that, ". . . the question presented in this case is not whether SB 1349 represents good policy; it is whether SB 1349 violates the Constitution."¹¹ Petitioner also agrees.¹² Questions on whether SB 1349 is good or bad public policy, whether it will result in APCo's (or Dominion's) customers paying more than they should, or whether its effects are contrary to the public interest,¹³ are important in other contexts, but such questions of policy are different from the legal question whether SB 1349 is constitutional. That is the only question we can and must decide in this proceeding.

³ 2015 Va. Acts Ch. 6 (approved February 24, 2015; effective July 1, 2015) (codified in part as Code § 56-585.1:1).

⁴ Petition at 2 (citing Code § 56-585.1 A 3).

⁵ *Id.* (citing Code § 56-585.1:1 A).

⁶ *Id.* at 16.

⁷ *Id.* at 16-17.

⁸ Motion to Stay at 8.

⁹ *Id.* at 2-5. On May 20, 2016, the Virginia Committee filed with the Supreme Court notice to withdraw this appeal. On May 31, 2016, the Supreme Court issued an order granting the Virginia Committee leave to withdraw the appeal.

¹⁰ Torrent, AOBA, VEPGA, and Kroger notified the Commission that they would not participate at oral argument.

¹¹ Attorney General's Response at 16. *See also* Tr. at 142.

¹² Tr. at 53.

¹³ Commission Staff explained in considerable detail the likely operational effects of SB 1349 when it was considered during the Regular Session of the 2015 General Assembly. Tr. at 51-52. *See also infra* note 46.

Petitioner's Burden Under Virginia Law

The Supreme Court of Virginia has ruled repeatedly that the single most compelling presumption in Virginia law is the presumption in favor of the constitutionality of statutes enacted by the General Assembly.¹⁴ The Court has described the Commonwealth's presumption in favor of constitutionality as so strong that it requires a challenger to show that the alleged unconstitutionality is "so plain as to leave *no doubt* on the subject. *To doubt is to affirm [the statute's] constitutionality.* There is no such thing as a doubtful constitutional statute. Every presumption is in its favor, and there is no stronger presumption known to the law."¹⁵ Furthermore, the unconstitutionality of a statute must be "clear and palpable,"¹⁶ and, thus, the "Court must resolve *any reasonable doubt regarding a statute's constitutionality in favor of its validity.*"¹⁷

As the Supreme Court has repeatedly made clear, *any* reasonable doubts – any close calls, in the vernacular – *must* be resolved in favor of a statute's constitutionality. The Old Dominion Committee carries the burden of overcoming the Commonwealth's strongest of legal presumptions.

Constitution of Virginia

Article IX, § 2 of the Constitution of Virginia reads (emphasis added):

Subject to the provisions of this Constitution and to such requirements as may be prescribed by law, the Commission shall be the department of government through which shall be issued all charters, and amendments or extensions thereof, of domestic corporations and all licenses of foreign corporations to do business in this Commonwealth.

Except as may be otherwise prescribed by this Constitution or by law, the Commission shall be charged with the duty of administering the laws made in pursuance of this Constitution for the regulation and control of corporations doing business in this Commonwealth. *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.*

The Commission shall in proceedings before it ensure that the interests of the consumers of the Commonwealth are represented, unless the General Assembly otherwise provides for representation of such interests.

The Commission shall have such other powers and duties not inconsistent with this Constitution as may be prescribed by law.

Challenged Provision – SB 1349

The Old Dominion Committee alleges that the provisions of SB 1349 that postpone the year of APCo's next biennial review from 2016 to 2020 violate Article IX, § 2. Specifically, Petitioner cites the following language from SB 1349:

No biennial reviews of the rates, terms, and conditions for any service of a Phase I [U]tility, as defined in § 56-585.1, shall be conducted at any time by the State Corporation Commission for the four successive 12 month test periods beginning January 1, 2014, and ending December 31, 2017.[. . .] Such test periods beginning January 1, 2014, and ending December 31, 2017, for a Phase I Utility, . . . are collectively referred to herein as the "Transitional Rate Period."

* * *

After the conclusion of the Transitional Rate Period, biennial reviews shall resume for a Phase I [U]tility in 2020, with the first such proceeding utilizing the two successive 12-month test periods beginning January 1, 2018, and ending December 31, 2019.

¹⁴ See, e.g., Attorney General's Response at 2-4 (citing *Elizabeth River Crossings OpCo, LLC v. Meeks*, 286 Va. 286, 301, 749 S.E.2d 176, 183 (2013) ("[t]here is ... no stronger presumption known to the law") (quoting *Montgomery Cty. v. Va. Dep't of Rail & Pub. Transp.*, 282 Va. 422, 435, 719 S.E.2d 294, 300 (2011)); *Jamerson v. Womack*, 244 Va. 506, 510, 423 S.E.2d 180,182 (1992) ("strong presumption of validity"); *Harrison v. Day*, 200 Va. 764, 770, 107 S.E.2d 594, 598 (1959) ("one of the strongest known to the law"); *Reynolds v. Milk Comm'n of Virginia*, 163 Va. 957, 966, 179 S.E.2d 507, 510 (1935) ("no stronger presumption known to the law").

¹⁵ Reynolds, 163 Va. at 966, 179 S.E.2d at 510 (quoting "fundamental principles . . . enumerated by the chancellor") (emphases added).

¹⁶ *Gallagher v. Commonwealth*, 284 Va. 444, 452, 732 S.E.2d 22, 26 (2012) (quoting *Whitlock v. Hawkins*, 105 Va. 242, 248, 53 S.E. 401, 403 (1906)). See also *FFW Enters. v. Fairfax Cty.*, 280 Va. 583, 593, 701 S.E.2d 795, 802 (2010) ("the legislative usurpation must be very clear and palpable") (quoting *Marshall v. N. Va. Transp. Auth.*, 275 Va. 419, 428, 657 S.E.2d 71, 76 (2008)).

¹⁷ *Montgomery Cty.*, 282 Va. at 435, 719 S.E.2d at 300 (citation and quotation marks omitted) (emphases added).

* * *

[N]o 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 § 56-585.1.¹⁸

According to Petitioner, "[w]ith this language, the General Assembly thus terminated biennial reviews for APCo until 2020 and, with the exception of possible temporary, emergency increases requested by APCo pursuant to § 56-245, fixed APCo's base rates for at least the next five years, and possibly longer, while prohibiting the Commission from reducing those rates under any circumstances."¹⁹ The Old Dominion Committee concludes that "[u]ndoubtedly, the General Assembly simply fixed the base rates of a particular company."²⁰

Petitioner acknowledges that Article IX, § 2 gives the General Assembly the authority to prescribe by law "criteria and other requirements" that circumscribe the Commission's rate-setting authority,²¹ but Petitioner alleges that this particular directive, by postponing APCo's next base rate review, is outside the scope of "criteria and other requirements" because it amounts to the General Assembly "setting" or "fixing" a rate.²² As the Old Dominion Committee puts it, "Thus, no matter where the line between permissible and impermissible 'criteria' and 'requirements' might be drawn, [SB] 1349 falls on the wrong side."²³

The Attorney General, however, disagrees with Petitioner that SB 1349 "sets" or "fixes" rates, asserting that:

[I]t's apparent that this statute [SB 1349] does not set the rate; it *freezes* the rate that you-all have already set ... it's not fixing the rate; it's *postponing* the changing of a rate that you have set."²⁴

We agree that the operational effect of postponing APCo's next biennial review leaves in place APCo's current base rates, which were established by this Commission in APCo's 2011 biennial review²⁵ (just as a similar provision in SB 1349 leaves in place Dominion's current base rates, established in Dominion's 2009 "going-in" base rate case²⁶ under the 2007 Regulation Act²⁷). Petitioner also agrees that the operational effect of the challenged provision is to leave in place the rates already set by the Commission, effectively freezing the base rates determined by the Commission prior to the legislation.²⁸ We see, therefore, in terms of the constitutional analysis of the challenged provisions of SB 1349, no legal significance to the different wording used by the Petitioner in characterizing the challenged provision as "fixing" the rate or the Attorney General's characterization as "freezing" the rate. On the facts of this case, they are effectively the same from a constitutional standpoint. SB 1349 postpones APCo's next biennial earnings review from 2016 to 2020, thus also postponing any potential base rate adjustment. This postponement effectively freezes temporarily the base rates this Commission had previously set. As explained below, this temporary base rate freeze can reasonably be considered as falling within the "criteria and other requirements" that may be prescribed by the General Assembly under Article IX, § 2.

Functionally and legally, the SB 1349 language that Petitioner challenges is indistinguishable from a myriad of other statutory provisions that represent "criteria and other requirements" under Article IX of the Constitution, found throughout Title 56 of the Code, that circumscribe or limit the Commission's rate-setting authority in various circumstances including, notably, through previous rate freezes. Many of these provisions go significantly beyond the challenged provisions of SB 1349 in the scope and duration of their restrictions on the Commission's rate-setting authority. Petitioner cannot distinguish SB 1349's postponement of APCo's next biennial review as uniquely restrictive of the Commission's authority or *sui generis* in any significant way compared to many other statutes, which include numerous quite specific restrictions on both how and when the Commission conducts biennial reviews. For example, in the 2007 Regulation Act the General Assembly mandated that the Commission conduct earnings reviews every two years, but prohibited

¹⁸ Petition at 8-9 (quoting Code § 56-585.1:1 A and noting that "Phase I Utility" refers to APCo and "Phase II Utility" refers to Dominion).

¹⁹ *Id.* at 9.

²⁰ *Id.* The question whether the challenged language in SB 1349 represents a special or private law in violation of Article IV, §§ 14 or 15 of the Virginia Constitution has not been presented in this case.

²¹ Tr. at 59-60.

²² See, e.g., Petition at 3, 9, 15; Tr. at 61.

²³ Petition at 13.

²⁴ Tr. at 139-40 (emphases added).

²⁵ *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, Final Order (Nov. 30, 2011). In addition, in APCo's 2014 biennial review, the Commission approved limited changes to base rates that did not affect APCo's aggregate revenue requirement. *Application of Appalachian Power Company, For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2014-00026, 2014 S.C.C. Ann. Rept. 392, Final Order (Nov. 26, 2014).

²⁶ *Application of Virginia Electric and Power Company, For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00019, 2010 S.C.C. Ann. Rept. 301, Order Approving Stipulation and Addendum (Mar. 11, 2010).

²⁷ 2007 Va. Acts Chs. 888 and 933.

²⁸ See, e.g., Tr. at 78 ("Q: Which leaves in place the rates that had been set before; effective, it was – A: [SB 1349] – effectively, it freezes the rates.").

conducting base rate *cases* for the purpose of reducing base rates unless certain criteria and other requirements were met.²⁹ These include a mandatory finding that APCo (or Dominion) has earned above certain statutorily prescribed earnings bands for two consecutive biennial review periods.³⁰ The functional effect of these statutory requirements is that this Commission can only *review* base rate earnings every *two* years and can only *reduce* base rates every *four* years, and only after certain other statutory requirements are met. These requirements are far more restrictive of the Commission's authority to conduct base rate cases and adjust base rates than was contained historically in Chapter 10 of Title 56 of the Code ("Chapter 10").

There are also many other provisions in the 2007 Regulation Act that impose criteria and other requirements on the Commission that produce quite specific rate outcomes. These include restrictions affecting both rate adjustment clause ("RAC") and base rate proceedings, such as, among others: (i) mandatory adders for rate of return on common equity ("ROE");³¹ (ii) restrictions on the Commission's authority to allocate costs of demand-side management programs,³² vegetation management,³³ underground distribution,³⁴ and renewable energy portfolio programs³⁵ to certain large customers; and (iii) a requirement that a "floor" based on the earnings of other "peer" utilities must be used in setting ROEs.³⁶

Going further back in recent history, the provisions of SB 1349 that Petitioner challenges are operationally less restrictive of the Commission's rate-setting authority than the provisions of the 1999 Restructuring Act,³⁷ which froze in place the then-existing base rates for Dominion for a period longer than the legislative base rate freeze at issue herein and removed the Commission's authority to set rates for electricity generation services.³⁸ The provisions of the 1999 Restructuring Act restricting and removing the Commission's rate-setting authority were never alleged by any party, including the Virginia Committee (which APCo describes as a "sister organization" to Petitioner, comprised of large industrial customers of Dominion),³⁹ to violate Article IX, § 2.

While Petitioner repeatedly stated that it is only challenging this single discrete requirement of SB 1349,⁴⁰ the lack of a limiting principle in Petitioner's position undermines the very relief it requests.⁴¹ Under Petitioner's logic, many of the recent legislative enactments that diminished the Commission's historical rate-setting authority under "old" Chapter 10, as it existed before 1999, would be unconstitutional, including the aforementioned 1999 Restructuring Act, the 2007 Regulation Act, and current statutes requiring local telephone service rates to be set by the market, not by the Commission in Chapter 10 rate cases.⁴² To Petitioner's credit, it acknowledged that under its logic many of these statutory provisions may well be unconstitutional.⁴³ Yet, the relief Petitioner seeks is not only for us to declare unconstitutional the provisions of SB 1349 that postpone APCo's next biennial review until 2020, but also to order that a 2016 biennial review of APCo under Code § 56-585.1 be conducted.⁴⁴ Because, under Petitioner's own logic, many of the provisions of Code § 56-585.1 governing biennial reviews – which Petitioner asks us to enforce – may also be unconstitutional, the Petition would have us return to ground that the Petitioner's own argument, if accepted, would render infirm.

Considering the lack of a limiting principle and the effect of a ruling in Petitioner's favor on other statutory provisions is not just an academic exercise in hypotheticals, it is relevant to the legal issue in front of us. The sweeping impact that would result from the application of Petitioner's logic to numerous statutory provisions throughout Title 56 of the Code simply cannot be reconciled with the Supreme Court's repeated directive that the strongest presumption in Virginia law is that statutes enacted by the General Assembly are constitutional.

²⁹ 2007 Va. Acts Chs. 888 and 933.

³⁰ Code § 56-585.1 A 8 c.

³¹ Code § 56-585.1 A 6.

³² Code § 56-585.1 A 5 c.

³³ Code § 56-585.1 A 5 f.

³⁴ Code § 56-585.1 A 6.

³⁵ Code § 56-585.2 E.

³⁶ Code § 56-585.1 A 2 a, b.

³⁷ 1999 Va. Acts Ch. 411.

³⁸ See, e.g., §§ 56-577 A, 56-581 A, 56-582 A (1999) (all subsequently amended). Pursuant to legislation enacted in 2004, Dominion's fuel factor rate was also frozen from 2004 to 2007. See Code § 56-249.6 B.

³⁹ Motion to Stay at 3.

⁴⁰ Tr. at 32, 61, 63-64, 76, 182, 185.

⁴¹ The Attorney General asserts: "We don't think that the Petitioner has identified a limiting principle. It's not good enough to simply say, [t]hat's not this case, or, [w]e don't have to consider other statutes, because if the Commission were to adopt the rule that is being advocated here, it would lead to a slew of constitutional challenges to a number of other statutes." Tr. at 138.

⁴² See Code §§ 56-54.2 *et seq.* (Chapter 2.1 of Title 56), 56-235.5, and 56-235.5:1.

⁴³ Tr. at 33, 46, 61, 63-65, 82-83.

⁴⁴ Petition at 16-17.

Petitioner states that its opponents have not offered a limiting principle either and offers several hypothetical actions of the General Assembly as illustrations of what could happen if the temporary base rate freeze that Petitioner challenges is upheld as constitutional.⁴⁵ It is the Petitioner, however, who bears the heavy burden of overcoming the Supreme Court's unequivocal presumption in favor of constitutionality, not the opponents. Moreover, the real-world application of Petitioner's position means that numerous *actual* statutes, not hypothetical ones, become presumptively unconstitutional.

Further, as noted above, whether the challenged language in SB 1349 is characterized as a "fixing" or a "freezing" of base rates, on the facts of this case effectively there is no difference, and for purposes of the constitutional analysis, we find no legal significance to the different terms. Operationally, SB 1349 postpones APCo's 2016 biennial earnings review until 2020, effectively postponing any potential base rate adjustment, and thus leaving in place for a temporary period the base rates previously set by this Commission. Such a temporary rate freeze prescribed by statute is not unprecedented and must be considered in light of the Supreme Court's unequivocal instruction that any alleged unconstitutionality must be clear and palpable and that any reasonable doubt renders the statute constitutionally valid. Accordingly, we find that the language in SB 1349 that postpones APCo's next biennial review from 2016 to 2020 can reasonably be considered within the "criteria and other requirements" of Article IX, § 2 and thus does not violate the Constitution.

Although not necessary to our finding of constitutionality, as a factual matter, while SB 1349 temporarily suspends APCo's next biennial review for four years, the legislation leaves in place several statutory provisions under which the Commission retains the duty to regulate APCo's rates. For example, SB 1349 does not eliminate the Commission's authority to conduct, among other rate proceedings, RAC cases under Code §§ 56-585.1 A 4, A 5 and A 6 during SB 1349's Transitional Rate Period, emergency rate cases under Code § 56-245 at any time, and fuel factor rate cases annually under Code § 56-249.6.⁴⁶ SB 1349 also requires the Commission to conduct multiple proceedings during the Transitional Rate Period to establish the ROE for RAC rates that continue to be set by the Commission.⁴⁷ Further, we note that various statutes unchanged by SB 1349, along with new requirements in SB 1349 itself,⁴⁸ enable the Commission to monitor and report generally on APCo's base rate, and other, revenues and estimated earnings.

Dissent

The dissent makes several points that deserve a response because they involve the essence of our duty to follow the Constitution of Virginia in this case.

Public Policy – The dissent implies that this Commission has a "duty" under Article IX to find SB 1349 unconstitutional as contrary to the "public interest," by conflating public-policy arguments with legal analysis.⁴⁹ The dissent herein, like the dissent in Dominion's 2015 biennial review,⁵⁰ discusses extensively what it views as the negative public-policy outcomes of SB 1349.⁵¹ As noted above, we are aware of the likely operational effects of SB 1349,⁵² but whether we agree with the dissents' opinion on the public-policy aspects of this legislation, our opinion on such issues is immaterial to the purely legal question of whether SB 1349 is constitutional. The Commission's duty in this case is to decide the legal question of constitutionality without regard to our public-policy preferences and not to conflate the two. As discussed further below, there is no support in the Constitution of Virginia or relevant Supreme Court cases for a theory that the Commission has both the duty and power under Article IX to strike down as unconstitutional a statute because the Commission considers it to be contrary to the public interest.

⁴⁵ Tr. at 33.

⁴⁶ Code § 56-585.1:1 A. As referenced above, Commission Staff explained in considerable detail the likely operational effects of SB 1349 when it was under consideration during the Regular Session of the 2015 General Assembly. For example, RAC rates under Code §§ 56-585.1 A 5 and A 6 are likely to go up as the costs recoverable under those sections continue to increase. In addition, while there is no current approved state plan for compliance with the Environmental Protection Agency's Clean Power Plan, it is likely that many of the costs of such a plan will be eligible for recovery through Code §§ 56-585.1 A 5 or A 6 RACs, rather than being absorbed in frozen base rates, thus resulting in rate increases to customers. Further, any potential reductions in expenses recoverable through base rates during this period will remain in frozen base rates for the benefit of utility stockholders.

⁴⁷ See Code § 56-585.1:1 C.

⁴⁸ See Code § 56-585.1:1 B, F.

⁴⁹ See, e.g., *infra* pp. 32-33 ("SB 1349 eliminates the Commission's ability to perform its *assigned duty* and undermines key elements for determining the *public interest*." (emphases added)).

⁵⁰ *Application of Virginia Electric and Power Company, For a 2015 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2015-00027, 2015 S.C.C. Ann. Rept. 299, 307, Final Order at 24 (Nov. 23, 2015) (Dimitri dissenting) ("Biennial Review Dissent").

⁵¹ See *infra* pp. 20, 23-25, 28-30, 33; Biennial Review Dissent at 25, 28-30.

⁵² See *supra* notes 13 and 46.

Precedent and History – Both the Biennial Review Dissent and the dissent herein devote substantial attention to the historical context in which this constitutional challenge arises, obviously considering that history important to this proceeding and the issue in front of us.⁵³ The former portrays SB 1349 as a unique and unprecedented encroachment by the General Assembly on the Commission's authority, the final act in a history of gradually increasing but constitutional⁵⁴ legislative restrictions on Commission authority that crossed a constitutional line when "The 2015 General Assembly took the final step ending the Commission's rate-setting authority . . . with the passage of SB 1349."⁵⁵ The Biennial Review Dissent and the dissent herein contain a history of rate regulation in Virginia that specifically includes descriptions of statutes such as Code § 56-235.2, with its broad grant of authority, and the Regulation Act of 2007, which imposed many restrictions on the Commission's authority,⁵⁶ but both dissents notably omit any specific mention of the 1999 Restructuring Act,⁵⁷ which (i) effectively froze base rates just as SB 1349 does,⁵⁸ (ii) froze them for a longer period of time than SB 1349 does,⁵⁹ and (iii) removed the Commission's authority to fix rates for electricity generation services.⁶⁰ The Commission's authority to set the rates for local telephone services has also been removed through legislative enactments that have never been challenged as unconstitutional, as noted above.⁶¹

To support its assertion that SB 1349 should be struck down despite the Supreme Court's unequivocal directive that statutes are presumed to be constitutional, the dissent describes SB 1349 as "facially unconstitutional."⁶² Yet if SB 1349 is "facially unconstitutional," then unquestionably so was, among other statutes cited herein, the 1999 Restructuring Act.⁶³ Given the importance attached to historical context in both the Biennial Review Dissent and the dissent herein, accuracy requires noting that the restrictions of SB 1349 are far from unprecedented as the historical record and statutes past and present demonstrate.

Constitutional Theory – The dissent states as follows:

. . . [A] statute may create "criteria and other requirements" that "prescribe" standards or factors the Commission is to utilize in the exercise of its constitutional power and duty, but a statute may not *remove* such power and duty altogether. Furthermore, Article IX, § 2 grants the Commission the power and duty to regulate electric rates – even if the General Assembly does nothing. That is, the Commission's constitutional authority to regulate electric rates is self-executing . . . it is not contingent upon, or triggered by, prior legislative action . . . [T]he Commission's rate-setting authority is not *conferred* by the General Assembly but, rather, is *subject to* legislative criteria and other requirements.⁶⁴

This case is about legislation the General Assembly has enacted (and the Governor has signed), so the hypothetical question as to what the Commission's power would be in the complete absence of any legislation is not presented. The dissent appears to advocate a theory that the Constitution of Virginia grants the Commission a plenary power to legislate that is both *exclusive of*, and *superior to*, that of the General Assembly. Under this theory, the General Assembly apparently can enact purely *procedural*, but *not substantive*, criteria and requirements, or it can enact some substantive criteria and requirements as long as they don't cross a line, which is neither clearly located nor defined. The dissent says that the General Assembly can "prescribe" how the Commission regulates rates but cannot "remove" the rate-setting authority. If that is the constitutional bright-line test, then many legislative enactments prior to SB 1349 also would have been unconstitutional, unquestionably including the 1999 Restructuring Act and legislation removing the Commission's authority to set rates for local telephone service.⁶⁵

⁵³ See *infra* pp. 22-23, 32-33; Biennial Review Dissent at 26-30.

⁵⁴ See, e.g., Biennial Review Dissent at 26, n.80.

⁵⁵ Biennial Review Dissent at 29. See also *id.* at 30. The dissent herein describes SB 1349 as ". . . ending the Commission's rate-setting authority" *Infra* p. 25. But cf. *supra* p. 13 (discussion of Commission authority).

⁵⁶ See *infra* pp. 22-23; Biennial Review Dissent at 26-30.

⁵⁷ 1999 Va. Acts Ch. 411. See, e.g., *Application of Virginia Electric and Power Company, For approval of a Functional Separation Plan under the Virginia Electric Utility Restructuring Act*, Case No. PUE-2000-00584, 2001 S.C.C. Ann. Rept. 467, 472, Order on Functional Separation (Dec. 18, 2001) (In that Order, the Commission described the 1999 Restructuring Act as "a marked departure from the traditional manner in which electric public utility service has both been provided and regulated in Virginia No longer will customers be able to look to agencies of the state to determine the fair, just and reasonable rates for this service.").

⁵⁸ *Id.*; Code § 56-582.

⁵⁹ *Id.* Subsequent to the 1999 legislation, Chapter 827 of the 2004 Acts of Assembly extended the base rate freeze for three additional years for Dominion. Code § 56-582 F (2004) (amended in 2007). The 2004 legislation also froze Dominion's fuel factor rate for three years. Code § 56-249.6 B.

⁶⁰ 1999 Va. Acts Ch. 411; Code §§ 56-577 A and 56-581 A (1999) (both subsequently amended).

⁶¹ See *supra* p. 11 and note 42.

⁶² *Infra* p. 33 (emphasis added).

⁶³ Contrary to the portrayal of SB 1349 as an unprecedented encroachment on Commission authority in the Biennial Review Dissent, the dissent herein now appears to adopt Petitioner's argument that other statutes such as the 1999 Restructuring Act may well have been unconstitutional, but were just never challenged (see *infra* note 91), an argument we address above (see *supra* pp. 10-12). Indeed, the dissent alleges that the "majority scolds Petitioner here for not having brought challenges to past statutes. . . ." (*infra* note 91 (emphasis added)), presumably for noting the fact that there were no challenges from *any* party, including Petitioner, to the 1999 Restructuring Act (see *supra* pp. 10-11). We agree that parties may choose not to initiate constitutional challenges for reasons other than the legal merits (see *infra* note 91), but challenges to a law's constitutionality are not limited only to those initiated by outside parties. For example, Commissioner Dimitri opined *sua sponte* that SB 1349 is unconstitutional in the Biennial Review Dissent.

⁶⁴ *Infra* pp. 27-28 (emphases in original).

⁶⁵ See also *supra* pp. 10-12.

Further, under the dissent's theory, which has no limiting principle, the General Assembly could never make the *public policy* decision to deregulate services of the types of companies listed in Article IX, § 2 by removing the Commission's authority to set the rates for such services and thereby allowing prices to be set by the market. There is no historical evidence that those who adopted the 1971 Constitution intended such a grant of plenary policy-making power to the Commission, as described in the Supreme Court's *VEPCO*⁶⁶ decision issued shortly after the 1971 Constitution had gone into effect. On the contrary, the dissent's theory finds no support in either of the Supreme Court holdings in *VEPCO* ("... [T]he authority of the SCC... is subordinate to the power of the General Assembly to command otherwise.")⁶⁷ or *PEPCO* ("The SCC's regulatory jurisdiction is *not* plenary.")⁶⁸.

Whether we may believe that a grant of plenary legislative power to this Commission in the highly complex field of public-utility regulation may serve the public interest, such belief does not override our duty to apply and follow the Code and Constitution of Virginia in cases before us, as we have done in the instant proceeding and other proceedings in which concerns about SB 1349 have been raised in dissent.

Conclusion

Because we find that the challenged provisions of SB 1349 fall within the "criteria and other requirements" of Article IX, § 2, we do not need to rule on whether SB 1349 crosses some hypothetical line between the General Assembly's legislative power and the Commission's, or where that line may be, or whether such a line exists. Nor do we need to rule on the assertions by the Attorney General,⁶⁹ APCo,⁷⁰ and Dominion⁷¹ that the Supreme Court has already settled those questions definitively in its *VEPCO* and *PEPCO* opinions, by resolving any perceived conflicts between the General Assembly's legislative powers and the Commission's in favor of the General Assembly.

Accordingly, we need not – and do not herein – delineate and detail the full scope of the Commission's ratemaking authority under Article IX, § 2, relative to the General Assembly's legislative powers under Article IV.⁷² We need only find – and we do herein – that the provisions of SB 1349 that reschedule APCo's ext biennial review from 2016 to 2020 can reasonably be considered as falling within the "criteria and other requirements" that the General Assembly may prescribe as authorized by Article IX, § 2. Furthermore, this finding is consistent with the Supreme Court's repeated and unequivocal admonition that any reasonable doubt about a statute's constitutionality must be resolved in favor of constitutionality and that, if a statute reasonably can be, it must be construed in a manner that upholds its constitutionality.⁷³

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

DIMITRI, Commissioner, dissents:

The Old Dominion Committee for Fair Utility Rates, a group of large industrial customers of Appalachian Power Company ("APCo"), challenges the constitutionality of a recently enacted statute which prohibits the State Corporation Commission from setting the base rates that customers of APCo are required to pay for electric service.⁷⁴

SB 1349 (which was passed in 2015 by the General Assembly and signed by the Governor) fixes APCo's and Dominion's base rates at the current level for each company and prohibits the Commission from conducting further biennial reviews until 2020 (APCo) and 2022 (Dominion). Since biennial reviews under Code § 56-585.1 have been presumed to be the only legislatively-sanctioned basis for setting or lowering customers' base rates, SB 1349 has foreclosed all avenues for reasonable base rate reductions, if warranted, by the Commission. Thus, unless the utility seeks an emergency rate increase, SB 1349 fixes base rates until at least 2021 (APCo) and 2023 (Dominion). The majority opinion does not, and cannot, dispute these facts. The Commission's authority to set base rates, affecting billions of dollars of utility costs and revenues and affecting millions of customers of the utilities, has been prohibited by the General Assembly. By doing so, SB 1349 violates Article IX, § 2, of the Constitution of Virginia.

⁶⁶ *Commonwealth v. Va. Elec. & Power Co.*, 214 Va. 457, 201 S.E.2d 771 (1974) ("*VEPCO*").

⁶⁷ *Id.*, 214 Va. at 465, 201 S.E.2d at 777 (emphasis added).

⁶⁸ *Potomac Elec. Power Co. v. State Corp. Comm'n*, 221 Va. 632, 636, 272 S.E.2d 214, 216 (1980) (emphasis added) ("*PEPCO*").

⁶⁹ Tr. at 134-38, 143-44; Attorney General's Response at 5-12.

⁷⁰ Tr. at 166-74; APCo's Response at 5-6, 12-14.

⁷¹ Tr. at 125; Dominion's Response at 6-7, 9.

⁷² Other purposes and effects of Article IX of the Constitution of Virginia were discussed at length at oral argument. Relative thereto, it is clear that, at a minimum, Article IX guarantees that the Commission's existence as an independent department of government is protected against any legislative or executive action that purports otherwise, and that the General Assembly may neither assign nor delegate the rate-setting power to any executive-branch or independent agency of Virginia government other than the Commission.

⁷³ Having herein ruled on the Petition, we find that APCo's Motion to Stay is moot.

⁷⁴ Those participants supporting the Old Dominion Committee's petition include: the Virginia Committee for Fair Utility Rates (comprised of large industrial customers of Dominion Virginia Power ("Dominion")); the Virginia Municipal League/Virginia Association of Counties APCo Steering Committee (comprised of municipalities and counties that are customers of APCo); the Apartment and Office Building Association of Metropolitan Washington; the Virginia Energy Purchasing Governmental Association (comprised of local government customers of Dominion); Karen E. Torrent, Esq.; and The Kroger Co. Supporting a finding of constitutionality are APCo and Dominion (the two largest investor-owned electric utilities in Virginia) and the Attorney General.

As I discussed in Dominion's 2015 biennial review order, for its authority and duties the Commission looks to the law, which includes both the Code and Constitution of Virginia. Article IX, § 2, of the Constitution of Virginia, adopted in 1971, elevated to a constitutional level the Commission's rate-setting authority and duty in certain areas, providing in pertinent part as follows (emphasis added):

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.*

The italicized language grants the Commission the power and the duty to regulate the rates of electric companies. 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 rules or 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."⁷⁵ The Constitution gives the General Assembly authority to set rules and standards, but, contrary to the majority's position, there are limits.⁷⁶

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."⁷⁷ 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.⁷⁸ SB 1349, however, does not fall in a grey area. It does not establish criteria that the Commission must apply in regulating an electric utility's base rates. Rather, it unequivocally fixes those rates by statute for both companies – for years – and takes the base rate-setting function away from the Commission entirely. This is a legislative prohibition, rather than a criteria or requirement. Thus, SB 1349 is a prohibition on the Commission's exercise of its constitutional authority to regulate rates, and there is no basis in the Constitution for such legislation which purports to nullify the Commission's grant of jurisdiction in this regard.

Rate regulation in Virginia and in most other jurisdictions 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.⁷⁹

Consistent with the provisions of Article IX, § 2, 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."⁸⁰ This allowed the Commission to consider both upward and downward adjustments to base 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. 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 APCo and Dominion.⁸¹

⁷⁵ 2 A.E. Dick Howard, *Commentaries on the Constitution of Virginia* 980 (1974).

⁷⁶ The majority erroneously asserts that the arguments contained herein are based on a claim that the Commission's authority is plenary. See *supra* pp. 17-18. This "claim" or assertion is made only in the majority opinion. As repeatedly recognized in this Dissent, Article IX, § 2, gives the Commission the authority and the duty to set electric rates. This section also recognizes the authority of the General Assembly to set criteria. At bottom, it is the majority that treats the General Assembly's role as plenary, as it agrees that the General Assembly can remove all Commission authority granted in the Constitution.

⁷⁷ 2 Howard, *supra* note 75, at 983.

⁷⁸ Examples of where the General Assembly has established "criteria and other requirements" include provisions of 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 biennial review process).

⁷⁹ 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).

⁸⁰ 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.

⁸¹ 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 was to reduce Dominion'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.

Based upon the record in Dominion's most recent biennial review (prior to the prohibition on such cases), the trend of Dominion's current base rates producing revenues over cost and a fair return has been continuing and demonstrates the potential impacts of prohibiting regulation of base rates by the Commission. The Commission's Staff projected that Dominion's revenues over a fair return would be \$310 million in 2015 and \$299 million in 2016.⁸² The Attorney General similarly stated that Dominion's base rates are designed to produce excess annual revenues of \$229 million, or \$299 million if based upon the Staff's recommended return on equity.⁸³ 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 utility's current base rate levels, which the Commission is now prohibited from setting or adjusting, are designed to produce and have been producing annual excess revenues of hundreds of millions of dollars. Moreover, it shows that there always will be variables that affect the amount of actual costs and revenues in a given year but, for Dominion, its current base rates are now fixed by the General Assembly at a level which is designed to overcollect from customers based on current analysis and historical results. As a result, if base rates are fixed at current levels for at least the next seven years, Dominion's earnings over and above its cost of service and a fair return have the potential to reach well over a billion dollars, at customer expense.⁸⁴

Indeed, a current illustration of this can be found in a recently-concluded proceeding for Dominion. Evidence in that case showed that Dominion plans to allow certain contracts with non-utility generators ("NUGs"), currently providing power to customers, to expire while base rates are frozen by SB 1349. The capacity costs associated with these contracts, however, are currently included in those base rates. Thus, as explained by the Attorney General in that proceeding, this means that Dominion's "base rates will remain inflated" because it (i) will no longer be paying these NUG capacity costs, but (ii) will continue to recover such costs from its customers since base rates are frozen under SB 1349.⁸⁵

To be sure, such potential effects are not limited to Dominion. The most recent biennial review for APCo also showed that it earned greater than a fair rate of return, and, as a result, customers received refunds.⁸⁶ Like Dominion, to the extent that APCo's current base rates are fixed at a level which is designed to overcollect from customers based on historical results, APCo will retain millions of dollars over and above its cost of service at customer expense. In addition, APCo's existing base rates, which were established in 2011, reflect significant capacity costs previously imposed on APCo under federal regulatory agreements.⁸⁷ Those specific regulatory agreements, however, have been replaced by APCo with new capacity arrangements.⁸⁸ Since SB 1349 freezes APCo's base rates and cancels the Commission's authority to regulate those rates, APCo will continue to recover those significant capacity costs from its customers – regardless if such costs appreciably *decrease* during the period when the Commission's constitutional authority has been removed by statute. The majority misconstrues the foregoing as an argument about "public policy." In reality, it is setting forth real world examples of potential impacts of SB 1349's prohibition of Commission rate-setting authority, much of which is set out in Commission orders.

These examples demonstrate factually the potential financial implications of ending the Commission's rate-setting authority and any ability to review and, if warranted, reset an electric utility's base rates, with the passage of SB 1349. Under this law, major categories of rising costs can be passed along to customers, but lower costs or savings cannot.⁸⁹

Moreover, 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. SB 1349, however, requires no such line drawing analysis. Rather, SB 1349 draws a bright line for regulating base rates: the legislation has fixed the level of base rates for APCo and Dominion, respectively, and prohibited the Commission from reducing them under any circumstances. Again, as Professor Howard has analyzed, 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 Yet in SB 1349 it has done both.

⁸² *Application of Virginia Electric and Power Company, For a 2015 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2015-00027, 2015 S.C.C. Ann. Rept. 299, 309, Final Order at 29 (Nov. 23, 2015) (Dimitri dissenting).

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ *Application of Virginia Electric and Power Company, For approval and certification of the proposed Greensville 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 GV, pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00075, Doc. Con. Cen. No. 160340035, Final Order at 20 (Mar. 29, 2016) (Dimitri concurring). For example, based on Dominion's cost estimates in that proceeding, between now and the end of 2019, Dominion will have recovered over \$243 million from its customers for NUG capacity costs that it no longer incurs. *Id.* at 20-21.

⁸⁶ *Application of Appalachian Power Company, For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2014-00026, 2014 S.C.C. Ann. Rept. 392, 398, Final Order (Nov. 26, 2014).

⁸⁷ *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, 481-82, Final Order (Nov. 30, 2011).

⁸⁸ The federal agreements under which APCo had previously made significant capacity payments were terminated by APCo and its affiliates effective January 1, 2014. 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, 305, Final Order (Nov. 26, 2014).

⁸⁹ 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. See Code §§ 56-585.1 A 4, 5, and 6. Conversely, SB 1349 fixes base rates (and any excess revenues currently built therein) at existing levels; base rates cannot be lowered by the Commission.

⁹⁰ 2 Howard, *supra* note 75, at 980, 983.

To this the majority opinion takes the leap that, to maintain its position, it must – *i.e.*, that the General Assembly's absolute prohibition on the Commission's authority to set base rates is simply a "criteria" within the meaning of Article IX, § 2, and the length of the prohibition can simply be set by statute. In taking this position, an act of proscription is rendered indistinguishable from one of prescription. The majority embraces plenary power of the General Assembly in all rate regulation matters, by stretching "criteria" to mean complete regulation of rates, including prohibition of Commission regulation of rates. With this reasoning, Article IX, § 2 can effectively be read out of the Constitution. Setting rules for rate-setting means you can cancel all Commission rate-setting and legislate rates by statute.

To the contrary, the Virginia Constitution does not allow the Commission's power and duty to regulate the rates of electric companies to be removed by statute as the majority opinion defends.⁹¹ Specifically, as noted above, this case is about the explicitly identified constitutional authority contained in Article IX, § 2, which warrants repeating (emphasis added):

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*.

The plain language of this constitutional provision gives the Commission "the power and . . . the duty of regulating the rates, charges, and services" of electric companies. This constitutional grant of authority cannot be removed by statute. Rather, under this provision, the Commission's power and duty to regulate rates is expressly "[s]ubject to such criteria and other requirements as may be prescribed by law." This is the only constitutional limitation thereon. Accordingly, a statute may create "criteria and other requirements" that "prescribe" standards or factors the Commission is to utilize in the exercise of its constitutional power and duty, but a statute may not *remove* such power and duty altogether.

Furthermore, Article IX, § 2 grants the Commission the power and duty to regulate electric rates – even if the General Assembly does nothing. That is, the Commission's constitutional authority to regulate electric rates is self-executing under Article IX, § 2; it is not contingent upon, or triggered by, prior legislative action. Under the plain language of this constitutional provision, the Commission's rate-setting authority is not *conferred* by the General Assembly but, rather, is *subject* to legislative criteria and other requirements.

For purposes of the instant inquiry, Code § 56-585.1 establishes the criteria and other requirements for the Commission's regulation of base rates as part of the biennial review process set forth in that statute. SB 1349, however, takes away the Commission's authority to apply the criteria and other requirements in Code § 56-585.1 and, thus, the Commission's authority to regulate those base rates. In this manner, SB 1349 violates Article IX, § 2 because, rather than prescribing criteria and other requirements that the Commission must apply in setting base rates, it *removes* the Commission's constitutional power and duty to regulate those rates.

While the rate-setting function can border on the esoteric, what is sought to be imposed under SB 1349 is quite clear, and the majority opinion in upholding the constitutionality of SB 1349 acquiesces to the proposition that the General Assembly has the unfettered ability to prohibit the Commission from exercising its constitutional authority and duty to set electric rates. Period. In an apparent attempt to temper in some way the ceding of the Commission's authority and responsibility, the opinion resorts to a fiction of grand proportion – that the General Assembly's prohibition is only "postponing" the exercise of the Commission's rate-setting authority, that it is only "temporary."⁹² My colleagues well know that in APCo's case, SB 1349 permanently bars, totally prohibits, any rate review, rate change or refund of base rates for a period of years set by statute, and if customers pay excessively during that period, the excess payments for those years must be absorbed by customers. Nothing is temporary, nothing is postponed, for those years. The same is true with respect to Dominion's base rates. The only thing that is "postponed" under SB 1349 is the Commission's ability to regulate rates under the Constitution, and under the rationale advanced in the majority opinion the Commission's authority and duty could be "postponed" *ad infinitum* simply with the passage of legislation extending the prohibition on the Commission.

Similar to the majority opinion, the Attorney General attempts to reconcile the Commission's loss of constitutional authority by asserting that SB 1349 only "delays" – but does not remove – the Commission's power of regulating rates.⁹³ Indeed, the Attorney General does *not* ultimately assert that the Commission's constitutional rate-setting authority can be removed by statute, much as the majority opinion talks of merely "postponing."⁹⁴ The Attorney General's two positions, however, cannot coexist based on the facts herein. That is, SB 1349 is only valid if the Commission's constitutional "power . . . of regulating . . . rates" is subordinate to a statute that takes away that power. SB 1349 removes the Commission's constitutional authority to establish APCo's base rates for at least five years, and Dominion's base rates for at least seven years; this is more than a simple "delay."

⁹¹ The majority's defense of the constitutionality of the General Assembly's legislation eliminating the Commission's constitutional rate-setting authority relies heavily on a legal argument that because, in the majority's view, past statutes have removed Commission jurisdiction and challenges were not brought, then an additional instance must somehow be legal. Indeed, the majority scolds the Petitioner here for not having brought challenges to past statutes as if the lack of challenge to other statutes somehow provides binding precedent for the constitutionality of SB 1349. As counsel for Petitioner noted in questioning during oral argument, perhaps other statutory provisions, raised by the majority, might have been successfully challenged, but the issues raised by the majority have not been litigated and the Petition does not raise such hypothetical issues, and SB 1349 must stand or fall on the application of the Constitution to this particular statute. That electric customers, like other potential litigants, weigh the issues and their potential financial and other impacts in considering whether to appeal past statutory enactments does not resolve the constitutional question presented in this proceeding. The majority has no basis to assume, as it does extensively, the constitutionality or unconstitutionality of other statutes where such issues have never been litigated and many of which have long been suspended, and its sweeping claims of "presumptive unconstitutionality" of other statutes are hypothetical and highly speculative.

⁹² The majority opinion uses terms such as "postponing" or "temporary" no fewer than 16 times. The Attorney General uses the term "delay" to the same purpose.

⁹³ Attorney General's Response at 5.

⁹⁴ Tr. at 155-56 ("Well, just to be clear, though, you believe the General Assembly can take away all of the rate-setting authority of the Commission? MR. RAPHAEL: I don't need to go as far as you're asking me to go, and I don't think it would be prudent to go that far.").

As previously stated, the Attorney General has identified what he has represented are hundreds of millions of dollars of excess revenues in Dominion's case, which are lost permanently to customers. To now claim that funds permanently lost to ratepayers during these years somehow equate to only a "delay" contradicts the Attorney General's position on his previously stated harm to the public in Dominion's last case. The Attorney General's position herein also contradicts his previous legal opinion, issued just last year, in which the Attorney General concluded that "the General Assembly has the power to enact laws that augment or supplement the [Commission's] jurisdiction *provided that such laws do not contravene the [Commission's] fundamental power and duty to regulate the 'rates, charges, and services . . . of railroad, telephone, gas, and electric companies.'*"⁹⁵ Even more striking, under the Attorney General's theory posited in this case and, unfortunately, the majority's opinion, a new "delay" or "postponement" statute could presumably be passed every few years without, under the Attorney General's and majority's view, having the legal effect of removing the Commission's constitutional power and duty of regulating base rates. This is both a factually, and legally, indefensible outcome.

The Attorney General, however, apparently recognizes, to some undefined, limited degree, the plain language limitations in Article IX, § 2 (as discussed above), suggesting that this "might be a harder case if you didn't have the 1974 *VEPCO* decision, but that decision is dispositive."⁹⁶ Contrary to this conclusion, the 1974 *VEPCO* case does not preclude the Attorney General (or this Commission, or the Supreme Court) from applying the constitutional plain language to the facts in the instant proceeding. As explained by the Committee, the *VEPCO* Court found that a 1914 statute exempting municipal corporations from regulation – which the General Assembly *specifically retained* in the Code when Article IX, § 2 was adopted in 1971 – remained valid.⁹⁷ The instant case, however, does not involve such a pre-existing exemption, nor does it involve matters that could infringe on the existing legal authority and autonomy of local governments.⁹⁸

Furthermore, the *VEPCO* decision did not involve a situation, as here, where a *new* statute removes the Commission's pre-existing constitutional rate-setting authority and fixes electric utilities' base rates at specifically-defined levels. The 1974 *VEPCO* decision does not preclude the Supreme Court from recognizing that SB 1349 fails to establish criteria or other requirements but, rather, *removes* the Commission's rate-setting authority over electric companies and fixes base rates itself. It is precisely this statutory removal of the Commission's constitutional authority that renders SB 1349 invalid.

Indeed, the Supreme Court recently explained that the General Assembly's legislative powers, including rate authority, may be restricted "by express or necessarily implied prohibitions arising from the Constitution of Virginia or the United States Constitution."⁹⁹ In *Elizabeth River Crossings*, an appellee argued that setting toll rates was a constitutional duty of the State Corporation Commission and that the General Assembly could not vest such authority in the Virginia Department of Transportation. The Court, however, determined that the constitutional authority over rates for *transportation* companies is vested with the General Assembly, not with the Commission, and the Court's reasoning is highly instructive for purposes of the instant case. The Court explained that it reached its conclusion because transportation companies are not included in the "exclusive" list of companies in Article IX, § 2, which "delegates jurisdiction over rates, charges, and services of railroad, telephone, gas and electric facilities to the [Commission]."¹⁰⁰

Since "transportation" companies are not included in this list, the Court concluded that the constitutional plain language was not "doubtful" and that, as a result, constitutional authority over rates for "transportation" companies is not vested with the Commission.¹⁰¹ Similarly, the plain language also is not doubtful that "electric" companies *are* included in this exclusive constitutional list of companies over which the Commission has rate authority. Thus, applying the Court's plain language analysis to the instant case, the General Assembly's legislative powers are restricted by the express constitutional provision that vests with the Commission the power and duty of regulating rates for "electric" companies.

The issue here is not just about the Commission's *authority* to regulate rates. There is another term in Article IX, § 2, left largely undiscussed in this proceeding, which also points to infringement on the Constitution by SB 1349's prohibition on changes in base rates. As discussed, the Constitution gives the Commission the *authority* to regulate rates, but it goes further – it assigns the Commission the *duty* to regulate rates, and, unlike a power, a duty is something that we *must* do.¹⁰² For whose benefit does this duty arise? The Constitution is silent to this specific question, but it surely includes those who adopted the Constitution, *i.e.*, the public. The Commission has historically carried out the performance of its duty by determining, on a case-by-case basis, what is in the overall public interest, weighing the interests of utilities and customers through an open and transparent process consistent with the law that allows utilities to propose rates, customers to challenge rates, and all interested parties to present evidence and argument in a forum where due process rights for all are protected through public notice and an opportunity to be heard. These are hallmarks of the Commission's performance of its duty under the Constitution. Indeed, the Commission's duty, and the rights of utilities and the public to participate in the process through which we fulfill such duty, was of such significant import that those who framed and adopted the Constitution gave any party aggrieved by a final Commission decision a direct appeal of right to the Supreme Court.¹⁰³

⁹⁵ Office of the Attorney General, Commonwealth of Virginia, Opinion No. 15-005, 2015 WL 4153042 (July 2, 2015) (emphasis added).

⁹⁶ Tr. 134.

⁹⁷ *See, e.g.*, Petition at 13-14. The 1980 *PEPCO* case, which applied the same pre-existing exemption to the State government, is equally inapplicable to the instant case. *Potomac Elec. Power Co. v. State Corp. Comm'n*, 221 Va. 632, 272 S.E.2d 214 (1980).

⁹⁸ *See, e.g.*, *BASF Corp. v. State Corp. Comm'n*, 289 Va. 375, 403, 770 S.E.2d 458, 473 (2015); *City of Norfolk v. Tiny House, Inc.*, 222 Va. 414, 422, 281 S.E.2d 836, 840 (1981).

⁹⁹ *Elizabeth River Crossings OpCo, LLC v. Meeks*, 286 Va. 286, 311, 749 S.E.2d 176, 188 (2013).

¹⁰⁰ *Id.*, 286 Va. at 308, 749 S.E.2d at 187.

¹⁰¹ *Id.*

¹⁰² The majority incorrectly advances a "conflation" argument based upon an implied claim by the Dissent. That is not an argument presented by this Dissent. *See, e.g., supra* p. 14.

¹⁰³ Va. Const. art. IX, § 4.

Against this constitutional backdrop of the Commission's duty, SB 1349 eliminates the Commission's ability to perform its assigned duty and undermines key elements for determining the public interest. The new statutory framework cuts off the ability of the public to petition, be heard and have an opportunity to present evidence as to what their rates should be. Gone is the due process afforded all interests, including the ability to protect those interests through the constitutionally-guaranteed appeal of right to the Supreme Court.

Finally, like the majority opinion and the Attorney General, I recognize that the Supreme Court applies a strong presumption of the constitutional validity of a statute. Unlike the majority opinion and the Attorney General, however, I do not further elevate this presumption to a level necessary to save a facially unconstitutional statutory provision. SB 1349 removes the Commission's power and duty to regulate base rates, which no one disputes. This is not permitted under Article IX, § 2, and no level of presumption can make it so. SB 1349 violates the plain language of Article IX, § 2, because it removes the Commission's constitutional "power and . . . duty" to regulate the base rates of electric companies. Accordingly, I dissent from the instant order.

**CASE NO. PUE-2016-00012
AUGUST 8, 2016**

CONSOL ENERGY INC.,
Petitioner,
v.
APPALACHIAN POWER COMPANY,
Defendant.

FINAL ORDER

On February 9, 2016, CONSOL Energy Inc., together with its subsidiaries and affiliated companies (collectively, "CONSOL"), filed with the State Corporation Commission ("Commission") a Complaint and Petition for Injunctive Relief ("Petition") against Appalachian Power Company "APCo"). CONSOL filed its formal Petition pursuant to 5 VAC 5-20-100 B of the Commission's Rules of Practice and Procedure ("Rules of Practice"), after the Commission's Staff ("Staff") had investigated an informal complaint by CONSOL about matters raised in the Petition.¹

APCo provides retail electric service to CONSOL, which engages in coal mining² and in natural gas production and gathering through various facilities in Virginia. In its Petition, CONSOL asserts, among other things, that on September 15, 2015, APCo began demanding security deposits from CONSOL based on APCo's own credit analysis of CONSOL and not because of late or missed payments by CONSOL. APCo had notified CONSOL that failure to satisfy APCo's requirement for security deposits, estimated to exceed \$7 million, would result in a disconnect notice to CONSOL and could result in disconnection of service.³

CONSOL asserts that APCo's demands, as alleged in the Petition, for security deposits from CONSOL are not permitted by 20 VAC 5-10-20 of the Commission's Utility Customer Deposit Requirements ("Deposit Requirements") or by the terms and conditions of APCo's Virginia retail tariff, Virginia S.C.C. Tariff No. 25, Appalachian Power Company, Sheet No. 3-2 ("Deposit Tariff"). The relief requested in the Petition is for the Commission: (1) pending the outcome of this proceeding, to enjoin APCo from (i) enforcing any current security deposit requests made to CONSOL, (ii) making any future deposit requests to CONSOL based on credit ratings, (iii) applying payments, in whole or in part, made by CONSOL to items or charges other than those amounts identified on its bills as "Current Electric Charges Due," and (iv) discontinuing service, either with notice or without notice, for any of the accounts that are the subject of the Petition; (2) to require APCo to comply with the terms and conditions in the Deposit Tariff and 20 VAC 5-10-20 of the Commission's Deposit Requirements; and (3) to find that a payment history of 24 months of on-time payments constitutes satisfactory credit for purposes of requesting a security deposit.⁴

On February 11, 2016, the Commission issued an Order Docketing Petition that, among other things, directed APCo to file answers or other responsive pleadings addressing CONSOL's requested injunctive relief and, by separate filing, addressing CONSOL's Petition. On February 16, 2016, APCo filed an Answer to Request for Injunctive Relief in which APCo opposed CONSOL's request for injunctive relief.⁵ Among other things, APCo asserted that its actions are permitted by the Deposit Tariff and the Commission's Deposit Requirements.⁶

¹ CONSOL's Petition at 1, 6-7.

² At the time the Petition was filed, CONSOL's coal mining operations included the Buchana Mine.

³ *Id.* at 1, 5-7.

⁴ *Id.* at 10.

⁵ Concurrent with its Answer to Request for Injunctive Relief, which was filed in public and confidential versions, APCo also filed a Motion for Protective Ruling. Subsequent to the entry of a Protective Ruling, APCo advised that a credit report and emails it filed under seal in this proceeding should no longer be classified as confidential. By Ruling issued on April 14, 2016, the Senior Hearing Examiner directed that the specified documents would no longer be classified as confidential.

⁶ *See, e.g.*, APCo's February 16, 2016 Answer at 7.

On February 17, 2016, the Commission issued an Order directing the Staff, given its unique role in administering the Virginia jurisdictional retail tariffs of APCo and other public utilities in the Commonwealth, to file a pleading identifying Staff's view of the tariff provisions relevant to the Petition. On February 18, 2016, the Staff filed a pleading stating that APCo, under the Deposit Tariff, "may require a deposit on any of CONSOL's accounts on which, during the previous 24 months, payment has been either untimely or for less than the full amount of an appropriate billing by APCo" but that the tariff "does not authorize APCo to require a deposit on any of CONSOL's accounts that have been timely paid in full during the prior 24 months."⁷ Staff further noted that, under the Commission's Deposit Requirements, customers such as CONSOL are entitled to a refund upon 24 consecutive months of timely and full bill payments.⁸

On February 19, 2016, the Commission issued a Procedural Order that preliminarily enjoined APCo from charging and/or enforcing security deposits on any of CONSOL's accounts that have satisfactory credit as defined in the Deposit Tariff: "Satisfactory credit is defined as full payment of bills on or before the scheduled due date for . . . 24 consecutive months (commercial and industrial)."⁹ The Procedural Order also assigned this matter to a Hearing Examiner, pursuant to 5 VAC 5-20-120 of the Commission's Rules of Practice, and directed the Staff to participate pursuant to 5 VAC 5-20-100 of the Rules of Practice.¹⁰

On March 10, 2016, APCo filed its Answer to CONSOL's Petition. In addition to responding to the specific allegations in the Petition, APCo's Answer expands upon APCo's position that its deposit demands from CONSOL are consistent with APCo's view of the Deposit Tariff and the Commission's Deposit Requirements.¹¹

On March 21, 2016, CONSOL filed an Emergency Motion Regarding Financial Security and Request for Expedited Consideration ("Emergency Motion") regarding certain security deposit requests made or renewed by APCo after the Commission's issuance of the Procedural Order. CONSOL requested that the Commission enjoin APCo, pending the outcome of this proceeding, from: (1) enforcing security deposit demands on eleven accounts identified in the Emergency Motion; (2) terminating any such accounts; and (3) charging accumulated fees based on nonpayment of security deposits disputed by CONSOL.¹² CONSOL acknowledged that all eleven accounts have had late payments within the past two years, including eight accounts that had bills paid three days late in June 2014 ("June 2014 Accounts").¹³

By Ruling issued on March 22, 2016, the Senior Hearing Examiner scheduled oral argument on CONSOL's Emergency Motion and enjoined APCo from enforcing security deposits on the eleven accounts identified in the Emergency Motion. One day later, on March 23, 2016, the Senior Hearing Examiner lifted the injunction directed in his March 22, 2016 Ruling and denied CONSOL's Emergency Motion after hearing oral argument by CONSOL, APCo, and Staff.

On March 29, 2016, CONSOL filed a Reply to APCo's March 10, 2016 Answer. CONSOL asserted that the Deposit Tariff does not permit APCo to demand security of customers that have not missed a payment in 24 months.¹⁴ CONSOL also indicated that APCo's interpretation of the tariff would permit APCo to retain security deposits in perpetuity, which would produce an absurd result and render the refund language of the tariff ineffective.¹⁵ For the June 2014 Accounts, CONSOL indicated that it had provided APCo with a surety bond for these accounts and requested that the Commission direct APCo to return this security upon timely payment of the June 2016 invoices.¹⁶

By Ruling issued on April 6, 2016, the Senior Hearing Examiner asked CONSOL, Staff, and APCo to address whether APCo can hold a deposit for 24 months after it receives the deposit or whether APCo must instead return the deposit after the commercial or industrial customer has made payments for 24 consecutive months, regardless of when the deposit was requested and paid. On April 13, 2016, CONSOL and Staff filed pleadings asserting that APCo must return deposits upon 24 consecutive months of timely and full payment of an account while APCo took the position that it "is only *required* to return a deposit after . . . two years from when the deposit is provided so long as the customer continues to meet the definition for satisfactory credit."¹⁷

On April 14, 2016, based on the pleadings and earlier oral argument, CONSOL, Staff, and APCo agreed that a public hearing for receiving oral argument that had been previously scheduled for April 15, 2016, was unnecessary. Thus, the hearing was canceled by Ruling issued April 14, 2016.

⁷ Staff's Statement of Position on Tariff Provisions at 2.

⁸ *Id.* at 4, n.7.

⁹ Procedural Order at 3-4.

¹⁰ *Id.* at 4.

¹¹ APCo's March 10, 2016 filing also, among other things, requested the Commission to reconsider its February 19, 2016 Procedural Order. In reply, CONSOL asserted that such reconsideration was untimely and improper under the Commission's Rules of Practice. CONSOL's Reply at 10.

¹² CONSOL's Emergency Motion at 11. CONSOL agreed to post security requested by APCo for ten other CONSOL accounts. *Id.* at 10-11.

¹³ *Id.* at 6. The other three accounts for which the Emergency Motion challenged security requests involved the Buchanan Mine. While this proceeding was pending, CONSOL announced that the Buchanan Mine was to be sold to Coronado IV, LLC. *Id.* at 4. APCo's counsel advised that security provided by CONSOL related to the Buchanan Mine would be returned upon completion of the sale, which CONSOL subsequently advised occurred on April 1, 2016. Tr. 24; CONSOL's April 1, 2016 letter filing.

¹⁴ *See, e.g.*, CONSOL's Reply at 2-4.

¹⁵ *Id.* at 3-8.

¹⁶ *Id.* at 8-9.

¹⁷ APCo's Position Regarding the Return of Deposits at 3 (emphasis in original). APCo also asserted, among other things, that it is not necessary for the Commission to decide issues concerning the return of deposits in this proceeding. *Id.* at 7-8.

On May 3, 2016, the Senior Hearing Examiner issued his Report in this proceeding, which found, among other things, that "[b]ased on the plain language of APCo's tariff and the pleadings, . . . APCo is prohibited from requiring or holding a customer deposit on any of CONSOL's Virginia jurisdictional accounts that have been paid in full and on time for 24 consecutive months."¹⁸ Consistent therewith, the Senior Hearing Examiner further recommended that the Commission order the return of security related to the June 2014 Accounts upon the payment of the June 2016 invoices if CONSOL continued to make full, on-time payments.¹⁹ On May 24, 2016, CONSOL and APCo filed comments on the Senior Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, including all filings and arguments presented in this proceeding, finds as follows.

The Deposit Tariff includes the following provisions:

A deposit, or suitable guarantee, not to exceed the equivalent of the non-residential customer's estimated bill for the two (2) highest consecutive months usage under the applicable Standard Schedule may be required, as security for the payment of bills. Additionally, for residential customers, such deposit or suitable guarantee shall be based on two times the average monthly usage of such customer as calculated under the applicable Standard Schedule. If 12 months consecutive usage is not available, the deposit shall be calculated to be two (2) times the estimated monthly consumption of the property. Such deposit may be required of the customer at any time or from time to time before or after service is commenced. The Company will pay simple interest on deposits held longer than ninety (90) days with said interest accruing from the date the deposit is made until it has been refunded, or until a reasonable effort has been made to effect the refund. The interest rate to be paid on customer deposits will be determined annually by the VA. S.C.C. At the option of each customer making a security deposit, the Company will annually either make direct payment to the customer of all accrued interest, or will credit same to the customer's account.

Residential customers' deposits will be refunded after 12 months provided the customer has established satisfactory credit during that period. At the residential customer's request, a schedule will be arranged to allow payment of the required deposit in three consecutive equal monthly installments where the required deposit is in excess of the sum of forty dollars (\$40.00). The Company shall have the discretion to allow payment of any deposit (more or less than the \$40.00 total) over a longer period of time to avoid undue hardship. Commercial and Industrial customer deposits will be refunded after 24 months of satisfactory credit. Satisfactory credit is defined as full payment of bills on or before the scheduled due date for 12 consecutive months (residential) or 24 consecutive months (commercial and industrial).

...

20 VAC 5-10-20 of the Commission's Deposit Requirements states, in part, as follows:

Each utility may require deposits from customers to protect against uncollectible accounts. The maximum amount of any deposit shall not exceed the equivalent of the customer's estimated liability for two months usage. At the request of the commission, any public utility which bills in advance for any part of its services, yet requires a deposit as herein authorized, must justify the requirement as being reasonably necessary to protect against uncollectibles from its customers.

...

Customer deposits may be refunded by a utility at any time. Residential customers' deposits should not be held longer than one year and all other deposits should not be held longer than two years provided the customer has established satisfactory credit during that period.

...

As set forth above, the Deposit Tariff and the Deposit Requirements prohibit APCo from holding a security deposit for longer than "two years" (or "24 months") if "satisfactory credit" has been established.²⁰ For a commercial or industrial customer like CONSOL, the Deposit Tariff explicitly defines "[s]atisfactory credit" as the "full payment of bills on or before the scheduled due date for . . . 24 consecutive months (commercial and industrial)." Accordingly, consistent with the Deposit Requirements, the plain language of the Deposit Tariff requires APCo to return to CONSOL any security held on accounts for which satisfactory credit has been established with APCo through the full and timely payment of electric bills for 24 consecutive months. For accounts on which CONSOL has established "satisfactory credit" in the manner specified by the Deposit Tariff, APCo does not possess the authority to request or hold deposits that the Deposit Tariff and Deposit Requirements direct "will be refunded" and "should not be held."²¹

¹⁸ Senior Hearing Examiner's Report at 1.

¹⁹ *Id.* at 10. As part of his recommendations, the Senior Hearing Examiner also found that APCo's obligations under the Deposit Tariff were unaffected by security requests and associated late fees which APCo contends CONSOL paid late during the course of this proceeding because the "security was the subject of a dispute and was provided promptly upon the resolution of the dispute." *Id.*

²⁰ Deposit Tariff ("Commercial and Industrial customer deposits will be refunded after 24 months of satisfactory credit. . . ."); 20 VAC 5-10-20 ("[A]ll other deposits should not be held longer than two years provided the customer has established satisfactory credit during that period.").

²¹ *Id.*

We agree with the Senior Hearing Examiner that the "plain meaning of the [Deposit Tariff], when read as a whole, explicitly defines 'satisfactory credit' and avoids the violation of the prohibition [in either the Deposit Tariff or Deposit Requirements] against holding a deposit for longer than two years."²² Although APCo asserts that the legal prohibition on retaining deposits contained in the Deposit Tariff should be separated from, and not considered together with, APCo's authority under the Deposit Tariff to request deposits from customers,²³ these are related provisions of the same tariff that can and should be read together. Indeed, the extent of APCo's authority regarding security deposits, as relevant to the issues before us, can be properly understood only when considered with the limits to that authority. We also note that, while arguing for the Commission to decide this matter by separating and setting aside relevant issues and related language in the Deposit Tariff, APCo itself has recognized such deposit issues and tariff provisions are "related" and "connected" to those on which it seeks a restrictive focus.²⁴

Like the Senior Hearing Examiner, we find that APCo's interpretation, by disregarding related and relevant provisions of the Deposit Tariff, would effectively provide APCo with unlimited authority to demand and retain deposits from customers.²⁵ For example, APCo has asserted that the Deposit Tariff "sets *no restrictions* on what criteria may be used to determine whether a deposit may be required"²⁶ from retail customers and "*does not . . . limit* or otherwise condition the criteria that APCo may use to determine whether it can require a deposit."²⁷ The record establishes that under APCo's interpretation of its tariff there would be no meaningful limit, if any, to APCo's authority to require deposits from retail customers as security for the payment of bills.²⁸

APCo's assertion of such expansive authority regarding security deposits is contrary to the plain language of the Deposit Tariff, which, consistent with our Deposit Requirements, prohibits APCo from holding a deposit after satisfactory credit has been established. Through this prohibition and other provisions, the Deposit Tariff and Deposit Requirements have established an appropriate balance between APCo and its customers, as well as between differently situated customers, regarding security deposits.²⁹ The balance reflected in the Deposit Tariff and Deposit Requirements was established because, among other reasons, a security deposit collected from a customer is money or another form of security advanced by a customer and not yet earned by a utility through the provision of service. The Deposit Tariff and Deposit Requirements do not require or contemplate tipping this established balance so significantly in favor of the utility, and at the expense of certain customers, through the expansive authority now asserted by APCo's recent initiative³⁰ and arguments offered in defense thereof. Nor do we find that the record in this proceeding supports such an expansion at this time.³¹

²² Senior Hearing Examiner's Report at 9.

²³ See, e.g., APCo's Comments on Senior Hearing Examiner's Report at 12-14.

²⁴ APCo's Comments on Senior Hearing Examiner's Report at 4 ("related, but separate issues"), 6 ("related but independent terms and conditions related to deposits"), 12 ("connected, but separate aspects of the whole [Deposits section of the tariff]"), 22 ("related, yet separate paragraphs" of the Deposit Tariff). We further note that APCo has asserted in this proceeding that tariff provisions should be read "as a whole." *Id.* at 12 ("APCo does not dispute that the Deposits section of its tariff should be read as a whole. . .").

²⁵ Senior Hearing Examiner's Report at 9.

²⁶ APCo's March 10, 2016 Answer at 8 (emphasis added).

²⁷ *Id.* at 9 (emphasis added).

²⁸ After the Senior Hearing Examiner's Report recognized the expansive reach of APCo's argument, APCo asserted that tariff language does establish "under what conditions APCo may require a deposit." APCo's Comments on Senior Hearing Examiner's Report at 13. Yet, for this assertion, APCo cites to a tariff provision simply recognizing that security deposits are a form of security – a statement that does not establish any limit on the authority to require deposits as security for the payment of bills. See *id.* at 15 (quoting tariff provisions stating that a "deposit, or suitable guarantee, . . . may be required, *as security for the payment of bills.*") (emphasis in original); APCo's March 10, 2016 Answer at 8-9.

²⁹ In adopting the Deposit Requirements, the Commission recognized, among other things, "a need to strike a balance so that deposit requirements will not be so unreasonable as to preclude service to a customer and yet will serve to protect the utility and its customers from uncollectible accounts." *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, in re: Investigation to determine the reasonableness of certain practices and charges by public utilities*, Case No. 19589, 1977 S.C.C. Ann. Rept. 124, 132 (Jan. 10, 1977).

³⁰ The record indicates that in 2013 APCo began a program of assessing security deposits to large commercial and industrial customers based on credit monitoring unrelated to bill payment and that APCo continued this program after the Commission, in 2014, denied a proposal by APCo to expand the Deposit Tariff's definition of "[s]atisfactory credit" to include the type of credit monitoring used in APCo's program. See, e.g., APCo's March 10, 2016 Answer at 20-21 and Exhibit B; CONSOL's Petition at 8.

³¹ We find that APCo has not factually or legally supported its request in this proceeding to "initiate a rulemaking and permit APCo to revise its tariff" to alter the balance established between it and customers by expanding APCo's authority regarding security deposits. APCo's Comments on Senior Hearing Examiner's Report at 29.

APCo attempts to minimize the difference between its interpretation and the plain language reading of the related and relevant tariff language supported by the Senior Hearing Examiner and adopted herein by pointing out that under the latter, a customer that has had a security deposit returned but later misses a payment can be subject to a new security demand by APCo.³² However, a new security deposit, if requested by APCo in such a scenario, is a lawful and logical consequence of the plain language of the Deposit Tariff to which the Commission gives full effect.³³ More specifically, the customer that makes an untimely or inadequate payment no longer has "satisfactory credit" on its account with APCo, which then may determine whether to request and hold a new deposit until and unless such customer reestablishes "satisfactory credit" in the manner specified by the Deposit Tariff (full and timely payment of bills) for the period of time specified by the Deposit Tariff (two years for a commercial or industrial customer).³⁴

While APCo suggests that declining to grant it more extensive authority to assess security deposits from CONSOL could "require[] APCo to collect security deposits from all customers until they have made 1-2 years of payments,"³⁵ our ruling herein requires no such result. The Deposit Tariff and Deposit Requirements continue to specify, as they did prior to the instant dispute, legal authority, discretion, and limits thereto with respect to security deposits. By recognizing such a limit to APCo's authority and discretion, our ruling does not change APCo's *discretion* to request deposits under certain circumstances into a *mandate* for such deposits.³⁶ APCo may continue to use its business judgment when determining whether or not to request security deposits, provided any such requests, if pursued at the election of APCo, are consistent with applicable legal requirements, including, but not necessarily limited to, those addressed herein.

Accordingly, IT IS ORDERED that the Senior Hearing Examiner's findings and recommendations are hereby adopted and this matter is dismissed.

³² *Id.* at 19-20.

³³ CONSOL identifies Commission and court precedent that supports construing tariff language against its drafter, which in the instant case would be APCo, in cases of doubt. *See, e.g.*, CONSOL's Comments on the Senior Hearing Examiner's Report at 9-10. Such precedent has not been applied in reaching our determination herein, which is based on the plain language of the tariff that we find raises no doubt.

³⁴ Consistent with the focus of the Deposit Tariff on full and timely payment for the purpose of establishing "satisfactory credit," the Commission recognized, when adopting the Deposit Requirements, that good credit with a utility generally "is established within a one to two year period during which the customer makes no more than two late payments or during which he has no disconnects for failure to pay." *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, in re: Investigation to determine the reasonableness of certain practices and charges by public utilities, 1977 S.C.C. Ann. Rept. at 130.*

³⁵ APCo's Comments on Senior Hearing Examiner's Report at 28.

³⁶ *See, e.g.*, 20 VAC 5-10-20 ("Each utility *may* require deposits from customers to protect against uncollectible accounts. . . .") (emphasis added); Deposit Tariff ("A deposit, or suitable guarantee, . . . *may* be required, as security for the payment of bills. . . .") (emphasis added).

**CASE NO. PUE-2016-00013
MARCH 30, 2016**

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For approval of amended services agreement

ORDER GRANTING APPROVAL

On February 9, 2016, Massanutten Public Service Corporation ("Massanutten" 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 an amended services agreement ("Amended Agreement") with its affiliate, Water Service Corporation ("WSC"). The Company filed its Application in accordance with the Commission's August 25, 2015 Final Order in Case No. PUE-2014-00035.²

The Company represents that the services WSC will provide to Massanutten ("Services") will be limited to the seven service categories identified in Sections A through G of the Amended Agreement and the two service categories identified under Section H of the Amended Agreement. Massanutten indicates that the Services will be billed at cost without any profit component. The Company states that WSC will bill Massanutten a facilities charge that includes the WSC operations and maintenance costs ("O&M") as well as the WSC plant-related costs (depreciation, property taxes, income taxes, and interest costs) used to serve Massanutten.³

¹ Va. Code § 56-76 *et seq.*

² *Application of Massanutten Public Service Corporation, For an increase in water and sewer rates*, Case No. PUE-2014-00035, Doc. Con. Cen. No. 150840173, Final Order (Aug. 25, 2015). In its Final Order, the Commission approved a stipulation between the Commission's Staff ("Staff") and Massanutten in which Massanutten agreed to "re-file its Services Agreement with [WSC] within six months of the Final Order . . . to explicitly state that the Company is not to earn an equity return on allocated rate base." *Id.* at Attachment A.

³ Massanutten further represents that for presentation purposes in future base rate applications and annual informational filings, it plans to show the general ledger carrying amounts for Massanutten's direct charged costs and net plant as its regulatory "per book" results and reflect the facilities charge containing the WSC O&M and net plant costs used to serve Massanutten as a ratemaking adjustment to Massanutten's O&M expense.

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the proposed Application is in the public interest and should be approved subject to the requirements set forth in the Appendix attached hereto.

Accordingly, IT IS SO ORDERED and this case 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-2016-00014
MARCH 24, 2016**

APPLICATION OF
MP2 ENERGY NE LLC

For a license to conduct business as a competitive service provider of electricity

ORDER GRANTING LICENSE

On February 10, 2016, MP2 Energy NE LLC ("MP2" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider of electricity ("Application"). In its Application, the Company seeks authority to serve eligible residential, commercial, industrial, and governmental electricity customers throughout the Commonwealth of Virginia.¹ MP2 attested that it would abide by all applicable regulations of the Commission as required by Rule 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"). MP2 also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information filed with the Application, in accordance with Rule 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

On February 16, 2016, the Commission entered an Order for Notice and Comment ("Order"), which, among other things, docketed the Application; required MP2 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 responses to the Staff Report.

The Company filed proof of service on March 2, 2016. On March 10, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power") filed a notice of participation and comments on the Application. Dominion Virginia Power did not expressly oppose the Commission's issuance of a competitive service provider license to MP2 but requested that the Commission and Staff investigate and closely examine the affiliate relationships and financial fitness of MP2.

On March 15, 2016, Staff filed its Staff Report, which summarized the Company's proposal and evaluated its financial condition and technical fitness. Staff concluded that MP2 appears to have the financial and technical fitness to conduct business as a competitive service provider of electricity based on its existing operations and its access to the financial resources available through its parent company, MP2 Energy LLC. Staff recommended that MP2 be granted a license to conduct business as a competitive service provider of electric service for residential, commercial, industrial and governmental customers where retail access exists.

On March 16, 2016, MP2, by Counsel, filed comments on the Staff Report in which MP2 requested that the Commission enter an order granting MP2 a license to conduct business as a competitive service provider of electricity in Virginia as soon as is practicable.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that MP2 meets the requirements for a license to conduct business as a competitive service provider of electric service and that such license should be granted subject to the conditions set forth below. The Commission also finds that MP2's Motion is no longer necessary; therefore, the Motion should be denied.²

Accordingly, IT IS ORDERED THAT:

(1) MP2 is hereby granted License No. E-34 to conduct business as a competitive service provider of electricity to residential, 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) MP2 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.

¹ Although MP2 seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Dominion Virginia Power, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia.

² The Commission held MP2's 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.

- (3) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (4) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2016-00017
MARCH 3, 2016**

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 2016-2017 FUEL FACTOR PROCEEDING

On February 16, 2016, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-249.6 of the Code of Virginia ("Code"), its application, written testimony, and exhibits proposing to decrease its levelized fuel factor by \$0.00577 per kilowatt-hour ("kWh") from \$0.02863 per kWh to \$0.02286 per kWh, effective for service rendered on and after April 1, 2016 ("Application"). According to KU/ODP, the proposed fuel factor represents a decrease of \$5.77 per month for a customer using 1,000 kWh per month.¹ In addition, KU/ODP filed a Motion for 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 the Company should provide notice of its Application; that interested persons should have an opportunity to participate in this proceeding; and that a hearing should be scheduled on the Company's Application. The Commission finds that the proposed fuel factor should take effect for service rendered on and after April 1, 2016, on an interim basis and subject to modification by further order of the Commission. The Commission also will direct the Staff of the Commission ("Staff") to investigate the Application and present the results of its investigation in testimony and exhibits. Finally, the Commission finds that a Hearing Examiner should be appointed to conduct all further proceedings on behalf of the Commission and file a final report containing the Hearing Examiner's findings and recommendations.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2016-00017.
- (2) The proposed levelized fuel factor shall take effect for service provided on and after April 1, 2016, on an interim basis and subject to modification by further order of the Commission.
- (3) Pursuant to § 12.1-31 of the Code 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 file a final report containing the Hearing Examiner's findings and recommendations.
- (4) A public hearing shall be convened on May 3, 2016, 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 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, the Commission's 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 25, 2016, KU/ODP shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF 2016-2017
FUEL FACTOR PROCEEDING FOR KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY
CASE NO. PUE-2016-00017

On February 16, 2016, 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

¹ Application at 5.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

levelized fuel factor by \$0.00577 per kilowatt-hour ("kWh") from \$0.02863 per kWh to \$0.02286 per kWh, effective for service rendered on and after April 1, 2016 ("Application"). According to KU/ODP, the proposed fuel factor represents a decrease of \$5.77 per month for a customer using 1,000 kWh per month.

The proposed decrease in the fuel factor will take effect for service rendered on and after April 1, 2016, 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 May 3, 2016, 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, 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. In addition, unofficial copies of the Company's Application, the Commission's 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 12, 2016. 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 persons should obtain a copy of the Commission's Order Establishing 2016-2017 Fuel Factor Proceeding for further details on participation as a respondent.

On or before April 12, 2016, each respondent may file with the Clerk of the Commission, and serve on the Company, Staff, 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 filed with the Clerk of the Commission at the address set forth above. All filings shall reference Case No. PUE-2016-00017.

On or before April 26, 2016, any interested person desiring to comment on KU/ODP's Application may submit written comments 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-2016-00017.

KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY

(7) On or before March 25, 2016, 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) On or before April 22, 2016, the Company shall provide proof of service and notice as required in Ordering Paragraphs (6) and (7) of this Order.

(9) On or before April 26, 2016, any person desiring to comment on the Company's Application may submit written comments to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. On or before April 26, 2016, any 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-2016-00017.

(10) On or before April 12, 2016, any person interested in participating as a respondent in this proceeding shall file a notice of participation. If not filed electronically, an original and fifteen (15) copies of such 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-2016-00017.

(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 12, 2016, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case. Each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(13) On or before April 19, 2016, the Staff shall investigate the Company's Application and file with the Clerk of the Commission an original and fifteen (15) copies of its testimony and exhibits. Each witness's testimony shall include a summary not to exceed one page.

(14) On or before April 26, 2016, 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 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 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-2016-00017
AUGUST 11, 2016**

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 16, 2016, 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 \$0.00577 per kilowatt-hour ("kWh") from \$0.02863 per kWh to \$0.02286 per kWh, effective for service rendered on and after April 1, 2016 ("Application"). According to KU/ODP, the proposed fuel factor represents a decrease of \$5.77 per month for a customer using 1,000 kWh per month.

On March 3, 2016, the Commission issued an Order Establishing 2016-2017 Fuel Factor Proceeding that, among other things: (1) assigned a Hearing Examiner to conduct all further proceedings; (2) scheduled a hearing on the Company's Application; (3) required KU/ODP to provide public notice of its Application; and (4) directed the Company to place its proposed fuel factor into effect on an interim basis for service rendered on and after April 1, 2016.

On April 19, 2016, the Staff of the Commission ("Staff") filed testimony concluding that the Company's projected Virginia jurisdictional fuel expenses and sales for the forecast period were reasonable. The Staff recommended that the Commission approve the Company's proposed fuel factor of \$0.02286 per kWh.

On April 22, 2016, KU/ODP filed a letter advising that it would not file rebuttal testimony and would not have any cross-examination of the Staff. Further, the Company requested that the Commission issue an order approving the proposed fuel factor of \$0.02286 per kWh. No one filed comments on the Company's Application.

On May 3, 2016, the Hearing Examiner convened the public hearing and admitted the Company's Application, testimony and exhibits and the Staff's testimony into the record without cross-examination. No public witnesses appeared to testify at the hearing.

On July 26, 2016, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was issued. The Hearing Examiner found the Company's proposed decrease in its levelized fuel factor to be acceptable and recommended that the Commission approve the levelized fuel factor of \$0.02286 per kWh effective for service rendered on and after April 1, 2016. In his Report, the Hearing Examiner noted that KU/ODP and the Staff waived the period for filing comments on the Report.

NOW THE COMMISSION, having considered the record in this case, the Report of the Hearing Examiner, and the applicable law, is of the opinion and finds that it should adopt the findings and recommendations in the Hearing Examiner's Report. Accordingly, we find that a decrease in the Company's fuel factor to \$0.02286 per kWh is reasonable and appropriate. We find that this rate, now in effect on an interim basis, should be approved and should remain in effect pending further order of the Commission.

However, our approval of the fuel factor should not be construed as approval of KU/ODP's actual fuel expenses. No finding in this Order Establishing Fuel Factor is final, as this matter is continued pending the Staff's audit of actual fuel expenses and the Commission's entry of a final order addressing the Company's fuel recovery position. Should the Commission find that (1) any component of KU/ODP's actual fuel expenses or credits has been included or excluded inappropriately, or (2) KU/ODP has failed to make every reasonable effort to minimize costs or has made decisions resulting in unreasonable fuel costs, the Company's recovery position will be adjusted. This adjustment will be reflected in the recovery position at the time of KU/ODP's next fuel factor proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner hereby are adopted.
- (2) The Company's proposed fuel factor of \$0.02286 per kWh, placed into effect on an interim basis for service rendered on and after April 1, 2016, is approved and shall remain in effect.
- (3) This case is continued.

**CASE NO. PUE-2016-00018
APRIL 14, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION SOLAR PROJECTS IV, INC.

For exemption from or approval to enter into standard interconnection agreements through future exemptions under Chapter 4, Title 56 of the Code of Virginia

FINAL ORDER

On February 16, 2016, Virginia Electric and Power Company ("DVP") and Dominion Solar Projects IV, Inc. ("Dominion Solar") (collectively, "Applicants"), on their behalf and on behalf of other existing and future subsidiaries of Dominion Energy, Inc. ("DEI"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").¹ Therein, the Applicants requested exemption from, or alternatively approval through future exemptions from, the filing and prior approval requirements of the Affiliates Act to enter into standard interconnection agreements ("Interconnection Agreements") in substantially the form provided with the Application, or as they may be amended from time to time by applicable Commission and/or the Federal Energy Regulatory Commission ("FERC") regulations, or by the PJM Interconnection, L.L.C. ("PJM") Open Access Transmission Tariff ("OATT") on file with the FERC.

Standard Interconnection Agreements

The Applicants attached five standard Interconnection Agreements to the Application (see Attachments B-F), which the Applicants state are mandatorily required by the Commission, FERC regulations, or the PJM OATT.² First, the Small Generator Interconnection Agreement ("SGIA") (Attachment B) is used for all interconnection requests in excess of 500 kilowatts but less than 20 megawatts and is submitted pursuant to the Commission's Regulations Governing Interconnection of Small Electric Generators, 20 VAC 5-314-10 *et seq.*³ The SGIA is used for distribution level interconnections.

Second, the Wholesale Market Participation Agreement ("WMPA") is used if an interconnection customer proposes to interconnect at the distribution level but sells its output into PJM markets. The WMPA is a three-party agreement executed by PJM, the proposed wholesale market participant (interconnection customer), and the transmission owner (DVP). The WMPA (see Attachment C) is also used for distribution level interconnections.⁴

Third, one or more of the following agreements is used if the proposed interconnection occurs through the PJM interconnection process at the transmission level:⁵

1. The Interim Interconnection Service Agreement (Attachment D of the Application) is form Attachment O-1 of the PJM OATT on file with the FERC.
2. The Interconnection Service Agreement (Attachment E of the Application) is form Attachment O of the PJM OATT.
3. The Interconnection Construction Service Agreement (Attachment F of the Application) is form Attachment P of the PJM OATT.

The Applicants state that these five standard Interconnection Agreements would allow Dominion Solar and other DEI subsidiaries to interconnect future merchant generation facilities to DVP's distribution and transmission systems on the same basis as unaffiliated third parties, in accordance with the interconnection rules and the FERC regulations or the PJM OATT, as applicable, and with DVP's Terms and Conditions for the Provision of Electric Service that apply to the state level interconnection of small generating facilities.⁶

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

² Application at 3.

³ *Id.* at 8-9.

⁴ *Id.* at 9.

⁵ *Id.* at 10.

⁶ *Id.* at 3-4.

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the Company's request to enter into standard Interconnection Agreements with Dominion Solar and other existing and future affiliates, in substantially the form provided with the Application, or as they may be amended from time to time by applicable Commission and/or FERC regulations, or by the PJM OATT on file with the FERC, is in the public interest and is approved, subject to certain requirements listed in the Appendix attached to this Order. The Applicants' request for an exemption from the filing and prior approval requirements of the Affiliates Act to enter into standard Interconnection Agreements is denied.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Application is approved in part and denied in part as provided herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) There appearing nothing further to be done in this matter, it hereby is dismissed.

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

**CASE NO. PUE-2016-00019
OCTOBER 21, 2016**

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of a modified incentive for A/C switch demand-side management program; and for approval of a rate adjustment clause to recover the costs of the demand-side program pursuant to § 56-585.3 A 5 of the Code of Virginia

FINAL ORDER

On February 17, 2016, Rappahannock Electric Cooperative ("REC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application ("Application") for approval of modified incentives for Cooperative members participating in the air conditioner cycling switch ("A/C switch") demand-side management program ("A/C Program" or "Program"), pursuant to §§ 56-235.1, 56-235.2 and 56-247 of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Promotional Allowances, 20 VAC 5-303-10 *et seq.*, and Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs, 20 VAC 5-304-10 *et seq.* The Cooperative further requests approval of a rate adjustment clause, identified as the Demand Response Cost Recovery Rider ("DR Rider"), pursuant to § 56-585.3 A 5 of the Code, to recover the costs described in § 56-585.1 A 5 b of the Code.

In its Application, REC seeks approval to modify its A/C Program, beginning with the 2017 cooling season, to provide an ongoing incentive in the form of a recurring credit ("Recurring Credit") in addition to the current one-time incentive that was approved in Case No. PUE-2010-00046.¹ Currently, participants in the A/C Program receive a one-time bill credit of \$25 in October following the first cooling season after the A/C switch is installed, provided the A/C switch remains in operation through September of that year. In order to increase participation and retention in the A/C Program, REC requests authorization to pay, in addition to the one-time bill credit, a Recurring Credit of \$24 per year per A/C switch.² REC proposes to apply the Recurring Credit throughout the cooling season in the form of four monthly bill credits of \$6 each (or a \$6 monthly credit corresponding to the number of full billing months remaining in the cooling season after a participant enrolls in the Program).³ REC states that the Recurring Credit will be applied to both new and existing participants in the A/C Program.⁴

REC further requests approval of a new DR Rider to recover A/C Program costs not currently recovered in the Cooperative's base retail rates as approved by the Commission in Case No. PUE-2013-00052.⁵ The Application states that REC's former method of recovering Program costs has changed.⁶ Accordingly, REC requests approval of the DR Rider in order to fully recover the costs associated with the existing A/C Program, as well as the capital and

¹ *Application of Rappahannock Electric Cooperative, For approval of a demand-side management program including promotional allowances*, Case No. PUE-2010-00046, 2010 S.C.C. Ann. Rept. 513, Order Granting Approval (June 15, 2010). The A/C Program is a voluntary program for eligible residential member-consumers in which participants agree to installation by REC of a switch device that cycles a heat pump or central air conditioning unit off and on during periods of peak summer demand to reduce overall system demand, which reduces REC's overall wholesale power costs. Exhibit ("Ex.") 1 (Application) at 2-3.

² Ex. 3 (Faulconer Direct, in the form of Paragraphs 1-9, 11-17, 22-38, 40-41, and Exhibits A, B, H and I of the Application ("Faulconer Direct")) at ¶¶ 11-12.

³ *Id.* at ¶ 12.

⁴ *Id.* at ¶ 14(b).

⁵ *Application of Rappahannock Electric Cooperative, For approval of a plan to migrate transitioning customers to the Cooperative's legacy rates and to revise rate schedules for electric service*, Case No. PUE-2013-00052, 2014 S.C.C. Ann. Rept. 270, Order Accepting Stipulation (Apr. 2, 2014).

⁶ Prior to January 1, 2014, the Cooperative was using a Wholesale Power Cost Adjustment rider to pass through changes in the wholesale rates for energy and capacity, which allowed the Cooperative to apply reductions in wholesale power costs toward Program operating costs and to contribute any net benefit to operating margins. However, when REC began using a PCA rider in January 1, 2014, it was no longer able to recover Program costs, above those already recovered through base rates, through reductions in wholesale power costs. Ex. 3 (Faulconer Direct) at ¶¶ 7(d), 24.

operating costs associated with the proposed expansion of the Program including, but not limited to, the Recurring Credit.⁷ REC proposes that the DR Rider be applied to those customers subject to the Power Cost Adjustment ("PCA"), as it is those customers who receive the benefits from the A/C Program through reductions in wholesale power costs that are passed through to customers by the PCA.⁸

The Application states that the DR Rider will be determined prospectively for each calendar year based on REC's A/C Program budgeted activity and will include any accumulated over- or under-recovery of Program costs as of October 31 of the current year.⁹ Based on the sample calculation included in the Application for 2016, a typical residential monthly bill would increase by approximately \$0.21 per 1,000 kilowatt hours ("kWh").¹⁰

On March 10, 2016, the Commission issued an Order for Notice and Hearing ("Notice Order") that, among other things, scheduled a public hearing; assigned the case to a Hearing Examiner; directed the Commission Staff ("Staff") to investigate the Application and file testimony; and provided REC the opportunity to file rebuttal testimony and exhibits. The Notice Order also directed REC to file additional documentation regarding projected costs and revenue requirement, as well as any testimony and exhibits in support of the Application or, in the alternative, a designation of witnesses identifying the portions of the Application that such witnesses would adopt and support as their testimony at the hearing. Notices of Participation were filed by the Board of Supervisors of Culpeper County, Virginia ("Culpeper County"), and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On April 20, 2016, REC filed three Supplemental Schedules and the Summary of Direct Testimony of Matthew A. Faulconer, Thomas P. Handley, and Jack D. Gaines, which identified the portions of the Application adopted and supported by each witness.

On August 2, 2016, Staff filed the direct testimony and exhibits of Justin M. Morgan and Allison F. Samuel. On August 18, 2016, Staff filed a Motion for Leave to File Supplemental Testimony of Justin M. Morgan. On August 24, 2016, REC filed a Response to Motion for Leave to File Supplemental Testimony and Motion for Extension of Time to File Rebuttal Testimony, to which Staff filed a reply on August 25, 2016. By ruling dated August 25, 2016, the Senior Hearing Examiner directed that Staff's Supplemental Prefiled Testimony of Justin M. Morgan be accepted for filing and that the date for filing of REC's rebuttal testimony be extended to September 6, 2016.

On September 6, 2016, REC filed the rebuttal testimony of Thomas P. Handley, Jack D. Gaines and David F. Koogler.¹¹ Also on September 6, 2016, the Virginia, Maryland & Delaware Association of Electric Cooperatives filed Comments of the Virginia Electric Cooperatives on behalf of its members.

On September 12, 2016, REC and Staff filed a Joint Motion to Approve Stipulation and a Stipulation that resolved the outstanding issues in this proceeding.¹² The Stipulation states in part:

- REC shall utilize the most recent Times Interest Earned Ratio ("TIER") approved by the Commission or, absent a specified TIER citation by the Commission, the rate year TIER derived from the most recent Commission-approved revenue requirement, for the purpose of calculating the TIER-related margin portion of the DR Rider revenue requirement. REC shall use a 1.60 TIER for calculating the DR Rider revenue requirement and A/C (base) until new rates are put into effect as a result of a Commission final order in a general rate proceeding;
- REC shall maintain and make available for review a detailed listing of all A/C switch projects performed in any prior period including work order numbers, cost, plant account numbers, and dates of work performance;
- In December of each year, REC shall file a schedule of DR Rider recoveries and a schedule of DR Rider costs, by month, by general ledger account, that supports the October 31 true-up credit or charge for that year, and a reconciliation of the per book deferral as of October 31 with the over-or-under-recovery balance used for developing the true-up credit or charge;
- REC shall file an annual per books total system financial status statement by no later than April 30 of each year for the previous calendar year, commencing in 2018;

⁷ *Id.* at ¶ 24.

⁸ *Id.* at ¶ 26. Currently all Cooperative customers are subject to Schedule PCA-1, except those served under Schedules HD-1, LP-2, and LP-3, each of which provides for the direct recovery of purchased power costs.

⁹ *Id.* at ¶ 28.

¹⁰ *Id.* at ¶ 31; Ex. 5 (Gaines Direct, in the form of Paragraphs 22-31, and Exhibits E, F and G of the Application) at Exhibit G.

¹¹ In addition, REC rebuttal witness Koogler adopted certain portions of the Application previously adopted by REC witness Faulconer, specifically, Paragraphs 10 and 39 of the Application.

¹² Respondents Culpeper County and Consumer Counsel did not oppose the Stipulation.

- The Commission's consideration of Staff's proposed earnings review and potential refund of DR Rider proceeds shall be deferred at this time, without prejudice to the Commission's future consideration thereof;
- REC shall book an entry no less frequently than on a quarterly basis to update the deferral balance;
- REC shall use the cost of service approved in the Cooperative's most recent rate case and, if a new rate case is filed, the fully adjusted (rate year) A/C Program costs and kWh sales amounts shall be used in the cost of service calculations to set the A/C Program costs recovered through base rates, effective with the effective date of the base rates approved in that rate case; and
- For the initial DR Rider proposed to be effective January 1, 2017, the A/C (base) shall be \$0.000021 per kWh, representing the costs per kWh currently recovered in base rates, and the DR Rider will recover only incremental costs above \$0.000021 per kWh. All A/C Program costs to be recovered through the DR Rider shall be removed from base rates in the next rate case and set to zero.¹³

The evidentiary hearing, during which time the testimony and exhibits of REC and Staff were introduced and received into the record, was convened on September 13, 2016.

On September 21, 2016, the Senior Hearing Examiner issued his report ("Report"), which contained the Senior Hearing Examiner's findings and recommendations. In his Report, the Senior Hearing Examiner found that, "based on the record developed in this proceeding, and the unopposed Stipulation...the Stipulation should be adopted and the Cooperative's Application should be approved."¹⁴ The Senior Hearing Examiner further recommended that this case be dismissed from the Commission's docket of active cases.¹⁵

On September 26, 2016, REC and Staff filed comments supporting the findings and recommendations made in the Senior Hearing Examiner's Report. In addition, Staff clarified that, although not addressed in the Stipulation, both the Application and Staff testimony proposed that REC file a triennial report ("Triennial Report") in this docket.¹⁶ However, Staff recommended that in accordance with the Senior Hearing Examiner's recommendation to dismiss this case, the Triennial Report be filed under a new docket number, while the annual April and December reports referenced in the Stipulation would be submitted administratively to Staff for review.¹⁷ Staff's comments also represented that REC is in accord with Staff's recommendation regarding the Triennial Report.¹⁸

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed Stipulation, as supplemented and clarified by Staff's comments to the Senior Hearing Examiner's Report, is reasonable and should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) REC's Application is granted as set forth herein.
- (2) The Stipulation is reasonable and hereby is adopted.
- (3) REC shall file a revised Schedule DR Rider and supporting workpapers with the Clerk of the Commission and the 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 DR Rider, as approved herein, shall become effective January 1, 2017.
- (5) REC shall file its first Triennial Report on or before February 1, 2020.
- (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.

¹³ Ex. 14 (Stipulation) at 3-4.

¹⁴ Report at 20.

¹⁵ *Id.*

¹⁶ See Ex. 3 (Faulconer Direct) at ¶ 36; Ex. 7 (Morgan Direct) at 16. REC proposes that the Triennial Report, which will be filed February 1, 2020, for calendar years 2017-2019, will contain "a comprehensive narrative of the overall results of the Program for the three-year period." Ex. 3 (Faulconer Direct) at ¶ 36-37.

¹⁷ Comments of the State Corporation Commission Staff on the Report of Alexander F. Skirpan, Senior Hearing Examiner, at 2-3.

¹⁸ *Id.* at 3.

**CASE NO. PUE-2016-00024
DECEMBER 30, 2016**

PETITION OF
APPALACHIAN POWER COMPANY

For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant

FINAL ORDER

On March 31, 2016, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.*, and the Commission's Final Order in Case No. PUE-2013-00009,¹ filed with the State Corporation Commission ("Commission") a petition ("Petition") for approval to continue, with modification, a rate adjustment clause ("RAC"). The RAC, designated the "G-RAC," is designed to recover the costs of its Dresden Generating Plant ("Dresden"), a 580 megawatt natural gas-fired combined cycle generating plant located in Dresden, Ohio, which went into service on January 31, 2012. The G-RAC became effective March 1, 2012, pursuant to the Commission's decision in Case No. PUE-2011-00036.²

In the 2013 G-RAC Order, the Commission approved a base revenue requirement of \$29,660,771, and a true-up component of \$9,759,512, based on a return on common equity ("ROE") of 11.4%.³ In accordance with the Stipulation approved by the Commission in the 2013 G-RAC Order, and pursuant to the Commission's Final Order in Case No. PUE-2014-00026, APCo began using a 9.7% base ROE plus the 100 basis point enhancement, resulting in an overall ROE of 10.7%, effective November 30, 2014.⁴

In this proceeding, APCo proposes a projected base annual revenue requirement of approximately \$28.6 million, for the 12 months ending February 28, 2018, to be recovered through the G-RAC base factor.⁵ The Company also seeks recovery, through the true-up factor, of an under-collection of G-RAC-related costs of approximately \$4.3 million for the period of February 1, 2012, through February 29, 2016, offset by a projected adjusted over-recovery of approximately \$0.6 million for the period of March 1, 2016, through February 28, 2017.⁶ Accordingly, the proposed G-RAC factors, if approved, would be expected to recover in total a revenue requirement of approximately \$32.3 million for the period of March 1, 2017, through February 28, 2018, an increase of approximately \$3.4 million above the revenues produced by the currently approved G-RAC factors, which represents an increase to the average residential customer's monthly bill of \$0.33, or about 0.3%.⁷ The Company proposes that only the G-RAC base factor would remain in effect after March 2018, until further order of the Commission, and the Company would file its next G-RAC petition no later than March 31, 2019, unless the cumulative over-/under-recovery level exceeds \$5 million for each month of two consecutive quarterly reporting periods.⁸

On April 18, 2016, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, established a procedural schedule for this case, directed the Company to provide public notice of its Petition, provided interested persons an opportunity to participate in this proceeding by filing comments or a notice of participation, scheduled an evidentiary hearing, and directed the Commission Staff ("Staff") to investigate the Petition. The Commission also assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), Steel Dynamics, Inc., and the Old Dominion Committee for Fair Utility Rates ("Committee"). In accordance with the Procedural Order, Staff filed its testimony on August 19, 2016. The Company filed a letter on September 2, 2016, giving notice that it would not file rebuttal testimony.

¹ *Petition of Appalachian Power Company, For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant*, Case No. PUE-2013-00009, 2013 S.C.C. Ann. Rept. 357, Final Order (Dec. 17, 2013) ("2013 G-RAC Order").

² *Petition of Appalachian Power Company, For approval of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia to recover the costs of the Dresden Generating Plant*, Case No. PUE-2011-00036, 2012 S.C.C. Ann. Rept. 254, Final Order (Jan. 3, 2012).

³ Exhibit ("Ex.") 2 (Petition) at 3; 2013 G-RAC Order at 4, 7, 2013 S.C.C. Ann. Rept. at 358-59.

⁴ Ex. 2 (Petition) at 3-4. *See Application of Appalachian Power Company, For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2014-00026, 2014 S.C.C. Ann. Rept. 392, Final Order (Nov. 26, 2014).

⁵ Ex. 2 (Petition) at 4; Ex. 3 (Sebastian Direct) at 3-4. The Company calculated its projected revenue requirement using an overall ROE of 10.7%. Simultaneous with filing its Petition in this case, however, the Company filed a petition pursuant to § 56-585.1:1.C.1 of the Code, docketed as Case No. PUE-2016-00038, to determine the fair ROE that will be applicable to rate adjustment clauses under § 56-585.1 A 6 of the Code. On October 6, 2016, the Commission issued its Final Order, finding that 9.40% is the fair ROE to be applied to APCo's RACs under subdivisions A 5 or A 6 of § 56-585.1 of the Code. *Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUE-2016-00038, Doc. Con. Cen. No. 161010109, Final Order (Oct. 6, 2016).

⁶ Ex. 2 (Petition) at 4; Ex. 3 (Sebastian Direct) at 4.

⁷ Ex. 2 (Petition) at 4.

⁸ Ex. 3 (Sebastian Direct) at 5, 8-9.

On September 20, 2016, the hearing convened as scheduled. The Company presented a Stipulation, signed by the Company and Staff, recommending an agreed-upon resolution of issues related to the Petition.⁹ Respondents Consumer Counsel, Steel Dynamics, Inc., and the Committee did not oppose the Stipulation but are not signatories to it. The Stipulation sets forth an agreed-upon total annual revenue requirement of \$32,223,538, which comprises an on-going component in the amount of \$27,846,555, and a true-up component in the amount of \$4,376,983.¹⁰ In addition, Staff and the Company agree that the ROE applicable to the G-RAC (for future true-up purposes) will be based on the Commission's Final Order in Case No. PUE-2016-00038.¹¹ Other agreements in the Stipulation include the following: (1) the Company will reflect the actual amount of Virginia jurisdictional PJM Interconnection, LLC ("PJM") Black Start net revenues for Dresden in the over-/under-recovery calculation for the G-RAC as the Company receives such net revenues;¹² (2) the forecasted Dresden rate base underlying the revenue requirement includes accumulated deferred income taxes calculated on a prorated basis; (3) the Company will file its next petition for approval of the G-RAC to recover costs associated with Dresden no later than March 31, 2018 ("2018 Petition"); and (4) the Company will update its billing determinants and class allocation factors in the 2018 Petition.¹³

On November 30, 2016, the report of Deborah V. Ellenberg, Chief Hearing Examiner ("Report"), was issued. In her Report, the Chief Hearing Examiner recommended that the Commission adopt the Stipulation and approve the proposed G-RAC revenue requirement therein.¹⁴

On December 5, 2016, Staff filed a letter requesting that the Commission adopt the Chief Hearing Examiner's findings and recommendations. No other comments to the Report were filed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition, as modified by the Stipulation, should be granted. We adopt the Chief Hearing Examiner's findings and approve the Stipulation as filed by the Company and Staff.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Petition is granted, as modified by the Stipulation.
- (2) The Stipulation is reasonable and hereby is adopted.
- (3) APCo shall file a revised Schedule G-RAC and supporting workpapers with the Clerk of the Commission and the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) The revised G-RAC, as approved herein, shall become effective for service as requested in the Company's Application.
- (5) The Company shall file its next G-RAC petition on or after March 31, 2018.
- (6) This case is dismissed.

⁹ See Ex. 10 (Stipulation).

¹⁰ *Id.* at 2.

¹¹ *Id.*

¹² APCo installed and placed into service Black Start capability for Dresden on May 27, 2015. Black Start capability allows Dresden to restore electricity to the grid without using an outside electrical supply if power is lost throughout the entire PJM area. See Ex. 4 (Helmick Direct) at 5. Because the costs associated with the Black Start investment are recoverable through the G-RAC (see Ex. 5 (Walsh Direct) at 3-4), Staff agreed that the revenues received from PJM for Black Start service should offset those costs. Ex. 6 (Michaux Direct) at 9.

¹³ Ex. 10 (Stipulation) at 3.

¹⁴ Report at 5.

**CASE NO. PUE-2016-00028
AUGUST 10, 2016**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For a declaratory judgment

ORDER CLOSING CASE

On March 15, 2016, Virginia Electric and Power Company ("Dominion" or "Company"), by counsel, filed with the State Corporation Commission ("Commission") a Petition pursuant to Rule 100 C of the Commission's Rules of Practice and Procedure.¹ In its Petition, Dominion requested from the Commission a declaratory judgment determining whether the Company is required, pursuant to Chapter 10.1 of Title 56 and/or § 56-46.1 of the Code of Virginia, to obtain certificates of public convenience and necessity ("Certificates") for three electric transmission line projects planned by the Company (collectively, the "Projects").²

Dominion stated that declaratory judgment was appropriate because there was an "actual controversy" between the Company and the Commission's Staff ("Staff").³ Specifically, Staff asserted that the Projects necessarily required Certificates since they involved transmission facilities greater than 138 kilovolts; Dominion disagreed.⁴

On July 5, 2016, the Commission issued an Order, which found that the Projects do not need Certificates if they are "ordinary extensions or improvements in the usual course of business" under Code § 56-265.2 A.1. On July 14, 2016, Staff filed a letter in this proceeding to "inform the Commission that Staff and Dominion share the opinion that these Projects are such 'ordinary extensions or improvements in the usual course of business.'"

Accordingly, as there is no actual controversy remaining in this proceeding, IT IS ORDERED that this matter is closed.

¹ 5 VAC 5-20-100 C.

² The Company's filing includes a verification of the factual representations contained in the Petition.

³ Petition at 3.

⁴ *Id.*

**CASE NO. PUE-2016-00030
APRIL 21, 2016**

APPLICATION OF
EVOLUTION ENERGY PARTNERS LLC

For a license to conduct business as an aggregator for natural gas

ORDER GRANTING LICENSE

On March 18, 2016, Evolution Energy Partners LLC ("Evolution" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for natural gas ("Application"). In its Application, the Company seeks authority to serve commercial, industrial and governmental customers throughout the Commonwealth of Virginia.¹ Evolution 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 March 28, 2016, the Commission entered an Order for Notice and Comment ("Order"), which, among other things, docketed the case; required Evolution to serve a copy of the Order upon appropriate persons; permitted interested persons to file comments on the Application; required the Staff of the Commission ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file any reply comments to the Staff Report.

On April 1, 2016, Evolution filed proof of service. No comments were filed concerning the Company's Application.

¹ Although Evolution seeks to serve customers 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. Access to large commercial and industrial gas customers in other gas distribution service territories has existed under authority of the Federal Energy Regulatory Commission since the mid-1980s.

² 20 VAC 5-312-10 *et seq.*

On April 19, 2016, the Staff filed its Staff Report, which summarized Evolution's Application and evaluated its financial condition and technical fitness. The Staff Report noted that, as an aggregator, Evolution would not require the financial resources and collateral requirements to purchase, own, and provide natural gas. The Staff concluded that Evolution appears to have the financial and technical fitness to conduct business as an aggregator of natural gas based on its existing operations. The Staff recommended that a license be granted to the Company to conduct business as an aggregator of natural gas to commercial, industrial, and governmental customers throughout the Commonwealth of Virginia. On April 19, 2016, Evolution filed a reply to the Staff Report supporting issuance of the requested license as recommended in the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Evolution 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) Evolution is hereby granted License No. A-44 to conduct business as a natural gas aggregator for commercial, industrial, and governmental customers throughout the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order Granting License, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

**CASE NO. PUE-2016-00032
APRIL 14, 2016**

APPLICATION OF
KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On March 25, 2016, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or the "Company") filed an application with the State Corporation Commission ("Commission"), requesting authority under Chapter 3 of Title 56 of the Code of Virginia ("Code")¹ to issue long-term debt, assume related obligations, and enter into all necessary agreements to refinance certain tax-exempt pollution control bonds. Such long-term debt would be in the form of First Mortgage Bonds ("New Bonds") in principal amount not exceeding \$96 million. KU/ODP has paid the requisite filing fee of \$250.

By Commission Order dated June 19, 2008,² the Company was authorized to issue up to \$96 million in First Mortgage Bonds to collateralize and secure \$96 million of pollution control bonds issued by Carroll County, Kentucky, ("Series C Bonds"), and loaned to KU/ODP.

The Company requests authority to issue New Bonds up to an aggregate principal amount of refunding bonds ("Refunding Bonds") to be issued by Carroll County, Kentucky to refinance the Series C Bonds. The New Bonds issued by the Company would serve to secure and collateralize payment obligations of the Refunding Bonds under one or more loan agreements ("Loan Agreements") with Carroll County, Kentucky. KU/ODP states that the New Bonds will also have the same maturity and interest rate terms as the Refunding Bonds.

The Company requests authority to enter into one more liquidity facilities ("Current Facility") in the form of a credit agreement designed to provide KU/ODP the ability to borrow funds sufficient to pay the principal and interest on any Refunding Bonds that have been tendered for purchase and not remarketed.

In order to provide additional liquidity, the Company desires to be able to replace the Current Facility with one or more substitute liquidity support or credit support facilities ("Alternative Facility"). Such Alternative Facility may be in the nature of a letter of credit, revolving credit agreement, standby credit agreement, bond purchase agreement, or other similar arrangement designed to provide liquidity and/or credit support. KU/ODP also requests authority to execute and deliver a promissory note ("Facility Note") to the provider of the Current Facility or Alternative Facility as may be required.

Finally, KU/ODP requests authority to enter into one or more interest rate hedging agreements ("Hedging Facility") with a bank or a financial institution ("Counterparty"). The Company states that such Hedging Facility would allow KU/ODP to actively manage and limit its exposure to variable interest rates to lower its overall borrowing costs. The terms of each Current and/or Alternative Facility, each credit agreement, each Facility Note, and each Hedging Facility would be negotiated by KU/ODP with the respective bank, facility provider, or Counterparty, and would be on the most favorable terms that can be negotiated by KU/ODP.

¹ Code § 56-55 *et seq.*

² *Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUE-2008-00034, 2008 S.C.C. Ann. Rept. 522, Order Granting Authority (June 19, 2008).

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 authority requested in the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) The Company hereby is authorized to issue its New Bonds in one or more series and at one or more times and to execute, deliver, and perform its obligations under the Loan Agreements with Carroll County, Kentucky, and under any notes, guarantees, remarketing agreements, hedging agreements, credit agreements and such other agreements and documents as set forth in this application, including, but not limited to borrowings or advances, and the related repayment or reimbursement obligations under the Loan Agreements, the Current Facility, and the Alternative Facility in the manner and for the purposes as set forth in its application, through the period ending July 31, 2017.

(2) Within thirty (30) days after the end of each calendar quarter in which any of the Refunding Bonds are issued or supporting arrangements are entered into pursuant to Ordering Paragraph (1), the Company shall file with the Commission a detailed report of action with respect to all Refunding Bonds issued during the calendar quarter to include:

- (a) The issuance date, type of security, amount issued, interest rate, along with any spread, index, and repricing period for a variable rate, date of maturity, issuance expenses realized to date, and net proceeds to KU/ODP;
- (b) A summary of the specific terms and conditions of each supporting arrangement related to the Refunding Bonds such as any credit facility, Alternative Facility, and Hedging Facility;
- (c) A copy of each Loan Agreement pertaining to all Refunding Bonds proceeds received to date, which may be omitted from subsequent reports after initial submission; and
- (d) The cumulative principal amount of Refunding Bonds issued to date and the amount remaining to be issued.

(3) The Company shall file a final report of action on or before August 31, 2017, to include all information required in Ordering Paragraph (2), on any interim actions not previously reported along with a balance sheet that reflects the capital structure following the obligations assumed for the Refunding Bonds issued. The Company's final report of action shall further provide a detailed account of all the actual expenses and fees paid to date associated with the Refunding Bonds with an explanation of any variances from the estimated expenses contained in the financing summary attached to the application.

(4) Approval of the application shall have no implications for ratemaking purposes.

(5) This matter is continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2016-00033
MAY 17, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to increase rates and charges and to revise the terms and conditions applicable to gas service

ORDER FOR NOTICE AND HEARING

On April 29, 2016, Columbia Gas of Virginia, Inc. ("Columbia" or "Company"), filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective for the first billing unit of October 2016, and to revise other terms and conditions applicable to its gas service ("Application"). Columbia's Application advises that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$37 million per year, which includes \$7 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy plan ("SAVE Plan") pursuant to § 56-603 *et seq.* ("SAVE Act").¹ Columbia states the requested increase in annual non-gas base revenues reflects its costs and revenues for the test year ending December 31, 2015, the increase in the Company's rate base since its last base rate increase in 2014,² an updated capital structure and requested return on equity of 11.25%, and certain rate year adjustments that "reasonably can be predicted to occur" during the 12 months ending September 30, 2017 ("Rate Year"), as permitted by § 56-235.2 of the Code.³

According to the Application, in the time since Columbia was last authorized to increase its rates and charges in the 2014 Rate Case, Columbia has continued to make significant capital investments to improve the overall safety, reliability, and integrity of its natural gas system.⁴ Columbia further states it will have incurred \$160 million in capital costs to improve the safety and reliability of its system from January 1, 2015, through the end of 2016, and

¹ Application at 1.

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-2014-00020, Doc. Con. Cen. No. 150840149, Final Order (Aug. 21, 2015) ("2014 Rate Case").

³ Application at 5.

⁴ *Id.* at 2.

anticipates that it will invest \$76 million in capital improvements during the Rate Year.⁵ Columbia states a significant portion of the Company's capital investment subsequent to the 2014 Rate Case has occurred under its SAVE Plan,⁶ which was implemented in 2012 and focuses on proactive replacement of at-risk gas utility infrastructure to enhance system safety and reliability.⁷ In accordance with the SAVE Act, these costs that were previously approved pursuant to Columbia's SAVE Plan and are being collected in a surcharge outside of base rates, will be combined with non-gas base rates upon the effective date of those new rates, and the Company's SAVE surcharge will be reset to zero.⁸

Columbia states in its Application that, in the time since the 2014 Rate Case, the Company has continued to enhance pipeline safety and reliability through its formal integrity management program for its distribution system ("DIMP"), by identifying, prioritizing, and reducing gas distribution pipeline integrity risks.⁹ The Application states Columbia has incurred operations and maintenance costs associated with the implementation of the Company's DIMP initiatives as well as costs associated with compliance activities with federal pipeline safety advisories, collectively defined as "eligible safety activity costs" under § 56-235.10 of the Code.¹⁰ Columbia asserts the incremental levels of these eligible safety activity costs, not reflected in existing base rates, totaled approximately \$8 million in 2015, and is projected to total approximately \$6 million during the Rate Year.¹¹ Columbia seeks, pursuant to § 56-235.10 of the Code, to recover, as deferred costs in new base rates, the incremental level of eligible safety activity costs not reflected in existing base rates.¹²

The Company further asserts that apart from DIMP activities, it anticipates increases in operations and maintenance costs above the 2015 levels associated with five safety related initiatives¹³ focused primarily on emergency response, reducing third-party damages, and repairing open leaks.¹⁴ The Company states it has incurred increased costs related to enhanced employee and contractor training requirements to meet increasingly stringent state and federal safety and operational compliance standards, as well as to meet the needs of a changing work force.¹⁵ The Company also asserts it has experienced an increase in corporate service costs billed by its centralized services company.¹⁶

According to the Company this proposed rate increase would increase the average monthly bill of a typical residential customer using 5.8 dekatherms from approximately \$65.74 to approximately \$74.88, or by 13.90%.¹⁷

The Company requests the Commission grant a partial waiver of the requirements of 20 VAC 5-201-10, 20 VAC 5-201-20, and 20 VAC 5-201-90 of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules") with respect to the submission of 12 additional copies of Schedule 6 (Public Financial Reports)¹⁸ with the Application due to its voluminous nature. The Company states it has provided one complete copy of Schedule 6 to the Commission's Document Control Center for purposes of public inspection and that the document is publicly available on the NiSource Inc. website.¹⁹ The Company represents that it will provide hard copies to any parties upon request.²⁰

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Columbia should provide notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Company's Application; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Company's Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

⁵ *Id.* at 2-3.

⁶ *Id.* at 3.

⁷ See *Application of Columbia Gas of Virginia, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2011-00049, 2011 S.C.C. Ann. Rept. 501, Order Approving SAVE Plan and Rider (Nov. 28, 2011).

⁸ Application at 3; Direct Testimony of Brentley K. Archer at 2.

⁹ Application at 4.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ The new safety-related initiatives are: (1) enhanced right-of-way maintenance; (2) remediation of post-1971 shallow transmission mains; (3) measurement and regulation station maintenance and repair; (4) enhanced emergency response; and (5) implementation of a Pipeline Safety Management System.

¹⁴ Application at 4; Direct Testimony of Philip D. Wilson at 18.

¹⁵ Direct Testimony of Brentley K. Archer at 7.

¹⁶ *Id.*

¹⁷ Application at 6; Direct Testimony of Mark P. Balmert at 28 and Attachment MPB-19 at 1.

¹⁸ Schedule 6 comprises the NiSource Inc. 2015 Form 10-K (Annual Report).

¹⁹ A copy of the NiSource Inc. 2015 Form 10-K (Annual Report) is available at: <http://ir.nisource.com/annuals.cfm>. NiSource Inc. is Columbia's parent company.

²⁰ Application at 10.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2016-00033.
- (2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),²¹ a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.
- (3) On or before July 16, 2016, Columbia shall file a bond with the Commission in the amount of \$37 million payable to the Commission and conditioned to insure the prompt refund by the Company to those entitled thereto of all amounts the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.
- (4) A public hearing on the Application shall be convened at 10 a.m. on December 13, 2016, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to offer testimony as a public witness need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.
- (5) The Company shall make copies of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. A copy also may be obtained by submitting a written request to counsel for Columbia, T. Borden Ellis, Esquire, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Chester, Virginia 23836. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all documents filed in this case also shall be available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons may also download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.
- (6) On or before June 30, 2016, Columbia shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's Virginia service territory:

NOTICE TO THE PUBLIC OF
COLUMBIA GAS OF VIRGINIA, INC.'S
APPLICATION FOR AUTHORITY TO INCREASE
RATES AND CHARGES AND TO REVISE THE TERMS
AND CONDITIONS APPLICABLE TO GAS SERVICE
CASE NO. PUE-2016-00033

On April 29, 2016, Columbia Gas of Virginia, Inc. ("Columbia" or "Company"), filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective for the first billing unit of October 2016, and to revise other terms and conditions applicable to its gas service ("Application"). Columbia's Application advises that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$37 million per year, which includes \$7 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy plan ("SAVE Plan") pursuant to § 56-603 *et seq.* ("SAVE Act"). Columbia states the requested increase in annual non-gas base revenues reflects its costs and revenues for the test year ending December 31, 2015, the increase in the Company's rate base since its last base rate increase in 2014 ("2014 Rate Case"), an updated capital structure and requested return on equity of 11.25%, and certain rate year adjustments that "reasonably can be predicted to occur" during the 12 months ending September 30, 2017 ("Rate Year"), as permitted by § 56-235.2 of the Code.

According to the Application, in the time since Columbia was last authorized to increase its rates and charges in the 2014 Rate Case, Columbia has continued to make significant capital investments to improve the overall safety, reliability, and integrity of its natural gas system. Columbia further states it will have incurred \$160 million in capital costs to improve the safety and reliability of its system from January 1, 2015, through the end of 2016, and anticipates that it will invest \$76 million in capital improvements during the Rate Year. Columbia states a significant portion of the Company's capital investment subsequent to the 2014 Rate Case has occurred under its SAVE Plan, which was implemented in 2012 and focuses on proactive replacement of at-risk gas utility infrastructure to enhance system safety and reliability. In accordance with the SAVE Act, these costs that were previously approved pursuant to Columbia's SAVE Plan and are being collected in a surcharge outside of base rates, will be combined with non-gas base rates upon the effective date of those new rates, and the Company's SAVE surcharge will be reset to zero.

Columbia states in its Application that, in the time since the 2014 Rate Case, the Company has continued to enhance pipeline safety and reliability through its formal integrity management program for its distribution system ("DIMP"), by identifying, prioritizing, and reducing gas distribution pipeline integrity risks. The Application states Columbia has incurred operations and maintenance costs associated with the implementation of the Company's DIMP initiatives as well as costs associated with compliance activities with federal pipeline safety advisories, collectively defined as "eligible safety activity costs" under 56-235.10 of the Code. Columbia asserts the incremental levels of these eligible safety activity costs, not reflected in existing

²¹ 5 VAC 5-20-10 *et seq.*

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base rates, totaled approximately \$8 million in 2015, and is projected to total approximately \$6 million during the Rate Year. Columbia seeks, pursuant to § 56-235.10 of the Code, to recover, as deferred costs in new base rates, the incremental level of eligible safety activity costs not reflected in existing base rates.

The Company further asserts that apart from DIMP activities, it anticipates increases in operations and maintenance costs above the 2015 levels associated with five safety related initiatives focused primarily on emergency response, reducing third-party damages, and repairing open leaks. The Company states it has incurred increased costs related to enhanced employee and contractor training requirements to meet increasingly stringent state and federal safety and operational compliance standards, as well as to meet the needs of a changing work force. The Company also asserts it has experienced an increase in corporate service costs billed by its centralized services company.

According to the Company this proposed rate increase would increase the average monthly bill of a typical residential customer using 5.8 dekatherms from approximately \$65.74 to approximately \$74.88, or by 13.90%.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues, and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, permits the Company to place its proposed rates, charges, and terms and conditions of service into effect on an interim basis, subject to refund, for the first billing unit of October 2016.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on December 13, 2016, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of all documents filed in this case are available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Copies of the Company's Application and the Commission's Order for Notice and Hearing also may be inspected during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: T. Borden Ellis, Esquire, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Chester, Virginia 23836. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before December 5, 2016, any interested person may file written comments on the Company's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before December 5, 2016, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUE-2016-00033.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation in this proceeding on or before September 5, 2016. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation shall be sent to counsel for Columbia at the address set out above. Pursuant to Rule 5 VAC 5-20-80, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2016-00033. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

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The Commission's Rules of Practice may be viewed at the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

COLUMBIA GAS OF VIRGINIA, INC.

(7) On or before June 30, 2016, Columbia shall serve a copy of its Application and this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) and city or town attorney of every city and town in which Columbia provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before July 15, 2016, Columbia shall file proof of the notice and service required by Ordering Paragraphs (6) and (7), including the name, title, and address of each official served with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before December 5, 2016, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). Any interested person desiring to file comments electronically may do so on or before December 5, 2016, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUE-2016-00033.

(10) On or before September 5, 2016, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address in Ordering Paragraph (8), and each respondent shall serve a copy of the notice of participation on counsel to Columbia at the address set forth in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2016-00033.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon the respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before October 17, 2016, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). In all filings, respondents shall comply with the Commission's Rules of Practice, including, but not limited to: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2016-00033.

(13) The Staff shall investigate the Application. On or before November 8, 2016, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to the Company and all respondents.

(14) On or before November 22, 2016, Columbia shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy thereof on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(15) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.²² 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) Columbia may implement its proposed rates on an interim basis, subject to refund with interest, for service rendered on and after the first billing unit of October 2016.

(17) Columbia is granted a waiver from the requirement set forth in 20 VAC 5-201-10 I of the Rate Case Rules that the Company file an original and 12 copies of Schedule 6 with its Application. The Company may file one original paper copy of Schedule 6 with the Clerk of the Commission and shall provide hard copies to any party upon request.

(18) This matter is continued.

²² The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUE-2016-00033, in the appropriate box.

**CASE NO. PUE-2016-00034
JUNE 29, 2016**

APPLICATION OF
APPALACHIAN NATURAL GAS
DISTRIBUTION COMPANY,
ANGD LLC and
UTILITY PIPELINE, LTD.

For approval of an application under Chapter 3 and Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On April 11, 2016, Appalachian Natural Gas Distribution Company ("Appalachian" or "Company"); ANGD LLC, a Virginia limited liability company ("ANGD"); and Utility Pipeline, Ltd. ("UPL"), an Ohio limited liability company (collectively, "Applicants"), pursuant to Chapter 3¹ and Chapter 4² of Title 56 of the Code of Virginia ("Code"), filed an application with the State Corporation Commission ("Commission") for approval of a financing arrangement between the Applicants along with the requisite fee ("Initial Filing").

On June 2, 2016, the Applicants filed a Motion for Leave to Supplement Application ("Motion") in this case to include approval of the refinancing of the Clinch River Pipeline Project debt ("CRP Debt"),³ which was not reflected in the Initial Filing. Along with the Motion, the Applicants included a copy of the note related to the refinanced CRP Debt to supplement the Initial Filing and requested approval of the refinancing pursuant to Chapter 3, to the extent the Commission deems necessary (Initial Filing and Motion collectively, "Application"). On June 3, 2016, the Commission issued an Order Granting Motion and Extending Time for Review.

By Commission Order Granting Transfer dated January 21, 2016, in Case No. PUE-2015-00095 ("Transfer Case"),⁴ the Commission granted interim Chapter 3 and Chapter 4 authority to the Applicants as necessary for the transfer of control of Appalachian to UPL ("Transfer"), which closed on March 14, 2016. As directed in the Transfer Case, the Applicants now seek permanent Chapter 3 and Chapter 4 authority for the transactions associated with the Transfer. As stated in the Application, such financing transactions included the cash capital contributions from ANGD to Appalachian to pay down Appalachian's debt. As explained in the Motion, the Applicants further request approval of the refinancing of Appalachian's CRP Debt. This refinancing was done to effectuate UPL's assumptions of obligations under the purchase agreement authorized in the Transfer Case, while maintaining essentially the same terms authorized in the original CRP Debt Case.

At closing of the Transfer, Appalachian used cash capital contributions from ANGD to pay down its outstanding debt authorized in Case No. PUE-2012-00113.⁵ The Company now requests authority to issue new debt, which would be used to recapitalize Appalachian with approximately the same amounts and type of debt authorized in the 2012 Case. Appalachian requests authority to borrow up to \$3 million of long-term debt in the form of an intercompany promissory note with UPL ("UPL Note").⁶ The maturity of the UPL Note would be through October 1, 2019, at a variable interest rate of one-month LIBOR plus 250 basis points. However, the monthly payment of principal and interest would be based upon a 20-year amortization. The UPL Note also would have an option to convert to a fixed rate during its term, and principal and interest would be payable monthly.

Appalachian also requests authority to enter into a revolving credit agreement note ("RCA Note") with UPL to borrow up to the aggregate maximum amount of \$3.5 million at any one time. The monthly interest rate on RCA Note borrowings is anticipated to be the Wall Street Journal Prime rate, which is the same rate previously authorized for Appalachian to borrow up to \$3.5 million under an RCA Note with ANGD in the 2012 Case.

NOW THE COMMISSION, upon consideration of the Application, and having been advised by its Staff, is of the opinion and finds that approval of the Application is reasonable and will not be detrimental to the public interest.

¹ Code § 56-55 *et. seq.*

² Code § 56-76 *et. seq.*

³ The CRP Debt was originally approved by the Commission on May 19, 2014, and amended approval was granted by the Commission on June 18, 2015. *See 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*, PUE-2014-00028, 2014 S.C.C. Ann. Rept. 409, Order Granting Authority (May 19, 2014), and *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*, PUE-2014-00028, 2015 S.C.C. Ann. Rept. 211, Order Amending Authority Granted (June 18, 2015) ("CRP Debt Case").

⁴ *Joint Petition of Appalachian Natural Gas Distribution Company, ANGD LLC, and Utility Pipeline, LTD., For approval of the transfer of control of Appalachian Natural Gas Distribution Company*, Case No. PUE-2015-00095, Doc. Con. Cen. No. 160120184, Order Granting Transfer (Jan. 21, 2016) ("Transfer Order").

⁵ *Application of Appalachian Natural Gas Distribution Company and ANGD LLC, For authority to issue securities under Chapters 3 and 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00113, 2012 S.C.C. Ann. Rept. 517, Order Granting Authority (Oct. 25, 2012) ("2012 Case").

⁶ As originally filed, the Applicants' request for Appalachian to receive authority to borrow up to \$3 million of debt stated that such debt would be with a third party lender. In response to a Staff data request, the Applicants subsequently corrected and clarified that representation by stating that such debt would be in the form of an intercompany note with UPL which would pass through to Appalachian the same interest rate and terms available to UPL from a third party lender.

Accordingly, IT IS ORDERED THAT:

- (1) Appalachian is granted authority for the cash capital contributions received from ANGD in association with the Transfer as authorized by the Transfer Order.
- (2) Appalachian is granted authority for the refinancing of CRP Debt to effectuate UPL's assumptions of obligations under the purchase agreement associated with the Transfer as authorized by the Transfer Order.
- (3) Appalachian is authorized to issue up to the aggregate amount of \$3 million of long-term debt in the form of an intercompany note from UPL through the period December 31, 2017, under the terms and conditions and for the purposes set forth in the Application.
- (4) Appalachian is authorized to enter into an RCA Note with UPL to borrow up to the aggregate maximum amount of \$3.5 million at any one time through July 31, 2021, in the manner and for the purposes set forth in the Application.
- (5) The Applicants shall file a report of action to include a copy of the UPL Note and the RCA Note associated with any debt issued pursuant to Ordering Paragraphs (3) and (4) within sixty (60) days of this Order. Such report also shall include a copy of the underlying UPL Note, borrowing arrangement or facility that supports the terms and conditions passed through to Appalachian.
- (6) Within sixty (60) days after the end of each July 31 annual term of borrowing authority under the RCA Note, the Applicants shall file a report of action with the Commission to include:
 - (a) The average monthly balance and the monthly interest rate on borrowings under the RCA Note; and
 - (b) The aggregate maximum amount outstanding at any one time during each month of the reporting period.
- (7) The Applicants shall file a final report of action on or before August 31, 2021, to include the information specified in Ordering Paragraph (5) for the last annual term of borrowing, along with a balance sheet that reflects all borrowings outstanding as of June 30, 2021.
- (8) The authority granted herein extends to only the cash capital contributions and borrowings specified in Ordering Paragraphs (1) through (4) above, all under the terms, conditions, and for the purposes specified in the Application. The Applicants shall file to seek separate approval prior to any desired change in the terms and conditions of the authority granted in this matter.
- (9) The authority granted herein shall not extend to any other prospective borrowings, which shall require separate and prior approval of this Commission.
- (10) Approval of the Application shall have no implications for ratemaking purposes.
- (11) Approval of this Application does not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code.
- (12) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.
- (13) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2016-00036
MAY 9, 2016**

APPLICATION OF
ENERNOC, INC.

For a license to conduct business as an aggregator for electricity and natural gas

ORDER GRANTING LICENSE

On March 29, 2016, EnerNOC, Inc. ("EnerNOC" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for electricity and natural gas ("Application"). In its Application, the Company seeks authority to serve eligible commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.¹ EnerNOC 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

¹ Although EnerNOC seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Columbia Gas of Virginia, Inc., Washington Gas Light Company, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power"), Appalachian Power Company, and the electric cooperatives. Moreover, retail access choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under FERC authority since the mid-1980s.

² 20 VAC 5-312-10 *et seq.*

On April 4, 2016, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required EnerNOC to serve a copy of the Order for Notice and Comment upon appropriate persons; provided for the receipt of comments from the public; required the Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file a response to the Staff Report.

On April 19, 2016, EnerNOC filed proof of service. On April 22, 2016, Dominion Virginia Power filed a notice of participation and comments. Those comments urged the Commission and its Staff to investigate and closely examine EnerNOC's business model, affiliate relationships, and financial fitness.

On April 27, 2016, the Staff filed its Report, which summarized EnerNOC'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, industrial, and governmental customers throughout the Commonwealth of Virginia where retail access exists.³ No comments to the Staff Report were filed.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that EnerNOC meets the requirements for a license to conduct business as an aggregator of electricity and natural gas and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) EnerNOC is hereby granted License No. A-45 to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and governmental customers throughout the service territories open to competition in the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

³ Staff Report at 7.

CASE NO. PUE-2016-00038 OCTOBER 6, 2016

APPLICATION OF APPALACHIAN POWER COMPANY

For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses

FINAL ORDER

On March 31, 2016, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for the determination of the fair rate of return on common equity ("ROE") to be applied to its rate adjustment clauses ("RACs") pursuant to § 56-585.1:1 of the Code of Virginia ("Code").¹ Enacted in 2015, Code § 56-585.1:1 C 1 requires that:

Commencing in 2016 and concluding in 2018, the State Corporation Commission, after notice and opportunity for a hearing, shall conduct a proceeding every two years to determine the fair rate of return on common equity to be used by a Phase I Utility as the general rate of return applicable to rate adjustment clauses under subdivisions A 5 or A 6 of § 56-585.1. A Phase I Utility's filing in such proceedings shall be made on or before March 31 of 2016, and 2018.²

The Company requests that the Commission approve an ROE of 10.43% for APCo's RACs approved under Subdivision A 5 or A 6 of Code § 56-585.1, to be applied prospectively, effective with the date of the Commission's final order in this proceeding.³ APCo currently has two RACs subject to the ROE to be determined in this proceeding:⁴ its Generation Rate Adjustment Clause ("G-RAC"), last approved by the Commission in 2013;⁵ and its Energy Efficiency Rate Adjustment Clause ("EE-RAC"), approved by the Commission in 2015.⁶ The Company also requests that the ROE be

¹ Ex. 2 (Application) at 1.

² APCo is a Phase I utility. See Code § 56-585.1.

³ Ex. 2 (Application) at 2.

⁴ *Id.* at 1-2.

⁵ *Petition of Appalachian Power Company, For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant*, Case No. PUE-2013-00009, 2013 S.C.C. Ann. Rept. 357, Final Order (Dec. 17, 2013). On March 31, 2016, APCo also filed a petition to revise the revenue requirement for its G-RAC. See generally Case No. PUE-2016-00024.

⁶ *Petition of Appalachian Power Company, For approval to implement a portfolio of energy efficiency programs and for approval of a rate adjustment clause pursuant to § 56-585.1 A 5 c of the Code of Virginia*, Case No. PUE-2014-00039, 2015 S.C.C. Ann. Rept. 215, Final Order (June 24, 2015).

applicable to any future EE-RAC and G-RAC applications that the Company may file until the Commission revisits the ROE issue in the proceeding that APCo will initiate in 2018.⁷

On April 14, 2016, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Application; required APCo 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 Old Dominion Committee for Fair Utility Rates ("Committee"); and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). On August 2, 2016, Consumer Counsel filed the testimony and exhibits of its witness. On August 16, 2016, the Commission's Staff ("Staff") filed the testimony and exhibits of its witness. On August 30, 2016, the Company filed rebuttal testimony. No public comments were received on the Application.

The Commission convened a hearing, as scheduled, on September 13, 2016. No public witnesses appeared to testify at the hearing. The Company, the Committee, Consumer Counsel and the Staff participated at the hearing. During the hearing, the Commission received testimony from witnesses on behalf of the participants, admitted evidence on the Application, and received closing argument from counsel.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

As noted above, the sole purpose of this case is a determination of "the fair rate of return on common equity to be used by [APCo] as the general rate of return applicable to rate adjustment clauses under subdivisions A 5 or A 6 of Code § 56-585.1 A."⁸ "Such fair rate of return shall be calculated pursuant to the methodology set forth in subdivisions A 2 a and b of § 56-585.1 . . ."⁹ Thus, the Commission follows a similar process in determining a fair ROE herein as has been done in prior proceedings using the methodology set forth in Code § 56-585.1 A 2 a and b. First, the Commission determines the market cost of equity under Code § 56-585.1 A 2. Next, the statutory peer group ROE floor is applied pursuant to Code § 56-585.1 A 2.

Market Cost of Equity

Company witness McKenzie calculated APCo's cost of equity to be between 9.91% and 10.91% and determined that, considering the economic requirements necessary to support continuous access to capital, an ROE of 10.43% represents APCo's cost of equity.¹⁰ Consumer Counsel witness Woolridge calculated APCo's market cost of equity to be between 7.90% and 8.70% and determined that 8.60% represents APCo's market cost of equity.¹¹ Staff witness Maddox calculated APCo's market cost of equity to be between 8.50% and 9.50% and determined that establishing the Company's cost of capital at the midpoint of 9.0% was appropriate.¹² The Committee examined the testimony presented by APCo witness McKenzie, Staff witness Maddox, and Consumer Counsel witness Woolridge and recommended that the Commission adopt the market cost of equity recommended by Staff witness Maddox.¹³

The Commission finds that a market cost of equity within a range of 8.50% and 9.50% fairly represents the actual cost of equity in capital markets for companies comparable in risk to APCo seeking to attract equity capital. Furthermore, under the circumstances of this case and for purposes of implementing Code § 56-585.1:1, the Commission finds that using a cost of equity of 9.40% – which is near the top of the range – is fair and reasonable for these purposes. The Commission concludes that this return is supported by the evidence in the record, results in a fair and reasonable ROE, and satisfies the following constitutional standards as stated by Staff witness Maddox: "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."¹⁴ Conversely, the Commission further finds that APCo's proposed cost of equity of 9.91% to 10.91% represents neither the actual cost of equity in the marketplace nor a reasonable ROE for the Company.

We conclude that a market cost of equity of 9.40% is supported by reasonable proxy groups, growth rates, discounted cash flow methods, and risk premium analyses.¹⁵ Indeed, we conclude that 9.0% – *i.e.*, the midpoint of Staff's market cost of equity range of 8.50% to 9.50% – satisfies all statutory and constitutional requirements herein. We also continue to find, however, as we did in APCo's 2014 biennial review proceeding,¹⁶ that approving an ROE at the high end of the range found reasonable (in this instance, 9.40%) is supported by the concept of gradualism in ROE determinations.

While the market cost of equity approved herein is supported by reasonable proxy groups, growth rates, discounted cash flow methods, risk premium analyses, and gradualism in ROE determinations, the Commission finds that APCo's proposed market cost of equity of 10.43% is not supported by reasonable growth rates, discounted cash flow methods or risk premium analyses. The Commission finds that Company witness McKenzie's DCF, CAPM

⁷ Ex. 2 (Application) at 2.

⁸ Code § 56-585.1:1 C 1.

⁹ Code § 56-585.1:1 C 3.

¹⁰ Ex. 3 (McKenzie Direct) at 4-56.

¹¹ Ex. 5 (Woolridge Direct) at 1-70; Tr. 10-12.

¹² Ex. 7 (Maddox Direct) at 4-24.

¹³ Tr. 9, 100.

¹⁴ Ex. 7 (Maddox Direct) at 4.

¹⁵ *See, e.g.*, Ex. 7 (Maddox Direct) at 4-24; Ex. 5 (Woolridge Direct) at 1-70.

¹⁶ *See Application of Appalachian Power Company, For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2014-00026, 2014 S.C.C. Ann. Rep. 392, 401, Final Order (Nov. 26, 2014).

and ECAPM analyses use unreasonably high growth rates that upwardly skew his results;¹⁷ Mr. McKenzie's analyses were further inflated by his asymmetric exclusion of certain utilities from his DCF results; and his "size adjustments" were unsupported by the evidence.¹⁸ The Company also inappropriately relies in part on an average 2016-2020 projected 30-year Treasury bond yield of 4.10%.¹⁹ The Commission has explicitly rejected the use of such projected interest rates in prior cases, stating that inclusion of these projected rates inflates the results of the utility's risk premium analysis.²⁰

APCo further asserts that its ROE should not be any lower than 9.60%, the Commission's ROE determination for Virginia Electric and Power Company in RAC proceedings decided earlier this year.²¹ The Commission agrees with the Committee and the Staff that APCo's reliance on these earlier decisions is unfounded and fails to consider that the earlier decisions were based on the record of evidence presented in those proceedings, which reflects earlier financial data.²² In contrast, the record of evidence in this proceeding reflects more recent financial data showing a continued reduction in capital costs and interest rates.²³

Statutory Peer Group

Virginia law next requires that the Commission calculate a statutory floor below which the authorized ROE cannot be set. In developing the statutory floor, Code § 56-585.1 A 2 states:

The Commission may use any methodology to determine such return it finds consistent with the public interest, but such return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned electric utilities in the peer group of the utility subject to such biennial review, nor shall the Commission set such return more than 300 basis points higher than such average.

The majority that the Commission selects had, on average, a return on average equity close to the ROE found fair and reasonable herein.²⁴ This results in a statutory floor below the ROE approved herein.²⁵ The Commission concludes that the specific majority chosen herein is reasonable and does not violate any constitutional or statutory provision.²⁶

¹⁷ See, e.g., Ex. 7 (Maddox Direct) at 34-42; Ex. 5 (Woolridge Direct) at 74-75, 77-82; Tr. 37-38, 55-57.

¹⁸ See, e.g., Ex. 7 (Maddox Direct) at 35-46; Ex. 5 (Woolridge Direct) at 73-74, 82-85; Tr. 37.

¹⁹ See, e.g., Ex. 3 (McKenzie Direct) at Sch. 6; Ex. 7 (Maddox Direct) at 44-45; Ex. 5 (Woolridge Direct) at 77. In comparison, the three-month average for March through May 2016 was 2.64%. Ex. 7 (Maddox Direct) at Sch. 10.

²⁰ See *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, Doc. Con. Cen. No. 160110195, Final Order (Jan. 7, 2016); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, Final Order (May 15, 2007).

²¹ See, e.g., Ex. 13 (McKenzie Rebuttal) at 2-8.

²² See, e.g., Tr. 57-58; 100-101.

²³ See, e.g., Tr. 24-26, 34-35, 38-39, 58; Ex. 4.

²⁴ Based upon the facts in this case, the Commission finds that it is reasonable to utilize returns on average equity for this purpose.

²⁵ Specifically, the statutory floor determined herein is 8.97% and comprises the following companies: Louisville Gas & Electric Company, Entergy Mississippi, Inc., Duke Energy Progress, South Carolina Electric & Gas Company, and Duke Energy Florida, Inc. See, e.g., Ex. 64 (Maddox) at Sch. 16.

²⁶ The Code clearly leaves the selection of the "majority" to the Commission's discretion. If the General Assembly wanted the Commission to apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not. As the Commission has previously determined, it is reasonable in this proceeding to select a majority that has an earned return that is close to the market cost of equity capital found fair and consistent with the public interest herein. The Commission does not, and need not, find that this is the only majority that is reasonable. See, e.g., *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, 375-76, Final Order (Nov. 26, 2013).

In sum, the Commission concludes that the fair ROE in this proceeding for APCo is 9.40%.²⁷ The Commission finds that this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards.

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

²⁷ Pursuant to Code § 56-585.1:1 C 3, "any adjustment to the fair rate of return for applicable rate adjustment clauses under subdivisions A 5 and A 6 of § 56-585.1 [shall take] effect on the date of the Commission's final order in the proceeding, utilizing rate adjustment clause true-up protocols as the Commission may in its discretion determine." Accordingly, the 9.40% ROE found appropriate herein shall become effective with respect to the Company RACs under Code § 56-585.1 A 5 and A 6 on the date of this Order and any resulting over- or under-recovery shall be addressed through appropriate true-up protocols in future RAC proceedings.

**CASE NO. PUE-2016-00040
MAY 26, 2016**

APPLICATION OF
DIVERSEGY, LLC

For a license to conduct business as an aggregator for natural gas

ORDER GRANTING LICENSE

On April 11, 2016, Diversegy, LLC ("Diversegy" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for natural gas ("Application"). In its Application, the Company seeks authority to serve eligible residential, commercial, and industrial customers in the service territories of Washington Gas Light Company ("WGL"), including the Shenandoah Gas Division of WGL, and Columbia Gas of Virginia, Inc. ("CGV").¹ The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").²

On April 20, 2016, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required Diversegy 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 in a Staff Report; and provided an opportunity for participants to file a response to the Staff Report.

On May 4, 2016, Diversegy filed proof of service. No comments to the Application were filed.

On May 12, 2016, the Staff Report was filed. The Staff Report summarized Diversegy'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 all customer classes in the service territories of WGL and CGV.³ No comments to the Staff Report were filed.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, is of the opinion and finds that Diversegy meets the requirements for a license to conduct business as an aggregator of natural gas and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Diversegy is hereby granted License No. A-46 to provide competitive aggregation service for natural gas to eligible customer classes in the service territories of WGL and CGV. 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 the license granted herein.

¹ Retail choice only exists in the service territories of WGL and CGV. Access to large commercial and industrial customers in all gas distribution service territories has existed under authority of the Federal Energy Regulatory Commission since the mid-1980s.

² 20 VAC 5-312-10 *et seq.*

³ Staff Report at 5.

**CASE NO. PUE-2016-00041
JULY 6, 2016**

APPLICATION OF
APPALACHIAN NATURAL GAS
DISTRIBUTION COMPANY,
ANGD LLC and
UTILITY PIPELINE, LTD.

For approval of an application under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On April 11, 2016, Appalachian Natural Gas Distribution Company ("Appalachian"), ANGD LLC, and Utility Pipeline, Ltd. ("UPL"), (collectively, "Petitioners") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ requesting approval to enter into an affiliate transaction ("Application").²

The Application seeks approval of an employment agreement ("Employment Arrangement")³ between UPL and John W. Ebert, who ("Mr. Ebert") will become the Executive Vice President of UPL with responsibilities over Appalachian, through January 1, 2018. The Employment Arrangement describes the duties and responsibilities, base compensation, incentive compensation, fringe benefits, and business expense reimbursement, as well as conditions for termination and requirements when the Employment Arrangement expires. The petitioners state that retention of Mr. Ebert under the Employment Arrangement would ensure that Appalachian will continue to provide service in an efficient and cost effective manner and, therefore, it is in the public interest.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Employment Arrangement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Petitioners are hereby granted approval to enter into the proposed Employment Arrangement as described herein, subject to the requirements set forth in the Appendix attached hereto.

(2) 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.

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.

¹ Code § 56-76 *et seq.*

² By Order dated April 21, 2016, the Commission severed the instant Application from an affiliate financing application under separate consideration in Case No. PUE-2016-00034.

³ Attachment D of the Application, labeled as "Confidential" by Petitioners.

**CASE NO. PUE-2016-00043
JUNE 10, 2016**

APPLICATION OF
AVALON ENERGY SERVICES, LLC

For a license to conduct business as an aggregator for electricity and natural gas

ORDER GRANTING LICENSE

On April 14, 2016, Avalon Energy Services, LLC ("Avalon 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 April 28, 2016, Avalon Energy filed supplemental information to complete its Application. In its Application, the Company seeks authority to serve commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.¹ Avalon Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").²

¹ Although Avalon Energy seeks to serve customers 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. Access to large commercial and industrial gas customers in other gas distribution service territories has existed under authority of the Federal Energy Regulatory Commission since the mid-1980s.

² 20 VAC 5-312-10 *et seq.*

On May 3, 2016, the Commission entered an Order for Notice and Comment ("Order"), which, among other things, docketed the case; required Avalon Energy to serve a copy of the Order upon appropriate persons; permitted interested persons to file comments on the Application; required the Staff of the Commission ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file any reply comments to the Staff Report.

On May 16, 2016, Avalon Energy filed proof of service. Virginia Electric and Power Company d/b/a Dominion Virginia Power filed a Notice of Participation and comments in this proceeding.

On June 1, 2016, the Staff filed its Staff Report, which summarized Avalon Energy's Application and evaluated its financial condition and technical fitness. The Staff Report noted that, as an aggregator, Avalon Energy would not require the financial resources and collateral requirements to purchase, own, and provide electricity and natural gas. The Staff concluded that Avalon Energy appears to have the financial and technical fitness to conduct business as an aggregator of electricity and natural gas based on its existing operations. The Staff recommended that a license be granted to the Company to conduct business as an aggregator of electricity and natural gas to commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Avalon Energy meets the requirements for a license to conduct business as an electricity and natural gas aggregator and that such license should be granted subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Avalon Energy is hereby granted License No. A-47 to conduct business as an electricity and natural gas aggregator for commercial, industrial, and governmental customers throughout the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order Granting License, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

**CASE NO. PUE-2016-00044
JUNE 24, 2016**

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For revised Competitive Service Provider Coordination Tariff

FINAL ORDER

This Order accepts for filing certain tariff revisions filed with the Clerk of the State Corporation Commission ("Commission") on April 20, 2016, by Rappahannock Electric Cooperative ("REC" or "Cooperative"). The proposed tariff revisions consist of a revised Competitive Service Provider ("CSP") Coordination Tariff ("CSP Coordination Tariff") together with accompanying documents ("Filing").

The Commission's Order for Comment entered on April 26, 2016 ("Order for Comment") noted that the Cooperative's April 20, 2016 transmittal letter accompanying the Filing ("Transmittal Letter") stated, in substance, that the revisions proposed to REC's CSP Coordination Tariff (and accompanying documents) correspond to legislative and regulatory changes affecting electric utilities' coordination of billing and metering service with CSPs furnishing competitive electric generation supply. The tariff revisions were proposed to become effective on and after May 1, 2016.

In particular, the Filing contained proposed changes to REC's currently effective: (i) CSP Coordination Tariff; (ii) Competitive Service Provider Agreement; (iii) Electronic Data Interchange (EDI) Trading Partner Agreement; (iv) Dispute Resolution Procedure; and (v) Aggregator Agreement. REC further requested that the Filing be reviewed and accepted on an administrative basis and that the Commission expedite its review of the Filing to enable the proposed tariff revisions to become effective not later than May 1, 2016. Alternatively, the Cooperative requested that if the Commission determined that the proposed tariffs should be reviewed in a formal proceeding, the Cooperative be permitted to immediately implement them on an informal basis, subject to any changes the Commission thereafter required. As noted in the Transmittal Letter, REC sought expedited treatment regarding these proposed revisions because an industrial customer in REC's service territory was then seeking to commence receiving service from a CSP, effective May 1, 2016.¹

As noted by the Commission in its Order for Comment, the proposed changes contained in the Filing have practical implications for competitive electric generation supply within REC's service territory. Consequently, the Commission found that it would be beneficial to provide notice of this Filing to CSPs currently licensed to provide competitive electric generation supply in Virginia (and to those entities with pending CSP licensing applications), and to provide such CSPs (or prospective CSPs) an opportunity to comment on the Filing, prior to final action by the Commission thereon.

The Commission's Order for Comment directed the Clerk of the Commission to send copies thereof to all current or prospective CSPs. The Order for Comment also provided CSPs an opportunity to comment on the Cooperative's Filing on or before May 20, 2016; permitted the Commission's Staff ("Staff") to comment on the Filing on or before June 3, 2016; and permitted the Cooperative to reply to comments of interested parties and the Staff on or before June 10, 2016.

¹ REC later notified the Commission by letter dated April 29, 2016, that the change in service would not occur on May 1, 2016, as initially planned. REC further stated that the CSP and the industrial customer were working toward completing the transition no later than June 1, 2016

Subsequently, a Notice of Participation and Comments were filed with the Commission on behalf of Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "DVP") on May 20, 2016. DVP's comments addressed REC's proposed changes to its CSP Coordination Tariff concerning meter ownership and maintenance. Specifically, DVP stated that these changes could have a direct adverse impact on Dominion Virginia Power's costs and load reporting obligations to PJM Interconnection, LLC. Thereafter on June 1, 2016, REC filed a response to DVP's comments noting, *inter alia*, that REC had eliminated the tariff language of concern to DVP in an amendment to REC's proposed revised CSP Coordination Tariff accompanying such response. Thereafter, by letter dated June 2, 2016, and an accompanying notice filed in this docket, DVP withdrew its Notice of Participation and Comments herein.

On June 3, 2016, the Staff filed correspondence with the Clerk of the Commission, stating that the Staff had reviewed REC's Filing together with the other documents filed in this proceeding by Dominion Virginia Power and REC. Staff stated that it had no objection to REC's proposed revised CSP Coordination Tariff, as further amended by REC in its June 1, 2016, responsive filing.

On June 7, 2016, the Cooperative filed its reply comments with the Clerk of the Commission. Noting that DVP's opposition to the Filing had been withdrawn and that the Staff did not object to such filing, the Cooperative requested that the Commission accept the proposed revised tariff for filing and end this proceeding.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that REC's proposed tariff revisions, as implemented on an interim basis on April 26, 2016, pursuant to the Commission's Order For Comment, and further revised by the Cooperative on June 1, 2016, should be accepted for filing, effective for usage on and after April 26, 2016.

Accordingly, IT IS ORDERED THAT:

- (1) The REC's proposed tariff revisions comprised by the Filing herein and the Cooperative's June 1, 2016 revisions thereto, are hereby accepted for filing, effective for usage on and after April 26, 2016.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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

**CASE NO. PUE-2016-00045
MAY 17, 2016**

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval pursuant to the Affiliates Act, Va. Code § 56-76 *et seq.*

ORDER GRANTING APPROVAL

On April 21, 2016, Appalachian Power Company ("APCo" or "Company") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia¹ requesting approval to enter into an affiliate transaction.

The Company is requesting approval to transfer a 1996 Caterpillar backhoe/loader ("Backhoe/Loader" or "Equipment") at a market value of \$19,500 ("Proposed Transaction"). The Company states that the Backhoe/Loader was determined to be excess equipment no longer needed in APCo's operations and was to be either offered up for sale or scrapped. APCo states that its affiliate, Southwestern Electric Power Company ("SWEPCO"), will purchase the Backhoe/Loader on an "as is" basis and will reimburse APCo for the costs to uninstall and transport the Backhoe/Loader to the Pirkey Plant operated by SWEPCO in Texas.

NOW THE COMMISSION, upon consideration of the application and the comments of the Company, and having been advised by the Staff of the Commission, is of the opinion and finds that approval of the Proposed Transaction is in the public interest and should be approved subject to the requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

- (1) The Proposed Transaction as described herein is approved, subject to the requirements contained in the attached Appendix.
- (2) The case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk 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.

¹ Va. Code § 56-76 *et seq.*

**CASE NO. PUE-2016-00046
JULY 20, 2016**

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, 2016, 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 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, 2016, through August 31, 2017 ("Rate Year").¹ This revenue requirement, if approved, would be recovered through a combination of base rates and a revised increment/decrement Rider T1. Rider T1 is designed to recover the increment/decrement between the revenues produced from the transmission component of base rates and the new revenue requirement developed from the Company's total transmission costs for the Rate Year.²

The total revenue requirement to be recovered over the Rate Year is \$638,782,866, comprising an increment Rider T1 of \$178,931,394 and forecast collections of \$459,851,472 through the transmission component of base rates.³ This total revenue requirement represents an increase of \$1,255,818 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

On May 11, 2016, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case, directed the Company to provide public notice of its 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 15, 2016, Staff filed the testimony and exhibits of its witnesses, wherein Staff agreed with the Company's proposed revenue requirement and did not object to the Company's cost allocations or rate design.⁵ On June 20, 2016, Dominion Virginia Power filed a letter informing the Commission that the Company did not intend to file rebuttal testimony or associated exhibits in this case.

On June 29, 2016, the Company filed a proposed Stipulation and Recommendation ("Stipulation") signed by the Company and Staff, which recommended, in part, a total net jurisdictional transmission revenue requirement of \$638,782,866, for the Rate Year commencing September 1, 2016, and extending through August 31, 2017, to be recovered through a combination of the current Subsection A 4 component of base rates in the amount of \$459,851,472 and an increment with Rider T1 in the amount of \$178,931,394.⁶ The Stipulation further states that Staff has no objection to the Company's use of the same cost allocation methodologies and rate designs approved by the Commission in the Company's 2015 Rider T1 proceeding.⁷ Although not parties to the Stipulation, the Committee and Consumer Counsel represented that they do not object to the Stipulation.⁸

The Hearing Examiner convened an evidentiary hearing in this docket on July 1, 2016. Counsel for Dominion Virginia Power, the Committee, Consumer Counsel, and Staff appeared at the hearing.

¹ Exhibit ("Ex.") 1 (Application) at 1.

² *Id.* at 6.

³ *Id.* at 7; Ex. 3 (Direct Testimony of David M. Wilkinson) at 2, 5.

⁴ See Ex. 1 (Application) at 7; Ex. 3 (Direct Testimony of David M. Wilkinson) at 2-3.

⁵ See Ex. 9 (Direct Testimony of Patrick W. Carr) at 10; Ex. 10 (Direct Testimony of Brian S. Pratt) at 9.

⁶ See Ex. 8 (Stipulation) at 2. The Company submitted a redlined version of the Stipulation at the hearing to correct a minor typographical error on page 2.

⁷ *Id.* See also *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*, Case No. PUE-2015-00041, 2015 S.C.C. Ann. Rept. 327, Final Order (Aug. 4, 2015).

⁸ Ex. 8 (Stipulation) at 3.

On July 8, 2016, the Report of A. Ann Berkebile, Hearing Examiner ("Report") was filed with the Clerk of the Commission. In her Report, the Hearing Examiner recommended that the Commission accept the Stipulation and approve an updated Rider T1 revenue requirement in the amount of \$178,931,394 for recovery during the Rate Year commencing September 1, 2016.⁹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed Stipulation is reasonable and should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) Rider T1 is approved as set forth herein and shall become effective for service rendered on and after September 1, 2016.
- (2) The Stipulation and recommendation is reasonable and hereby is adopted.
- (3) Within thirty (30) days from the date of this Final Order, the Company shall file, with the Clerk of the Commission and 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.

⁹ Report at 8.

**CASE NO. PUE-2016-00047
MAY 17, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2016-2017 FUEL FACTOR PROCEEDING

On May 4, 2016, 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 2.406 cents per kilowatt-hour ("¢/kWh") to 1.971¢/kWh, effective for usage on and after July 1, 2016, 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 2.115¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses, of approximately \$1.4 billion for the period July 1, 2016, through June 30, 2017. The Company's proposed prior period factor for Fuel Charge Rider A of (0.144¢/kWh) is designed to return the approximately \$95 million overcollection, which represents the net of two projected June 30, 2016 fuel deferral balances.²

In total, Dominion Virginia Power's proposed fuel factor represents a 0.435¢/kWh decrease from the fuel factor rate presently in effect of 2.406¢/kWh, which was approved in Case No. PUE-2015-00022.³ According to the Company, this proposal would result in an annual fuel revenue decrease of approximately \$286.2 million between July 1, 2016, and June 30, 2017.⁴ The total proposed fuel factor would decrease the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$4.35, or by approximately 3.8%.⁵

Finally, in conjunction with the filing of its Application, on May 4, 2016, 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 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; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon.

¹ Application at 1-2.

² *Id.* at 2. The first balance is the projected June 30, 2016 over-recovery balance of approximately \$185.5 million associated with recovery of the July 1, 2015 through June 30, 2016 current period expense. The second balance is the projected June 30, 2016 under-recovery balance of approximately \$90.5 million associated with recovery of the remaining portion of the June 30, 2015 prior period expense.

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-2015-00022, Doc. Con. Cen. No. 150840145, Order Establishing 2015-2016 Fuel Factor (Aug. 21, 2015).

⁴ *Id.* at 2.

⁵ Direct Testimony of Edward J. Anderson at 4.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2016-00047.
- (2) 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"),⁶ a Hearing Examiner is appointed to rule on any discovery matters that may arise during the course of this proceeding, including the Company's Motion for Protective Order.
- (3) The Company's proposed fuel factor of 1.971¢/kWh shall be placed into effect on an interim basis for usage on and after July 1, 2016.
- (4) A public hearing shall be convened on September 14, 2016, at 10 a.m. in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and evidence offered by the Company, any respondents, and Staff. 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 make copies of the public versions of its Application, prefiled testimony, and exhibits available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. A copy also may be obtained by submitting a written request to counsel for 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. Copies of the public version of all documents filed in this case also shall be available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.
- (6) On or before June 13, 2016, Dominion Virginia Power shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory 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-2016-00047

On May 4, 2016, 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 2.406 cents per kilowatt-hour ("¢/kWh") to 1.971¢/kWh, effective for usage on and after July 1, 2016, 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 2.115¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses, of approximately \$1.4 billion for the period July 1, 2016, through June 30, 2017. The Company's proposed prior period factor for Fuel Charge Rider A of (0.144¢/kWh) is designed to return the approximately \$95 million overcollection, which represents the net of two projected June 30, 2016 fuel deferral balances.

In total, Dominion Virginia Power's proposed fuel factor represents a 0.435¢/kWh decrease from the fuel factor rate presently in effect of 2.406¢/kWh, which was approved in Case No. PUE-2015-00022. According to the Company, this proposal would result in an annual fuel revenue decrease of approximately \$286.2 million between July 1, 2016, and June 30, 2017. The total proposed fuel factor would decrease the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$4.35, or by approximately 3.8%.

The Commission entered an Order Establishing 2016-2017 Fuel Factor Proceeding ("Order") that, among other things, scheduled a public hearing to be held on September 14, 2016, 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.

In its Order, the Commission also allowed the Company to place its proposed fuel factor of 1.971¢/kWh into effect on an interim basis for usage on and after July 1, 2016.

Copies of the public version of all documents filed in this case are available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

⁶ 5 VAC 5-20-10 *et seq.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 business 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 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.

On or before August 30, 2016, 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 August 30, 2016, 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-2016-00047.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before June 29, 2016. 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 and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUE-2016-00047. Interested persons should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before July 13, 2016, 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-2016-00047.

The Commission's Rules of Practice may be viewed at the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order Establishing Fuel Factor Proceeding in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

VIRGINIA ELECTRIC AND POWER COMPANY

(7) On or before June 13, 2016, 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) and city or town attorney 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 July 5, 2016, the Company shall provide proof of service and notice as required by Ordering Paragraphs (6) and (7), including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before August 30, 2016, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). Any interested person desiring to file comments electronically may do so on or before August 30, 2016, 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-2016-00047.

(10) On or before June 29, 2016, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) above, and each respondent shall serve a copy of the notice of participation on 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-2016-00047.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon the respondent a copy of this Order, a copy of the 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 July 13, 2016, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8). In all filings, the respondent shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2016-00047.

(13) The Staff shall investigate the Application. On or before August 3, 2016, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to the Company and all respondents.

(14) On or before August 17, 2016, the Company may file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy 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 (8).

(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.⁷ 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.

⁷ The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUE-2016-00047, in the appropriate box.

CASE NO. PUE-2016-00047 OCTOBER 13, 2016

APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2016-2017 FUEL FACTOR

On May 4, 2016, 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 2.406 cents per kilowatt-hour ("¢/kWh") to 1.971¢/kWh, effective for usage on and after July 1, 2016, 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 2.115¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses, of approximately \$1.4 billion for the period July 1, 2016, through June 30, 2017. The Company's proposed prior period factor for Fuel Charge Rider A of (0.144¢/kWh) is designed to return the approximately \$95 million over collection, which represents the net of two projected June 30, 2016 fuel deferral balances.²

In total, Dominion Virginia Power's proposed fuel factor represents a 0.435¢/kWh decrease from the fuel factor rate presently in effect of 2.406¢/kWh, which was approved in Case No. PUE-2015-00022.³ According to the Company, this proposal would result in an annual fuel revenue decrease of approximately \$286.2 million between July 1, 2016, and June 30, 2017.⁴ The total proposed fuel factor would decrease the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$4.35, or by approximately 3.8%.⁵

On May 17, 2016, the Commission entered an Order Establishing 2016-2017 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 the Company's proposed fuel factor of 1.971¢/kWh into effect on an interim basis for usage on and after July 1, 2016.

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 but did not file testimony in this proceeding. On August 3, 2016, the Commission Staff ("Staff") filed the testimony of two witnesses. On August 12, 2016, the Company filed a letter stating that because the Company agreed with the conclusions in Staff's prefiled testimony, it did not intend to file rebuttal testimony in this proceeding.

¹ Exhibit ("Ex.") 2 (Application) at 1-2.

² *Id.* at 2. The first balance is the projected June 30, 2016 over-recovery balance of approximately \$185.5 million associated with recovery of the July 1, 2015 through June 30, 2016 current period expense. The second balance is the projected June 30, 2016 under-recovery balance of approximately \$90.5 million associated with recovery of the remaining portion of the June 30, 2015 prior period expense.

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-2015-00022, 2015 S.C.C. Ann. Rept. 296, Order Establishing 2015-2016 Fuel Factor (Aug. 21, 2015).

⁴ Ex.2 (Application) at 2.

⁵ Ex. 10 (Direct Testimony of Edward J. Anderson) at 4.

The Commission convened a public evidentiary hearing on September 14, 2016. Dominion Virginia Power, the Committee, Consumer Counsel, and Staff participated at the hearing. All parties and Staff either supported or did not oppose the Company's proposed fuel factor rate. No public witnesses appeared at the hearing.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Dominion Virginia Power's fuel factor should be 1.971¢/kWh for usage on and after July 1, 2016.

Pursuant to § 56-249.6 of the Code, Dominion Virginia Power is statutorily entitled to recover its prudently incurred fuel costs. 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.⁶

Likewise, while we find that the fuel factor approved herein shall be implemented for usage on and after July 1, 2016, 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 1.971¢/kWh for usage on and after July 1, 2016.
- (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, 2016.
- (3) This matter is continued pending further order of the Commission.

⁶ *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-2016-00049 DECEMBER 14, 2016

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

In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*

FINAL ORDER

On April 29, 2016, 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 2016 IRP encompasses the 15-year planning period from 2017 to 2031.

On May 12, 2016, 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 WestRock CP, LLC ("WestRock"); the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Culpeper County; the Virginia Committee for Fair Utility Rates; the Mid-Atlantic Renewable Energy Coalition ("MAREC"); the Maryland- DC -Virginia Solar Energy Industries Association ("MDV - SEIA"); the Virginia Chapter of the Sierra Club ("Sierra Club"); and the Chesapeake Climate Action Network, Appalachian Voices, and the Natural Resources Defense Council (collectively, "Environmental Respondents").

The Commission's Order for Notice and Hearing also provided for the pre-filing of testimony and exhibits by Dominion, respondents, and the Commission's Staff ("Staff"). The Company, Consumer Counsel, MAREC, MDV - SEIA, Environmental Respondents, Sierra Club, and Staff pre-filed testimony in this proceeding.

Beginning on October 5, 2016, the Commission convened an evidentiary hearing on the Company's IRP.¹ During the hearing, the Commission received the testimony of public witnesses.² The Commission also received testimony and exhibits from Dominion, the respondents, and Staff. The hearing concluded, after closing arguments, on October 6, 2016.

¹ Staff and all parties except Culpeper County and WestRock participated in the hearing.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

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. The Commission finds, based on the record of this proceeding and applicable statutes, that the Company's IRP is reasonable and in the public interest for the specific and limited purpose of filing the planning document as mandated by § 56-597 *et seq.* of the Code.³ Consistent with every prior final order issued under these provisions of the Code, we reiterate that approval of an IRP does not in any way create the slightest presumption that resource options contained in the approved IRP will be approved in a future certificate of public convenience and necessity ("CPCN"), rate adjustment clause ("RAC"), fuel factor, or other type of proceeding governed by different statutes.⁴

While the Commission finds that Dominion's IRP is in the public interest for filing as a planning document, and not as a document that will determine future Commission decisions on specific resources or the recovery of specific expenditures, we also find that additional analysis shall be required in future IRP filings. Our findings, including the requirements directed herein, are based on the record developed by Dominion, Staff, and the robust participation by members of the public and respondents that have intervened and presented substantial evidence in this proceeding.

Clean Power Plan

As in prior IRP proceedings, the United States Environmental Protection Agency's Clean Power Plan ("CPP") regulation to control carbon dioxide emissions from existing electric generation units under Section 111(d) of the Clean Air Act continues to be a significant planning consideration for Dominion and other electric utilities.⁵ In previous IRP proceedings,⁶ we have directed electric utilities in Virginia to consider and update various options for complying with the CPP because of its significance to electric utility resource planning. 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 CPP are complete.⁷

While some parties and members of the public participating in this case have suggested that the uncertainty regarding the CPP has diminished,⁸ the CPP is currently stayed by the Supreme Court of the United States. Even if the CPP is upheld, it could be several years before a final State Implementation Plan ("SIP") is approved.⁹ Until such time, an IRP can only present scenarios that are based on compliance assumptions, rather than the specific requirements of compliance. The only exception is a least-cost base plan, which is not designed to comply with the CPP, and can be more readily determined by modeling.

For next year's IRP filing, we direct the Company to model and present scenarios similar to those included in the current IRP, updating the data and assumptions as appropriate. These scenarios shall include, at a minimum, the following:

- (1) Least-cost base plan (non-compliant with the CPP);
- (2) Least-cost CPP -compliant intensity-based plan¹⁰ (regional and island approaches¹¹);

² Tr. 12-28, 202-209. The Commission also considered public comments filed pursuant to the Order for Notice and Hearing.

³ Contrary to the Environmental Respondents' assertion, Ex. 17 (Rabago) at 15-16, the IRP statutes do not require the Commission to reject an IRP that, like Dominion's current filing, does not include a utility's stated preference for one particular resource plan. 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-2015-00035, 2015 S.C.C. Ann. Rept. 320, 321-22, Final Order (Dec. 30, 2015) ("2015 Dominion IRP Order").

⁴ 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, 2012 S.C.C. Ann. Rept. 296, 296, Final Order (Oct. 5, 2012) ("2012 Dominion IRP Order") (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)).

⁵ *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 80 Fed. Reg. 64,662, Final Rule (Oct. 23, 2015); *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).

⁶ 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).

⁷ See, e.g., *2015 Dominion IRP Order*, 2015 S.C.C. Ann. Rept. at 321.

⁸ See, e.g., Ex. 23 (Ball) at 4; Tr. 585.

⁹ The upcoming change in federal administrations may add some degree of uncertainty as to future implementation of the CPP.

¹⁰ 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. 30 (Walker) at 2.

¹¹ As explained by the Company, an "island" approach designs resource plans "in a manner so that Virginia could achieve CPP compliance independently with little or no reliance on other states or the market to achieve such compliance." Ex. 2 (IRP) at 62. For purposes of modeling the island approach directed herein for next year's IRP, the Company may continue to assume limits to its participation in markets for emission rate credits and carbon dioxide allowances, but shall not restrict the Company's participation in energy and capacity markets.

- (3) Least-cost CPP -compliant mass-based plan (regional and island approaches);
- (4) Federal implementation plan; and
- (5) Company-preferred plan, if any.

Dominion shall run these scenarios without capping the amount of third-party, energy and capacity market purchases or sales that the model would select to achieve a least-cost plan for the compliance and non-compliance scenarios.¹²

While questions have been raised about Dominion modeling a least-cost plan that does not comply with, and is uninfluenced by, the CPP,¹³ § 56-585.1:1 F of the Code requires us to report to the General Assembly, by December 1st of each year, the estimated rate impact of the CPP. Thus, it is necessary to model the least-cost plan along with various compliance scenarios. In this IRP, Dominion has done so, and according to Dominion, the estimated cost of compliance ranges from \$5.1 billion to \$12.8 billion, on a net present value basis, depending on the compliance pathway alternative.¹⁴ The monthly bill impacts for residential retail customers using 1,000 kilowatt-hours associated with the various compliance scenarios vary greatly across the scenarios and from year to year. According to Dominion's projections, these monthly bill impacts range from 14 cents to approximately 43 dollars.¹⁵

The Commission has previously recognized that many CPP compliance costs would likely be eligible for recovery through RACs, rather than being absorbed in the Company's currently frozen base rates.¹⁶ The record in the instant proceeding is consistent with this expectation. Across all four compliance scenario alternatives presented by Dominion, information provided by the Company identifies a material impact to base rates in only one plan, and for only two of the 26 years for that plan.¹⁷ The Company's modeling results also identify relatively few costs to comply with the CPP that would be incurred during the period when base rates are frozen.¹⁸ These results are also expected, as the CPP compliance period does not begin until 2022, the same year the next biennial review of Dominion's base rates is scheduled to occur.¹⁹ Dominion's IRP thus corroborates this Commission's prior conclusion that the currently effective base-rate freeze is highly unlikely to protect Virginia ratepayers from the bulk of CPP compliance costs.

Alternative Rate Design Studies

Until the uncertainty regarding CPP compliance is resolved and the details of a final SIP are known, including the role and amount of demand side management ("DSM") such a plan may require, it serves no purpose to conduct additional studies as part of upcoming IRPs that will continue to present hypothetical compliance plans. In the future, however, should a SIP specifically require DSM as part of compliance, at that time it will be appropriate to consider, along with all other compliance options, whether and to what extent various forms of alternative rate design could play a role in CPP compliance.

Request for Proposals

The Commission does not adopt MAREC's recommendation to order Dominion to conduct a request for proposals ("RFP") either specifically for wind resources or more generally for renewable resources.²⁰ An IRP is not the appropriate forum for ordering an RFP for any particular resource.²¹ Such an issue necessarily arises in CPCN proceedings for specific resource options, or could arise in a fuel factor, RAC, or other rate proceeding, but, as reiterated herein, an IRP does not create any presumption in favor of, or against, any specific resource option.

We do note, however, that we have directed Dominion to model its various scenarios for the next IRP without a cap on third-party market purchases, to enable the Company's model to select the least-cost resource options, whatever the source.²² Additionally, in its next IRP filing, the Company shall continue to comply with our prior directives to provide detailed analysis of market alternatives of all types.

¹² See, e.g., Ex. 13 (Yeh) at 29-31; Tr. 70-71; Tr. 165-70. "Capping" in this context refers to a modeling limitation other than a physical limitation of the system.

¹³ See, e.g., Ex. 13 (Yeh) at 27; Ex. 17 (Rabago) at 18-19.

¹⁴ See, e.g., Ex. 2 (IRP) at 134. As previously directed, the Company shall continue to provide in future IRPs the impact of each plan on the electricity rates paid by its customers.

¹⁵ Ex. 30 (Walker) at Attachment CDW -1, p.5.

¹⁶ See, e.g., *Petition of the Old Dominion Committee for Fair Utility Rates v. Appalachian Power Company, For a declaratory judgment and an order requiring biennial review filings*, Case No. PUE-2016-00010, Doc. Con. Cen. No. 160710007, Final Order at 13, n.46 (July 1, 2016).

¹⁷ Ex. 30 (Walker) at Attachment CDW -1, p.3. As shown, the Company evaluated 26 years (2016-2041) for each of the four compliance plan alternatives.

¹⁸ Ex. 2 (IRP) at 135; Tr. 470-71.

¹⁹ Code § 56-585.1:1 A.

²⁰ Ex. 26 (Goggin) at 2-3; Tr. 599, 608-609.

²¹ See, e.g., *2012 Dominion IRP Order*, 2012 S.C.C. Ann. Rept. at 297 ("We 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.") (internal quotation omitted).

²² The Commission has also directed Dominion to conduct regional modeling, as set forth above.

Finally, except for such requirements that have been specifically updated or revised by subsequent Commission order, Dominion shall continue to comply with all requirements directed in prior IRP orders, including the requirement to include an index that identifies the specific location(s) within the IRP that complies with each such requirement.

Accordingly, IT IS SO ORDERED, and this matter IS DISMISSED.

**CASE NO. PUE-2016-00050
DECEMBER 14, 2016**

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

In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*

FINAL ORDER

On April 29, 2016, Appalachian Power Company ("APCo" 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"). APCo's IRP encompasses the 15-year planning period from 2016 to 2030.¹

On May 12, 2016, 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 APCo 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; the Old Dominion Committee for Fair Utility Rates ("Committee"); the Mid-Atlantic Renewable Energy Coalition ("MAREC"); Steel Dynamics, Inc. ("SDI"); the Maryland DC Virginia Solar Energy Industries Association ("MDV-SEIA"); the VML/VACo APCo Steering Committee and the Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents").

The Commission's Order for Notice and Hearing also provided for the pre-filing of testimony and exhibits by APCo, respondents, and the Commission's Staff ("Staff"). The Company, MAREC, Environmental Respondents, and Staff prefiled testimony in this proceeding.

On November 2, 2016, the Commission convened an evidentiary hearing on the Company's IRP.² No public witnesses appeared to testify at the hearing.³ During the hearing, the Commission received testimony and exhibits from APCo, the respondents, and Staff.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Pursuant to § 56-599 E of the Code, the Commission must, after giving notice and an opportunity to be heard, determine whether APCo's IRP is reasonable and in the public interest. The Commission finds, based on the record of this proceeding and applicable statutes, that the Company's IRP is reasonable and in the public interest for the specific and limited purpose of filing the planning document as mandated by § 56-597 *et seq.* of the Code. Consistent with every prior final order issued under these provisions of the Code,⁴ we reiterate that approval of an IRP does not in any way create the slightest presumption that resource options contained in the approved IRP will be approved in a future certificate of public convenience and necessity ("CPCN"), rate adjustment clause ("RAC"), fuel factor, or other type of proceeding governed by different statutes.

While the Commission finds that APCo's IRP is in the public interest for filing as a planning document, and not as a document that will determine future Commission decisions on specific resources or the recovery of specific expenditures, we also find that additional analysis shall be required in future IRP filings. Our findings, including the requirements directed herein, are based on the record developed by APCo, Staff, and the robust participation by members of the public and respondents that have intervened and presented substantial evidence in this proceeding.

Clean Power Plan

As in prior IRP proceedings, the United States Environmental Protection Agency's Clean Power Plan ("CPP") regulation to control carbon dioxide emissions from existing electric generation units under Section 111(d) of the Clean Air Act continues to be a significant planning consideration for APCo and other electric utilities.⁵ In previous IRP proceedings,⁶ we have directed electric utilities in Virginia to consider and update various options for

¹ Exhibit ("Ex.") 2 (IRP) at ES-2.

² Staff and all parties except SDI, MDV-SEIA, and the Committee participated in the hearing.

³ Tr. 9. The Commission considered public comments filed pursuant to the Order for Notice and Hearing.

⁴ 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-2009-00097, 2010 S.C.C. Ann. Rept. 387, 389, Final Order (Aug. 6, 2010).

⁵ *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 80 Fed. Reg. 64,662, Final Rule (Oct. 23, 2015); *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).

⁶ 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*

complying with the CPP because of its significance to electric utility resource planning. 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 CPP are complete.⁷

The CPP is currently stayed by the Supreme Court of the United States. Even if the CPP is upheld, it could be several years before a final State Implementation Plan ("SIP") is approved.⁸ Until such time, an IRP can only present scenarios that are based on compliance assumptions, rather than the specific requirements of compliance. The only exception is a least-cost base plan, which is not designed to comply with the CPP, and can be more readily determined by modeling.

For next year's IRP filing, we direct the Company to model and present scenarios similar to those included in the current IRP, updating the data and assumptions as appropriate. These scenarios shall include, at a minimum, the following:

- (1) Least-cost base plan (non-compliant with the CPP);
- (2) Least-cost CPP-compliant intensity-based plan⁹ (regional and island approaches¹⁰);
- (3) Least-cost CPP-compliant mass-based plan (regional and island approaches);
- (4) Federal implementation plan; and
- (5) Company-preferred plan, if any.

Section 56-585.1:1 F of the Code requires us to report to the General Assembly, by December 1st of each year, the estimated rate impact of the CPP. Thus, it is necessary to model the least-cost plan along with various compliance scenarios. In this IRP, APCo has done so, and according to APCo, the estimated cost of compliance ranges from approximately \$287 million to \$835 million, on a net present value basis, depending on the compliance pathway alternative.¹¹ The monthly bill impacts for residential retail customers using 1,000 kilowatt-hours associated with the various compliance scenarios vary greatly across the scenarios and from year to year. APCO's analysis indicates that rates will increase 0.3% to 1.7% in 2022 and by 2.3% to 4.7% after full implementation of the CPP in 2031 and generally continue to rise thereafter.¹²

The Commission has previously recognized that many CPP compliance costs would likely be eligible for recovery through RACs, rather than being absorbed in the Company's currently frozen base rates.¹³ The Company's modeling results also identify relatively few costs to comply with the CPP that would be incurred during the period when base rates are frozen. These results are also expected, as the CPP compliance period does not begin until 2022, after the first biennial review for APCo in 2020 following the Transitional Rate Period.¹⁴ APCo's IRP thus corroborates this Commission's prior conclusion that the currently effective base rate freeze is highly unlikely to protect Virginia ratepayers from the bulk of CPP compliance costs.

Alternative Rate Design Studies

The adequacy of APCo's analysis of alternative rate designs has been challenged in this proceeding.¹⁵ Until the uncertainty regarding CPP compliance is resolved and the details of a final SIP are known, however, including the role and amount of demand side management ("DSM") such a plan may require, it serves no purpose to conduct additional studies as part of upcoming IRPs that will continue to present hypothetical compliance plans. In the future, however, should a SIP specifically require DSM as part of compliance, at that time it will be appropriate to consider, along with all other compliance options, whether and to what extent various forms of alternative rate design could play a role in CPP compliance.

Request for Proposals

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).

⁷ 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-2015-00036, Doc. Con. Cen. No. 160210012, Final Order at 4 (Feb. 1, 2016).

⁸ The upcoming change in federal administrations may add some degree of uncertainty as to future implementation of the CPP.

⁹ 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. 10 (Walker direct) at 2.

¹⁰ According to the Company, an "island" approach designs resource plans in a manner so that APCo could achieve CPP compliance on a stand-alone basis without the ability to acquire market based allowances or emissions credits. Ex. 2 (IRP) at 119, 129-129.

¹¹ See, e.g., Ex. 2 (IRP) at 133-134. As previously directed, the Company shall continue to provide in future IRPs the impact of each plan on the electricity rates paid by its customers.

¹² Ex. 2 (IRP) at 135; Ex. 10 (Walker) at 5.

¹³ See, e.g., *Petition of the Old Dominion Committee for Fair Utility Rates v. Appalachian Power Company, For a declaratory judgment and an order requiring biennial review filings*, Case No. PUE-2016-00010, Doc. Con. Cen. No. 160710007, Final Order at 13, n.46 (July 1, 2016).

¹⁴ Code § 56-585.1:1 A.

¹⁵ See, e.g., Ex. 5 (Loiter) at 5-20; Tr. 59-76.

MAREC recommends that APCo accelerate its planned procurement of additional wind resources and conduct an associated request for proposals ("RFP").¹⁶ An IRP is not the appropriate forum for ordering an RFP for any particular resource.¹⁷ Such an issue necessarily arises in CPCN proceedings for specific resource options, or could arise in a fuel factor, RAC, or other rate proceeding, but, as reiterated herein, an IRP does not create any presumption in favor of, or against, any specific resource option. We expect the Company, in its next IRP filing, to continue to comply with our prior directives to provide detailed analysis of market alternatives of all types.

Finally, except for such requirements that have been specifically updated or revised by subsequent Commission order, APCo shall continue to comply with all requirements directed in prior IRP orders, including the requirement to include an index that identifies the specific location(s) within the IRP that complies with each such requirement.

Accordingly, IT IS SO ORDERED, and this matter IS DISMISSED.

¹⁶ Ex. 8 (Thumma) at 3-5.

¹⁷ 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, 2012 S.C.C. Ann. Rept. 296, 297, Final Order (Oct. 5, 2012) ("We 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.") (internal quotation omitted).

CASE NO. PUE-2016-00053 DECEMBER 19, 2016

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

In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*

FINAL ORDER

On April 29, 2016, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission") the Company's Integrated Resource Plan ("IRP") pursuant to § 56-599 of the Code of Virginia ("Code").¹

As amended in 2015, Code § 56-599 requires, among other things, that an IRP evaluate: (i) the effect of current and pending environmental regulations upon the continued operation of existing electric generation facilities or options for construction of new electric generation facilities; and (ii) the most cost-effective means of complying with current and pending environmental regulations ("2015 Amendments").² The Company indicated that its IRP filing is intended to satisfy the revised requirement that each electric utility file an updated IRP by May 1, 2016.³

According to KU/ODP, the Company and its affiliate, Louisville Gas and Electric Company ("LG&E"), collectively control over 8,000 megawatts of combined generating capacity, all of which is located in Kentucky and is subject to the jurisdiction of the Kentucky Public Service Commission ("KPSC").⁴ The Company maintained that neither it nor LG&E owns or operates any generating assets in Virginia.⁵ KU/ODP stated that in Virginia, the Company provides retail electric service to approximately 28,000 customers in the counties of Wise, Lee, Russell, Scott, and Dickenson, supplying those customers with energy from KU/ODP's and LG&E's generating assets in Kentucky.⁶ According to KU/ODP, the electric load in the Virginia service territory primarily consists of residential customers and coal mining operations.⁷ KU/ODP also included the Company's response to the Commission's directive in Case No. PUE-2015-00037⁸ that KU/ODP provide an update on the Company's plans and Kentucky's plans regarding the United States Environmental Protection Agency's ("EPA") regulation of carbon dioxide emissions from electric generation through the "Clean Power Plan" ("CPP").⁹

¹ This filing was accompanied by a Motion for Protective Order in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

² 2015 Acts ch.6.

³ KU/ODP 2016 A IRP Summary at 1.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2015-00037, Doc. Con. Cen. No. 160320122, Final Order (Mar. 14, 2016) ("KU/ODP 2015 IRP Final Order").

⁹ KU/ODP 2016 VA IRP Exhibit 1. See also *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 80 Fed. Reg. 64,662, Final Rule (Oct. 23, 2015); *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).

On May 17, 2016, the Commission issued an Order for Notice and Comment that, among other things, directed the Company to provide notice of its IRP; provided an opportunity for interested persons to file comments or request a hearing on the IRP; and directed the Commission's Staff ("Staff") to investigate the Company's IRP and present its findings and recommendations in a report ("Staff Report"). No one filed comments on the Company's IRP, and no one requested a hearing.

On August 24, 2016, Staff filed its Staff Report and recommended that the Commission accept the Company's IRP as reasonable and in the public interest.¹⁰ In support of its recommendation, Staff concluded that the Company's IRP complies with the legislative requirements of Code § 56-597 *et seq.* and the guidelines set forth in the Commission's December 23, 2008 Order Establishing Guidelines for Developing Integrated Resource Plans.¹¹ Staff indicated that the 2015 Amendments require the Company to file its IRP in Virginia annually and, therefore, the Company now must file its IRP in Virginia in years it will not be filing an IRP with the KPSC.¹² In addition, Staff noted that the CPP was on appeal and subject to a stay issued by the United States Supreme Court.¹³ In light of the considerable uncertainty associated with the CPP, Staff recommended that the Commission continue to impose the CPP-related requirements from its Final Order in Case No. PUE-2015-00037.¹⁴

Furthermore, Staff emphasized that the Company's IRP is an ongoing planning process and noted that the results of the Company's IRP are subject to further scrutiny prior to actual implementation.¹⁵ Accordingly, 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.¹⁶

On September 20, 2016, KU/ODP filed its response to the Staff Report stating that it has no comments and requesting that the Commission issue an order finding its IRP reasonable and in the public interest under Code § 56-599 C.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Pursuant to Code § 56-599 E, the Commission must, after giving notice and an opportunity to be heard, determine whether KU/ODP's IRP is reasonable and in the public interest. The Commission finds, based on the record of this proceeding and applicable statutes, that the Company's IRP is reasonable and in the public interest for the specific and limited purpose of filing a planning document as mandated by Code § 56-597 *et seq.* Consistent with every prior final order issued under these provisions of the Code,¹⁷ we reiterate that approval of an IRP does not in any way create the slightest presumption that resource options contained in the approved IRP will be approved in a future certificate of public convenience and necessity, fuel factor, or other type of proceeding governed by different statutes.

Furthermore, while the Commission finds that KU/ODP's IRP is reasonable and in the public interest for filing as a planning document, and not as a document that will determine future Commission decisions on specific resources or the recovery of specific expenditures, we also find that additional analysis of several areas should be required in future filings.

As in prior IRP proceedings, the EPA's CPP regulation to control carbon dioxide emissions from existing electric generation units under Section 111(d) of the Clean Air Act continues to be a significant planning consideration for electric utilities. In previous IRP proceedings, we have directed electric utilities in Virginia to consider and update various options for complying with the CPP because of its significance to electric utility resource planning.¹⁸ In doing so, we have recognized that the ability to model options for compliance in Virginia, Kentucky, 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 CPP are complete.

¹⁰ Staff Report at 16.

¹¹ *Id.* at 15; 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).

¹² Staff Report at 16.

¹³ *Id.* at 3 (citing *West Virginia v. Environmental Protection Agency*, No. 15-1363 (D.C. Cir.), *stay granted* (U.S. Feb. 9, 2016) (No. 15A776)).

¹⁴ Staff Report at 14, 16. These CPP-related requirements include: (1) an assessment of KU/ODP's ability to comply with Section 111(d) under a rate-based approach; (2) an assessment of KU/ODP's ability to comply with Section 111(d) under a mass-based approach; (3) an assessment of the rate impacts of the final Section 111(d); and (4) an update on the status of Kentucky's development of a State Implementation Plan ("SIP"). See KU/ODP 2015 IRP Final Order at 5.

¹⁵ Staff Report at 16.

¹⁶ *Id.*

¹⁷ See, e.g., *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2009-00062, 2010 S.C.C. Ann. Rept. 353, 354, Final Order (Aug. 6, 2010); *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2011-00097, 2012 S.C.C. Ann. Rept. 313, 314, Final Order (Oct. 5, 2012).

¹⁸ 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).

The CPP is currently stayed by the Supreme Court of the United States. Even if the CPP is upheld, it could be several years before a final SIP is approved in either Virginia or Kentucky.¹⁹ Until such time, an IRP can only present scenarios that are based on compliance assumptions, rather than the specific requirements of compliance.

Accordingly, we find that KU/ODP should include in its next IRP filing with the Commission an update regarding the Company's plans and Kentucky's plans to comply with the CPP. This should include: (i) an assessment of the Company's ability to comply with Section 111(d) under a rate-based approach;²⁰ (ii) an assessment of KU/ODP's ability to comply with Section 111(d) under a mass-based approach; (iii) an assessment of the rate impacts of the final Section 111(d); and (iv) an update on the status of Kentucky's development of a SIP.

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

¹⁹ The upcoming change in federal administrations may add some degree of uncertainty as to future implementation

²⁰ A "rate-based" (or "intensity-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 totals of carbon dioxide emitted.

**CASE NO. PUE-2016-00054
JULY 27, 2016**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of its 2016 SAVE Rider update

ORDER APPROVING SAVE RIDER ADJUSTMENT

On April 29, 2016, pursuant to § 56-604 E of the Code of Virginia, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") its annual adjustment application with respect to its Commission-approved Steps to Advance Virginia's Energy plan ("SAVE Plan")¹ under which VNG's SAVE Rider, designated Rider E, is reconciled and adjusted ("2016 Annual Adjustment" or "Application").

The Company's SAVE Plan is designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure.² Rider E is designed to recover eligible infrastructure replacement costs associated with the SAVE Plan.³ VNG states that the calculation of the revenue requirement and rates associated with Rider E consist of two components: the SAVE Actual Cost Adjustment ("SACA") and the Annual SAVE Factor ("ASF"), which were approved by the Commission in its 2012 SAVE Order.⁴ According to the Company, the SACA is an adjustment that ensures that the SAVE Rider recovers no more or less than the actual cost of implementing the SAVE Plan projects during the prior calendar year, and based on this calculation, the Company is proposing a SACA for the upcoming rate period of August 2016 through July 2017 of \$687,838.⁵ The Company states that the ASF establishes the rate required to recover the costs associated with the expected SAVE Plan plant investment for the period in which the rate will be effective, August 2016 through July 2017.⁶ Based on this calculation, the Company is proposing an ASF for the upcoming rate period of \$13,067,224.⁷ By combining the ASF of \$13,067,224 and the SACA of \$687,838, the Company calculates a SAVE Rider revenue requirement of \$13,755,062 for the rate period of August 2016 through July 2017.⁸

The Company further states that for purposes of the 2016 Annual Adjustment, the Company is applying the same revenue allocation factors approved in the 2012 SAVE Order and the Commission's Orders Approving SAVE Rider Adjustments in Case Nos. PUE-2013-00054,⁹ PUE-2014-00037,¹⁰

¹ *Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2012-00012, 2012 S.C.C. Ann. Rept. 393, Order Approving SAVE Plan and Rider (June 25, 2012) ("2012 SAVE Order").

² Application at 2.

³ *Id.* at 3.

⁴ *Id.*

⁵ *Id.* at 7.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Application of Virginia Natural Gas, Inc., For approval of its 2013 SAVE Rider update*, Case No. PUE-2013-00054, 2013 S.C.C. Ann. Rept. 414, Order Approving SAVE Rider Adjustment (July 23, 2013).

¹⁰ *Application of Virginia Natural Gas, Inc., For approval of its 2014 SAVE Rider update*, Case No. PUE-2014-00037, 2014 S.C.C. Ann. Rept. 425, Order Approving SAVE Rider Adjustment (July 14, 2014).

and PUE-2015-00050,¹¹ with two exceptions.¹² VNG is proposing that its updated Rider E go into effect on August 1, 2016, and that the rate continue for one year.¹³

According to the Company, the monthly SAVE Rider rate for customers receiving service under Schedule 1 – Residential will be \$3.15, while the monthly SAVE Rider rate for customers receiving service under Schedules 6 and 7 – Large Firm C&I will be \$331.43 and \$162.14, respectively.¹⁴

On May 13, 2016, the Commission entered an Order for Notice and Comment ("Procedural Order"), which, among other things, required the Company to publish notice of its Application; provided an opportunity for interested persons to file comments, request a hearing, or participate in this proceeding by filing a notice of participation; and required Commission Staff ("Staff") to investigate the Application and file a report ("Report") containing its findings and recommendations.

On June 14, 2016, the Company filed proof of notice and publication of its Application, as required by the Procedural Order. No comments, requests for hearing, or notices of participation were filed.

On June 29, 2016, the Staff filed its Report wherein it calculated a revenue requirement of \$13,773,879 for the 2016 Rider E, which is greater than the amount requested by the Company in its Application and contained in the public notice given by the Company.¹⁵ Therefore, the Staff recommended a revenue requirement equal to the amount given in the public notice and stated that any incremental difference may be included in a future SACA.¹⁶ The difference in the revenue requirement calculated by the Company and by the Staff is driven by differences in the methodology related to the revenue requirement calculation. Specifically, the Staff recommended that the Company (1) use a half-year convention for calculating depreciation expense and accumulated depreciation in its SAVE Rider revenue requirement; (2) discontinue its proration of state deferred income taxes for purposes of calculating the SAVE Rider revenue requirement; and (3) use two-month averages to calculate carrying charges.¹⁷ The Staff further recommended that the Commission adopt the 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.¹⁸

On July 7, 2016, VNG filed its response ("Response") to the Staff Report. In its Response, VNG stated that, following the issuance of the Staff Report, the Staff and VNG discussed the calculation of carrying charges contained in the Report and agreed that accumulated deferred income tax should be applied only when the Company is in an under-recovery position.¹⁹ The Company noted that "[m]aking this change would slightly increase the difference in the revenue requirement calculated by the Company and Staff because the Company's under-recovered position would change from \$708,264, as reported by Staff, to \$713,354 bringing the total revenue requirement to \$13,780,578 after incorporating the agreed upon changes."²⁰ The Company further stated that with that revision, it has no objection to applying the Staff's 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.²¹

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that a revenue requirement of \$13,755,062 should be approved for the 2016 Rider E. We also find that the Company should immediately begin applying the changes in methodology contained in the Staff Report as revised by the Company in its Response.

¹¹ *Application of Virginia Natural Gas, Inc., For approval of its 2015 SAVE Rider update*, Case No. PUE-2015-00050, 2015 S.C.C. Ann. Rept. 334, Order Approving SAVE Rider Adjustment (July 29, 2015) ("2015 SAVE Update Order").

¹² Application at 7. The Company states that, consistent with the 2015 SAVE Update Order, the Company continues to combine the two residential rate schedules (Rate Schedules 1 and 3) for a single SAVE Plan rate. Additionally, consistent with approval received in Case No. PUE-2015-00121, the Company has capped the SAVE rate for Rate Schedule 15 at the level recalculated for the rates effective in August 2016.

¹³ *Id.* at 8.

¹⁴ Direct Testimony of John M. Cogburn at 13.

¹⁵ Staff Report at 11.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ Response at 2.

²⁰ Response at 2-3.

²¹ *Id.* at 3.

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2016 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 August 1, 2016, and remain in effect through July 31, 2017.

(2) Within thirty (30) days of the date of this Order, the Company shall file revised tariffs for the 2016 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.scc.virginia.gov/case>.

(3) This matter is dismissed.

**CASE NO. PUE-2016-00055
JUNE 29, 2016**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.,
and
AGL SERVICES COMPANY

For approval of an amended and restated services agreement pursuant to the Affiliates Act, Va. Code § 56-76 *et seq.*

ORDER GRANTING APPROVAL

On May 2, 2016, Virginia Natural Gas, Inc. ("VNG"), and AGL Services Company ("AGSC") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code");¹ Requirement (6) of the Appendix to the Commission's October 9, 2015 Order Granting Approval in Case No. PUE-2015-00079;² and Requirement (6) of the Appendix to the Commission's February 23, 2016 Final Order in Case No. PUE-2015-00113,³ requesting approval of certain modifications to the currently operative services agreement ("Current Agreement") approved in the Commission's 2015 Order, under which AGSC provides administrative, management, and other centralized shared services ("Centralized Services") to VNG.

The Applicants request approval to: (i) restate the Current Agreement to incorporate the amendments authorized by the Commission in its 2015 Order; and (ii) amend the Current Agreement to reflect the merger ("Merger") between VNG's previous ultimate parent, AGL Resources Inc. ("AGLR"), and The Southern Company ("Southern"), which was approved by the Commission in its 2016 Merger Order (collectively, the "Amended Agreement").

Specifically related to the Merger, the Applicants request approval to amend the Current Agreement in order to authorize Southern Company Services, Inc. ("SCS"),⁴ through AGSC, to provide to VNG each of the Centralized Services within the 17 service categories described in the Current Agreement. The specific service categories containing the services VNG may receive from SCS through AGSC under the Amended Agreement upon closing of the Merger ("Day 1 Services") are as follows: Internal Auditing; Strategic Planning; External Relations; Legal Services and Risk Management; Financial Services; Information Systems; Executive; Employee Services; Corporate Communications; and Corporate Compliance and Corporate Secretary. Finally, the Applicants request approval to amend the Current Agreement to authorize SCS, through AGSC, to charge VNG for the Centralized Services that SCS will provide to VNG through AGSC.

On June 24, 2016, the Applicants filed with the Commission a Motion for Interim Authority to Operate Under the Amended and Restated Services Agreement ("Motion"). In the Motion, the Applicants requested that the Commission enter an order on an expedited basis, but no later than July 1, 2016, authorizing the Applicants to operate under the Amended Agreement on an interim basis from such date as the Merger closes and until such time as the captioned Application is acted upon by the Commission.

The Applicants represent that, other than the proposed modifications to the Current Agreement, the Amended Agreement is identical to the Current Agreement approved in the 2015 Order. Consistent with the Current Agreement, VNG would receive the same Centralized Services within the 17 service categories from AGSC, or from its AGLR regulated local distribution company affiliates ("Regulated Affiliates"),⁵ unless such services are migrated

¹ Code § 56-76 *et seq.*

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-2015-00079, 2015 S.C.C. Ann. Rept. 363, Order Granting Approval (Oct. 9, 2015) ("2015 Order").

³ *Joint Petition of The Southern Company, AGL Resources Inc., and Virginia Natural Gas, Inc., For approval of an acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00113, Doc. Con. Cen. No. 160240157, Final Order (Feb. 23, 2016) ("2016 Merger Order").

⁴ SCS is a wholly owned subsidiary of Southern. Upon closing of the Merger, SCS will become an affiliate of AGLR and, therefore, VNG and AGSC.

⁵ The Applicants represent that at this time, VNG's Regulated Affiliates include: Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas") 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.

from AGSC to SCS.⁶ Similarly, any Emergency Services⁷ would continue to be provided only between VNG and its Regulated Affiliates. The Applicants represent that all Centralized Services would be provided at cost with no equity return component.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Amended Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied as moot.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval to enter into the Amended Agreement effective as of the date of this Order, subject to the requirements set forth in the Appendix attached hereto to this Order.

(2) Concurrent with the approval granted above, the Applicants' Motion is denied as moot.

(3) 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.

⁶ The Applicants represent that certain service categories may contain Centralized Services that are provided at both the AGLR corporate level, by AGSC, and the Southern ultimate-parent corporate level, by SCS through AGSC. Therefore, if and when it is determined that it is reasonable and appropriate for SCS, through AGSC, to provide Centralized Services within the 17 categories to VNG beyond the Day 1 Services, the Applicants state that they may migrate such services from AGSC to SCS.

⁷ "Emergency Services" refers to support services, construction or goods that VNG may provide to or receive from Regulated Affiliates, through AGSC, in the event that an emergency or immediate need arises.

CASE NO. PUE-2016-00056 OCTOBER 4, 2016

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
D/B/A DOMINION VIRGINIA POWER

For approval and certification of Elklick Switching Station and double-circuit 230 kV tap lines under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

FINAL ORDER

On May 25, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an Application for approval and for a certificate of public convenience and necessity to construct and operate in Fairfax County, Virginia, approximately 670 feet of new double-circuit 230 kilovolt ("kV") electric transmission lines, four structures to support these new lines, and a new 230 kV Elklick Switching Station (collectively, the "Elklick Project" or "Project").¹ Dominion filed its Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.*

On June 13, 2016, the Commission issued an Order for Notice and Hearing that, among other things, directed the Company to give notice of its Application to interested persons and the public; provided interested persons the opportunity to comment on the Application and to participate as a respondent in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and file a report containing the Staff's findings and recommendations; scheduled a hearing to receive public witness testimony and other evidence on Dominion's Application; and assigned a Hearing Examiner to conduct further proceedings in this matter.²

As noted in the Order for Notice and Hearing, the Staff requested the Department of Environmental Quality ("DEQ") to provide a Wetland Impact Consultation on the Project. The Wetland Impact Consultation provided by the DEQ contained the following recommendations:

1. Prior to commencing project work, all wetlands and streams within the project corridor should be field delineated and verified by the U.S. Army Corps of Engineers (the Corps), using accepted methods and procedures.

¹ As proposed, the Company would cut the existing 230 kV Bull Run-Loudoun Line #295, and extend each end for approximately 670 feet to terminate at the proposed Elklick Switching Station, creating a revised Line #295 (Bull Run-Elklick) and a new 230 kV Loudoun-Elklick Line #2173. Ex. 2 (Appendix) at 1.

² The description herein of the Order for Notice and Hearing is inclusive of amendments made by the Amending Order issued June 17, 2016, in this proceeding.

2. Wetland and stream impacts should be avoided and minimized to the maximum extent practicable. Stream impacts should be minimized or avoided by spanning the transmission line across each stream. No foundations should be placed within streambeds. Where access is required across a wetland, removable mats should be used to reduce compaction and rutting. Towers should be placed [to] avoid wetlands, wherever possible. To the extent where any footings must be installed in wetlands, each footing should occupy the minimum space necessary. When excavation for a structure is necessary in a wetland, excess spoil should not be disposed of in adjacent wetland areas unless authorized by a state or federal wetland permit.
3. If the scope of the project changes, additional review will be necessary by this office.
4. At a minimum, compensation for impacts to State Waters, if necessary, should be in accordance with all applicable state wetland regulations and wetland permit requirements, including the compensation for permanent conversion of forested wetlands to emergent wetlands.
5. Any temporary impacts to surface waters associated with this project should require restoration to pre-existing conditions.
6. No activity may substantially disrupt the movement of aquatic life indigenous to the water body, including those species, which normally migrate through the area, unless the primary purpose of the activity is to impound water. Culverts placed in streams must be installed to maintain low flow conditions. No activity may cause more than minimal adverse effect on navigation. Furthermore the activity must not impede the passage of normal or expected high flows and the structure or discharge must withstand expected high flows.
7. Erosion and sedimentation controls should be designed in accordance with the Virginia Erosion and Sediment Control Handbook, Third Edition, 1992. These controls should be placed prior to clearing and grading and maintained in good working order to minimize impacts to state waters. These controls should remain in place until the area is stabilized and should then be removed. Any exposed slopes and streambanks should be stabilized immediately upon completion of work in each permitted area. All denuded areas should be properly stabilized in accordance with the Virginia Erosion and Sediment Control Handbook, Third Edition, 1992.
8. No machinery may enter surface waters, unless authorized by a Virginia Water Protection (VWP) permit.
9. Heavy equipment in temporarily impacted surface waters should be placed on mats, geotextile fabric, or other suitable material, to minimize soil disturbance to the maximum extent practicable. Equipment and materials should be removed immediately upon completion of work.
10. Activities should be conducted in accordance with any Time-of-Year restriction(s) as recommended by the Department of Game and Inland Fisheries, the Department of Conservation and Recreation, or the Virginia Marine Resources Commission. The permittee should retain a copy of the agency correspondence concerning the Time-of-Year restriction(s), or the lack thereof, for the duration of the construction phase of the project.
11. All construction, construction access, and demolition activities associated with this project should be accomplished in a manner that minimizes construction materials or waste materials from entering surface waters, unless authorized by a permit. Wet, excess, or waste concrete should be prohibited from entering surface waters.
12. Herbicides used in or around any surface water should be approved for aquatic use by the United States Environmental Protection Agency (EPA) or the U.S. Fish & Wildlife Service. These herbicides should be applied according to label directions by a licensed herbicide applicator. A nonpetroleum based surfactant should be used in or around any surface waters.

13. Consider mitigating impacts to forested or converted wetlands by establishing new forested wetlands within the impacted watershed.³

On June 21, 2016, the Virginia Department of Aviation ("DOAv") submitted comments on the Project. The DOAv does not object to the Project and recommends that Dominion coordinate with the Federal Aviation Administration by submitting a Form 7460 for each pole associated with the Project.⁴

On August 11, 2016, the DEQ's Division of Land Protection & Revitalization submitted comments on the Project that, among other things, identify federal and state laws and regulations applicable to soil, sediment, and waste management. The DEQ also notes that it encourages all construction projects and facilities to implement pollution prevention principles and indicates that all generation of hazardous wastes should be minimized and handled appropriately.⁵

On August 11, 2016, the Virginia Department of Conservation and Recreation ("DCR") submitted comments on the Project. DCR's comments recommend that Dominion: (1) continue to coordinate with it and the Fairfax County Park Authority concerning potential impacts to the Elklick Woodlands Natural Area Preserve and associated natural heritage resources; (2) coordinate with the Virginia Department of Game & Inland Fisheries to ensure compliance with the Virginia Endangered Species Act; and (3) resubmit project information and map an update of natural heritage information if the scope of the Project changes and/or six months pass before it is utilized.⁶

The only party to file a notice of participation as a respondent in this proceeding was the Old Dominion Electric Cooperative ("ODEC").

On August 18, 2016, Staff filed the Report of David Essah ("Staff Report") summarizing the results of Staff's investigation of Dominion's Application. Staff concluded that the Company had reasonably demonstrated the need to construct the Project and that the Project appears to minimize impact on existing residences, scenic assets, historic districts, and the environment.⁷ Consequently, Staff did not oppose the certificate of public convenience and necessity requested for the Project.⁸

On September 2, 2016, Dominion, by counsel, filed a letter supporting the conclusions of the Staff Report.⁹ Dominion further confirmed that the Company will comply with the recommendations identified by the DEQ, DCR, and DOAv and will coordinate with all relevant agencies as appropriate.¹⁰

On September 7, 2016, Hearing Examiner Michael D. Thomas conducted the scheduled hearing and received evidence on the Application offered by the Company and Staff.¹¹ No members of the public appeared to provide testimony.

On September 16, 2016, the Hearing Examiner entered a Report that explained the procedural history in this case, summarized the record, analyzed evidence and issues in this proceeding, and made certain recommendations ("Hearing Examiner's Report"). Based on his findings, the Hearing Examiner recommends that the Commission issue a certificate of public convenience and necessity for the Project, subject to certain conditions.¹²

On September 21, 2016, Dominion filed comments supporting the Hearing Examiner's Report with one clarification of the record.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity requires the Company to construct the proposed Elklick Project, subject to the findings contained herein.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Code § 56-265.2 A 1 provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

³ Ex. 11.

⁴ Ex. 10.

⁵ Ex. 12.

⁶ Ex. 13.

⁷ Ex. 8 (Essah) at 10.

⁸ *Id.*

⁹ Ex. 9 at 2.

¹⁰ *Id.*

¹¹ The respondent, ODEC, did not appear at the hearing.

¹² Hearing Examiner's Report at 10-11.

Code § 56-46.1 further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Code § 56-46.1 B further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, Code § 56-259 C provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need

The Ellick Project is needed because of a significant expected increase to the load that Northern Virginia Electric Cooperative ("NOVEC") serves from its Pleasant Valley Delivery Point Substation ("Pleasant Valley Substation"), which is interconnected to Dominion's transmission system. An existing natural gas compressor station that NOVEC serves has received approval to expand operations.¹³ With this anticipated expansion, NOVEC formally notified Dominion of projected load levels at the Pleasant Valley Substation that would require transmission system upgrades under Facility Interconnection Requirements maintained by Dominion to comply with mandatory North American Electric Reliability Standards.¹⁴ The record supports, and we hereby adopt, the Hearing Examiner's conclusion that "the Project is needed to meet customer demand for electricity and to provide reliable electric transmission service to NOVEC's Pleasant Valley Substation."¹⁵

Economic Development

The Commission finds that the proposed Ellick Project will support economic development in the Commonwealth of Virginia, including the area of the Project, by enhancing Dominion's transmission system and accommodating the provision of reliable retail electric service in NOVEC's service territory, including the additional load requirements associated with the compressor station expansion.¹⁶

Routing and Right-of-Way

The record supports a determination that the 670-foot route chosen by Dominion meets the criteria set forth in the Code. Given the close proximity of the Company's existing Line #295 to NOVEC's Pleasant Valley Substation, the record demonstrates that the Project, which would be constructed using both existing right-of-way and new right-of-way, reasonably follows a route that makes use of existing right-of-way to the fullest extent practicable to serve the need identified in this proceeding.¹⁷

Scenic Assets and Historic Districts

We agree with the Hearing Examiner that the proposed route will reasonably minimize adverse impact on the scenic assets and historic resources consistent with Code § 56-46.1 B.¹⁸

Environmental Impact

Pursuant to Code § 56-46.1 A and B, the Commission is required to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

¹³ See, e.g., Ex. 2 (Appendix) at 1; Ex. 8 (Essah) at 3, n.7.

¹⁴ See, e.g., Ex. 2 (Appendix) at 3-9; Ex. 8 (Essah) at 3-4, Appendix B.

¹⁵ Hearing Examiner's Report at 8.

¹⁶ See, e.g., Hearing Examiner's Report at 8-9; Ex. 8 (Essah) at 8.

¹⁷ See, e.g., Hearing Examiner's Report at 9; Ex. 2 (Appendix) at 30; Ex. 8 (Essah) at 7-8.

¹⁸ See, e.g., Hearing Examiner's Report at 9; Ex. 7 (DEQ Supplement) at 4-5, Attachment 2. H. 1.

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The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Project. The record, including the filings submitted by state agencies, support a finding that the Project reasonably minimizes adverse environmental impacts. We note that the Company has agreed to comply with the recommendations set forth in the DEQ's Wetlands Impact Consultation and the comments submitted by DCR, DOAv, and the DEQ's Division of Land Protection & Revitalization.¹⁹ Further, we find that Dominion should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Project.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's Application for approval and a certificate of public convenience and necessity to construct and operate the Ellick Project is granted as provided for herein, subject to any requirements set forth herein.

(2) Pursuant to the Utility Facilities Act, Code § 56-265.1 *et seq.*, the Commission issues the following certificate of public convenience and necessity to Dominion:

Certificate No. ET -79mm, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Fairfax County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00056; Certificate No. ET -79mm cancels Certificate No. ET-79II issued to Virginia Electric and Power Company on September 14, 2016, in Case No. PUE-2015-00133.

(3) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Energy Regulation three (3) copies of an appropriate map for the Ellick Project that shows the routing of the transmission lines approved herein in addition to the facilities shown on the map for cancelled Certificate No. ET -79II.

(4) Upon receiving the map directed in Ordering Paragraph (3), the Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate of public convenience and necessity issued in Ordering Paragraph (2) with the map attached.

(5) The Project approved herein must be constructed and in service by December 31, 2017. The Company, however, is granted leave to apply for an extension for good cause shown.

(6) As there is nothing further to come before the Commission, this case is dismissed and the papers filed therein shall be placed in the file for ended causes.

¹⁹ These recommendations are set forth above and discussed in the agency filings. *See also* Ex. 9.

**CASE NO. PUE-2016-00057
SEPTEMBER 1, 2016**

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval of a SAVE Rider adjustment

ORDER APPROVING SAVE RIDER

On June 7, 2016, Atmos Energy Corporation ("Atmos" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval of the Company's Infrastructure Replacement Reconciliation Rate ("True-Up Rate"), pursuant to § 56-604 E of the Code of Virginia ("Code"), to reconcile actual 2014-2015 ("Year 3") and 2015-2016 ("Year 4") costs incurred through the Steps to Advance Virginia's Energy ("SAVE") Plan and the actual Infrastructure Reliability and Replacement Adjustment ("SAVE Rider") collections.

The Company's SAVE Plan was originally approved by the Commission in its Order Approving SAVE Plan and Rider on August 21, 2012,¹ and then, on August 27, 2014, the Commission entered an Order Approving Amended SAVE Plan and Rider ("2014 Order").² On May 16, 2016, Atmos filed a Motion to Consolidate SAVE Plan Filings ("Motion") in this docket, and the Commission granted the Company's Motion on May 26, 2016.³ In the instant Application, the Company requests approval of the True-Up Rate to reconcile the actual SAVE Plan costs for the Company and the actual SAVE Rider collections by Atmos for Year 3 and Year 4 investments. In its Application, the Company requests a SAVE Rider revenue requirement for Year 3 and Year 4 of negative \$180,618.

¹ *Application of Atmos Energy Corporation, For approval of a SAVE Plan and Rider pursuant to Virginia Code §§ 56-603 et seq.*, Case No. PUE 2012-00049, 2012 S.C.C. Ann. Rept. 449, Order Approving SAVE Plan and Rider (Aug. 21, 2012).

² *Application of Atmos Energy Corporation, For approval of a 2014-2015 SAVE Plan and Rider adjustment and to amend the SAVE Plan*, Case No. PUE-2014-00044, 2014 S.C.C. Ann. Rept. 433, Order Approving Amended SAVE Plan and Rider (Aug. 27, 2014).

³ *Application of Atmos Energy Corporation, For approval of a SAVE Rider adjustment*, Case No. PUE-2016-00057, Doc. Con. Cen. No.160550134, Order Granting Motion (May 26, 2016).

On June 17, 2016, the Commission entered an Order for Notice and Comment ("Procedural Order"), which, among other things, required the Company to publish notice of its Application; provided an opportunity for interested persons to file comments, request a hearing, or participate in this proceeding by filing a notice of participation; and required Commission Staff ("Staff") to investigate the Application and file a report ("Staff Report") containing its findings and recommendations.

On July 25, 2016, the Company filed proof of notice and publication of its Application, as required by the Procedural Order. No comments, requests for hearing, or notices of participation were filed.

On August 9, 2016, the Staff filed its Staff Report wherein it calculated a revenue requirement of negative \$377,858 for the SAVE Rider.⁴ The difference in the revenue requirements calculated by the Company and by the Staff is driven by several adjustments made by the Staff. Specifically, the Staff: (1) updated the state income tax rate; (2) updated the revenue conversion factor to reflect the updated state income tax rate; (3) included cumulative over/under collections incurred during Year 1 and Year 2 of the SAVE Plan; (4) revised the capital structure to reflect the appropriate capitalization ratios; (5) updated the effective property tax rate to correspond with the property tax rate utilized in the Company's current rate case filing;⁵ (6) incorporated depreciation rates from the most current depreciation study with an effective date of October 1, 2013; (7) corrected and updated the actual collections balance; and (8) incorporated the extension of bonus tax depreciation in 2016 in its computation of accumulated deferred income tax ("ADIT").⁶

The Staff Report identified two additional errors in the Company's Application. First, the Staff noted that the Company recognized bonus depreciation for federal and state income tax purposes. The Staff Report stated that bonus depreciation is not available for state income tax purposes, and this error results in ADIT balances being incorrectly stated.⁷ Second, the Staff Report noted that the Company failed to calculate carrying costs on its cumulative over-recovery position and stated that carrying costs need to be recognized in computing the amount to be refunded to customers.⁸

In its Staff Report, the Staff recommended that the Commission approve a negative \$377,858 revenue requirement for the Company's SAVE Rider.⁹ Additionally, the Staff recommended that the Commission require the Company to file a future SAVE Rider application to: (1) correct the ADIT and carrying cost balances for each year; (2) reconcile cumulative costs and recoveries through September 2017; and (3) calculate a final True-Up Rate revenue requirement that accounts for those items.¹⁰ The Staff further recommended a filing date of June 1, 2017, for the Company's final SAVE Plan adjustment filing.¹¹ Additionally, the Staff recommended that, should the Commission approve a revenue requirement that differs from the Staff's recommendations, the rates approved be applied on an equal percentage basis within the respective rate classes.¹²

On August 16, 2016, Atmos filed its response ("Response") to the Staff Report. In its Response, Atmos stated that it "agrees with or does not oppose certain adjustments made by the Staff to the Company's Application," but objects to certain items in the Staff Report.¹³ Specifically, Atmos disagrees with:

- (1) the Staff's failure to include an additional six (6) months of [True-Up Rate] credits already and currently being given to customers;
- (2) the Staff's recommendation that the Company be required to file one or more additional reconciliation filings under its SAVE Plan;
- (3) the Staff's suggestion that any future reconciliation filings should reexamine and adjust revenue requirement inputs previously approved by the Commission."¹⁴

The Company asserts that, based on actual billings through July 2016 and anticipated billings through September 30, 2016, the correct total True-Up Rate revenue requirement is negative \$357,617¹⁵ and requests that the Commission approve that amount for its SAVE Rider.¹⁶

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that a revenue requirement of negative \$377,858 should be approved for the Company's SAVE Rider. We agree with the adjustments and recommendations made by the Staff in its Staff Report and find this revenue requirement to be appropriate because it is based on actual costs and the actual collection balance for the 18-month period of October 1, 2014,

⁴ Staff Report at 5.

⁵ *Application of Atmos Energy Corporation, For an expedited increase in rates*, Case No. PUE-2015-00119, Doc. Con. Cen. No. 160230148, Application (Feb. 17, 2016).

⁶ Staff Report at 6.

⁷ *Id.* at 7.

⁸ *Id.*

⁹ *Id.* at 8-9.

¹⁰ *Id.* at 9.

¹¹ *Id.*

¹² *Id.*

¹³ Response at 3.

¹⁴ *Id.*

¹⁵ *Id.* at 5.

¹⁶ *Id.* at 10.

through March 31, 2016. Furthermore, there is evidence in the record to support the calculation. In its Response, the Company requests that the Commission approve a revenue requirement of negative \$357,617; however, the Company provided no support for its updated revenue requirement. The Company asserts that the number is based on actual collections through July 2016 and anticipated billings through September 30, 2016,¹⁷ but provided no evidence of those collections or calculations. Indeed, the record is devoid of any evidence of actual collections beyond March 31, 2016.

Although we granted the Company's Motion to consolidate its Year 3 and Year 4 filings for its SAVE Plan adjustments, we find that the lack of support for collections beyond March 31, 2016, and the errors noted by the Staff necessitate a final SAVE Rider adjustment filing pursuant to § 56-604 E of the Code and consistent with our 2014 Order.

Accordingly, IT IS ORDERED THAT:

(1) The Company's SAVE Rider, as permitted by § 56-603 *et seq.* of the Code, is approved as set forth in this Order. Rates consistent with this Order shall become effective beginning October 1, 2016, and remain in effect through September 30, 2017.

(2) Within thirty (30) days of the date of this Order, the Company shall file revised tariffs for its SAVE Rider 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.scc.virginia.gov/case>.

(3) On or before June 1, 2017, the Company shall file with the Commission a SAVE Rider application to: (a) correct the ADIT and carrying cost balances for each year of the SAVE Plan; (b) reconcile cumulative costs and recoveries through September 2017; and (c) calculate a final True-Up Rate revenue requirement that accounts for those items.

(4) This matter is dismissed.

¹⁷ *Id.* at 5.

**CASE NO. PUE-2016-00064
SEPTEMBER 22, 2016**

APPLICATION OF
WARRENTON CHASE UTILITY COMPANY, INC.

For a certificate of public convenience and necessity to provide sewer service

ORDER GRANTING CERTIFICATE

On May 24, 2016, Warrenton Chase Utility Company, LC, filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("Certificate") to provide sewer service in Fauquier County, Virginia ("Application") pursuant to the Utility Facilities Act, Chapter 10.1 of Title 56 of the Code of Virginia ("Code").¹ On July 14, 2016, Warrenton Chase Utility, LC, filed an amendment to its Application to reflect its reorganization from a limited liability company to a corporation.² The newly formed corporate entity is Warrenton Chase Utility Company, Inc. ("WCU" or "Company").

WCU stated that it is organized as a Virginia public service corporation to provide sewer service located on property known as Warrenton Chase ("Property") in Fauquier County, Virginia.³ WCU stated that the sewer infrastructure for the Property consists of an Alternative On-Site Sewer System, including collection and disbursement transmission lines, a treatment plant, and mass drain fields ("System").⁴ WCU stated that its parent company, RFI WC, LC ("RFI"), is the sole owner of the Property and the System.⁵ WCU stated that the Property is planned for 150 single family detached dwelling units and a community-based recreational facility consisting of a pool and clubhouse and that the Property has not been developed to date.⁶ Per the Application, water service is to be provided by the Fauquier County Water and Sanitation Authority ("FCWSA").⁷ WCU also stated that the original sewer system was completed by the owners prior to RFI under the expectation that the sewer system would also be owned and operated by FCWSA.⁸ As that plan did not come to fruition, WCU filed the Application requesting a Certificate to provide the sewer service only.⁹

¹ Code § 56-265.1 *et seq.*

² References to Application hereinafter shall be to the filing as amended on July 14, 2016.

³ Application at 3 and Exhibit 1.

⁴ *Id.* at 3.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* at 4.

⁸ *Id.*

⁹ *See id.* at 3-4, 7.

WCU's Application included the proposed rates and charges for its service to the Property.¹⁰ Per the Application, the sewerage rate for a single family residential user initially will be a minimum rate of \$75.50 per month for the first 7,000 gallons used; an additional \$7.74 per month surcharge will be charged for each 1,000 gallons or portion thereof of water discharged into the sewer system in excess of 7,000 gallons per month; a user's administrative fee of \$100 will be charged to each customer for opening the customer account for service by the sewer System; and an inspection fee of \$227 will be charged to each homebuilder for the cost of inspecting the connection of each home to the sewer system.¹¹ The Company stated that it will utilize the water meters installed by the FCWSA for measuring water consumption in order to measure sanitary sewer usage.¹²

WCU's Application further requested that the Commission (1) approve the lease between WCU and RFI, whereby the sewer collection lines, force mains, and manholes will be owned by RFI and leased to WCU; (2) declare that RFI is not a public utility; (3) grant WCU interim operating authority prior to the Certificate being approved; and (4) waive any violation of § 56-265.2 A 1 of the Code arising out of RFI's acquisition and retrofit of the Property prior to this Application.¹³

On July 21, 2016, the Commission issued an Order for Notice and Comment finding that this matter should be docketed; that WCU should give notice of its Application to the public; that interested persons should have an opportunity to comment and request a hearing on the Application; and that the Commission's Staff ("Staff") should be directed to investigate the Application and file a report containing the Staff's findings and recommendations ("Staff Report"). The July 21, 2016 Order also denied WCU's request for interim authority while the Application was pending. WCU provided the notice as directed, and no comments or requests for hearing on WCU's Application were filed.

On September 13, 2016, the Staff filed a Staff Report, which, in part, supported granting WCU a Certificate subject to certain conditions recommended by the Staff.¹⁴ The Staff noted that as WCU is not currently in operation, it does not have financial statements or tax returns available for Staff's review.¹⁵ Due to the lack of available financial statements, the Division of Utility Accounting and Finance was not able to conduct a financial audit to determine whether WCU's proposed rates are just and reasonable.¹⁶ Accordingly, the Staff recommended that WCU's proposed usage rates for sewer service and its proposed inspection fee be implemented on an interim basis; that the proceeding remain open; and that after one year of operation, WCU file financial data with the Commission including an income statement, balance sheet, statement of cash flow, and a federal tax return to enable the Staff to review the reasonableness of the proposed rates and file a report on its findings with the Commission.¹⁷

The Staff further recommended that the Company be ordered to: (1) maintain its books and records in accordance with the Uniform System of Accounts of Class C Wastewater Utilities; (2) depreciate jurisdictional plant, and amortize associated contributions in aid of construction, at a composite rate of three percent; (3) maintain its financial records in such detail as to facilitate a split between jurisdictional and non-jurisdictional businesses; and (4) file Annual Financial and Operating Reports with the Commission's Division of Public Utility Accounting and Finance by April 30th of each year based on the previous calendar year's operations.¹⁸

As to the additional requests included with the Application, the Staff noted that it did not appear that Commission approval of the lease between WCU and RFI, under either Chapter 4¹⁹ or Chapter 5²⁰ of Title 56 of the Code, was necessary at this time.²¹ Furthermore, regarding the requests that the Commission declare that RFI is not a public utility and waive any violation of Code § 56-265.2 A 1 arising out of RFI's acquisition and retrofit of the Property prior to the Application, the Staff noted that WCU, and not RFI, is the named applicant on the Application, and in a similar proceeding the Commission declined to address other matters not necessary to resolve in the application for a certificate of public convenience and necessity.²²

On September 15, 2016, WCU filed its Response to the Staff Report in which the Company stated that it was in agreement with Staff's recommendations and requested that the Commission grant its Application on an expedited basis.

¹⁰ *Id.* at 6 and Exhibit 11.

¹¹ *Id.* at Exhibit 11.

¹² *Id.*

¹³ *Id.* at 4, 6-7.

¹⁴ Staff Report at 10-11.

¹⁵ *Id.* at 6.

¹⁶ *Id.*

¹⁷ *Id.* at 6-7, 10-11.

¹⁸ *Id.* at 10.

¹⁹ Code § 56-76 *et seq.* ("Affiliates Act").

²⁰ Code § 56-88 *et seq.* ("Utility Transfers Act").

²¹ Staff Report at 9-10.

²² *Id.* at 3.

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NOW THE COMMISSION, upon consideration of the foregoing and the applicable law, is of the opinion and finds that WCU's Application for a Certificate should be approved subject to the conditions recommended by the Staff. Furthermore, we agree with the Staff that Commission approval of the lease agreement between WCU and RFI pursuant to the Affiliates Act or Utility Transfers Act is not required at this juncture. Finally, we find the requests that the Commission declare that RFI is not a public utility and waive any violation of Code § 56-265.2 A 1 arising out of RFI's acquisition and retrofit of the Property prior to the Application, consistent with our prior action,²³ need not be addressed in the course of this proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the Utility Facilities Act (Code § 56-265.1 *et seq.*), WCU's Application for a Certificate to provide sewer service in Fauquier County, Virginia, hereby is granted subject to the requirements set forth herein.
- (2) WCU shall be issued Certificate S-102, which authorizes the furnishing of sewer service in Fauquier County, Virginia, as shown on the maps attached thereto and made a part of the Certificate.
- (3) WCU shall maintain its books and records in accordance with the Uniform System of Accounts of Class C Wastewater Utilities.
- (4) WCU shall depreciate jurisdictional plant, and amortize associated contributions in aid of construction, at a composite rate of three (3) percent.
- (5) WCU shall maintain its financial records in such detail as to facilitate a split between jurisdictional and non-jurisdictional businesses.
- (6) WCU shall file Annual Financial and Operating Reports with the Commission's Division of Public Utility Accounting and Finance by April 30th of each year based on the previous calendar year's operations.
- (7) WCU's proposed rates for usage and proposed inspection fee are approved on an interim basis pending further order of the Commission.
- (8) WCU shall file with the Commission, within ninety (90) days after one (1) year of operation, financial data including an income statement, balance sheet, statement of cash flow, and a federal tax return to enable the Staff to review the reasonableness of the proposed rates.
- (9) Upon the filing of the information required in Ordering Paragraph (8), the Staff shall review the reasonableness of the proposed rates and file a report on its findings with the Commission.
- (10) This matter is continued pending further order of the Commission.

²³ See, e.g., *Application and Petition of Founders Bridge Utility Company, Inc., For authority to acquire utility assets and for a certificate of public convenience and necessity*, Case No. PUE-2004-00029, 2005 S.C.C. Ann. Rept. 335, 337, Final Order (Feb. 15, 2005).

**CASE NO. PUE-2016-00065
JUNE 16, 2016**

APPLICATION OF
CENTRAL WATER COMPANY, INC.

For an increase in rates and fees

ORDER FOR NOTICE AND HEARING

On November 15, 2015, Central Water Company, Inc. ("Central Water" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")), notified its customers and the State Corporation Commission's Division of Energy Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after January 1, 2016.

The Company proposes to increase its rates and fees as follows:

Existing Rates:

- 1. Service Connections

¾ inch service connection	\$750.00 plus a gross up for taxes
Service connection over ¾ inch	\$750.00 plus \$250.00 per ¼ inch, plus cost to Company greater than for taxes

- 2. Water Rates

For any portion of the first 3,000 gallons	\$20.00 (minimum charge)
For the next 1,000 gallons	\$5.50 per 1,000 gallons

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3. Availability Charge

An availability charge of \$15.00 per month will be charged for all lots served by the Company that have no house or become vacant. This charge is to start six (6) months after the lot is purchased from the original land developer.

Proposed Rates:

1. Service Connections

¾ inch service connection	\$1,500.00 plus a gross up for taxes
Service connection over ¾ inch	\$1,500.00 plus \$800.00 per ¼ inch, plus cost to Company greater than for taxes

2. Water Rates

Minimum charge	\$20.00
For each 1,000 gallons	\$6.00 per 1,000 gallons

3. Availability Charge

An availability charge of \$5,000 will be charged for all lots served by the Company that have no house or become vacant. The available water letter will be sent to the building department as soon as the availability charge has been paid. If any additional costs are incurred to extend the system to serve the property, costs will be assessed in addition to the availability charge in accordance with the Company's tariff.

On March 9, 2016, the Division received a petition signed by 85 of Central Water's customers opposing the proposed rate increase. The petition requested that the State Corporation Commission ("Commission") fully review the proposed rate increase. The number of customers objecting to the proposed rate increase represents approximately 27% of the Company's total customers.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds as follows. Pursuant to § 56-265.13:6 of the Code:

Upon application to the Commission by at least 25 percent of all customers affected by a rate change or by 250 affected customers, whichever number is lesser, or by the small water or sewer utility itself, or by the Commission, upon its own motion, a hearing shall be held after at least 30 days' notice to the small water or sewer utility and to its customers. The Commission may order such improvements or changes in service, measurements, practices, acts, rates, charges, fees, and rules and regulations of such utility as are just and reasonable.

When a hearing is ordered, the Commission shall have the authority to suspend such rates, charges, fees, and rules and regulations for no more than 60 days or to declare them to be interim, or both. Interim rates, fees, and charges shall be subject to refund with interest until such time as the Commission has made its final determination in the proceeding. Upon completion of the hearing and decision, the Commission may order such public utility to refund, with interest at a rate set by the Commission, the portion of such rates, charges, or fees found not justified by its decision.

The provisions of § 56-265.13:6 of the Code are mandatory; that is, the Commission is required by this statute to set a hearing for a small water company rate increase if more than 25% of the affected customers request a hearing. Upon setting the matter for hearing, the Commission has the authority to make the rates interim, subject to refund. Thus, we find that a hearing should be scheduled on the Company's proposed rate increase and that the proposed rates should be made interim, subject to refund with interest, until such time as the Commission renders its final decision in this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE-2016-00065.

(2) Pursuant to Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure ("Rules of Practice"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(3) Pursuant to § 56-265.13:6 of the Code, the Company's proposed rates are made interim, subject to refund with interest, until such time as the Commission has made a final decision in this proceeding.

(4) A public hearing shall be convened on December 6, 2016, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, before a Hearing Examiner to receive into the record the testimony under oath of public witnesses and the evidence of the Company, any respondents, and the Commission Staff ("Staff"). Public witnesses desiring to make statements at the hearing concerning this case need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above fifteen (15) minutes before the starting time on the day of the hearing and identify himself or herself to the Commission's Bailiff.

(5) Central Water shall forthwith make copies of its proposed changes to its rates and fees and a copy of this Order for Notice and Hearing available for public inspection during regular business hours at the Company's business office at 1410 16th Street S.E., Roanoke, Virginia 24014. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(6) On or before July 22, 2016, the Company shall cause the following notice to be sent to each of its customers by first class mail, postage prepaid (bill inserts are acceptable):

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NOTICE TO THE PUBLIC OF A HEARING
 ON THE PROPOSED CHANGE IN WATER RATES AND FEES
 OF CENTRAL WATER COMPANY, INC.
CASE NO. PUE-2016-00065

On November 15, 2015, Central Water Company, Inc. ("Central Water" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")), notified its customers and the State Corporation Commission's Division of Energy Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after January 1, 2016.

The Company proposes to increase its rates and fees as follows:

Existing Rates:

- 1. Service Connections
 - ¾ inch service connection \$750.00 plus a gross up for taxes
 - Service connection over ¾ inch \$750.00 plus \$250.00 per ¼ inch, plus cost to Company greater than for taxes
- 2. Water Rates
 - For any portion of the first 3,000 gallons \$20.00 (minimum charge)
 - For the next 1,000 gallons \$5.50 per 1,000 gallons
- 3. Availability Charge

An availability charge of \$15.00 per month will be charged for all lots served by the Company that have no house or become vacant. This charge is to start six (6) months after the lot is purchased from the original land developer.

Proposed Rates:

- 1. Service Connections
 - ¾ inch service connection \$1,500.00 plus a gross up for taxes
 - Service connection over ¾ inch \$1,500.00 plus \$800.00 per ¼ inch, plus cost to Company greater than for taxes
- 2. Water Rates
 - Minimum charge \$20.00
 - For each 1,000 gallons \$6.00 per 1,000 gallons
- 3. Availability Charge

An availability charge of \$5,000 will be charged for all lots served by the Company that have no house or become vacant. The available water letter will be sent to the building department as soon as the availability charge has been paid. If any additional costs are incurred to extend the system to serve the property, costs will be assessed in addition to the availability charge in accordance with the Company's tariff.

On March 9, 2016, the Division received a petition signed by 85 of Central Water's customers opposing the proposed rate increase. The petition requested that the State Corporation Commission ("Commission") fully review the proposed rate increase. The number of customers objecting to the proposed rate increase represents approximately 27% of the Company's total customers.

The Commission has issued an Order for Notice and Hearing docketing the proceeding; making the proposed rates interim, subject to refund with interest upon a final determination by the Commission in this proceeding; and scheduling a hearing on the proposed increase in rates and fees.

TAKE NOTICE that while the total revenue requirement that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, the individual rates and charges approved by the Commission may be higher or lower than those proposed by the Company.

A public hearing before a Hearing Examiner is scheduled to commence on December 6, 2016, 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 evidence related to the proposed changes in rates and fees. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time on the day of the hearing and contact the Commission's Bailiff. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice).

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A copy of the Company's proposed changes to its rates and fees and a copy of the Commission's Order for Notice and Hearing are available for public inspection during regular business hours at the Company's business office at 1410 16th Street S.E., Roanoke, Virginia 24014. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before November 22, 2016, any interested person may file an original and fifteen (15) copies of any written comments on the proposed increase in rates and fees with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219. Interested persons desiring to submit comments electronically may do so on or before November 22, 2016, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUE-2016-00065.

Any interested person may participate as a respondent in this proceeding by filing, on or before September 27, 2016, a notice of participation with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth above. A copy of the notice of participation simultaneously shall be served on the Company at the address set forth above. All notices of participation shall refer to Case No. PUE-2016-00065. Interested persons should obtain a copy of the Commission's Order for Notice and Hearing for further details on participation as a respondent.

All written communications to the Commission concerning Central Water's proposed increase in rates and fees shall be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219, and shall refer to Case No. PUE-2016-00065.

The Commission's Rules of Practice and Procedure may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and Procedure and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

CENTRAL WATER COMPANY, INC.

(7) On or before July 22, 2016, the Company shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon the equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before August 19, 2016, the Company shall file with Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (6) and (7) herein.

(9) On or before July 29, 2016, the Company shall file with the Clerk of the Commission the testimony and exhibits that the Company intends to present at the public hearing. The testimony shall include a balance sheet, income statement, statement of cash flows, and rate of return statement. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All testimony and exhibits shall refer to Case No. PUE-2016-00065.

(10) On or before November 22, 2016, any interested person may file with the Clerk of the Commission at the address in Ordering Paragraph (9) any written comments on the Company's proposed changes in its rates and fees. Any interested person desiring to submit comments electronically may do so on or before November 22, 2016, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Interested persons shall refer in their comments to Case No. PUE-2016-00065.

(11) Any interested person may participate as a respondent in this proceeding by filing, on or before September 27, 2016, a notice of participation with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). A copy of the notice of participation simultaneously shall be served on the Company at the address set forth in Ordering Paragraph (5) above. Pursuant to Rule of Practice 5 VAC 5-20-80 B, *Participation as a respondent*, 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-2016-00065.

(12) Within three (3) business days of receipt of a notice of participation as a respondent as required by Ordering Paragraph (11), the Company shall serve upon the respondent a copy of this Order and a copy of the proposed changes to its rates and fees, unless these materials have already been provided to the respondent.

(13) On or before September 27, 2016, each respondent may file with the Clerk of the Commission any testimony and exhibits by which it expects to establish its case. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). Each respondent shall serve copies of the testimony and exhibits on the Company and on all other respondents.

(14) On or before November 1, 2016, the Commission Staff shall investigate the Company's proposed increase in rates and fees and shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits regarding its investigation and shall promptly serve a copy on the Company and all respondents.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(15) On or before November 15, 2016, the Company may file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer and shall serve a copy on the Commission Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of the rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(16) The Company and all respondents shall respond to interrogatories and requests for production of documents within seven (7) calendar days after receipt of same. Except as modified above, discovery shall be in accordance with the Commission's Rules of Practice.

(17) This matter is continued generally.

**CASE NO. PUE-2016-00067
OCTOBER 19, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
D/B/A DOMINION VIRGINIA POWER

For approval and certification to relocate portions of 230 kV transmission line #2042 at Graham Quarry under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

FINAL ORDER

On May 31, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an Application for approval and for a certificate of public convenience and necessity to relocate an approximately 0.5-mile section of the existing single-circuit 230 kilovolt transmission line, Occoquan Substation - Ogden Martin Systems of Fairfax, Inc., Line #2042, located in Fairfax County near the Graham Quarry ("Quarry") owned and operated by Vulcan Materials Company ("Vulcan"). Dominion filed its Application for this proposed relocation ("Relocation Project") pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.*

On June 13, 2016, the Commission issued an Order for Notice and Hearing that, among other things, directed the Company to give notice of its Application to interested persons and the public; provided interested persons the opportunity to comment on the Application and to participate as a respondent in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and file a report containing the Staff's findings and recommendations; scheduled a hearing to receive public witness testimony and other evidence on Dominion's Application; and assigned a Hearing Examiner to conduct further proceedings in this matter.¹

As noted in the Order for Notice and Hearing, the Staff requested the Department of Environmental Quality ("DEQ") to provide a Wetland Impact Consultation on the Relocation Project. The Wetland Impact Consultation provided by DEQ contained the following recommendations:

- (1) Prior to commencing project work, all wetlands and streams within the project corridor should be field delineated and verified by the U.S. Army Corps of Engineers (the Corps), using accepted methods and procedures.
- (2) Wetland and stream impacts should be avoided and minimized to the maximum extent practicable. Stream impacts should be minimized or avoided by spanning the transmission line across each stream. No foundations should be placed within streambeds. Where access is required across a wetland, removable mats should be used to reduce compaction and rutting. Towers should be placed [to] avoid wetlands, wherever possible. To the extent where any footings must be installed in wetlands, each footing should occupy the minimum space necessary. When excavation for a structure is necessary in a wetland, excess spoil should not be disposed of in adjacent wetland areas unless authorized by a state or federal wetland permit.
- (3) If the scope of the project changes, additional review will be necessary by this office.
- (4) At a minimum, compensation for impacts to State Waters, if necessary, should be in accordance with all applicable state wetland regulations and wetland permit requirements, including the compensation for permanent conversion of forested wetlands to emergent wetlands.
- (5) Any temporary impacts to surface waters associated with this project should require restoration to pre-existing conditions.
- (6) No activity may substantially disrupt the movement of aquatic life indigenous to the water body, including those species, which normally migrate through the area, unless the primary purpose of the activity is to impound water. Culverts placed in streams must be installed to maintain low flow conditions. No activity may cause more than minimal adverse effect on navigation. Furthermore the activity must not impede the passage of normal or expected high flows and the structure or discharge must withstand expected high flows.
- (7) Erosion and sedimentation controls should be designed in accordance with the Virginia Erosion and Sediment Control Handbook, Third Edition, 1992. These controls should be placed prior to clearing and grading and maintained in good working order to minimize impacts to state waters. These controls should remain in place until the area is

¹ The description herein of the Order for Notice and Hearing is inclusive of amendments made by the Amending Order issued June 17, 2016, in this proceeding.

stabilized and should then be removed. Any exposed slopes and streambanks should be stabilized immediately upon completion of work in each permitted area. All denuded areas should be properly stabilized in accordance with the Virginia Erosion and Sediment Control Handbook, Third Edition, 1992.

- (8) No machinery may enter surface waters, unless authorized by a Virginia Water Protection (VWP) permit.
- (9) Heavy equipment in temporarily impacted surface waters should be placed on mats, geotextile fabric, or other suitable material, to minimize soil disturbance to the maximum extent practicable. Equipment and materials should be removed immediately upon completion of work.
- (10) Activities should be conducted in accordance with any Time-of-Year restriction(s) as recommended by the Department of Game and Inland Fisheries, the Department of Conservation and Recreation, or the Virginia Marine Resources Commission. The permittee should retain a copy of the agency correspondence concerning the Time-of-Year restriction(s), or the lack thereof, for the duration of the construction phase of the project.
- (11) All construction, construction access, and demolition activities associated with this project should be accomplished in a manner that minimizes construction materials or waste materials from entering surface waters, unless authorized by a permit. Wet, excess, or waste concrete should be prohibited from entering surface waters.
- (12) Herbicides used in or around any surface water should be approved for aquatic use by the United States Environmental Protection Agency (EPA) or the U.S. Fish & Wildlife Service. These herbicides should be applied according to label directions by a licensed herbicide applicator. A non-petroleum based surfactant should be used in or around any surface waters.
- (13) Consider mitigating impacts to forested or converted wetlands by establishing new forested wetlands within the impacted watershed.²

On June 21, 2016, the Virginia Department of Aviation ("DOAv") submitted comments on the Relocation Project. The DOAv does not object to the Relocation Project and recommends that Dominion coordinate with the Federal Aviation Administration by submitting a Form 7460 for each pole associated with the Relocation Project.³

On August 11, 2016, the DEQ's Division of Land Protection & Revitalization submitted comments on the Relocation Project that, among other things, identify federal and state laws and regulations applicable to soil, sediment, and waste management. DEQ also notes that it encourages all construction projects to implement pollution prevention principles and indicates that all generation of hazardous wastes should be minimized and handled appropriately.⁴

On August 25, 2016, the Virginia Department of Conservation and Recreation ("DCR") submitted comments. DCR's comments recommend that Dominion resubmit project information and map an update of natural heritage information if the scope of the Relocation Project changes and/or six months pass before it is utilized.⁵

No notice of participation as a respondent was filed in this proceeding. Comments were submitted by Ann B. Malcolm ("Ms. Malcolm"), President of Malcolm Real Estate, Inc., which is the general partner of Malcolm Ten, L.P. ("Malcolm Ten"). Malcolm Ten owns property zoned for residential development near the Quarry. Ms. Malcolm indicates that the Relocation Project will involve removing mature woodlands that otherwise would shield Malcolm Ten's property from the sound of the Quarry and requests that Commission approval of the Relocation Project be conditioned on the installation of a sound barrier.

On August 16, 2016, Staff filed the Report of Michael Cizenski ("Staff Report") summarizing the results of Staff's investigation of Dominion's Application. Staff concluded that the Company had reasonably demonstrated the need to construct the Relocation Project and does not oppose the certificate of public convenience and necessity requested by Dominion.⁶

On September 2, 2016, Dominion, by counsel, filed a letter supporting the conclusions of the Staff Report.⁷ Dominion further confirmed that the Company will comply with the recommendations and potential permits identified in DEQ's Wetland Impact Consultation and will coordinate with agencies as appropriate.⁸

² Ex. 8.

³ Ex. 7.

⁴ Ex. 9.

⁵ Ex. 10.

⁶ Ex. 5.

⁷ Ex. 6 at 2.

⁸ *Id.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On September 7, 2016, Hearing Examiner Michael D. Thomas conducted the scheduled hearing and received evidence on the Application offered by the Company and Staff. This evidence included comments and recommendations from the Department of Historic Resources ("DHR").⁹ Two public witnesses – Thomas Carroll, on behalf of Vulcan,¹⁰ and Ms. Malcolm¹¹ – offered testimony and other evidence into the record.

On September 28, 2016, the Hearing Examiner entered a report that explained the procedural history in this case, summarized the record, analyzed evidence and issues in this proceeding, and made certain recommendations ("Hearing Examiner's Report"). The Hearing Examiner found that:

- (1) The Relocation Project is needed to support phased development of the Graham Quarry property into two water reservoirs for Fairfax Water;
- (2) The Relocation Project supports the water supply needs associated with future residential, commercial, and industrial economic development in the area;
- (3) The Relocation Project utilizes existing right-of-way to the maximum extent practicable;
- (4) The Relocation Project reasonably minimizes any adverse impacts on scenic assets or historic districts;
- (5) The Commission should condition approval of the Company's Application on the Company's compliance with the recommendations submitted by DHR to ensure that the Relocation Project does not have an adverse impact on scenic assets or historic districts;
- (6) The construction and operation of the Relocation Project would not have an adverse impact on the environment;
- (7) The Commission should condition approval of the Company's Application based on the Company's agreement to comply with the recommendations provided by DEQ, its agreement to obtain all necessary environmental permits and approvals needed to construct and operate the Relocation Project, and its agreement to coordinate with federal and state agencies as appropriate;
- (8) The Relocation Project would not have an adverse impact on public health or safety;
- (9) The Commission lacks jurisdiction to grant the relief requested by Ms. Malcolm; and
- (10) A certificate of public convenience and necessity should be issued for the Company to construct and operate the Relocation Project.¹²

Based on his findings, the Hearing Examiner recommended that the Commission issue a certificate of public convenience and necessity for the Relocation Project, subject to certain conditions.¹³

On October 3, 2016, Dominion filed comments supporting the Hearing Examiner's Report with one clarification of the record.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity requires the Company to construct the proposed Relocation Project as follows.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Code § 56-265.2 A 1 provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Code § 56-46.1 further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or

⁹ Specifically, DHR recommends: (1) Comprehensive archaeological and architectural survey in accordance with DHR *Survey Guidelines* by a qualified professional prior to construction of any [Commission]-approved alternative; (2) Evaluation of all identified resources for listing in the [Virginia Landmarks Register/National Register of Historic Places ("VLR/NRHP)]; (3) Assessment of potential direct impacts to all VLR/NRHP-eligible resources; and (4) Avoidance, minimization, and/or mitigation of moderate to severe impacts to VLR/NRHP-eligible resources by Dominion in consultation with DHR and other stakeholders. Ex. 11 at 2.

¹⁰ Tr. 4-8; Ex. 1.

¹¹ Tr. 9-22; Ex. 2.

¹² Hearing Examiner's Report at 10-11.

¹³ *Id.* at 11.

necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Code § 56-46.1 B further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, Code § 56-259 C provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need

The record supports, and we hereby adopt, the Hearing Examiner's finding that the Relocation Project is needed to support phased development of Quarry property into water reservoirs for Fairfax Water.¹⁴

Economic Development

The Commission finds that the proposed Relocation Project will support economic development in the Commonwealth of Virginia, including the area of the Relocation Project, by accommodating redevelopment of the Quarry property into water reservoirs. As recognized by the Hearing Examiner, the expected economic and other benefits of this redevelopment are significant.¹⁵

Routing and Right-of-Way

The record supports a determination that the route chosen by Dominion meets the criteria set forth in the Code. The record demonstrates that the Relocation Project, which would be constructed using both existing right-of-way and new right-of-way, reasonably follows a route that makes use of existing right-of-way to the fullest extent practicable to serve the need identified in this proceeding.¹⁶ Among other things, the Relocation Project would not require new right-of-way from any landowners other than Vulcan and Fairfax Water,¹⁷ both of which are involved in the Quarry redevelopment necessitating the Relocation Project and have requested that the existing line be relocated.¹⁸

Scenic Assets and Historic Districts

We agree with the Hearing Examiner that the proposed route will reasonably minimize adverse impact on the scenic assets and historic resources consistent with Code § 56-46.1 B.¹⁹

Environmental Impact

Pursuant to Code §§ 56-46.1 A and B, the Commission is required to consider the proposed Relocation Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the Relocation Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Relocation Project. The record, including the filings submitted by state agencies, support a finding that the Relocation Project reasonably minimizes adverse environmental impacts. We note that the Company has agreed to comply with the recommendations set forth in the DEQ's Wetlands Impact Consultation and the comments submitted by DHR, DCR, DOAv, and DEQ's Division of Land Protection & Revitalization.²⁰ Further, we find that Dominion should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Relocation Project.

¹⁴ See, e.g., Hearing Examiner's Report at 8, 10; Ex. 5 (Cizenski) at 5; Ex. 4 (Application) at 9-10, Exhibit 3.

¹⁵ See, e.g., Hearing Examiner's Report at 8-9; Ex. 4 (Appendix) at Exhibit 3.

¹⁶ See, e.g., Hearing Examiner's Report at 9; Ex. 4 (Application) at Exhibit 8.

¹⁷ See, e.g., Hearing Examiner's Report at 9; Ex. 4 (Application) at 1.

¹⁸ See, e.g., Ex. 4 (Application) at Exhibit 7. Vulcan will fully fund the Relocation Project. *Id.* at 7.

¹⁹ See, e.g., Hearing Examiner's Report at 9; Ex. 4 (Application) at Exhibit 10.

²⁰ These recommendations are set forth above and discussed in the agency filings. As indicated in Dominion's October 3, 2016 filing, all agency recommendations in this proceeding, including those of DHR, apply to the transmission line relocation approved herein and not to the Quarry redevelopment.

The Commission does not adopt Ms. Malcolm's recommendation to require, as a condition to the transmission line relocation approved herein, the construction of a barrier for the purpose of blocking sound emanating from the Quarry. The Commission does not find such a condition to be supported by the record in this case.²¹

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's Application for approval and a certificate of public convenience and necessity to construct and operate the Relocation Project is granted as provided for herein, subject to any requirements set forth herein.

(2) Pursuant to the Utility Facilities Act, Code § 56-265.1 *et seq.*, the Commission issues the following certificate of public convenience and necessity to Dominion:

Certificate No. ET-79nn, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Fairfax County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00067; Certificate No. ET-79nn cancels Certificate No. ET-79mm issued to Virginia Electric and Power Company on October 4, 2016, in Case No. PUE-2016-00056.

(3) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Energy Regulation three (3) copies of an appropriate map for the Relocation Project that shows the routing of the transmission lines approved herein in addition to the facilities shown on the map for cancelled Certificate No. ET-79mm.

(4) Upon receiving the map directed in Ordering Paragraph (3), the Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate of public convenience and necessity issued in Ordering Paragraph (2) with the map attached.

(5) The Relocation Project approved herein must be constructed and in service by May 31, 2017. The Company, however, is granted leave to apply for an extension for good cause shown.

(6) As there is nothing further to come before the Commission, this case is dismissed and the papers filed therein shall be placed in the file for ended causes.

²¹ See, e.g., Tr. 4-22; Ex. 1; Ex. 2; Ex. 4 (Application) at Exhibit 12.

**CASE NO. PUE-2016-00069
AUGUST 11, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue \$5.0 billion in debt and preferred securities and establish trust financing facilities

ORDER GRANTING AUTHORITY

On June 22, 2016, Virginia Electric and Power Company ("Virginia Power" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapters 3¹ and 4² of Title 56 of the Code of Virginia ("Code") requesting authority to: (i) issue up to \$5.0 billion in debt and/or preferred securities; (ii) enter into agreements for the creation of one or more trust financing facilities with affiliates; (iii) issue inter-company debt to its corporate parent; and (iv) enter into up to \$5.0 billion of anticipatory hedges, from time to time through July 31, 2019 ("Application"). The Applicant paid the requisite fee of \$250. Pursuant to § 56-61 of the Code, the Commission extended its jurisdiction over the matter until August 16, 2016, by Order dated July 13, 2016.

Virginia Power proposes to issue up to \$5.0 billion in aggregate principal amount of Senior Notes, Junior Subordinated Notes, Sub-Junior Subordinated Notes and/or Preferred Stock (collectively "Securities"). In conjunction with the issuance of the Securities, Virginia Power proposes to establish one or more Trust Financing Facilities ("Trusts"). According to Virginia Power, the Trusts will exist only for the purpose of facilitating the issuance of tax advantaged preferred securities, investing the proceeds from the sales in Virginia Power's Junior Subordinated Notes and/or Sub-Junior Subordinated Notes and conducting other activities. Since the Trusts will be an affiliate of Virginia Power, the Applicant seeks approval under Chapter 4 of the Code.

The Securities will be issued in various series with various maturities and will bear interest or pay dividends at rates determined by their maturities and features, and conditions in the financial markets at the time of sale. Virginia Power proposes to market the Securities on a competitive basis at market rates to or through underwriters and dealers to the public or through private placements with financial institutions, depending on the most economically desirable circumstances at the time of issuance. The Securities may also be sold directly to purchasers or through agents at market rates.

¹ Code § 56-55 *et seq.*

² Code § 56-76 *et seq.*

Virginia Power also proposes to issue inter-company debt to its parent, Dominion Resources, Inc. ("DRI"), which, according to Virginia Power, would in all material respects mimic the provisions of similar debt issued to the capital markets by DRI.

Net proceeds from the proposed securities issuances will be used to meet a portion of the Applicant's capital requirements such as construction, upgrading and maintenance expenditures, capacity expansion, and the refunding of outstanding debt and preferred securities.

Virginia Power also proposes to enter into anticipatory hedging transactions related to the issuance of the Securities. Virginia Power states that the purpose of entering into anticipatory hedging transactions is to provide a mechanism to mitigate the risk that economic circumstances underlying decisions to refund an outstanding security or to issue a new security will change adversely by the time the transaction can be executed. Applicant proposes to limit such authority in a manner similar to that authorized by the Commission in Case No. PUF-1997-00019 as amended or superseded from time to time.

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, subject to the requirements set forth in the Appendix attached to this Order, will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Virginia Power is hereby granted approval of the Application as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) This matter is continued for further orders of the Commission.

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-2016-00070
AUGUST 3, 2016**

APPLICATION OF
PALMCO POWER VA, LLC

For a license to conduct business as an electric competitive service provider

ORDER GRANTING WITHDRAWAL OF APPLICATION

On June 21, 2016, Palmco Power VA, LLC ("Palmco Power" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an electric competitive service provider ("Application"). In its Application, the Company sought to serve residential, commercial, and industrial customers throughout the Commonwealth of Virginia.

On June 30, 2016, the Commission issued an Order for Notice and Comment ("Notice Order"), which, in part, directed Palmco Power to serve a copy of the Notice Order on certain electric utilities; provided interested persons with the opportunity to file written comments on the Application; directed the Commission Staff ("Staff") to analyze the Application and present its findings in a Staff Report; and provided an opportunity for Palmco Power and any party who filed comments on the Application to file a response to the Staff Report.

On July 12, 2016, Palmco Power filed proof that it had served the Notice Order on the electric utilities as directed by the Commission. On July 18, 2016, Virginia Electric and Power Company filed comments on Palmco Power's Application, requesting that the Commission and Staff investigate and closely examine the Company's financial fitness and affiliate relationships. On July 25, 2016, Staff filed its Staff Report, in which Staff evaluated Palmco Power's financial condition and technical fitness and recommended that the Company be granted a license to conduct business as an electric competitive service provider, subject to certain conditions.

On July 28, 2016, Palmco Power filed a request to withdraw, without prejudice, its Application for a license to conduct business as an electric competitive service provider to residential, commercial, and industrial customers throughout the Commonwealth of Virginia ("Motion").¹

NOW THE COMMISSION, upon consideration of the Motion, is of the opinion and finds that Palmco Power's Motion to withdraw its Application should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Palmco Power's request to withdraw its Application for a license to conduct business as an electric competitive service provider to residential, commercial, and industrial customers throughout the Commonwealth of Virginia is granted.

(2) There being nothing further to come before the Commission, this case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹ The Commission deems Palmco Power's request to withdraw its Application to be a motion.

**CASE NO. PUE-2016-00071
AUGUST 4, 2016**

APPLICATION OF
PALMCO ENERGY VA, LLC

For a license to conduct business as a natural gas competitive service provider

ORDER GRANTING LICENSE

On June 21, 2016, Palmco Energy VA, LLC ("Palmco Energy" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider of natural gas ("Application") pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). In its Application, the Company seeks authority to serve residential, commercial, and industrial customers throughout the Commonwealth of Virginia.¹ Palmco Energy attested that it would abide by all applicable regulations of the Commission as required by the Retail Access Rules.²

On June 30, 2016, the Commission issued an Order for Notice and Comment that, among other things, docketed the case; required Palmco Energy 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 July 12, 2016. No one filed comments on Palmco Energy's Application.

On July 25, 2016, the Staff filed its Staff Report summarizing Palmco Energy's Application and evaluating its financial condition and technical fitness. Based upon its analysis, Staff recommended that the Commission grant Palmco Energy a license to conduct business as a competitive service provider of natural gas to residential, commercial, and industrial customers throughout the Commonwealth of Virginia upon proof of a performance bond or other acceptable means of financial security in the amount of \$25,000. The Staff also recommended that the Commission periodically evaluate the Company's level of financial security. Further, the Staff recommended that Palmco Energy file a copy of the final decision of the Connecticut Public Utilities Regulatory Authority ("Connecticut PURA") regarding Palmco Energy's affiliate, Palmco Power CT, LLC ("Palmco Power CT"), within ten days of such decision.

Palmco Energy 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 Palmco Energy meets the requirements for a license to conduct business as a competitive service provider of natural gas upon proof of an acceptable means of financial security in the amount of \$25,000, and such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Palmco Energy hereby is granted License No. G-49 to conduct business as a competitive service provider of natural gas to residential, commercial, and industrial customers throughout the service territories open to competition in the Commonwealth of Virginia, subject to Palmco Energy providing the required financial security of \$25,000 in a form prescribed by the Staff. This license is granted subject to the provisions of § 56-235.8 F of the Code, the Retail Access Rules, this Order, and other applicable law.

(2) The Staff shall review the Company's financial fitness at the time of its annual licensure renewal.

(3) Palmco Energy shall provide the Staff with a copy of the Connecticut PURA's decision regarding Palmco Energy's affiliate, Palmco Power CT, within ten (10) days of such decision.

(4) This license is not valid authority for the provision of any product or service not identified within the license itself.

(5) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

¹ Although Palmco Energy seeks to serve residential, commercial, and industrial customers throughout the Commonwealth of Virginia, retail choice exists only as set forth in the Code of Virginia ("Code"). Furthermore, retail choice for natural gas customers currently exists 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.

² See 20 VAC 5-312-40 B.

**CASE NO. PUE-2016-00072
JULY 29, 2016**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia and for expedited consideration

ORDER GRANTING APPROVAL

On June 27, 2016, Virginia Electric and Power Company ("DVP" or "Petitioner") filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")¹ requesting authority for a transfer from Panda Stonewall LLC ("Panda Stonewall") to DVP of certain interconnection facilities ("Interconnection Facilities")² associated with Panda Stonewall's generating facility³ ("Panda Plant") located in Loudoun County, Virginia ("Transfer"). DVP asked for expedited consideration of the Transfer in order for Panda Stonewall to commence energized testing of the Panda Plant by the end of July 2016.

Pursuant to an Interconnection Construction Service Agreement⁴ between DVP, Panda Stonewall, and PJM Interconnection, L.C.C., Panda Stonewall financed the Interconnection Facilities construction costs of \$7,231,536 and will transfer the Interconnection Facilities without consideration to DVP, which will operate the facilities on Panda Stonewall's behalf.⁵ DVP will record the Interconnection Facilities as "contributed plant," with a "contribution in aid of construction" credit entry to offset the plant costs on its books.

The Petition represents that DVP ratepayers in Virginia will not be adversely affected by the Transfer. DVP states that any rate impacts will be reflected in its Code § 56-585.1 A 4 rate adjustment clause ("A 4 RAC") filings. Since DVP will book Interconnection Facilities as "contributed plant," the only costs that will initially flow through the A 4 RAC will be operating and maintenance expenses and property taxes. The Petition represents that any future capital costs associated with replacements or upgrades to the Interconnection Facilities will be booked to "plant," included in rate base, impact the Petitioner's federally approved wholesale Formula Rate, and flow through the A 4 RAC.

NOW THE COMMISSION, upon consideration of the Petition and the Petitioner's response to Staff's draft action brief, and having been advised by its Staff, is of the opinion and finds that the proposed Transfer 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 certain requirements listed in the Appendix attached hereto, which are necessary to protect the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) The Transfer as described herein is approved, subject to the requirements contained in the Appendix attached hereto.
- (2) This case is hereby dismissed.

NOTE: A copy of the Attachment 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 § 56-88 *et seq.*

² An itemized list of the Interconnection Facilities being transferred is attached as Attachment E to the Petition.

³ *Application of Green Energy Partners/Stonewall LLC, For a certificate of public convenience and necessity for a 750 MW electric generating facility in Loudoun County*, Case No. PUE-2013-00104, 2014 S.C.C. Ann. Rept. 309, Final Order (May 13, 2014).

⁴ Attachment C to the Petition.

⁵ Attachment D to the Petition.

**CASE NO. PUE-2016-00073
OCTOBER 18, 2016**

APPLICATION OF
ROANOKE GAS COMPANY

For a modification of its SAVE Plan and Rider

ORDER APPROVING AMENDED SAVE PLAN AND RIDER

On June 30, 2016, 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 Plan (SAVE) 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 in Case Nos. PUE-2013-00091, PUE-2014-00067, and PUE-2015-00076.³ With its Application, the Company filed documentation of the SAVE qualifying projects that are planned for the calendar year 2017 and the corresponding SAVE Rider that will be associated with those projects.

In its Application, the Company requests the following modifications to its existing SAVE Plan: (1) extend the SAVE Plan an additional three years from its current expiration of 2018 through 2021; (2) add the replacement of three gate stations; and (3) add the replacement of approximately 2,800 one-half inch coated steel tubing services and related meter bar and regulator installations.

The Company's anticipated Virginia jurisdictional SAVE Plan investment for calendar year 2017 is approximately \$7,164,400. The Company states that the 2017 SAVE Rider is calculated using the same methodology approved in the original Save Plan and subsequent amendments; however, the rates for the 2017 SAVE Rider were calculated using a different methodology than previous SAVE cases.⁴ According to the Company, the estimated revenue requirement for the 2017 SAVE Plan projects is \$4,060,224, effective January 1, 2017.⁵

On July 21, 2016, 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 ("Staff Report") on its findings and recommendations. No requests for hearing or comments were filed.

The Staff filed its Staff Report on September 21, 2016, wherein Staff noted that the Application adequately demonstrates that the proposed infrastructure replacement projects are eligible SAVE infrastructure replacement projects.⁶ Staff also did not oppose the Company's revised cost allocation methodology.⁷ With regard to the 2017 SAVE Rider, the Staff's analysis confirmed a Current Factor revenue requirement of \$4,060,224, and a Reconciliation Factor revenue requirement of (\$103,003), for a total 2017 SAVE Rider revenue requirement of \$3,097,221.

Staff recommended that the Company incorporate the following three corrections in its next SAVE filing, as well as make any associated corrections to its book deferral: (1) the Company should calculate its carrying charges using cumulative balances of the over/under-recovery; (2) the Company should net the cumulative over/under-recovery balances with associated deferred taxes when calculating carrying charges; and (3) the Company should incorporate into future reconciliation factors any residual over/under-recovery balance that is not already addressed in an existing reconciliation factor.⁸

Subsequently, Roanoke Gas filed its response ("Response") to the Staff Report, wherein it stated that the Company and Staff are in agreement regarding the revenue requirement for the 2017 SAVE Rider.⁹ The Company also stated that it does not take issue with any of Staff's recommendations and, if approved by the Commission, would incorporate them into the Company's next SAVE filing due June 30, 2017.

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. 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. 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, Doc. Con. Cen. No. 120830275, 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); *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2014-00067, 2014 S.C.C. Ann. Rept. 464, Final Order (Sept. 26, 2014); *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2015-00076, 2015 S.C.C. Ann. Rept. 361, Order Approving Amended Save Plan and Rider (Sept. 25, 2015).

⁴ Direct Testimony of Niklas E. Banka at 6.

⁵ *Id.* at 4.

⁶ Staff Report at 3.

⁷ *Id.* at 9.

⁸ *Id.* at 12.

⁹ Pursuant to the Order for Notice and Comment, the Company's Response to the Staff Report was due to be filed on October 5, 2016. The Response was not filed until October 6, 2016, one day late. The Commission will exercise its discretion in this case and accept the Company's Response to the Staff Report.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's Application for a modification of its SAVE Plan and Rider should be approved, subject to the requirements set forth herein. We find that a revenue requirement of \$3,097,221 is reasonable and shall be approved for the 2017 SAVE Rider. We also adopt the recommendations made by the Staff in its Staff Report. We find that the Company, in future SAVE filings, should calculate its carrying charges using cumulative balances of the over/under-recovery, net the cumulative over/under-recovery balances with associated deferred taxes when calculating carrying charges, and incorporate into future reconciliation factors any residual over/under-recovery balance not already addressed in an existing reconciliation factor.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Amended SAVE Plan is approved as set forth herein.
- (2) The Company's 2017 SAVE Rider is approved, subject to the requirements set forth in this Order. Rates consistent with this Order shall become effective beginning January 1, 2017, and remain in effect until December 31, 2017.
- (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 2017 SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) This matter is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

**CASE NO. PUE-2016-00073
OCTOBER 24, 2016**

APPLICATION OF
ROANOKE GAS COMPANY

For a modification of its SAVE Plan and Rider

ORDER NUNC PRO TUNC

On June 30, 2016, Roanoke Gas Company ("Roanoke Gas" or "Company") filed an application with the State Corporation Commission ("Commission") to modify its SAVE Plan and Rider pursuant to § 56-603 *et seq.* of Title 56 of the Code of Virginia, the Steps to Advance Virginia's Energy Plan (SAVE) 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-2012-00030,¹ as modified in Case Nos. PUE-2013-00091, PUE-2014-00067, and PUE-2015-00076.² With its Application, the Company filed documentation of the SAVE qualifying projects that are planned for the calendar year 2017 and the corresponding SAVE Rider that will be associated with those projects.

On October 18, 2016, the Commission issued its Order Approving Amended Save Plan and Rider ("Order"), which, among other things, approved the Company's proposed modifications of its SAVE Plan and Rider. Due to a clerical error, the total revenue requirement for the 2017 SAVE Rider was stated in the Order as \$3,097,221. The correct revenue requirement is \$3,957,221 based on a Current Factor revenue requirement of \$4,060,224, and a Reconciliation Factor revenue requirement of (\$103,003).

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Order should be corrected *nunc pro tunc* by correcting references to the 2017 SAVE Rider revenue requirement to reflect a total 2017 SAVE Rider revenue requirement of \$3,957,221.

Accordingly, IT IS ORDERED THAT:

- (1) All references to the 2017 SAVE Rider revenue requirement in the October 18, 2016 Order Approving Amended Save Plan and Rider shall be corrected *nunc pro tunc* to reflect a total revenue requirement for the Company's 2017 SAVE Rider of \$3,957,221.
- (2) In all other respects, the Commission's October 18, 2016 Order Approving Amended Save Plan and Rider remains unaltered and in full force and effect.

¹ *Application of Roanoke Gas Company, For approval of a SAVE Plan and Rider pursuant to Virginia Code §§ 56-603 et seq.*, Case No. PUE-2012-00030, Doc. Con. Cen. No. 120830275, Order Approving SAVE Plan and Rider (Aug. 29, 2012).

² *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2013-00091, 2013 S.C.C. Ann. Rept. 447, Order Approving Amended SAVE Plan and Rider (Dec. 9, 2013); *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2014-00067, 2014 S.C.C. Ann. Rept. 464, Final Order (Sept. 26, 2014); *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2015-00076, 2015 S.C.C. Ann. Rept. 361, Order Approving Amended Save Plan and Rider (Sept. 25, 2015).

**CASE NO. PUE-2016-00074
AUGUST 22, 2016**

APPLICATION OF
ROANOKE GAS COMPANY

For approval of an affiliate agreement Pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On July 1, 2016, Roanoke Gas Company ("Roanoke Gas" or "Applicant") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of an affiliate agreement ("Agreement") between Roanoke Gas and RGC Midstream, LLC ("Midstream"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").¹

Midstream, a wholly owned subsidiary of RGC Resources, Inc. ("RGC"), holds a 1% equity interest in Mountain Valley Pipeline LLC ("MVP"), which plans to build and operate a 300-mile natural gas pipeline extending from Wetzel County, Pennsylvania to Pittsylvania, Virginia. Midstream was created in September 2015 to serve as RGC's vehicle for investing in the MVP joint venture. Midstream has no employees and receives most of its support from RGC. However, during RGC's due diligence review for the MVP investment, one Roanoke Gas employee was consulted and charged his time to Midstream via exception time reporting. Roanoke Gas subsequently notified the Commission Staff of its failure to seek prior approval pursuant to the Affiliates Act and filed the Application.

Under the proposed Agreement, Roanoke Gas proposes to provide: (1) information systems software services; (2) data processing, analytical and economic services; and (3) management services (collectively "Services") to Midstream. The Services will be provided at cost. Direct costs will be directly assigned to Midstream. Costs that cannot be directly assigned will be allocated to Midstream according to the procedures laid out in Attachment A of the proposed Agreement. The term of the Agreement is five years. Either party can terminate the Agreement upon a 60-day notice to the other party.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval to enter into the Agreement effective as of the date of this Order, subject to the requirements set forth in the Appendix attached to this Order.

(2) 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.

¹ Code § 56-76 *et seq.* ("Affiliates Act").

**CASE NO. PUE-2016-00075
SEPTEMBER 23, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of Service Agreements between Columbia Gas of Virginia, Inc., Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc., Columbia Gas of Kentucky, Inc., Columbia Gas of Maryland, Inc., and Northern Indiana Public Service Company

ORDER GRANTING APPROVAL

On July 6, 2016, Columbia Gas of Virginia, Inc. ("CGV" or the "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ requesting approval of five separate agreements ("Agreements") whereby CGV will provide and receive, on an as-needed basis, certain administrative and support services ("Services") from Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc., Columbia Gas of Kentucky, Inc., Columbia Gas of Maryland, Inc. (collectively, "Columbia LDCs"), and the Northern Indiana Public Service Company ("NIPSCO"). The Application is filed pursuant to the Commission's Order Granting Approval in Case No. PUE-2016-00008.² In that case, the Commission granted approval of a service agreement between CGV and an affiliate, Columbia Gas of Massachusetts, and required CGV to formalize the unwritten arrangements between it and the Columbia LDCs and file the instant Application requesting approval of the Agreements.³

¹ Va. Code § 56-76 *et seq.*

² *Application of Columbia Gas of Virginia, Inc., For approval of a Service Agreement between Columbia Gas of Virginia, Inc., and Columbia Gas of Massachusetts*, Case No. PUE-2016-00008, Doc. Con. No. 160430163, Order Granting Approval (Apr. 28, 2016).

³ The Company represents that the Columbia LDCs' Agreements that are the subject of this Application are based on a common template and are substantively the same as the agreement approved by the Commission in Case No. PUE-2016-00008.

In the Application, CGV requests the Agreements become effective October 1, 2016, and remain in effect for a period of five years. CGV represents that the Services provided under the Columbia LDCs' Agreements will include the sharing of knowledge and the expertise of subject matter experts and the provision of operations, technical support and assistance in areas such as emergency response and preparedness, outage restoration, training, process improvement, and identification/execution of best practices. Under the NIPSCO Agreement, CGV seeks authority to provide Operations Support Services and Training Services to and receive such services from NIPSCO on an as-needed basis.⁴

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto. We specifically find that any affiliate employee that performs construction- or maintenance-related work for CGV in Virginia should only be utilized to perform those services that such employee is qualified to perform in accordance with the Virginia Enhanced Operator Qualification Program. We also find it appropriate for CGV to provide and receive Services under the Agreements at cost, given that each affiliate is a regulated utility.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicant is hereby granted approval of the Application as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

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.

⁴ The Columbia LDCs' Agreements list the following service categories: (1) Accounting and Financial Services; (2) Communications and Customer Education Services; (3) Conservation and Energy Efficiency Services; (4) Customer Billing, Collection, and Contact Services; (5) Employee Services; (6) Engineering and Construction Services; (7) Facility Services; (8) Land/Surveying Services; (9) Operations Support Services; (10) Purchasing, Storage and Disposition Services; (11) Rates and Regulatory Services; and (12) Transportation Services. The NIPSCO Agreement lists the following service categories: (1) Operations Support Services; and (2) Training Services.

**CASE NO. PUE-2016-00076
AUGUST 19, 2016**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For authority to revise Rate Schedule PT-1, Pipeline Transportation Service

ORDER PRESCRIBING NOTICE, SUSPENDING TARIFFS, AND INVITING COMMENTS AND REQUESTS FOR HEARING

On July 26, 2016, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") an application ("Application") for authority to revise Rate Schedule PT-1 in order to update the calculation of rates for services consistent with the individual contracts ("Agreements") being renewed by Doswell Limited Partnership, the City of Richmond, and Columbia Gas of Virginia, Inc. (collectively, "Renewing Customers") pursuant to the provisions set forth in the Agreements. According to the Company, the Renewing Customers have agreed to the proposed revisions to Rate Schedule PT-1.

In its Application, the Company proposes to revise the calculation under Rate Schedule PT-1, but it notes that all other aspects of Rate Schedule PT-1 previously approved by the Commission remain unchanged and no modifications to the existing General Terms and Conditions for Pipeline Transportation Services of Rate Schedule PT-1 are proposed.

VNG requests that the Application be approved at the earliest practical date, but no later than November 1, 2016, in order to allow sufficient time for the Company to recalculate the rates and set up the required billing processes so that the revised calculation can take effect on January 1, 2017.

In conjunction with the filing of its Application, the Company filed a 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 VNG's Application, is of the opinion and finds that the Application should be docketed; the proposed revisions to Rate Schedule PT-1 should be suspended pursuant to § 56-238 of the Code of Virginia ("Code") to and through November 1, 2016, or until further order of the Commission, whichever is earlier; the Company should serve a copy of its Application and this Order on the Renewing Customers; any interested person or entity affected by the Company's Application should have an opportunity to file comments or request a hearing on the Company's Application; the Commission Staff ("Staff") should be afforded an opportunity to investigate the Application and file with the Commission a report ("Report") or testimony, as appropriate, setting forth the Staff's findings and recommendations on VNG's Application; and the Company should be given the opportunity to file a response or testimony, as appropriate, in rebuttal to the Staff Report or testimony or any comments or requests for hearing that may be filed herein.

Regarding the Company's Motion for Protective Order, the Commission will defer determining the necessity of a protective order herein until a request is made for such confidential information.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The captioned Application is docketed and assigned Case No. PUE-2016-00076.
- (2) The proposed revisions to the Company's Rate Schedule PT-1 are hereby suspended pursuant to § 56-238 of the Code to and through November 1, 2016, or until further order of the Commission, whichever is earlier.
- (3) On or before August 29, 2016, VNG shall serve a copy of its Application upon Renewing Customers.
- (4) On or before August 29, 2016, VNG shall serve a copy of this Order upon Renewing Customers.
- (5) On or before September 12, 2016, any interested person or entity may file written comments on VNG's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Any interested person desiring to file comments electronically may do so on or before September 12, 2016, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUE-2016-00076.
- (6) On or before September 12, 2016, any interested person may participate as a respondent in this proceeding by filing a notice of participation in accordance with 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (5). Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUE-2016-00076.
- (7) On or before September 12, 2016, any interested person or entity may request that the Commission convene a hearing on the Company's Application by filing an original and fifteen (15) copies of a request for hearing with the Clerk of the Commission at the address set forth in Ordering Paragraph (5), or by filing a request for hearing electronically by following the instructions found on the Commission's website: www.scc.virginia.gov/case. Requests for hearing must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All such filings shall refer to Case No. PUE-2016-00076.
- (8) A copy of any requests for hearing and notices of participation simultaneously shall be sent to counsel for the Company, Joseph K. Reid, III, Esquire, and Anne Hampton Andrews, Esquire, McGuireWoods, LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916.
- (9) On or before September 26, 2016, the Staff may investigate and file a report or prefiled testimony, if appropriate, on VNG's Application with the Clerk of the Commission and shall send a copy of the same promptly to counsel for VNG and each respondent.
- (10) On or before October 3, 2016, VNG may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (5) an original and fifteen (15) copies of any response or testimony the Company expects to introduce in rebuttal to any Staff Report or prefiled testimony or any such response or rebuttal to any comments or requests for hearing by interested persons. VNG shall serve a copy of any such response or rebuttal testimony upon the Staff and each respondent on or before October 3, 2016.
- (11) On or before October 3, 2016, VNG shall file proof of the service required by Ordering Paragraphs (3) and (4) with the Clerk of the Commission.
- (12) The Company shall respond to written interrogatories or requests for the production of documents within five (5) business days after the receipt of the same. In addition to the service requirements of 5 AC 5-20-260, *Interrogatories or requests for production of documents and things*, of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.¹ Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.
- (13) This matter is continued.

¹ 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-2016-00076, in the appropriate box.

**CASE NO. PUE-2016-00076
NOVEMBER 1, 2016**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For authority to revise Rate Schedule PT-1, Pipeline Transportation Service

ORDER ON MOTION

On July 26, 2016, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") an application ("Application") for authority to revise Rate Schedule PT-1 in order to update the calculation of rates for services consistent with the individual

contracts ("Agreements") being renewed by Doswell Limited Partnership, the City of Richmond, and Columbia Gas of Virginia, Inc. (collectively, "Renewing Customers"), pursuant to the provisions set forth in the Agreements.

On August 19, 2016, the Commission issued its Order Prescribing Notice, Suspending Tariffs, and Inviting Comments and Requests for Hearing ("Procedural Order") in this proceeding that, among other things, set forth the schedule for interested persons to participate and for the Commission Staff ("Staff") to file a report or pre-filed testimony. Specifically, the Procedural Order provided any interested person the opportunity to participate as a respondent by filing a notice of participation and for any interested person to request a hearing on or before September 12, 2016. No respondents joined this proceeding, and no hearing requests were submitted.

On September 26, 2016, Staff filed its Report ("Staff Report"). In the Staff Report, Staff stated that it could not recommend approval of VNG's Application because the Company provided little, if any, support for a finding that the proposed PT-1 rate is in the public interest.¹ Staff offered an alternative recommendation suggesting that, should the Commission approve the Application, such approval should be accompanied with a requirement that VNG's distribution ratepayers be held harmless from any deficient returns produced by the PT-1 class in the future.²

On September 28, 2016, the Company filed a Motion for Extension of Time to File Rebuttal and for Expedited Consideration ("First Extension Request"). By Order dated September 30, 2016, the Commission granted the Company's First Extension Request and extended the time for the filing of the Company's response to the Staff Report from October 3, 2016, to November 2, 2016.

On October 28, 2016, the Company filed a second Motion for Extension of Time to File Rebuttal and for Expedited Consideration ("Motion"). In its Motion, the Company states that, since the Commission granted the First Extension Request, the Company has further evaluated Staff's position regarding the rates under Rate Schedule PT-1 and has run calculations to propose a new rate calculation. The Company further states that it has had discussions with the Renewing Customers concerning Staff's position regarding the rates under Rate Schedule PT-1. Additionally, the Company states that, in response to Staff's questions about the accuracy of the rate calculation during the rollover period, the Company has evaluated the originally proposed rollover rate and believes that it may need to be revised.³

The Company requests that the Commission modify the procedural schedule in this proceeding by extending the time for the filing of the Company's response to the Staff Report from November 2, 2016 to November 16, 2016, in order to provide VNG with sufficient time to evaluate the accuracy of the rate calculation for the rollover period.⁴

The Company further states that the requested extension of the procedural schedule will prejudice no party and requests expedited consideration of this Motion due to the impending November 2, 2016 filing deadline.⁵

Additionally, the Company notes that the Commission-approved PT-1 Rate Schedule is set to expire on December 31, 2016. The Company requests that, should the time remaining between the filing of VNG's response to the Staff Report and the expiration of the Commission-approved PT-1 Rate Schedule be inadequate for Commission disposition of the matter, the Commission-approved PT-1 Rate Schedule be extended at the 300th month rate on an interim basis, subject to deferral and true-up. Alternatively, the Company recommends that the rate proposed in the Company's response to the Staff Report become effective, on an interim basis and subject to deferral and true-up, upon the expiration of the Commission-approved PT-1 tariff on December 31, 2016.⁶

NOW THE COMMISSION, upon consideration of VNG's Motion and having been advised by the Staff, is of the opinion and finds that the Company's request to extend the time for filing of the Company's response to the Staff Report should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) On or before November 16, 2016, VNG may file with the Clerk of the Commission its response to the Staff Report in this proceeding.
- (2) The provision related to interim rates in the Commission's September 30, 2016 Order on Motion in this proceeding remains in effect.
- (3) All other provisions of the Commission's August 19, 2016 Procedural Order remain in effect.
- (4) This matter is continued pending further order of the Commission.

¹ Staff Report at 8.

² *Id.*

³ Motion at 3.

⁴ *Id.* at 3-4.

⁵ *Id.* at 4.

⁶ *Id.*

**CASE NO. PUE-2016-00080
OCTOBER 25, 2016**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY
and
AMERICAN WATER WORKS SERVICE COMPANY, INC.

For approval of a Services Agreement under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On July 27, 2016, Virginia-American Water Company ("VAWC") and American Water Works Service Company, Inc. ("AWWSC") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") seeking to extend the authority granted by the Commission under Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ for the Services Agreement by which AWWSC provides administrative, management, operational, maintenance, and other support services to VAWC ("Services Agreement").² The Applicants are not proposing any changes to the Services Agreement that was approved in the Commission's 2011 Order.

In addition, the Applicants further requested approval of the affiliate arrangements described in the Application between AWWSC and Laurel Oaks Properties, LLC ("LOP") (the "LOP Arrangement"), and between AWWSC and AWI, Inc. ("AWI") (the "AWI Arrangement"), should the Commission determine that such approval is necessary.³

On August 3, 2016, the Commission issued an Order Granting Interim Extension of Services Agreement, which granted the Applicants an interim extension to continue to receive services under the Services Agreement pending further order of the Commission on the instant Application.⁴

In VAWC's current rate case pending before the Commission in Case No. PUE-2015-00097 ("Rate Case"), the Commission Staff ("Staff") raised concerns in its testimony regarding the LOP Arrangement and whether that arrangement requires Commission approval.⁵ Specifically, LOP procures assets including hardware and software, office furniture and equipment, and electronic equipment including lab and communications equipment. LOP bills AWWSC for the use of these assets and, pursuant to the Services Agreement, these costs incurred by AWWSC are passed through to its subsidiary companies, including VAWC.⁶ Staff ultimately recommended that the Commission direct VAWC to seek approval pursuant to the Affiliates Act for the services provided by its affiliate LOP concurrently with its request for approval of the Services Agreement in the instant Application, if VAWC wishes to continue to utilize LOP.

In its Application in the instant proceeding, the Applicants represent that LOP does not provide any services to VAWC, but rather that it only provides services to AWWSC. Therefore, the Applicants state that no approval of the LOP Arrangement is required under the provisions of the 2011 Order. However, the Applicants did request approval of the LOP Arrangement should the Commission determine that such approval is necessary.⁷

In VAWC's current Rate Case, Staff also raised concerns in its testimony regarding the AWI Arrangement and whether that arrangement requires Commission approval. Staff was concerned that AWI is providing certain insurance-related services to VAWC through AWWSC without Commission approval pursuant to the Affiliates Act. Therefore, Staff recommended that the Commission direct VAWC to seek approval pursuant to the Affiliates Act for the services provided by AWI as soon as possible and by no later than thirty (30) days from the date of the Commission's final order in the Rate Case.

In the Application in the instant proceeding, the Applicants represent that AWWSC transacts with AWI to provide certain insurance-related services to American Water Works Company, Inc. ("American Water"), and its subsidiaries, including VAWC. The Applicants further represent that,

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

² The current Services Agreement between VAWC and AWWSC was approved by the Commission on May 8, 1989, in Case No. PUA-1988-00055, and subsequently reapproved on August 5, 2011, in Case No. PUE-2011-00056. *See Application of Virginia-American Water Company, For authority to enter into service agreement with affiliate*, Case No. PUA-1988-00055, 1989 S.C.C. Ann. Rept. 157, Order Granting Authority (May 8, 1989), *modified*, 1989 S.C.C. Ann. Rept. 158, Amending Order (May 26, 1989), *modified sub nom.*, *Application of Virginia-American Water Company, Request to amend previously approved Service Agreement*, Case No. PUA-1988-00055, 1989 S.C.C. Ann. Rept. 159, Amending Order (Sept. 20, 1989); and *Application of Virginia-American Water Company and American Water Works Service Company, For approval of a services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2011-00056, 2011 S.C.C. Ann. Rept. 507, Order Granting Approval (Aug. 5, 2011) ("2011 Order").

³ Application at 8.

⁴ The approval of the Services Agreement granted in the 2011 Order terminated on August 5, 2016. The Commission's interim approval only applied to the Services Agreement and terminates upon the entry of the Commission's final order in this proceeding.

⁵ Specifically, Staff was concerned that the charges from AWWSC to VAWC for the services provided by LOP include a profit margin for LOP, and that there is no affiliate agreement between VAWC and LOP that provides for the services being provided to VAWC by LOP through AWWSC. Staff also noted that, in Ordering Paragraph (6) of its 2011 Order, the Commission directed, among other things, that if AWWSC "wishes to utilize additional affiliates to provide services to VAWC, separate Commission approval shall be required." However, no such approval has been sought by the Company or granted by the Commission. *See Application of Virginia-American Water Company, For a general increase in rates*, Case No. PUE-2015-00097, Doc. Con. Cen. No. 160540358, Prefiled Staff Testimony (May 20, 2016) at Volume IV, Part C, pages 37-51.

⁶ Application at 4.

⁷ *Id.* at 5.

although there are no transactions between AWI and VAWC, should the Commission determine that specific approval of the AWI Arrangement is necessary, VAWC requests that the Commission grant such approval in this proceeding.⁸

Finally, the Applicants represent that AWWSC also maintains leasing arrangements with certain other American Water affiliates in five states⁹ for the use of office space, and with American Water Resources, LLC, for its National Lab in Belleville, Illinois (collectively, the "Leasing Arrangements").¹⁰ The Applicants do not currently have Commission approval, nor did they request approval in the Application, of these Leasing Arrangements.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion that approval of the LOP Arrangement and the Leasing Arrangements is necessary pursuant to the Affiliates Act. We find that the Services Agreement, LOP Arrangement, and Leasing Arrangements are in the public interest and should be approved under the Affiliates Act subject to certain requirements set forth in the Appendix attached hereto.¹¹ We clarify that changes to agreements between AWWSC and the Leasing Affiliates need not be approved by the Commission between now and the next scheduled review of the Agreements in five (5) years as long as such changes in no way impact VAWC.¹² We are also of the opinion that separate approval under the Affiliates Act is necessary for the AWI Arrangement; therefore, we direct the Applicants to file a separate application with the Commission requesting approval of the AWI Arrangement within ninety (90) days of the effective date of the Order in this case. Finally, we find that the Applications should be granted interim approval to operate under the AWI Arrangement pending a final order on the AWI Arrangement application.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Services Agreement, LOP Arrangement and Leasing Arrangements effective as of the date of this Order, subject to the requirements set forth in the Appendix attached hereto to this Order.

(2) The Applicants shall file an application with the Commission requesting approval of the AWI Arrangement within ninety (90) days of the date of the Order in this case. Such application shall include a detailed description of the AWI Arrangement,¹³ and a formalized written copy of the AWI Arrangement, if such a formal document exists.

(3) The Applicants hereby are granted interim approval to operate under the AWI Arrangement pending a final order on the AWI Arrangement application.

(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.

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.

⁸ *Id.* at 7.

⁹ Specifically, Pennsylvania-American Water Company, New Jersey-American Water Company, Illinois-American Water Company, West Virginia-American Water Company, and Kentucky-American Water Company.

¹⁰ Application at 5, fn. 4.

¹¹ We have consistently held that services from affiliates through a services company require separate Commission approval. For example, in the 2011 Order the Commission specifically approved the use of an affiliate to provide engineering services to VAWC but stated, "However, if Service Company wishes to utilize additional affiliates to provide services to VAWC, separate Commission approval is required." 2011 Order at 508. *See also Application of Columbia Gas Virginia, Inc., For approval of a service agreement with NiSource Corporation Services Company pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2004-00072, 2004 S.C.C. Ann. Rept. 477, 478 (Sep. 30, 2004) ("[W]e believe the engagement by [the services company] of Nisource affiliates to provide Corporate Services to CGV is a concern as the [service company]-affiliate relationship is not arms' length and would avoid Commission scrutiny. Therefore, we find that such affiliated third party transactions shall be prohibited absent separate Commission approval."). We note further that the corporate services provided in *Columbia Gas* involved a wide range of activities, including accounting and auditing services, business promotion services, depreciation services, electronic communications services, engineering and research services, information technology services, insurance services, office space and officers services, planning services, and rate and tax services. Notably, the costs for some of these services were not directly assigned and so were allocated to the regulated utility.

¹² Any change in the agreements between AWWSC and the Leasing Affiliates that result in additional charges to VAWC would require Commission approval. In contrast, any changes that result in direct charges to entities other than VAWC would not require Commission approval.

¹³ Such description shall include, but not be limited to: (1) the parties to the arrangement; (2) the specific services and/or goods exchanged under the arrangement; (3) the pricing for the transactions under the arrangement; (4) other terms and conditions of the arrangement; (5) a detailed comparison of the insurance policies provided by AWI to the insurance policies previously provided by third parties; (6) an explanation as to whether the cost of the insurance policies provided by AWI meet the Commission's lower of cost or market standard; and (7) an explanation as to whether AWI charges a return or profit component.

**CASE NO. PUE-2016-00081
AUGUST 18, 2016**

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On July 28, 2016, Central Virginia Electric Cooperative ("CVEC" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia¹ for authority to issue long-term debt in connection with a \$2 million term loan from CoBank, ACB ("CoBank"), to finance the construction of a new district office in Palmyra, Virginia ("Application"). Applicant has paid the requisite fee of \$250.

CVEC represents that after obtaining and considering various alternative loan terms and rates from the Rural Utilities Services, the National Rural Utilities Cooperative Finance Cooperation, and CoBank, CVEC chose CoBank. CVEC states that the loan will have a 15-year maturity with the anticipated maturity date of September 2031. In response to Commission Staff ("Staff") inquiry, CVEC clarified that it intends to repay the 15-year loan in 180 monthly payments using the Level Payment method at the quoted rate option, which will be set by CoBank after the approval of the proposed Application.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Applicant is hereby authorized to issue long-term debt in the amount of \$2 million with a maturity date of 15 years, under the terms and conditions and for the purposes set forth in the Application.
- (2) Approval of this Application shall have no implications for ratemaking purposes.
- (3) There being nothing further to be done this matter is hereby dismissed.

¹ Code § 56-55 *et seq.*

**CASE NO. PUE-2016-00082
AUGUST 18, 2016**

APPLICATION OF
A&N ELECTRIC COOPERATIVE

For authority to incur additional indebtedness under a line of credit

ORDER GRANTING AUTHORITY

On August 1, 2016, A&N Electric Cooperative ("ANEC" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia¹ for authority to incur additional indebtedness in the amount of \$100,000 through a letter of credit under a five-year line of credit ("LOC") with the National Rural Utilities Cooperative Finance Corporation ("CFC"). Applicant has paid the requisite fee of \$250.

ANEC represents that it is requesting authority to incur additional debt under a new LOC to replace an expiring LOC that was approved in Case No. PUE-2011-00069 for the same amount of \$100,000.² ANEC further represents that it often enters the right-of-way of the Virginia Department of Transportation ("VDOT") and, when this occurs, VDOT requires ANEC to obtain permits from VDOT to work in such areas. One requirement of VDOT is that ANEC provide a LOC in VDOT's favor for the estimated cost of the work that ANEC is doing in VDOT's right-of-way.

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.

¹ Code § 56-55 *et seq.*

² *Application of A&N Electric Cooperative, For authority to incur additional indebtedness under a line of credit*, Case No. PUE-2011-00069, 2011 S.C.C. Ann. Rept. 517, Order Granting Authority (July 7, 2011).

Accordingly, IT IS ORDERED THAT:

- (1) Applicant is hereby authorized to incur additional indebtedness through a five-year CFC LOC with a \$100,000 limit, under the terms and conditions and for the purposes set forth in the application.
- (2) Approval of this application shall have no implications for ratemaking purposes.
- (3) There being nothing further to be done, this matter is hereby dismissed.

**CASE NO. PUE-2016-00083
NOVEMBER 8, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of the SAVE Plan Rider for calendar year 2017

ORDER APPROVING SAVE RIDER FOR CALENDAR YEAR 2017

On August 17, 2016, 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 2017 pursuant to § 56-603 *et seq.* of Title 56 of the Code of Virginia, 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 and the Commission's Order initially approving a SAVE plan ("SAVE Plan") and rider for WGL in Case No. PUE-2010-00087.² The Company requested a total 2017 SAVE Rider revenue requirement of \$1,531,448.³

On September 9, 2016, the Commission entered an Order for Notice and Comment that, among other things, required the Company to publish notice of its Application; provided interested parties an opportunity to file comments or request a hearing on the Application; 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 to the Staff Report ("Response"). No comments or requests for hearing were filed.

On October 20, 2016, Staff filed its Report wherein it recommended that the Commission approve a 2017 SAVE Rider for WGL, effective January 1, 2017, based on a total revenue requirement of \$1,531,448. Staff's recommended revenue requirement is composed of a Current Factor revenue requirement of \$4,109,583, and a Reconciliation Factor revenue requirement of (\$2,578,135).⁴

Staff agreed with the Company's proposed allocation methodologies when developing the Current Factor and Reconciliation Factor for each rate class and further recommended that the Commission direct the Company to: (1) continue to include beginning deferral balances in its calculation of SAVE Reconciliation Factors to prevent over- or under-recovery balances from accumulating in the future;⁵ (2) analyze the impact of projecting Reconciliation Factor credits or recoveries for May through December in future SAVE Reconciliation Factor revenue requirement calculations; (3) conduct a full analysis of its SAVE Reconciliation Factor calculation and billing process to identify any other ways to improve the accuracy and timeliness of crediting to or recovering from customers any over- or under-recovery of SAVE costs; (4) present the results of the analyses described in items (2) and (3) above in its testimony and exhibits in the next SAVE application; (5) (a) include a schedule in future SAVE applications that compares the Company's Commission-approved budgeted SAVE capital expenditures to its actual SAVE capital expenditures, by calendar year, beginning with calendar year 2010 when the Company's SAVE Plan capital expenditures were first authorized by the Commission; (b) in such schedule, provide a breakdown by SAVE program and clearly demonstrate that the Company is within the 105% overall and 125% annual spending caps approved by the Commission in Case No. PUE-2010-00087; (6) use the 8.261% overall cost of capital from the capital structure and 9.75% cost of equity last approved for WGL in Case No. PUE-2010-00139,⁶ as reflected in the Company's Application, for purposes of calculating the Reconciliation Factor; and (7) use the same 8.261% overall cost of capital only as a placeholder for purposes of calculating the Current Factor for the 2017 calendar year, to be replaced in the ensuing true-up by the overall cost of capital from the capital structure and cost of equity approved by the Commission in WGL's pending base rate case, Case No. PUE-2016-00001.⁷

¹ 5 VAC 5-20-10 *et seq.*

² *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 (Apr. 21, 2011).

³ The Company filed its original application for approval of a SAVE Plan rider for calendar year 2017 on August 2, 2016, but subsequently filed a motion for leave to withdraw its application and to re-file its 2017 SAVE Rider application on or before September 1, 2016 ("Motion"). The Commission docketed this matter as Case No. PUE-2016-00083 and granted WGL's Motion on August 15, 2016.

⁴ Staff Report at 14.

⁵ We note that in the Order Approving SAVE Rider for Calendar Year 2016, we directed WGL to incorporate correct per book beginning deferral balances in its subsequent SAVE annual reconciliation factors. *See Application of Washington Gas Light Company, For approval to revise its SAVE Rider for calendar year 2016*, Case No. PUE-2015-00091, 2015 S.C.C. Ann. Rept. 375, 376, Order Approving SAVE Rider for Calendar Year 2016 (Nov. 9, 2015).

⁶ *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).

⁷ Staff Report at 14-15. *See Application of Washington Gas Light Company, For a general increase in rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUE-2016-00001, filed June 30, 2016.

On October 27, 2016, WGL filed its Response to the Staff Report, stating that the Company agrees with Staff's confirmation of the 2017 SAVE Rider revenue requirement of \$1,531,448. The Company further did not object to Staff's recommendations listed above. The Company also confirmed that it would cease billing the 2016 Current Factor for service rendered in December 2016.

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 2017 SAVE Rider should be approved, subject to the requirements set forth below.

Accordingly, IT IS ORDERED THAT:

(1) The Company's SAVE Rider for Calendar Year 2017 hereby is approved subject to the following requirements. Rates consistent with this Order shall be effective from January 1, 2017, through December 31, 2017.

(2) WGL shall analyze the impact of projecting Reconciliation Factor credits or recoveries for May through December in future SAVE Reconciliation Factor revenue requirement calculations and present the results of this analysis in its testimony and exhibits in the next SAVE application.

(3) WGL shall conduct a full analysis of its SAVE Reconciliation Factor calculation and billing process to identify any other ways to improve the accuracy and timeliness of crediting to or recovering from customers any over- or under-recovery of SAVE costs and present the results of this analysis in its testimony and exhibits in the next SAVE application.

(4) WGL shall include a schedule in future SAVE applications that compares the Company's Commission-approved budgeted SAVE capital expenditures to its actual SAVE capital expenditures, by calendar year, beginning with calendar year 2010. Such schedule shall provide a breakdown by SAVE program and shall also clearly demonstrate that the Company is within the 105% overall and 125% annual spending caps approved by the Commission in Case No. PUE-2010-00087.

(5) An overall cost of capital of 8.261% shall be used for purposes of calculating the Reconciliation Factor.

(6) An overall cost of capital of 8.261% shall be used as a placeholder for purposes of calculating the Current Factor for the 2017 calendar year, to be replaced in the ensuing true-up by the overall cost of capital from the capital structure and cost of equity approved by the Commission in WGL's pending base rate case in Case No. PUE-2016-00001.

(7) Within thirty (30) days of the date of this Order, the Company shall file with the Clerk of the Commission and the Divisions of Public Utility Regulation and Utility Accounting and Finance revised rate schedules and terms and conditions of service for the 2017 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.secc.virginia.gov/case>.

(8) This case is dismissed.

**CASE NO. PUE-2016-00085
NOVEMBER 3, 2016**

PETITION OF
WESTERN VIRGINIA WATER AUTHORITY
and
LANDS END WATER COMPANY

For approval of a transfer of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On August 3, 2016, the Western Virginia Water Authority ("WVWA") and Lands End Water Company ("Lands End") (collectively, "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 the Lands End Subdivision Water System ("System"), including all of the assets used in the operation of the System owned by Lands End located in Franklin County, Virginia, to WVWA ("Transfer").

The Petitioners state that Lands End customers' rates, based upon a typical use of 5,000 gallons per month, will be decreased by approximately \$3.50 per month upon acquisition of the System by WVWA. The Petitioners have notified the customers affected by the proposed Transfer, and the Commission has not received any comments.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the above-described Transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved subject to certain requirements set forth in the Appendix attached hereto.

¹ Code § 56-88 *et seq.*

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners are hereby granted approval of the Transfer as described herein, 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-2016-00086
OCTOBER 19, 2016**

APPLICATION OF
EDF ENERGY SERVICES, LLC

For a license to conduct business as an electric competitive service provider

ORDER GRANTING LICENSE

On August 4, 2016, EDF Energy Services, LLC ("EDF" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider of electricity ("Application").¹ In its Application, the Company seeks authority to serve eligible commercial, industrial, and governmental electricity customers throughout the Commonwealth of Virginia.²

On August 11, 2016, the Commission issued an Order for Notice and Comment ("Procedural Order") that, among other things, docketed the Application; required EDF to serve the Procedural Order upon appropriate persons; permitted interested persons to file comments on the Application; required the Commission's Staff ("Staff") to analyze the Application and present its findings in a report ("Staff Report"); and provided an opportunity for participants to file responses to the Staff Report.

On August 31, 2016, the Company filed a letter requesting the Commission extend the procedural schedule stating that, due to an administrative oversight, the Company was unable to meet the deadline for the service of notice. The Commission granted the request by Order Extending Procedural Schedule issued on September 1, 2016. The Company filed proof of service on September 13, 2016.

On September 23, 2016, Virginia Electric and Power Company ("DVP") filed a Notice of Participation and Comments on the Application in which DVP requested that the Commission closely examine the Company's financial and technical fitness, and confirm EDF's compliance with the attestation requirement of 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* On September 29, 2016, EDF filed its attestation that it would abide by all applicable regulations of the Commission.

On September 30, 2016, the Staff filed its Staff Report summarizing the Application and evaluating the Company's financial condition and technical fitness. Based upon its analysis, Staff recommends that the Commission grant EDF a license to conduct business as a competitive service provider of electricity to commercial, industrial, and governmental customers throughout the Commonwealth of Virginia. Neither EDF nor DVP filed a response to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, finds that EDF's Application for a license to conduct business as a competitive service provider of electric service throughout the Commonwealth of Virginia should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) EDF hereby is granted License No. E-35 to conduct business as a competitive service provider of electricity to commercial, industrial, and governmental customers throughout the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order, 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 EDF amended its Application on August 10, 2016.

² Although EDF seeks to serve customers throughout the Commonwealth of Virginia, retail choice currently exists only in the service territories of Virginia Electric and Power Company, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia.

**CASE NO. PUE-2016-00087
DECEMBER 20, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval to implement a 2017 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions

ORDER APPROVING SAVE RIDER FOR CALENDAR YEAR 2017

On August 12, 2016, Columbia Gas of Virginia, Inc. ("CGV" or "Company") filed an application ("Application") for approval to implement a 2017 Infrastructure Reliability and Replacement Adjustment ("IRRA" or "2017 SAVE Rider") in accordance with Section 20 of the Company's General Terms and Conditions, as contemplated in the State Corporation Commission's ("Commission") November 28, 2011 Order Approving SAVE Plan and Rider,¹ as modified by the July 3, 2013 Order Approving Amended SAVE Plan² and extended by the October 23, 2015 Order Approving Amended SAVE Plan.³ The Company's SAVE Plan, as amended and extended, was authorized pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act, Chapter 26 of Title 56 of the Code of Virginia ("Code").⁴

In its Application, the Company seeks approval of (1) a 2015 True-Up Factor credit in the amount of \$146,632,⁵ to be effective with the first billing unit of January 2017 through the last billing unit of December 2017, and (2) the Company's 2017 Projected Factor to be set at zero effective for the first billing unit of January 2017 and to be reset to \$2,043,109,⁶ for the period October 1, 2017, through December 31, 2017, to recover eligible infrastructure replacement costs that are not otherwise recovered through new base non-gas rates.⁷ The Company's proposed 2017 Projected Factor and the 2015 True-up Factor would result in an IRRA total net charge to customers of \$1,896,477 for 2017.⁸

On September 7, 2016, the Commission entered an Order for Notice and Comment which, among other things, provided interested persons the ability to file comments and requests for hearing; required the Commission's Staff ("Staff") to file a report ("Staff Report"); and permitted the Company to respond to the Staff Report, comments, or requests for hearing ("Response"). No comments or requests for hearing were filed in this proceeding.

On October 12, 2016, the Company filed a Motion to Supplement Application and Modify Filing Deadlines ("Motion to Supplement"), along with amended Schedule Nos. 7 and 14 to the Application ("Supplemental Filing"). In its Motion to Supplement, the Company stated that during the course of the Staff's investigation of the Company's Application, the Staff informed CGV of its belief that the filed methodology for calculating the 2017 SAVE Rider in conjunction with a pending base rate proceeding overstates the total SAVE Rider revenue requirement.⁹ The Staff suggested a revised methodology for calculating the 2017 SAVE Rider revenue requirement and a new methodology designed to simplify the determination of the IRRA revenue requirement going forward.¹⁰ The Company stated that the new methodology would recover SAVE-eligible expenditures projected to be incurred during a rate case year through the SAVE Rider rather than as projected rate year expenditures in a pending base rate case.¹¹ The Company stated that it "supports the Staff's revised methodology in principle" and agreed to file amended Schedule Nos. 7 and 14 in order to accommodate the development of Staff's revised methodology.¹²

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. 365, Order Approving Amended SAVE Plan (July 3, 2013).

³ *Application of Columbia Gas of Virginia, Inc., For approval to amend and extend a SAVE Plan pursuant to Virginia Code § 56-604 and For approval to implement a 2016 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions*, Case No. PUE-2015-00071, 2015 S.C.C. Ann. Rept. 352, Order Approving Amended SAVE Plan (Oct. 23, 2015).

⁴ Code § 56-603 *et seq.*

⁵ See Application, Schedule No. 14a, Page 1 of 2.

⁶ See *id.*, Schedule No. 14a, Page 2 of 2.

⁷ On April 29, 2016, the Company filed with the Commission an application requesting authority to increase its rates and charges effective for the first billing unit of October 2016. 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-2016-00033, filed April 29, 2016 ("2016 Base Rate Case"). The proposed rates and charges include in rate base all SAVE investments made prior to the rate year and also include a rate year level of projected SAVE Plan costs for the period October 2016 through September 2017.

⁸ See Application, Schedule No. 14a, Page 2 of 2.

⁹ Motion to Supplement at 1.

¹⁰ *Id.* at 1-2.

¹¹ *Id.* at 2.

¹² *Id.*

The Company requested that the Commission deem the Supplemental Filing as an amendment to the Application, which would allow the statutory deadline for issuance of a final order to be reset, and to extend the filing deadlines for the Staff Report and the Company's Response.¹³ The Staff supported the Motion to Supplement and the requested modifications to the procedural schedule.¹⁴

On October 17, 2016, the Commission entered its Order Granting Motion that extended the deadline for filing the Staff Report to November 17, 2016, and the deadline for the Company's Response to November 29, 2016, and found that the Commission must approve or deny the IRRA by January 10, 2017.

The Staff Report was filed on November 17, 2016, in which Staff elaborated on its concerns that the Company referenced in the Motion to Supplement. Specifically, Staff stated that, as originally filed: (1) the 2015 True-Up Factor may result in a double-recovery of depreciation expense, property taxes, and return on investment that had been included in the Company's 2014 base rate case;¹⁵ (2) the 2015 True-Up Factor included an incorrect level of accumulated deferred income taxes; (3) the 2015 True-Up Factor did not appropriately recognize the refund of over-recoveries from prior SAVE cases; and (4) the 2017 Projected Factor may result in a double-recovery of depreciation expense, property taxes and return on investment that the Company proposed to be included in its 2016 Base Rate Case.¹⁶ The Staff Report stated further that

"[t]he Application, due to the interplay between the Company's base rates and the SAVE Rider mechanism, utilized a methodology that resulted in several complexities for both Staff and the Company in the calculation of the SAVE Rider,... In addition, these complexities made it difficult for Staff to verify the amount of SAVE investment that was appropriate for inclusion in the SAVE Rider."¹⁷

The Staff Report concluded that the Supplemental Filing resolves the issues mentioned above with regard to the 2015 True-Up Factor and 2017 Projected Factor. Specifically, the Supplemental Filing "produces a 2015 True-Up Factor that is representative of the actual level of SAVE revenues and investment, does not result in any double-recovery with base rates, and provides proper recognition of previous refunds due to over-recoveries."¹⁸ Staff agreed with the Company's revised 2015 True-Up Factor, as presented in the Company's Supplemental Filing, of a credit in the amount of \$1,395,489.¹⁹

The Staff Report further concluded that the revised methodology for calculating the 2017 Projected Factor eliminates the possibility of any double-recovery with base rates and simplifies the SAVE Rider calculation.²⁰ Specifically, the revised methodology assumes that the Company's base rates resulting from the 2016 Base Rate Case will only include actual SAVE investment as of August 31, 2016.²¹ Staff explained that the SAVE Rider investment will be effectively reset to zero on August 31, 2016, and all SAVE investment after that date will be considered new SAVE investment for purposes of the SAVE Rider.²² The revised methodology increases the SAVE investment included in the 2017 Projected Factor and results in a revised 2017 Projected Factor of \$2,713,667 in the Supplemental Filing, which Staff confirmed.²³ Therefore, the revised 2015 True-Up Factor and 2017 Projected Factor result in a total 2017 SAVE Rider recommended revenue requirement of \$1,318,178,²⁴ which is less than the amount requested in the Application and noticed to the public. According to the annual bill comparison included in the Company's amended Schedule No. 14, if approved, this revenue requirement would decrease the average residential customer's annualized 2017 SAVE Plan Rider by \$6.84.²⁵

The Company filed its Response in support of the recommendations in the Staff Report on November 29, 2016. The Response stated that the Company agrees that Statement III attached to the Staff Report accurately reflects the over-/under-recovery balances as of December 31, 2015, which were used to calculate the 2015 True-Up Factor.²⁶ The Company further requested that future Staff reviews of the over-/under-recovery balances address only

¹³ *Id.*

¹⁴ *Id.* at 3.

¹⁵ *Application of Columbia Gas of Virginia, Inc., For authority to increase rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUE-2014-00020, 2015 S.C.C. Ann. Rept. 205, Final Order (Aug. 21, 2015).

¹⁶ Staff Report at 2.

¹⁷ *Id.* at 4.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.* at 5. The Staff Report also stated that Staff will be proposing this methodology in the 2016 Base Rate Case, consistent with the Supplemental Filing and the Staff Report. *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.* at 5-6.

²⁴ *Id.* at 3, 6.

²⁵ *See id.* at 9.

²⁶ Response at 2.

SAVE activity subsequent to December 31, 2015.²⁷ The Response stated that Staff authorized the Company to represent that Staff does not oppose this request in this proceeding only. The Company requested that the Commission issue an Order adopting Staff's recommendations on or before December 20, 2016, in order to allow the Company sufficient time to implement the approved 2017 SAVE Rider effective with the first billing unit of January 2017.²⁸

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Application, as amended by the Supplemental Filing, should be approved. We further find that Staff's review of the over-/under-recovery balances in future SAVE filings by the Company will address only SAVE activity subsequent to December 31, 2015.

Accordingly, IT IS ORDERED THAT:

(1) The Company's SAVE Rider for calendar year 2017, as calculated in the Company's Supplemental Filing and confirmed in the Staff Report, hereby is approved.

(2) CGV shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs and terms and conditions of service for its IRRA, with workpapers supporting the revenue requirement and rates, which shall reflect the findings set forth in this Order.

(3) This matter is dismissed.

²⁷ *Id.*

²⁸ *Id.*

CASE NO. PUE-2016-00088 OCTOBER 6, 2016

APPLICATION OF
DIRECT ENERGY SERVICES, LLC

For a license to conduct business as an electricity competitive service provider

ORDER GRANTING LICENSE

On August 22, 2016, Direct Energy Services, LLC ("Direct Energy" or Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an electricity competitive service provider ("Application"). In its Application, the Company seeks to serve residential customers throughout the Commonwealth of Virginia.¹ Direct 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, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules").

On August 30, 2016, the Commission issued an Order for Notice and Comment ("Procedural Order") that, among other things, docketed the Application; required Direct Energy to serve the Procedural Order upon appropriate persons; permitted interested persons to file comments on the Application; required the Commission's Staff ("Staff") to analyze the Application and present its findings in a report ("Staff Report"); and provided an opportunity for participants to file responses to the Staff Report.

The Company filed proof of service on September 12, 2016. On September 19, 2016, Virginia Electric and Power Company ("DVP") filed a Notice of Participation and Comments ("DVP Comments") on the Application in which it recommended that the Commission closely examine Direct Energy's proposed operations to ensure compliance with the Retail Access Rules.² On September 19, 2016, Appalachian Power Company ("APCo") also filed comments ("APCo Comments") on Direct Energy's Application. APCo noted that Direct Energy's ability to serve customers in the service territories of electric utilities in the Commonwealth of Virginia is subject to certain statutory limitations that APCo asserts are the subject of several ongoing Commission proceedings, including a declaratory judgment action brought by Direct Energy docketed as Case No. PUE-2016-00094.³ APCo recommended any competitive service provider license granted by the Commission to Direct Energy be made contingent on the outcome of those proceedings.⁴ APCo additionally recommended the Commission ensure that Direct Energy abides by both the Retail Access Rules and the requirements of APCo's Open Access Distribution Tariff.⁵

¹ The Company filed a letter on August 23, 2016, clarifying that its Application requests authority to provide services as a competitive service provider of electricity throughout the Commonwealth of Virginia. Although Direct Energy seeks to serve customers throughout the Commonwealth of Virginia, retail choice currently exists only in the service territories of Virginia Electric and Power Company, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia.

² DVP Comments at 3.

³ APCo Comments at 1. *See Petition of Direct Energy Services, LLC, For a declaratory judgment*, Case No. PUE-2016-00094 (filed Aug. 26, 2016).

⁴ APCo Comments at 1.

⁵ *Id.*

On September 26, 2016, the Staff filed its Staff Report summarizing the Application and evaluating the Company's financial condition and technical fitness. Based upon its analysis, Staff recommends that the Commission grant Direct Energy a license to conduct business as a competitive service provider of electricity to residential customers throughout the Commonwealth of Virginia upon proof of a performance bond or other acceptable means of financial security in the amount of \$25,000.⁶ The Staff also recommends that the Commission periodically evaluate the Company's level of financial security.⁷

On September 27, 2016, Direct Energy filed a response to the Staff Report stating that the Company supported the recommendations of the Staff, including the condition requiring Direct Energy to file a performance bond.

On September 28, 2016, DVP filed comments on the Staff Report. To avoid addressing any non-license-related issues that may be pending in Case No. PUE-2016-00094, DVP requests that any license granted to Direct Energy be expressly made subject to the provisions of the Retail Access Rules, the licensing order, and any other applicable law. DVP further requests that any licensing order confirm that granting of a license does not constitute a finding or decision with respect to the relief sought in Case No. PUE-2016-00094.

NOW THE COMMISSION, upon consideration of this matter, finds that Direct Energy's Application for a license to conduct business as a competitive service provider of electric service throughout the Commonwealth of Virginia should be granted, subject to the conditions set forth below.⁸

Accordingly, IT IS ORDERED THAT:

(1) Direct Energy Services, LLC, hereby is granted License No. E -36 to conduct business as a competitive service provider of electricity to residential customers throughout the Commonwealth of Virginia, subject to Direct Energy providing the required financial security of \$25,000 in a form prescribed by the Staff. This license is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) The Staff shall review the level of financial security provided by Direct Energy at the time of the Company's annual licensure report filed 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 this license.

⁶ Staff Report at 5.

⁷ *Id.*

⁸ The granting of a license to Direct Energy in this proceeding does not constitute a finding or decision with respect to Case No. PUE-2016-00094.

CASE NO. PUE-2016-00091 AUGUST 25, 2016

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION TRANSMISSION, INC.

For approval of amended Affiliate Support Services Agreement, and an amended "Form" Affiliate Support Services Agreement, under Chapter 4 of Title 56 of the Code of Virginia

ORDER

On August 24, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") and Dominion Transmission, Inc. ("DTI"), filed with the State Corporation Commission ("Commission") an application ("Application"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ and Ordering Paragraphs (4) and (7) of the Commission's May 11, 2012 Order Granting Approval issued in Case No. PUE-2012-00018² for approval of (i) an amended DTI Support Services Agreement to allow the Company to provide Business Services³ to DTI and (ii) an amended "Form" Affiliate Support Services Agreement to allow the Company to provide Business Services as an additional category of support services to affiliates, subject to an existing exemption.

On August 24, 2016, Dominion also filed a Motion for Interim Authority to Provide Business Services to Affiliates and Request for Expedited Consideration ("Motion"). In support of its Motion, the Company states that, as part of its security functions, it has recently determined that certain affiliated companies, namely DTI, Dominion Carolina Gas Transmission, LLC ("DCGT"), Dominion Gathering and Processing, Inc. ("DGP"), The East Ohio Gas

¹ Code § 56-76 *et seq.*

² *Application of Virginia Electric and Power Company and Dominion Energy Kewaunee, Inc., Dominion Nuclear Connecticut, Inc., Dominion Products and Services, Inc., Dominion Technical Solutions, Inc., Dominion Transmission, Inc., For approval of Affiliate Support Services Agreements and future exemptions under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00018, 2012 S.C.C. Ann. Rept. 408, 409, Order Granting Approval (May 11, 2012).

³ For purposes of the Application, Business Services means to "[p]erform security (physical security support, background investigations, and investigative services across the enterprise)." Application at 7-8.

Company ("EOG"), Hope Gas Inc., ("Hope"), and Atlantic Coast Pipeline, LLC ("Atlantic"), require Business Services from certain Company security personnel and that some require such Business Services as soon as August 25, 2016.⁴ The Company further states that certain Company employees have experience in investigations, special operations, and security services, and allowing these persons to provide support services would allow the Company's affiliates to provide physical security support on an as-needed basis for ongoing operations, and to execute their contingency plans, should the need arise, using these Company personnel to support their other resources.⁵ The Company represents that it can provide the support services of these employees without compromising the security of any Company assets and personnel, and without compromising the provision of reliable electric service to customers.⁶

According to the Application, the service category of Business Services that is proposed to be added to both the DTI Support Services Agreement and the "Form" Affiliate Support Services Agreement is consistent with that approved by the Commission in Case No. PUE-2010-00144⁷ for Dominion Resources Services, Inc., to be able to provide Business Services to the Company.⁸

According to the Motion, the Company intends to withhold billing for the support services performed pursuant to interim authority pending the Commission's decision on the Application and that, upon approval, the appropriate billing would occur, subject to the terms and conditions the Commission requires for the provision of these Business Services to be in the public interest.⁹

NOW THE COMMISSION, upon consideration of the Motion, and having been advised by the Commission Staff, is of the opinion and finds that the Motion should be granted subject to certain conditions set forth herein. First, the Commission finds that interim authority should be granted for a period of 60 days to allow Dominion to provide Business Services, as defined in the Application, to DTI, DCGT, DGP, EOG, Hope, and Atlantic, subject to further Commission review of the Application. Second, the Commission finds that the interim authority granted herein shall be conditioned on the Company providing Business Services without compromising the security of any Company assets and personnel, and without compromising the provision of reliable electric service to customers. Third, the Company shall withhold billing to affiliates for the Business Services provided pursuant to the interim authority granted herein pending further Commission order. Finally, Dominion shall maintain detailed records of all transactions conducted pursuant to the interim authority granted herein and shall make this information available to Commission Staff upon request.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2016-00091.
- (2) Dominion is hereby granted interim authority to provide Business Services, as defined in the Application, to DTI, DCGT, EOG, Hope, DGP, and Atlantic, as requested in the Motion, subject to the conditions set forth herein.
- (3) This matter is continued.

⁴ Motion at 7.

⁵ *Id.*

⁶ *Id.* at 8.

⁷ *Application of Virginia Electric and Power Company and Dominion Resources Services, Inc., For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2010-00144, 2011 S.C.C. Ann. Rept. 410, Order Granting Approval (Mar. 9, 2011).

⁸ Motion at 6.

⁹ *Id.* at 8.

**CASE NO. PUE-2016-00092
NOVEMBER 21, 2016**

APPLICATION OF
APPALACHIAN POWER COMPANY
and
TRANSOURCE WEST VIRGINIA, LLC

For approval pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On August 24, 2016, Appalachian Power Company ("APCo") and Transource West Virginia, LLC ("Transource WV") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") seeking approval under Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ of a Services and Property Use Agreement ("Agreement").

Transource WV has been designated by PJM Interconnection, L.L.C. to build, own, and operate an electric transmission reliability enhancement project in West Virginia referred to as the Thorofare Project. The proposed Agreement covers four types of affiliate transactions. First, the Agreement allows Transource WV to use certain APCo distribution and transmission property located in West Virginia during the construction of the Thorofare Project, including but not limited to laydown yards, storeroom space, and office space ("APCo's Property"). Second, the Agreement allows APCo and Transource

¹ Code § 56-76 *et seq.*

WV to share each other's materials, equipment, supplies (collectively, "Materials"), and capitalized spare parts ("Capitalized Spares"). Third, the Agreement authorizes APCo employees to provide certain specific services ("Services") to Transource WV. Fourth, the Agreement grants to each Applicant and its licensees, a license ("License") to attach to or occupy the granting Applicant's facilities, equipment, and real property.

The Applicants represent that Transource WV requires access to APCo's Property primarily for the purpose of storing items to be used in the construction of the Thorofare Project. Transource WV will compensate APCo for the use of APCo's distribution property assets for a fee of \$20,500 per month for three years, commencing on the effective date of the Agreement.² Transource WV will compensate APCo for the use of APCo's transmission property assets at cost, commencing on the effective date of the Agreement.³

The Agreement states that should either APCo or Transource WV have a need for Materials or Capitalized Spares for its West Virginia electric transmission facilities, each company can request from the other any Materials or Capitalized Spares that are available. The Applicants represent that any sale of Materials or Capitalized Spares will be at book value, net of accumulated depreciation.⁴

The Agreement states that APCo will provide to Transource WV Services including, but not limited to, "consultation, analysis, [and] advice ... relating to the operation, inspection, maintenance, construction and emergency restoration of the Transource Transmission Facilities."⁵ APCo can engage the services of experts, consultants, advisers, and other persons with the necessary qualifications to provide these Services on its behalf.⁶ APCo will provide the Services on a fully distributed "at cost" basis without markup.⁷

The Agreement grants to each Applicant and its licensees a License to attach to or occupy the granting Applicant's facilities, equipment, and real property both above or below ground for the purpose of constructing, operating, maintaining, and removing the occupying Applicant's facilities and equipment.⁸ The Agreement also states that Transource WV will appoint APCo as its agent for the purpose of licensing space on Transource WV's transmission facilities for third-party joint-use attachments.⁹ The Agreement states that each Applicant will pay the other for its licensing rights at "its fully distributed costs without markup, including all direct and indirect costs which can be reasonably identified and related to the use of such facilities or real property."¹⁰

The Agreement provides for Transource WV to indemnify, defend, and hold harmless APCo and its officers, directors, and employees against all claims, demands, actions, suits, damages, liabilities, losses, costs and expenses, judgments, fines, settlements, and other damages for any Services performed by APCo, excepting fraudulent acts, gross negligence, or willful misconduct.¹¹

APCo represents that neither the book value of capitalized goods nor the cost of other goods or services to be transferred or provided pursuant to the Agreement would include a return on equity component.

Staff's Action Brief includes Staff's opinion that the Agreement is in the public interest and should be approved subject to certain requirements. APCo recommends revisions to three of Staff's recommended requirements concerning the duration of the proposed License, compensation for Transource WV's use of APCo's Property, and priority between the Applicants in the event that both need the same Materials or Capitalized Spares.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

The Commission adopts in part, and denies in part, APCo's recommendations regarding the approved duration of the affiliate license, compensation for the use of APCo's property, and priority for Materials and Spare Parts. The Commission will not limit to a five-year duration the Applicants' licenses to access their respective assets located on each other's real properties or interconnected with each other's facilities. However, our approval reflects that the proposed Agreement and Application clearly specify that the \$20,500 monthly fee for the use of APCo's property during Transource WV's construction pertains only to the use of distribution property and therefore does not provide compensation for the use of any transmission property. Additionally, we do not conclude that APCo's accommodations to facilitate its affiliate's construction and operations, including access to the existing Materials and Capitalized Spares agreements and inventories, can extend so far as to give Transource WV priority over APCo if and when a simultaneous need for Materials and Capitalized Spares exists without falling short of the public interest finding required for approval of the Application.

² Application at Exhibit 2, Services and Property Use Agreement at Paragraph 7.

³ *Id.*

⁴ *Id.* at Paragraph 6(c).

⁵ *Id.* at Paragraph 1.

⁶ *Id.*

⁷ *Id.* at Paragraph 7.

⁸ *Id.* at Paragraph 5.

⁹ *Id.* at Paragraph 4.

¹⁰ *Id.* at Paragraph 5(a).

¹¹ *Id.* at Paragraph 12.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Application as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) 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-2016-00093
OCTOBER 6, 2016**

APPLICATION OF
NOBLE AMERICAS ENERGY SOLUTIONS LLC

For a license to conduct business as an electric competitive service provider

ORDER GRANTING LICENSE

On August 26, 2016, Noble Americas Energy Solutions LLC ("Noble Americas" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for a license to conduct business as an electric competitive service provider pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). In its Application, the Company seeks to serve residential, commercial, and industrial customers in all eligible service territories throughout the Commonwealth of Virginia.¹ Noble Americas attested that it would abide by all applicable regulations of the Commission as required by the Retail Access Rules.

On September 1, 2016, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, docketed the case; required Noble Americas to serve the Scheduling Order on certain utilities; provided an opportunity for the receipt of comments on the Application; directed the Commission's Staff ("Staff") to analyze the Application and present its findings and recommendations in a report ("Staff Report"); and provided an opportunity for participants to file responses to the Staff Report.

On September 12, 2016, Noble Americas filed proof of service in accordance with the Scheduling Order. On September 15, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion") filed a notice of participation and comments ("Comments") on the Application. In its Comments, Dominion urged the Commission and the Staff to review the Company's Application closely because some information appeared incomplete.² In addition, Dominion urged the Commission and the Staff to investigate and closely examine the Company's business model and financial fitness, as even large players in the competitive retail electric markets have been experiencing recent financial pressures.

On September 22, 2016, the Staff filed its Staff Report summarizing the Company's Application and evaluating its financial condition and technical fitness. Based upon its analysis, the Staff recommended that the Commission grant Noble Americas a license to conduct business as a competitive service provider of electricity to residential, commercial, and industrial customers throughout the Commonwealth of Virginia upon proof of a performance bond or other acceptable means of financial security in the amount of \$25,000. The Staff also recommended that the Commission periodically evaluate the Company's level of financial security.

No one filed a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and the applicable law, finds that Noble Americas meets the requirements for a license to conduct business as a competitive service provider of electricity upon proof of an acceptable means of financial security in the amount of \$25,000, and such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Noble Americas hereby is granted License No. E -37 to conduct business as a competitive service provider of electricity to residential, commercial, and industrial customers throughout service territories open to competition in the Commonwealth of Virginia, subject to Noble Americas providing the required financial security of \$25,000 in a form prescribed by the Staff. This license is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) The Staff shall review the Company's financial fitness at the time of its annual licensure renewal.

(3) This license is not valid authority for the provision of any product or service not identified within the license itself.

(4) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

¹ Although Noble Americas seeks to serve customers in all eligible service territories 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, Appalachian Power Company, and the electric cooperatives.

² On September 21, 2016, Noble Americas filed an addendum to its Application containing the missing information Dominion referenced in its Comments.

**CASE NO. PUE-2016-00093
DECEMBER 20, 2016**

APPLICATION OF
CALPINE ENERGY SOLUTIONS, LLC
F/K/A NOBLE AMERICAS ENERGY SOLUTIONS LLC

For a license to conduct business as an electric competitive service provider

ORDER REISSUING LICENSE

On October 6, 2016, the State Corporation Commission ("Commission") issued License No. E-37 to Noble Americas Energy Solutions LLC ("Noble Americas" or "Company") authorizing the Company to conduct business as a competitive service provider of electricity to residential, commercial, and industrial customers throughout service territories open to competition in the Commonwealth of Virginia.

On October 17, 2016, Noble Americas filed a letter with the Commission advising that Calpine Corporation announced that it would acquire Noble Americas by year end 2016. On December 12, 2016, the Company filed a letter with the Commission providing: (i) documentation of its name change to Calpine Energy Solutions, LLC ("Calpine Energy"); (ii) an updated officer list for Calpine Energy; and (iii) an updated bond reflecting its new name.

NOW THE COMMISSION, upon consideration of this matter, finds that it should cancel and reissue License No. E-37 in the name of Calpine Energy Solutions, LLC authorizing the Company to conduct business as a competitive service provider of electricity to residential, commercial, and industrial customers throughout service territories open to competition in the Commonwealth of Virginia.

Accordingly, IT IS ORDERED THAT:

(1) License No. E-37 authorizing Noble Americas to conduct business as a competitive service provider of electricity to residential, commercial, and industrial customers throughout service territories open to competition in the Commonwealth of Virginia hereby is cancelled and reissued as License No. E-37A in the name of Calpine Energy Solutions, LLC.

(2) Calpine Energy Solutions, LLC shall operate under License E-37A pursuant to the same terms and conditions as set forth in the Commission's Order Granting License issued in this docket on October 6, 2016.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

**CASE NO. PUE-2016-00101
DECEMBER 7, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION RESOURCES SERVICES, INC.

For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 9, 2016, Virginia Electric and Power Company ("DVP" or "Company") and Dominion Resources Services, Inc. ("DRS") (collectively, "Applicants"), filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ and Ordering Paragraph (3) of the Commission's March 9, 2011 Order Granting Approval in Case No. PUE-2010-00144,² requesting approval of a revised services agreement under which DRS will continue to provide accounting, legal, human resources, information technology, management and other centralized services to DVP ("Revised Agreement"). The Applicants request approval of the Revised Agreement for a two-year term with an effective date of January 1, 2017.³

¹ Code § 56-76 *et seq.* ("Affiliates Act").

² *Application of Virginia Electric and Power Company and Dominion Resources Services, Inc., For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2010-00144, 2011 S.C.C. Ann. Rept. 410, Order Granting Approval (Mar. 9, 2011) ("2011 Order").

³ Application at 1, 4. Concurrent with the instant Application, the Company also filed a separate application with the Commission docketed as Case No. PUE-2016-00102 requesting approval of Revised Affiliate Services Agreements, effective January 1, 2017, between DVP and each of the six affiliates currently providing services to the Company pursuant to their respective Affiliate Services Agreements approved by the Commission in Case No. PUE-2010-00145. See *Application of Virginia Electric and Power Company and Dominion Energy, Inc., Dominion Energy Kewaunee, Inc., Dominion Nuclear Connecticut, Inc., Dominion Technical Solutions, Inc., Dominion Transmission, Inc., and Virginia Power Energy Marketing, Inc., For approval of Revised Affiliate Services Agreements and future exemptions from the filing and prior approval requirements under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00102, Doc. Con. Cen. No. 160910178, Application (Sept. 9, 2016).

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Applicants represent that they are proposing only limited changes to the currently operative DRS Services Agreement ("Current Agreement"). First, the Current Agreement sets forth a list of centralized services to be offered by DRS to DVP. In Exhibit 1 of the Revised Agreement, the Applicants are proposing to revise the title of two of the service categories⁴ and to remove the "Research" service category from the list of services offered because it has not been utilized by the Company and is not anticipated to be utilized going forward.⁵

Second, the Applicants are proposing limited changes to the bases of allocation set forth in Exhibit III of the Revised Agreement. The Applicants represent that the proposed changes are intended to provide greater clarity and more specificity, and to remove unnecessary items, where appropriate, in the following service functions: Accounting; Information Technology, Electronic Transmission and Computer Services and Software/Hardware Pooling; Business Services; Supply Chain; and Treasury/Finance.⁶

Third, the Current Agreement contains two default allocation methods: one that was in effect before December 1, 2013, and the current one in effect since that date. The Applicants are proposing to delete the pre-December 1, 2013 language while keeping the currently effective language intact, with an additional refinement for the Aviation-related service function provided as part of the existing "Business Services" category of services.⁷

Finally, in response to Ordering Paragraph (9) of the Commission's 2011 Order, DVP engaged PricewaterhouseCoopers LLP ("PwC") to review and gain an understanding of: (1) the DRS allocation process from cost origination at DRS to the monthly DRS billing to DVP; and (2) how DVP records DRS costs on its books.⁸ PwC prepared a cost allocation expert report ("Expert Report") dated September 16, 2016, summarizing its review, and DVP provided the Expert Report and supporting workpapers to Staff in this proceeding.⁹

In its Application, the Company represents that it is requesting a limited two-year approval of the Revised Agreement in this proceeding while it assesses the recommendations in the Expert Report and implements certain changes in the next two years to improve the transparency and verifiability of DRS charges to DVP. The Company further states that a status report on the Company's efforts during the two-year term of the Revised Agreement would be provided in its next Affiliates Act application for further approval of the services agreement between DVP and DRS.¹⁰

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Revised Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto. We also find that the Company shall submit a detailed report in its next Affiliates Act application for further approval of the services agreement between DVP and DRS that includes the following: (1) a discussion of the Company's review of each of the recommendations included in the Expert Report; (2) an explanation of which recommendations the Company implemented in the short term and how such recommendations increase the transparency and verifiability of DRS charges to DVP; and (3) an update on the status of the Company's implementation of the long-term recommendations included in the Expert Report.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Revised Agreement, 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.

⁴ Specifically, the Applicants are proposing to revise the title of the "Legal and Regulatory" service category to "Legal," and the title of the "Rates" service category to "Rates and Regulatory."

⁵ See Application at Attachment C.

⁶ *Id.* at 5-6.

⁷ *Id.* at 6.

⁸ DVP previously engaged Deloitte and Touche LLP ("Deloitte") to audit DRS in response to the 2011 Order and provided Staff a copy of Deloitte's audit report in 2013. However, as discussed in Staff testimony in Case No. PUE-2013-00020, Deloitte's audit of DRS was of a more general nature, did not focus on DRS charges to DVP, and did not address Staff's concerns. See *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).

⁹ Application at 10.

¹⁰ *Id.* at 10-11.

**CASE NO. PUE-2016-00102
DECEMBER 7, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION ENERGY, INC.,
DOMINION ENERGY KEWAUNEE, INC.,
DOMINION NUCLEAR CONNECTICUT, INC.,
DOMINION TECHNICAL SOLUTIONS, INC.,
DOMINION TRANSMISSION, INC.,
and
VIRGINIA POWER ENERGY MARKETING, INC.

For approval of Revised Affiliate Services Agreements and future exemptions from the filing and prior approval requirements under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 9, 2016, Virginia Electric and Power Company ("DVP" or "Company"), Dominion Energy, Inc., Dominion Energy Kewaunee, Inc., Dominion Nuclear Connecticut, Inc., Dominion Technical Solutions, Inc., Dominion Transmission, Inc., and Virginia Power Energy Marketing, Inc. (excluding DVP, collectively, "Affiliates") (including DVP, collectively, "Applicants"), filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ and Ordering Paragraph (4) of the Commission's March 9, 2011 Order Granting Approval in Case No. PUE-2010-00145,² requesting approval of separate revised affiliate services agreements under which each of the Affiliates will continue to provide needed services to DVP at the Company's election (collectively, the "Revised Affiliate Agreements"). The Applicants request approval of the Revised Affiliate Agreements for a two-year term with an effective date of January 1, 2017.³

In addition, for any affiliate not identified in the Application ("Future Affiliate") that would annually bill less than \$500,000 for any one service, and less than \$2 million in total services, to DVP, the Company requests that the Commission approve the same exemptions from future filing and prior approval requirements under the Affiliates Act that were granted in the 2011 Order, so long as the Future Affiliate executes the Revised Form Affiliate Services Agreement ("Revised Form Agreement") in the form set forth in the Application.⁴

The Applicants represent that they are not proposing substantive changes to the current affiliate services agreements previously approved for a five-year term ending December 31, 2016. Specifically, other than the new effective date of January 1, 2017, and the two-year term, the only other change being proposed is to revise the title of the "Rates" service category to "Rates and Regulatory" in each of the Revised Affiliate Agreements. This revision is also the only change that is being proposed in the Revised Form Agreement.⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Revised Affiliate Agreements, the Revised Form Agreement, and the requested exemption from the filing and prior approval requirements under the Affiliates Act, are in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

¹ Code § 56-76 *et seq.* ("Affiliates Act").

² *Application of Virginia Electric and Power Company, Dominion Energy, Inc., Dominion Energy Kewaunee, Inc., Dominion Nuclear Connecticut, Inc., Dominion Technical Solutions, Inc., Dominion Transmission, Inc., and Virginia Power Energy Marketing, Inc., For approval of Affiliate Services Agreements and future exemptions from the filing and prior approval requirements under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2010-00145, 2011 S.C.C. Ann. Rept. 412, Order Granting Approval (Mar. 9, 2011) ("2011 Order").

³ Application at 1-2. Concurrent with the instant Application, the Company also filed a separate application with the Commission docketed as Case No. PUE-2016-00101, requesting approval of a revised services agreement, effective January 1, 2017, with Dominion Resources Services, Inc. ("DRS"). See *Application of Virginia Electric and Power Company and Dominion Resources Services, Inc., For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00101, Doc. Con. Cen. No. 160910174, Application (Sept. 9, 2016). DRS currently provides centralized services to the Company pursuant to a DRS Services Agreement approved by the Commission in Case No. PUE-2010-00144.

⁴ Application at 2-3. The Applicants represent that the Revised Form Agreement has limited revisions consistent with those described in the Application for the Revised Affiliate Agreements. *Id.*

⁵ *Id.* at 2-3, 8-9, 11.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Revised Affiliate Agreements and the Revised Form Agreement, subject to the requirements set forth in the Appendix attached to this Order.

(2) Pursuant to § 56-77 B of the Code, the Applicants are hereby granted the requested exemption from the filing and prior approval requirements under the Affiliates Act of affiliate services agreements with any Future Affiliates, provided that the Future Affiliate executes the Revised Form Agreement in the form set forth in the Application and that such transactions are reported in the Company's Annual Report of Affiliate Transactions ("ARAT"), subject to the requirements set forth in the Appendix attached to this Order.

(3) 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-2016-00103
NOVEMBER 7, 2016**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
DOMINION ENERGY, INC.

For consideration and approval of a Second Amended and Restated Parts Reimbursement Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 8, 2016, Virginia Electric and Power Company ("Dominion" or "Company") and Dominion Energy, Inc. ("DEI") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ requesting expedited consideration and approval, on or before September 20, 2016, of a Second Amended and Restated Parts Reimbursement Agreement ("Agreement") between the Company and DEI. The Application reflects limited ministerial changes to clarify a further change and increase in the spare parts available to both the Company and DEI under substantially the same terms and conditions approved by the Commission in Case No. PUE-2011-00111.² Concurrent with the filing of the Application, the Applicants filed a motion for entry of a protective ruling to govern the treatment of confidential information in this case ("Motion").

Subsequent to the initial filing, the Applicants informed the Commission that consideration by September 20, 2016, was no longer necessary and, instead, requested the Commission's consideration on or before November 7, 2016, or 60 days from the date of the Company's Application.

The Applicants represent that the proposed Agreement is based on the original Parts Reimbursement Agreement approved by the Commission in Case No. PUE-2002-00573,³ and the Amended and Restated Parts Reimbursement Agreement approved in Case No. PUE-2011-00111.⁴ In those cases, approval was sought for a fleet agreement between DEI and General Electric International, Inc. ("GEII"), and for individual agreements between the Company and GEII and between DEI and GEII, for the repair and maintenance of electric generating units owned by Dominion and by DEI affiliates, respectively.⁵ The Applicants note that pursuant to the original Parts Reimbursement Agreement, DEI owns two sets of fleet spare parts that GEII uses to maintain Company power stations.⁶ The Applicants further note that they sought approval of the Amended and Restated Parts Reimbursement Agreement in Case No. PUE-2011-00111 so the Company could have access to additional spare parts for use during outages at Company-owned power stations.⁷

In 2014, DEI purchased a set of Advanced Gas Path Parts and certain additional compressor parts that GEII, in turn, could use when servicing gas turbine generators.⁸ As a result of these two purchases, the Applicants are requesting to make limited ministerial changes to the Amended and Restated Parts

¹ Code § 56-76 *et seq.*

² *Application of Virginia Electric and Power Company and Dominion Energy, Inc., For expedited consideration and approval of an Amended and Restated Parts Reimbursement Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia*, Case No. PUE-2011-00111, 2011 S.C.C. Ann. Rept. 549, Order Granting Approval (Nov. 3, 2011) ("2011 Order Granting Approval").

³ *Petition of Virginia Electric and Power Company and Dominion Energy, Inc., For an exemption from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code of Virginia or, in the alternative, approval of the transfer of inventory and Parts Reimbursement Agreement*, Case No. PUE-2002-00573, 2003 S.C.C. Ann. Rept. 421, Order Granting Approval (Jan. 21, 2003).

⁴ See 2011 Order Granting Approval, 2011 S.C.C. Ann. Rept. 549.

⁵ Application at 4.

⁶ *Id.*

⁷ *Id.* at 2-3.

⁸ See *id.* at Attachment A (Transaction Summary) p. 2.

Reimbursement Agreement that was approved in the Commission's 2011 Order Granting Approval in order to clarify that the inventory of the spare parts available has expanded.⁹

The Company states that the costs associated with the new parts that are placed into service will either be recovered through base rates to the extent they are used for a generation facility to which a rider under Code § 56-585.1 A 6 does not apply, or through a rate adjustment clause to the extent the new parts are used for a generation facility to which a rider under Code § 56-585.1 A 6 applies. The Company also represents that the costs associated with the proposed Agreement do not include any profit or equity component, and that the costs reflect volume-based discounts received from GEII.¹⁰

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto. We specifically find that the parts covered under the proposed Agreement should only include additional compressor parts and Advanced Gas Path parts. Additionally, we find that only the power stations specified by the Applicants in this proceeding should benefit from the proposed Agreement. The Commission also finds the Applicants' Motion is no longer necessary and, therefore, should be denied.¹¹

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Application as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) 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.

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.

⁹ *Id.* at 3.

¹⁰ See Responses to Staff Data Requests 1-1, 1-3. The Company also asserts that no DEI inventories will be included in any Company rate proceeding. See Response to Staff Data Request 2-2.

¹¹ The Commission has not received any request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUE-2016-00105
NOVEMBER 7, 2016**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of service agreement

ORDER GRANTING APPROVAL

On September 9, 2016, pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ Washington Gas Light Company ("Washington Gas" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") seeking approval of a service agreement ("Agreement") whereby Washington Gas will provide services to WGL Midstream SGG, LLC ("Midstream SGG"). The Company represents that the proposed Agreement provides substantively the same services under the same terms and conditions, albeit with a different affiliate, as the affiliate service agreements previously approved in Case No. PUE-2015-00048.² Washington Gas requests that the Agreement become effective starting on the date of the Order and remain in effect until July 27, 2020.

In its Action Brief, Commission Staff ("Staff") recommended approval of the proposed Agreement subject to certain requirements listed in the Appendix attached to the Action Brief. Specifically, Staff recommended that the Commission directly limit any services provided to those specifically identified and utilized under the proposed Agreement.³ Staff noted in the Action Brief that, in response to Staff's inquiry, the Company stated that it does not expect to provide asset optimization services ("AO Service") to Midstream SGG. Therefore, the Company represented that it will remove AO Service from the definition of the "Finance" service category in the proposed Agreement. The Company also noted that it does not provide AO Service to its other Midstream investment affiliates, and it will make a filing in the near future to revise the agreements with its other Midstream investment affiliates to reflect this fact.

¹ Code § 56-76 *et seq.*

² See Response to Staff Data Request 1-1. *Application of Washington Gas Light Company, For approval of service agreements*, Case No. PUE-2015-00048, 2015 S.C.C. Ann. Rept. 332 Order Granting Approval (Jul. 28, 2015).

³ The Service Agreement lists the following service categories: (1) Accounting and Tax; (2) Financial Report Preparation; (3) Office of the General Counsel; (4) Strategy and Corporate Development; (5) Internal Audit; (6) Investor Relations; (7) Finance; (8) Corporate Relations; (9) Executive Officers; (10) Retained Management of Outsourced Departments; (11) Information Technology Services; (12) Cash Receipts/Cash Reimbursements; (13) Operations, Engineering, Construction, and Safety; and (14) Regulatory Affairs.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In response to questions from Staff regarding the cost of services provided pursuant to the proposed Agreement, the Company represented that the services provided and received under the proposed Agreement and the costs associated with the transactions between Washington Gas and Midstream SGG will not be included in the Company's cost of service and will not impact any cost recovery mechanisms.⁴

The Company filed comments ("Comments") on Staff's Action Brief. In its Comments, the Company agreed with Staff's recommendation for approval of the Agreement and did not object to Staff's requirements listed in Appendix A. With respect to item (6) of the Appendix, the Company stated that it does not object to Staff's requirement insofar as it is consistent with the Commission's directives in its Order approving the formation of its parent holding company, WGL Holdings, Inc.⁵

NOW THE COMMISSION, upon consideration of this matter and the Company's Comments, and having been advised by Staff, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUE-2016-00105.
- (2) Pursuant to § 56-77 of the Code, the Applicant is hereby granted approval of the Agreement as described herein subject to the requirements set forth in the Appendix attached to this Order.
- (3) This case is dismissed.

NOTE: A copy of the attachment 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.

⁴ Response to Staff Data Request 1-3.

⁵ *Application of Washington Gas Light Company and its Affiliated Interests, For approval of transactions under the Code of Virginia of 1950, as amended, Title 56, Chapters 4 and 5, related to the formation of a holding company*, Case No. PUA-2000-00010, 2000 S.C.C Ann. Rept. 165, Order Granting Approval (May 11, 2000).

**CASE NO. PUE-2016-00106
OCTOBER 20, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an amendment to an amended & restated intercompany income tax allocation agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 12, 2016, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application with the State Corporation Commission ("Commission") for approval of an amendment ("Amendment") to an Amended & Restated Intercompany Income Tax Allocation Agreement ("Tax Agreement") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").¹

On June 1, 2016, the Indiana Utility Regulatory Commission approved General Administrative Order 2016-1 ("Indiana Order"), which prescribes that certain affiliate agreements include a definite termination date that is not more than five years from the effective date of such agreement. The current Tax Agreement, which is effective for NiSource Inc. and its consolidated tax return affiliates, including CGV, does not contain a defined termination date. Accordingly, to comply with the Indiana Order, NiSource Inc. has developed the Amendment, which provides a termination date of June 30, 2020, for the Tax Agreement. CGV seeks approval of the Amendment and the current Tax Agreement with the same requirements set forth in the Appendix to the Commission's March 3, 2016 Order Granting Approval in Case No. PUE-2015-00131 ("Tax Order"),² except that the duration of the Commission's approval is reduced by approximately nine months to match the new termination date.

NOW THE COMMISSION, upon consideration of the matter and having been advised by Staff, is of the opinion and finds that the proposed Amendment, and hence the Tax Agreement as amended, is in the public interest and should be approved subject to the requirements listed in the Appendix attached hereto.

¹ Code § 56-76 *et seq.*

² *Application of Columbia Gas of Virginia, Inc., For approval pursuant to the Utility Affiliates Act of an amendment to an agreement for the allocation of certain federal income tax*, Case No. PUE-2015-00131, Doc. Con. Cen. No. 160310076, Order Granting Approval (Mar. 3, 2016).

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicant is hereby granted approval to enter into the Amendment, and hence the Tax Agreement as amended, effective as of the date of this Order, subject to the requirements set forth in the Appendix attached hereto to this Order.
- (2) The Tax Order dated March 3, 2016, is incorporated herein by reference.
- (3) 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-2016-00108
DECEMBER 8, 2016**

APPLICATION OF
PRINCE GEORGE ELECTRIC COOPERATIVE
and
PGEC ENTERPRISES, LLC

For approval of affiliate agreements

ORDER GRANTING APPROVAL

On September 19, 2016, Prince George Electric Cooperative ("Cooperative") and PGEC Enterprises, LLC ("Affiliate") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of affiliate agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").¹ The Cooperative is the sole member of the Affiliate. The requested affiliate agreements consist of a Master Services Agreement (the "MSA") and Lease Agreement (collectively, the "Agreements").²

Under the proposed MSA, the Cooperative will provide management, supervisory, construction, engineering, accounting, legal, financial, and other support services to the Affiliate in order to allow the Affiliate to provide broadband Internet access to citizens and businesses in the Cooperative's service area through the Cooperative's excess bandwidth (the primary purpose of which is to improve communications between the Cooperative's substations). Under the proposed Lease Agreement, the Affiliate will lease unused fiber optic bandwidth from the Cooperative. According to the Application, approximately 90% of the communities serviced by the Cooperative do not have access to reliable broadband Internet service.³ The Applicants represent that "the transactions, if approved, will allow the Cooperative to make advantageous use of the currently unrealized value of the unused portion of its fiber optic bandwidth for the benefit of the local community" and, further, that the proposed transactions are in the public interest.⁴

The Applicants requested expedited consideration "in order to begin a pilot program whereby the Affiliate will offer broadband Internet access to a total of approximately 75 homes and government buildings along its existing fiber route (the "Pilot Program")."⁵ The Applicants stated further that "[t]he Pilot Program will be undertaken to evaluate the feasibility of further expanding the availability of broadband Internet access for the local community."⁶

Under the MSA, the Cooperative will bill the Affiliate on a monthly basis for services rendered, at the higher of cost or market, as the costs are incurred by the Cooperative. Because the Cooperative will not incur any costs in providing the surplus fiber optic bandwidth to the Affiliate under the Lease Agreement, it will set lease payments according to the market rate as determined by Pulse Broadband, LLC.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed Agreements are in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

¹ Code § 56-76 *et seq.*

² On November 15, 2016, the Commission issued an Extension Order, which docketed the Application and extended the period of review of the Application for an additional 30 days.

³ Application at 3.

⁴ *Id.*

⁵ *Id.* at 4.

⁶ *Id.* In the Applicants' response to the Commission Staff's Action Brief, the Applicants clarified that their intention is for the Pilot Program to serve as the first phase in the provision of broadband Internet access, with an eye toward expanding the program to other underserved areas along the Cooperative's fiber optic backbone pursuant to the MSA and Lease Agreement. See Applicants' Comments on Draft Action Brief dated November 18, 2016.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval to enter into the MSA and Lease Agreement as described herein and subject to the requirements set forth in the Appendix attached to this Order.

(2) There appearing nothing further to be done, this case hereby 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 cases.

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-2016-00109
NOVEMBER 16, 2016**

JOINT PETITION OF
JAMES RIVER GENCO, LLC
and
CITY POINT ENERGY CENTER, LLC

For approval of the disposition and acquisition of utility assets under the Utility Transfer Act, Chapter 5 of Title 56 of Va. Code § 56-88 *et seq.*, and for a certificate to operate generating facilities pursuant to the Utility Facilities Act, Chapter 10.1 of Title 56 of Va. Code § 56-265.1 *et seq.*

ORDER

On September 22, 2016, James River Genco, LLC ("James River") and City Point Energy Center, LLC ("City Point") (collectively, the "Petitioners") filed a joint petition ("Petition") with the State Corporation Commission ("Commission") requesting approval for the disposition by James River and the acquisition by City Point of James River's electric and steam coal-fired cogeneration power plant and associated interconnection equipment located in the City of Hopewell, Virginia ("Existing Facility"). City Point also requests that the Commission approve and issue a certificate of public convenience and necessity ("CPCN") for City Point's acquisition and operation of the Existing Facility. In addition, James River requests that the Commission cancel James River's CPCN No. ET-179a and release James River from any obligations set forth in the Commission's Order in Case PUE-2007-00092, the case where James River was granted its CPCN, effective upon the date that James River ceases to be the owner of the Existing Facility. The Petitioners also filed a Motion for Protective Order ("Motion") to prevent public disclosure of confidential information contained in the Petition, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

City Point is a Delaware special purpose entity that was formed to acquire, own and operate the Existing Facility.

The Petitioners state that the Existing Facility recovers thermal energy from turbines to provide process steam to Honeywell International, Inc. ("Honeywell International"), for use in an adjacent manufacturing plant currently owned by its subsidiary Advansix Resins and Chemicals LLC ("Advansix R&C" together with Honeywell International, "Honeywell"). The Existing Facility sits upon land leased from Honeywell International.¹ James River also bids and dispatches electric energy, capacity, and ancillary services from the Existing Facility into the wholesale market at PJM Interconnection, L.L.C. ("PJM"); its electric rates and services are regulated by the Federal Energy Regulatory Commission.

The Petitioners represent that the proposed sale and transfer of the Existing Facility is the first step in a process that ultimately would result in a new combined heat and power facility which would provide steam for Honeywell and would generate electricity for sale into PJM (the "Project"). The Project is planned in three phases. During Phase 1 (the subject of this Petition), City Point would acquire and operate the Existing Facility and continue its operation until Phase 2 is permitted, constructed, and operational. During Phase 2, City Point would construct and operate a facility that would generate steam for Honeywell but would not produce electricity. Once the Phase 2 facility is operational, the Existing Facility would be taken offline and decommissioned. During Phase 3, City Point would construct and operate a new, approximately 50 megawatt steam and electric generation facility, which would burn a natural/landfill gas mixture (the "New Facility"). City Point will file a separate CPCN application with the Commission seeking authority to construct and operate the New Facility for electric generation.

The Petitioners represent that adequate service to the public at just and reasonable rates would not be impaired or jeopardized by the proposed transaction. As noted above, James River bids and sells energy, capacity, and ancillary services at wholesale from the Existing Facility into the PJM markets. Therefore, the Existing Facility does not serve any Virginia customers other than the steam provided to Honeywell. The Petitioners represent that City Point would continue to produce electricity at the Existing Facility and sell it to PJM during Phase 1 of its Project. The Petitioners also represent that James River has obtained and currently maintains all local, state and federal governmental licenses, permits, approvals and authorizations necessary for the operation of the Existing Facility. City Point has represented that it would obtain all permits required to operate the Existing Facility.

NOW THE COMMISSION, upon consideration of the Petition and comments of the Petitioners and having been advised by its Staff, is of the opinion and finds that the proposed transfer would neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and that the authority requested in the Petition should be granted. We further find that City Point should be issued a CPCN to acquire and to operate the Existing Facility. We find that the issuance of such certificate: (i) would have no material adverse effect upon the rates paid by the customers of any regulated public utility in the Commonwealth; (ii) would have no material adverse effect upon reliability of electric service provided by any such regulated

¹ In a letter to Staff, City Point's counsel represented that on October 1, 2016, Honeywell International spun off AdvanSix Inc., AdvanSix R&C's parent, to the shareholders of Honeywell International. As noted in this correspondence, however, the Existing Facility would continue to sell steam to AdvanSix R&C. Additionally, and as a result of the spin-off, AdvanSix R&C would become the lessor of the land on which the Existing Facility is sited. See letter from Bernard L. McNamee, Esquire, to Arlen K. Bolstad, Esquire, dated November 14, 2016, filed in this docket.

public utility; and (iii) is not otherwise contrary to the public interest. The Commission also finds that the Applicants' Motion is no longer necessary; therefore, the Motion should be denied.²

Accordingly, IT IS ORDERED THAT:

(1) Pursuant §§ 56-89 and 56-90 of the Code of Virginia, the Petitioners are hereby granted approval of the transfer of the Existing Facility as described herein.

(2) The Commission, having found that the public convenience and the necessity require the acquisition and operation by City Point of the Existing Facility, hereby grants City Point a CPCN therefore, pursuant to the Utility Facilities Act. James River's existing Certificate No. ET-179a shall be cancelled upon transferring the Existing Facility to City Point.

(3) Upon City Point filing the appropriate United States Geological Survey topographical maps detailing the location of the Existing Facility with the Division of Public Utility Regulation ("Division"), the Division shall issue Certificate ET-179b to City Point to acquire and operate the Existing Facility.

(4) Within thirty (30) days of closing of the transfer of the Existing Facilities, the Petitioners shall file a report of action ("Report") with the Commission. The Report shall include the date that the closing of the transaction occurred.

(5) The authority granted herein shall not be deemed to include any authorizations other than the authority to dispose of and acquire the Existing Facility pursuant to the Transfers Act and the granting of a CPCN to acquire and operate the Existing Facility pursuant to the Utility Facilities Act.

(6) The Commission's Utility Transfers Act approval shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the proposed transfer.

(7) 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 The Commission held the Petitioners' Motion 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 as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

**CASE NO. PUE-2016-00114
NOVEMBER 22, 2016**

APPLICATION OF
BEST PRACTICE ENERGY LLC

For a license to conduct business as an aggregator for electricity and natural gas

ORDER GRANTING LICENSE

On September 26, 2016, Best Practice Energy LLC ("Best Practice" or "Company") filed an application with the State Corporation Commission ("Commission") to be licensed to conduct business as an aggregator for electricity and natural gas ("Application"). In its Application, the Company seeks authority to serve commercial and industrial customers throughout the Commonwealth of Virginia.¹ Best Practice attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").²

On October 6, 2016, the Commission entered an Order for Notice and Comment ("Notice Order") that, among other things, docketed the case; required Best Practice to serve a copy of the Notice Order upon appropriate persons; provided for the receipt of comments from the public; required the Commission's Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file a response to the Staff Report.

On October 24, 2016, the Company filed proof of service five days after the deadline set forth in the Notice Order. On October 31, 2016, Best Practice filed a letter requesting that the proof of service be accepted for filing or, in the alternative, that the Commission deem the Company's letter as a motion for leave to file the proof of service out of time ("Motion for Leave").

On October 24, 2016, Dominion Virginia Power filed a notice of participation and comments. Those comments, among other things, urged the Commission and its Staff to investigate and closely examine Best Practice's business model and financial fitness.

¹ On October 3, 2016, Best Practice filed a letter amending the Application to request statewide authority for the gas and electric aggregator licenses. Although Best Practice seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Columbia Gas of Virginia, Inc., Washington Gas Light Company, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power"), Appalachian Power Company, and the electric cooperatives. Moreover, retail access choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s.

² 20 VAC 5-312-10 *et seq.*

On October 25, 2016, Staff filed a Motion for an Extension of Time to File Staff Report and to Amend Procedural Schedule ("Motion") on the grounds that certain responses to data requests to Best Practice remained outstanding, and Staff did not have all of the necessary information to complete its investigation and file its Staff Report by the deadline of October 27, 2016, as provided by the Notice Order. The Commission granted Staff's Motion in an Order Granting Extension on October 26, 2016.

On November 2, 2016, Staff filed its Staff Report summarizing Best Practice's Application and evaluating its financial condition and technical fitness. Staff recommended that a license be granted to conduct business as an aggregator of electricity and natural gas to commercial and industrial customers throughout the Commonwealth of Virginia.³ The Staff Report also indicated that Staff did not object to the Company filing its proof of service out of time. Neither Best Practice nor Dominion Virginia Power filed comments to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, finds that Best Practice meets the requirements for a license to conduct business as an aggregator of electricity and natural gas and that such license should be granted subject to the conditions set forth below. We further find that no party opposed Best Practice's Motion for Leave and that Best Practice's Motion for Leave should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Best Practice hereby is granted License No. A-48 to provide competitive aggregation service for electricity and natural gas to eligible 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) Best Practice's Motion for Leave is granted, and Best Practice's proof of service is accepted for filing.
- (4) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

³ Staff Report at 4.

**CASE NO. PUE-2016-00116
DECEMBER 20, 2016**

APPLICATION OF
BARC ELECTRIC COOPERATIVE
and
BARCONNECTS, LLC

For approval of affiliate arrangements

ORDER GRANTING APPROVAL

On September 26, 2016, BARC Electric Cooperative ("BARC") and BARConnects, LLC ("BARConnects") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of affiliate agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").¹ BARConnects is a wholly-owned subsidiary of BARC. The requested affiliate agreements consist of a Services Agreement, a Fiber and Network Equipment Lease Agreement, a Line of Credit Agreement, a Subscriber Agreement, and authority for BARC to provide up to \$3 million in funding to BARConnects as an equity contribution (collectively, the "Agreements").²

According to the Application, BARC recently converted its metering system to an advanced metering infrastructure; however, the functions of interval meter reading, outage pinging, and energy monitoring require more bandwidth than is available through BARC's current Internet service providers.³ The Applicants state that, in order to allow BARC to securely and reliably communicate with its substations and other electric devices, and to meet the unserved and underserved need for high-speed Internet access in and around BARC's service territory, BARC will construct and own a fiber network, which will be operated and maintained by BARConnects and will be used to provide residential and commercial voice, video, and broadband Internet service to BARC and other subscribers.⁴

According to the Application, BARC will construct the fiber network in three phases.⁵ Phase I will be located in Rockbridge County and will cost approximately \$20 million.⁶ BARConnects will leverage the fiber network to provide broadband Internet access initially to BARC and to offer broadband services to approximately 4,100 homes, schools, and businesses in Rockbridge County.⁷

¹ Code § 56-76 *et seq.*

² On November 21, 2016, the Commission issued an Order Extending Time for Review, which docketed the Application and extended the period of review of the Application for an additional 30 days.

³ Application at 2-3.

⁴ *Id.* at 2, 6-7.

⁵ *Id.* at 6.

Under the proposed Services Agreement, BARC will supply management, administrative, and operational services to BARConnects to support its operations.⁸ The Applicants state that BARC will charge the higher of cost or market for these services.⁹ Under the proposed Fiber and Network Equipment Lease Agreement, BARC will lease the fiber and network equipment to BARConnects for a term of five years, at a rate based on a straight-line 25-year amortization of the capital cost of the fiber and network equipment.¹⁰ Under the proposed Line of Credit Agreement, BARC and BARConnects will enter into a \$9 million short-term line of credit agreement to provide working capital to BARConnects on an as-needed basis.¹¹

Lastly, the Applicants state that, during the initial phase of the project, BARC will be the largest customer of broadband services from BARConnects.¹² Accordingly, under the proposed Subscriber Agreement, a special class of service will be created for BARC to receive a suite of advanced communication services.¹³ The Applicants propose to base the price of these communication services on BARC's broadband consultant's input and comparable costs incurred by BARC and other electric cooperatives for communications services.¹⁴

The Applicants state that the proposed Agreements are in the public interest because they will facilitate the development and implementation of the fiber network in order to meet BARC's need for improved communications and its members' need for reliable, high-speed Internet.¹⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Agreements are in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval to enter into the Agreements as described herein and subject to the requirements set forth in the Appendix attached to this Order.

(2) There appearing nothing further to be done, this case 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.

⁶ *Id.* The Applicants state that \$17 million will come from a Rural Utilities Service Loan, of which BARC has requested Commission approval. *Id.* at 8-9. See *Application of BARC Electric Cooperative, For authority to issue debt*, Case No. PUE-2016-00132, Doc. Con. Cen. No. 161118297, Application (Nov. 4, 2016). The remaining \$3 million will be provided by BARC as an equity contribution, subject to Commission approval in this case. Application at 9-10.

⁷ *Id.* at 6.

⁸ *Id.* at 9.

⁹ See Transaction Summary (Attachment E to the Application) at 6.

¹⁰ Application at 7.

¹¹ *Id.* at 10.

¹² *Id.*

¹³ *Id.* According to the Application, BARC commits to take service for an initial 12-month term, which will automatically renew on a month-to-month basis if BARC does not provide 90 days' notice of termination. See Transaction Summary at 2.

¹⁴ Transaction Summary at 5.

¹⁵ Application at 11.

**CASE NO. PUE-2016-00117
DECEMBER 19, 2016**

APPLICATION OF
APPALACHIAN POWER COMPANY
and
AEP APPALACHIAN TRANSMISSION COMPANY, INC.

For approval pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 27, 2016, Appalachian Power Company ("APCo") and AEP Appalachian Transmission Company, Inc. ("AppTransco") (collectively "Applicants"), filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting approval of an agreement ("Agreement") granting a mutual license ("License") permitting APCo and AppTransco to attach to

¹ Code § 56-76 *et seq.*

or occupy each other's facilities, equipment, and real property in Tennessee for the purpose of constructing, operating, maintaining, and removing transmissions facilities and equipment ("Activities").

The proposed Agreement and License are limited to transmission facilities within the real property and rights-of-way of APCo and AppTransco in the State of Tennessee. The primary utilization of the real property and rights-of-way is expected to occur as a result of the retirement and removal of certain APCo transmission facilities at the end of their useful service life, which will subsequently be replaced with AppTransco facilities.

The term of the proposed Agreement is five years unless terminated sooner upon written notice by one of the Applicants. Section 2 of the Agreement provides for a License with an initial term of 50 years, which is subsequently renewable for one-year terms.

The License Activities are at cost. The proposed fee is based upon depreciation, interest expense, property taxes, return on equity, and income taxes. No operating and maintenance ("O&M") or indirect costs are included in the fee. The Applicants represent that any O&M costs associated with the real property and rights-of-way will be charged directly to either APCo or AppTransco based upon the Applicants' respective License Activity utilization. The Applicants also indicate that map records will be available to show the Applicants' transmission line utilization of the real property and rights-of-way.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the 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.

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-2016-00118
OCTOBER 19, 2016**

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On September 27, 2016, Central Virginia Electric Cooperative ("Central Virginia" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code")¹ for authority to borrow \$23,800,000 in long-term debt. Central Virginia has paid the requisite fee of \$250.

Central Virginia requests authority to borrow \$23,800,000 from the Federal Financing Bank ("FFB"). The FFB loan will be guaranteed by the Rural Utilities Services. The proceeds will be used to fund distribution and transmission construction detailed in its September 27, 2016 application. The loan will have a 35-year maturity and will have periodic debt service payments. The interest rate is based on the yield on a U.S. Treasury bond with a similar maturity plus one-eighth of one percent. Central Virginia will have the option to select an interest rate term ranging from less than 1 year to up to 35 years. If the Cooperative selects an interest rate term of less than 35 years, the interest rate will re-price to the then prevailing U.S. Treasury bond yield plus one-eighth of one percent for the interest rate maturity the Cooperative selects at that time.

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) Central Virginia is authorized to incur up to \$23,800,000 in debt obligations in the form of a Rural Utilities Services Guaranteed Federal Financing Bank Loan, under the terms and conditions and for the purposes stated in its application.

(2) Within thirty (30) days of the date of any advance of funds from FFB, the Cooperative shall file with the Commission's Division of 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 Code § 56-55 *et seq.*

**CASE NO. PUE-2016-00119
NOVEMBER 21, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA

For authority to enter into a capital lease

ORDER GRANTING AUTHORITY

On September 30, 2016, Columbia Gas of Virginia, Inc. ("Columbia" or "Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code")¹ for authority to enter into a capital lease ("Proposed Lease") with Emerson I, LLC ("Emerson")² for a training facility the Company proposes to have constructed next to its Chester Operations Center. Columbia has paid the requisite fee of \$250.

The Company represents that its parent company, NiSource, Inc. has undertaken a training initiative to develop a modernized training approach to address: (i) the changing demographics of the workforce; (ii) the increase in testing and associated documentation requirements for enhanced Operator Qualification testing and the Distribution Integrity Management Program; (iii) the greater complexity of routine work due to new infrastructure and technology in the field; and (iv) the high consequence of human error in field operations.

To further this initiative, Columbia proposes to construct a training center building that would include a "Fire School" and "Safety Town" where employees would receive hands-on, scenario-based training (collectively, "Training Facility"). The Fire School facilities would enable the use of mock scenarios to replicate real life situations that would allow employees, contractors, and emergency responders to safely approach and extinguish a variety of fire situations in a contained and controlled environment. The Safety Town facilities would replicate real world conditions with functioning underground natural gas lines, house meters, and a variety of gas appliances inside model homes, which would provide employees an opportunity to hone their skills in installing and repairing natural gas facilities.

The Company states that it considered various locations around its Chester Operations Center as potential sites for the Training Facility, ultimately settling on the property adjacent to its Chester Operations Center. Under Columbia's proposal, Emerson would acquire 11.7 acres next to Columbia's operations center and then construct the Training Facility to Columbia's specifications. Columbia would then lease the Training Facility from Emerson. In addition, the Proposed Lease also would encompass Columbia's Chester Operations Center.

The initial term of the Proposed Lease is 20 years, with an anticipated start date of January 1, 2018, and an expiration date of December 31, 2037. Annual lease payments (paid monthly) will be \$1,101,816.98 for years one through five; \$1,118,556.49 for years six through ten; \$1,135,798.18 for years 11 through 15; and \$1,153,557.12 for years 16 through 20. In addition, Columbia will pay Emerson approximately \$200,000 as an annual operating expense charge (with a year-end reconciliation to actual operating expenses) payable monthly during the initial term of the Proposed Lease as a contribution for real property taxes, the cost of any insurance carried by Emerson with respect to the subject premises, and the cost of maintenance and repair of the premises. Columbia will have the option to renew the lease term for three additional five-year terms.

According to the Company, as is its standard practice, the Company performed a lease versus self-build analysis. Based on this analysis, the Company concluded that leasing the Training Facility would save customers approximately \$3.6 million on a net present value basis compared to owning the Training Facility. Moreover, in its Action Brief filed in this docket, the Commission Staff concluded that the net present value of the revenue requirement favors leasing the Training Facility versus building by approximately \$4 million.

NOW THE COMMISSION, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Columbia is authorized to enter into the proposed lease agreement with Emerson for the Training Facility and the Chester Operations Center, under the terms and conditions and for the purposes stated in its application.
- (2) The authority granted herein shall have no implications for ratemaking purposes.
- (3) Columbia shall file an executed copy of the lease agreement with the Commission within thirty (30) days of executing the lease agreement with Emerson.
- (4) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

¹ Code § 56-55 *et seq.*

² The Company currently leases its Chester, Virginia, operations center ("Chester Operations Center") from Emerson under an operating lease initially executed in 2000.

**CASE NO. PUE-2016-00122
NOVEMBER 4, 2016**

APPLICATION OF
NORTHERN NECK ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On October 13, 2016, Northern Neck Electric Cooperative ("Northern Neck" 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 \$18,500,000 in long-term debt. Northern Neck has paid the requisite fee of \$25.

Northern Neck requests authority to borrow \$18,500,000 from the Federal Financing Bank ("FFB"). The FFB loan will be guaranteed by the Rural Utilities Services ("RUS"). The proceeds will be used to fund distribution and transmission construction detailed in its three-year work plan approved by RUS. The loan will have a 35-year maturity and will have periodic debt service payments. The interest rate is based on the yield on a U.S. Treasury bond with a similar maturity plus one-eighth of one percent. Northern Neck will have the option to select an interest rate term ranging from less than 1 year to up to 35 years. If the Cooperative selects an interest rate term of less than 35 years, the interest rate will re-price to the then prevailing Treasury bond yield plus one-eighth of one percent for the interest rate maturity the Cooperative selects at that time.

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) Northern Neck is authorized to incur up to \$18,500,000 in debt obligations in the form of a Rural Utilities Services Guaranteed Federal Financing Bank Loan, under the terms and conditions and for the purposes stated in its application.
- (2) Within thirty (30) days of the date of any advance of funds from FFB, the Cooperative shall file with the Commission's Division of 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-2016-00123
DECEMBER 8, 2016**

APPLICATION OF
PRINCE GEORGE ELECTRIC COOPERATIVE

For authority to issue securities

ORDER GRANTING AUTHORITY

On October 18, 2016, Prince George Electric Cooperative ("PGEC") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to change its short-term line of credit facilities, and to request approval of a loan with the National Rural Utilities Cooperative Finance Corporation ("CFC"). PGEC has paid the requisite fee of \$250.

PGEC states in its application that it is requesting authority to decrease its current line of credit facility executed July 1, 2002, from a committed principal amount of \$3 million to a committed principal amount of \$2 million. In addition, PGEC seeks to enter into a new "As Offered Uncommitted Line of Credit" for \$2 million. The authority requested would result in total short-term borrowing capacity of \$4 million, or a net increase of \$1 million over its current capacity. PGEC pays a commitment fee to have access to short-term borrowing capacity that is committed to be available at any time, even though such capacity may not always be needed. To provide a more affordable structure of its short-term borrowing capacity for contingencies that may arise from time to time, PGEC is requesting authority to enter into an uncommitted line of credit for a portion of its overall short-term borrowing capacity. PGEC notes that the rate for the new uncommitted line of credit is .4% less than the committed line of credit.

Lastly, PGEC requests authority to borrow up to \$12 million of long-term debt from CFC to finance future distribution plant needs. However, PGEC anticipates that it will only need \$8.4 million of debt to finance its current \$14 million work plan. This assumption is based upon PGEC's customary practice of using 60% debt and 40% internally generated funds to finance its operations. In response to informal data requests, PGEC clarified that the terms of the CFC financing agreement would allow it to have a draw period of up to 40 years upon execution of the loan agreement with an amortization period not exceeding 35 years. PGEC further clarified that it could finance the current work plan for the next 4 years and use the additional \$3.6 million¹ of borrowing capacity for future capital needs with favorable terms as long as the amortization period is shorter than 35 years or the term expiration of the financing agreement.

¹ The \$3.6 million is the difference between the total \$12 million of requested long-term debt borrowing authority and the estimated \$8.4 million of long-term debt required to fund the current work plan.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that the approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) PGEC is authorized to decrease its current line of credit facility from a committed principal amount of \$3 million to a committed principal amount of \$2 million, enter into a new "As Offered Uncommitted Line of Credit" for \$2 million, and enter into an agreement with CFC to finance future distribution plant needs with up to \$12 million in long-term debt.

(2) Within thirty (30) days of the date of any advance of long-term debt from CFC, pursuant to the authority granted in Ordering Paragraph (1), PGEC 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) Approval of this application shall have no implications for ratemaking purposes.

(4) There being nothing further to be done, this matter is hereby dismissed.

**CASE NO. PUE-2016-00124
DECEMBER 13, 2016**

APPLICATION OF
VIRGINIA - AMERICAN WATER COMPANY
and
AMERICAN WATER CAPITAL CORP.

To extend authority for continued participation in a Financial Services Agreement pursuant to the Affiliates Act

ORDER GRANTING AUTHORITY

On October 20, 2016, Virginia-American Water Company ("Virginia-American") and American Water Capital Corp. ("Capital Corp.") (together, the "Applicants") filed with the State Corporation Commission ("Commission") an application to continue participation in a Financial Services Agreement ("Agreement") under Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").¹

Financial services supplied under the Agreement include cash management through nightly "cash sweeps" and investment of excess cash. In addition, Virginia-American will borrow short-term funds from Capital Corp. under the Agreement. Short-term funds will be used to finance ongoing constructions plans, provide working capital, repay maturing long-term debt, pay dividends, and for other corporate purposes. The interest rate applicable to short-term borrowings from Capital Corp. or short-term investment with Capital Corp. will be the effective cost of funds received by Capital Corp. on investments in the capital markets. If short-term funds are available to Virginia-American from another source when needed and on terms Virginia-American finds preferable, it can engage with other lenders without cost or penalty. Costs incurred by Capital Corp. in connection with its bank lines of credit and short-term public borrowings will be divided among the participants in proportion to the maximum amount of principal each participant requests to be made available during the year. Long-term funds can also be borrowed from Capital Corp. under the Agreement; however, borrowing long-term debt requires separate Commission approval under Chapter 3 of Title 56 of the Code.²

The Applicants represent that continued participation in the Agreement will allow Virginia-American to borrow at lower rates and receive higher investment rates than it could obtain on a stand-alone basis.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the Applicants' continued participation in the Agreement is in the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Affiliates Act, the Applicants are hereby granted approval of the Agreement as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) There being nothing further to be done, 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.

¹ Code § 56-76 *et seq.*

² Code § 56-55 *et seq.*

**CASE NO. PUE-2016-00126
DECEMBER 20, 2016**

APPLICATION OF
EVOLUTION ENERGY PARTNERS LLC

For a license to conduct business as an aggregator for electricity

ORDER GRANTING LICENSE

On October 26, 2016, Evolution Energy Partners LLC ("Evolution" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for electricity ("Application"). In its Application, the Company seeks authority to serve commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.¹ Evolution attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").²

On November 2, 2016, the Commission entered an Order for Notice and Comment ("Order") that, among other things, docketed the case; required Evolution to serve a copy of the Order upon appropriate persons; permitted interested persons to file comments on the Application; required the Staff of the Commission ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a report ("Staff Report"); and provided an opportunity for participants to file any reply comments to the Staff Report.

On November 3, 2016, Evolution filed proof of service. On November 29, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power filed comments on Evolution's Application requesting that the Commission and its Staff investigate and closely examine the Company's technical and financial fitness.

On December 6, 2016, Staff filed its Staff Report summarizing Evolution's Application and evaluating its financial condition and technical fitness. Staff recommended that the Commission grant Evolution a license to conduct business as an aggregator of electricity to commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.³ On December 6, 2016, Evolution filed a reply to the Staff Report supporting issuance of the requested license as recommended in the Staff Report and waiving further comments related to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, finds that Evolution meets the requirements for a license to conduct business as an aggregator of electricity and that such license should be granted subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Evolution hereby is granted License No. A-49 to conduct business as an electric aggregator for commercial, industrial, and governmental customers throughout the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order Granting License, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

¹ Although Evolution seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Virginia Electric and Power Company, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia.

² 20 VAC 5-312-10 *et seq.*

³ Staff Report at 5.

**CASE NO. PUE-2016-00129
DECEMBER 20, 2016**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate

ORDER GRANTING AUTHORITY

On October 31, 2016, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed an application with the State Corporation Commission ("Commission") under Chapters 3¹ and 4² of Title 56 of the Code of Virginia ("Code") seeking authority: (i) to issue long-term debt to an affiliate and (ii) to borrow up to \$100 million in short-term debt through participation in an intrasystem money pool arrangement with an affiliate. The amount of short-term

¹ Code § 56-55 *et seq.*

² Code § 56-76 *et seq.*

debt requested in the application is in excess of twelve percent (12%) of CGV's total capitalization, as defined in § 56-65.1 of the Code. The Company paid the requisite fee of \$250.

CGV proposes to issue up to \$60 million of new long-term promissory notes ("Notes") to NiSource Finance Corp. ("NFC") between January 1, 2017, and December 31, 2018. The proceeds from the Notes will be used to fund a portion of the Company's 2016-2018 construction program, which is projected to total approximately \$286 million. The interest rate on any Notes issued to NFC will be determined by directly referencing the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance for utilities with a credit risk profile equivalent to that of NFC on the dates such Notes are issued. The term of Notes would have a maturity of up to thirty (30) years.

In addition, CGV proposes to continue to participate, as a borrower only, in the NiSource System Money Pool ("Money Pool") under the NiSource System Money Pool Agreement for the period January 1, 2017, through December 31, 2018. CGV requests authority to borrow up to \$100 million in short-term debt through the Money Pool. CGV states that the Money Pool proceeds will be used to meet peak short-term cash requirements, including the funding of construction expenditures, gas purchases and gas storage. CGV states that although short-term debt projections indicate a peak day borrowing of approximately \$62 million, \$100 million of short-term borrowing authority is requested to provide a reserve of borrowing capacity that may be needed for gas purchases during periods of unforeseen volatility in gas prices and abnormally cold weather.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) CGV is hereby granted approval of the authority requested in the application as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) This matter shall remain subject to the continued review, audit, and appropriate directive of the Commission.

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-2016-00130
DECEMBER 15, 2016**

APPLICATION OF
ATMOS ENERGY CORPORATION
and
ATMOS ENERGY HOLDINGS, INC.

For authority to incur short-term debt and to lend and borrow short-term funds to and from its affiliates.

ORDER GRANTING AUTHORITY

On October 31, 2016, Atmos Energy Corporation ("Atmos" or "Company") and Atmos Energy Holdings, Inc. ("AEH") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapters 3¹ and 4² of Title 56 of the Code of Virginia ("Code"). Atmos requests authority to incur short-term indebtedness up to a maximum of \$2.25 billion for the period January 1, 2017, through December 31, 2017. 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, AEH, in an amount not to exceed \$500 million at any one time during 2017. Applicants paid the requisite fee of \$250.

Atmos proposes to incur short-term indebtedness by making drawdowns under new and existing lines of credit. Currently, Atmos has a \$1.50 billion credit facility in place that has an accordion feature that could allow borrowings of up to \$1.75 billion ("Credit Facility"). According to the Credit Facility, Atmos's borrowings will bear interest at floating rates based on the type of loan Atmos elects, either a Base Rate Loan or a Eurodollar Loan. Under Atmos's commercial paper program, the interest rate is set at the time of the advance and is based on capital market conditions at that time. Atmos states that the proceeds will be used for the repayment of all or a portion of the Company's outstanding short-term debt; for the purchase, acquisition and/or construction of additional properties or facilities, as well as improvements to the Company's existing utility plant; and for other general corporate purposes.

Atmos also proposes to continue to borrow from and lend to AEH, its wholly owned subsidiary, through a \$500 million short-term cash credit facility ("Affiliate Facility") for the period January 1, 2017, through December 31, 2017. AEH also can 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 Applicants' Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest

¹ Code § 56-55 *et seq.*

² Code § 56-76 *et seq.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) Atmos is hereby authorized to incur short-term indebtedness up to \$2.25 billion at any one time between January 1, 2017, and December 31, 2017, under the terms and conditions and for the purposes set forth in the Application.
- (2) 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, 2017, and December 31, 2017, under the terms and conditions and for the purposes set forth in the Application.
- (3) Applicants shall file with the Commission quarterly reports of action no later than May 16, 2017, August 15, 2017, and November 15, 2017, reporting on their short-term debt activities during the previous calendar quarter. Such reports shall include a monthly schedule of daily short-term borrowings of Atmos separate from AEH borrowings, the average monthly balance, the average monthly interest rate, and the monthly maximum amount of short-term debt outstanding.
- (4) Applicants shall submit to the Commission a final report of action on or before February 28, 2018, providing the information required in Ordering Paragraph (3) for the fourth calendar quarter of 2017. 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 2017.
- (5) Applicants shall provide to the Division of Utility Accounting and Finance the quarterly financial reports for AEH that are provided to its lenders at the same time such reports are provided to the lenders.
- (6) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Affiliate Facility, including changes in allocation methodologies and successors and assigns.
- (7) The authority granted herein shall not preclude the Commission from applying to Applicants the provisions of §§ 56-78 and 56-80 of the Code hereafter.
- (8) The Commission reserves the right to examine the books and records of any affiliate of Applicants in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.
- (9) The approval granted in this case shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Affiliate Facility or Credit Facility.
- (10) Should Applicants wish to obtain authority beyond year 2017, Atmos shall file an application requesting such authority no later than October 31, 2017.
- (11) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2016-00131
NOVEMBER 21, 2016**

APPLICATION OF
ROANOKE GAS COMPANY

For authority to enter into an interest rate swap transaction pursuant to Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On November 1, 2016, Roanoke Gas Company ("Roanoke" or the "Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code")¹ requesting authority to enter into an interest rate swap agreement. The Company has paid the requisite fee of \$250.

Roanoke anticipates issuing \$7 million in debt with a five-year maturity pursuant to the authority granted in Case No. PUE-2014-00049 ("Note")². The proceeds will be used to retire short-term debt. The interest rate on the Note will be established at the time of issuance and is expected to have a variable rate equal to the 30-day London InterBank Offered Rate ("LIBOR") plus 90 basis points. The Company intends to pay the variable interest rate for the first year. However, in conjunction with the issuance of the Note, the Company proposes to enter into an interest rate swap agreement ("Swap")³ to fix the interest rate on the Note for the second to fifth year. The fixed rate portion of the Swap will be determined at the time the Swap is executed, but the Company expects the fixed rate portion of the Swap to equal 2.25% to 2.40% while the floating rate portion will remain LIBOR plus 90 basis points.

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.

¹ Code § 56-55 *et seq.*

² *Application of Roanoke Gas Company, For authority to issue debt*, Case No. PUE-2014-00049, 2014 S.C.C. Ann. Rept. 444, Order Granting Authority (June 25, 2014).

³ The Commission has found that interest rate swap agreements constitute securities, as defined by § 56-55 of the Code, and are subject to Commission regulation. See *In re Virginia Electric and Power Company, Interest Rate Swap Agreements*, Case No. PUF-1997-00019, 1997 S.C.C. Ann. Rept. 469, Order (Nov. 24, 1997).

Accordingly, IT IS ORDERED THAT:

- (1) Roanoke is hereby authorized to enter into a Swap with a notional principal amount of \$7 million under the terms and conditions and for the purposes set forth in the application.
- (2) Roanoke is authorized to enter into a Swap for the purposes of establishing a fixed interest rate on the Note authorized in Case No. PUE-2014-00049, under the terms and conditions set forth herein.
- (3) Within ten (10) days of execution of the Swap, Roanoke shall file a report of action to include details concerning the Swap, including the notional principal amount, the tenor, the fixed and floating interest rates for the first payment period, the index used to determine the floating rate, and the frequency of payments.
- (4) The authority granted herein shall have no implications for ratemaking purposes.
- (5) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2016-00132
DECEMBER 21, 2016**

APPLICATION OF
BARC ELECTRIC COOPERATIVE

For authority to issue debt

ORDER GRANTING AUTHORITY

On November 4, 2016, BARC Electric Cooperative ("BARC") filed an application ("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. BARC has paid the requisite filing fee of \$250.

BARC is seeking authority to incur up to \$28.162 million in debt from the Federal Financing Bank ("FFB") in the form of two notes, one for \$17 million ("AY8") and one for \$11.162 million ("AX8"). BARC is also seeking authority to enter into a revolving term loan ("RTL") with CoBank or National Rural Utilities Cooperative Financing Corporation ("CFC") that will not exceed \$20 million. BARC states that these loans will be used to finance construction as detailed in BARC's approved Form 740C. Specifically, the AY8 loan will be used to finance the construction of the fiber optic network described in BARC's application currently before the Commission in Case No. PUE-2016-00116.² The AX8 loan will be used to finance construction needs contained in BARC's four year work plan related to distribution and transmission facility improvements. Funding under the RTL will be used for construction of BARC's fiber optic network and will provide funding for this work until such time as jobs are completed and the applicable long term loan advance under the AY8 loan is received. The AY8 loan advance will then be applied to any outstanding balance. The terms of the AY8 and AX8 loans will be 20 and 35 years, respectively, and the interest rates will be determined at the time of each advance. The RTL will mature and be due December 31, 2018, or on such earlier maturity date determined by BARC. The interest rate for the RTL will also be determined at the time of the advance.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) BARC is authorized to borrow up to \$28.162 million from FFB and enter into an RTL with CoBank or CFC, 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 FFB, BARC shall file with the Commission's Division of Utility Accounting and Finance a Report of Action, which shall include the amount of the advance and the interest rate.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) This matter is dismissed.

¹ Code § 56-55 *et seq.*

² *Application of BARC Electric Cooperative and BARConnects, LLC, For approval of affiliate arrangements*, Case No. PUE-2016-00116, Doc. Con. Cen. No. 160930094, Application (Sept. 26, 2016).

**CASE NO. PUE-2016-00134
DECEMBER 21, 2016**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.
Principal Applicant
and
SOUTHERN COMPANY GAS,
AGL SERVICES COMPANY,
and
SOUTHERN COMPANY GAS CAPITAL CORPORATION
Affiliate Applicants

For authority to issue short-term debt, long-term debt and common stock to an affiliate under Chapters 3 and 4, Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On November 15, 2016, Virginia Natural Gas, Inc. ("VNG"), Southern Company Gas ("SCG"), Southern Company Capital Corporation, 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 a Utility Money Pool ("Utility Money Pool"), to issue and sell common stock to an affiliate and to issue long-term debt to an affiliate. The amount of short-term debt proposed in the Application exceeds twelve 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 SCG in an amount not to exceed \$250,000,000; and (iii) issue and sell common stock to SCG in an amount not to exceed \$300,000,000, all for the period January 1, 2017, through December 31, 2017.

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-2015-00120.³ Applicants represent that the requested authority for Utility Money Pool borrowings of up to \$150,000,000 is a maximum and does not reflect VNG's actual short-term borrowing requirements. However, Applicants state that the level of short-term borrowing requested will provide the flexibility needed by VNG to finance its operations on a short-term basis until management deems it appropriate to secure permanent, long-term financing based on capital market conditions and other criteria.

All short-term borrowings will be in accordance with the Utility Money Pool Agreement, which was originally approved by the Commission's Order Granting Authority in Case No. PUE-2004-00132.⁴ 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 SCG, any terms and conditions thereon will mirror the terms and conditions of debt issued by SCG. If SCG does not issue long-term debt within one year from the date of the long-term debt issued by VNG, the rate of interest on that corresponding issue of VNG debt will be determined utilizing the interest rate on the comparable term U.S. Treasury Securities as reported in the H.15 Federal Reserve Statistical Release nearest to the time of the loan takedown, plus an appropriate credit spread for SCG's existing long-term debt rating. However, such VNG debt rate will be adjusted to match SCG's cost of borrowing if SCG subsequently issues long-term debt within one year after the VNG loan is drawn.

For common stock, VNG requests authority to issue up to 6,452 shares of common stock without par value to SCG. If all additional shares of common stock are issued pursuant to this request, the total number of common shares outstanding will be 10,000 shares. This is equal to the total number of shares authorized. The common stock will be sold at the book value of VNG's common equity as of its most recent balance sheet date immediately prior to the sale date.

¹ Code § 56-55 *et seq.*

² Code § 56-76 *et seq.*

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-2015-00120, 2015 S.C.C. Ann. Rept. 403, Order Granting Authority (Dec. 8, 2015).

⁴ *Application of Virginia Natural Gas, Inc., AGL Resources Inc., and AGL Services Company, For authority to issue short-term debt, long-term debt, and common stock to an affiliate*, Case No. PUE-2004-00132, 2004 S.C.C. Ann. Rept. 539, Order Granting Authority (Dec. 3, 2004).

Applicants state that the proposed issuance of long-term debt and common equity will be used to reduce short-term borrowings, to fund distribution system capital improvement projects, to pay or refinance other obligations of VNG, and for other proper public utility purposes.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) VNG is authorized to participate in the Utility Money Pool and to incur short-term indebtedness in excess of twelve percent of capitalization not to exceed \$150,000,000, for the period January 1, 2017, through December 31, 2017, under the terms and conditions and for the purposes set forth in the Application, and subject to the requirements set forth in the Appendix attached to this Order.

(2) VNG is hereby authorized to issue long-term debt to SCG in an amount not to exceed \$250,000,000 and to issue and sell common stock to SCG in an amount not to exceed \$300,000,000, for the period January 1, 2017, through December 31, 2017, 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.

**CASE NO. PUE-2016-00142
DECEMBER 29, 2016**

APPLICATION OF
AQUA WINTERGREEN VALLEY
UTILITY COMPANY, INC.
D/B/A AQUA VIRGINIA, INC.

For an increase in rates and fees

ORDER FOR NOTICE AND HEARING

On November 16, 2016, Aqua Wintergreen Valley Utility Company, Inc. d/b/a Aqua Virginia, Inc. ("Aqua" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")), notified its customers and the State Corporation Commission's ("Commission") Division of Public Utility Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after December 31, 2016. The Company states that its proposal would bring its rates into alignment with other Aqua metered systems throughout the Commonwealth.

The Company proposes to eliminate both the water and sewerage allowances currently contained in Aqua's base facility charges and convert the base facility charges from flat fees to charges based on meter size. The Company proposes to charge for usage based on a volumetric charge for all gallons used rather than the current Aqua volumetric rate, which increases as usage increases. The Company also proposes to apply the same water rate structure to residential and non-residential customers, eliminating the existing commercial rate. For wastewater, the Company proposes to charge the same base facility charge to residential and non-residential customers but will continue to charge non-residential customers a different volumetric rate for gallons used.

As of December 20, 2016, the Division had received complaints from 217 of Aqua's 404 water customers opposing the proposed rate increase. The number of customers objecting to the proposed rate increase thus represents approximately 54% of the customers affected by the Company's proposed rates.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds as follows. Pursuant to § 56-265.13:6 A of the Code:

Upon application to the Commission by at least 25 percent of all customers affected by a rate change or by 250 affected customers, whichever number is lesser, or by the small water or sewer utility itself, or by the Commission, upon its own motion, a hearing shall be held after at least 30 days' notice to the small water or sewer utility and to its customers. The Commission may order such improvements or changes in service, measurements, practices, acts, rates, charges, fees, and rules and regulations of such utility as are just and reasonable.

When a hearing is ordered, the Commission shall have the authority to suspend such rates, charges, fees, and rules and regulations for no more than 60 days or to declare them to be interim, or both. Interim rates, fees, and charges shall be subject to refund with interest until such time as the Commission has made its final determination in the proceeding. Upon completion of the hearing and decision, the Commission may order such public utility to refund, with interest at a rate set by the Commission, the portion of such rates, charges, or fees found not justified by its decision.

The provisions of § 56-265.13:6 of the Code are mandatory; that is, the Commission is required by this statute to set a hearing for a small water company rate increase if more than 25% of the affected customers request a hearing. Upon setting the matter for hearing, the Commission has the authority to suspend the rates for up to 60 days, make the rates interim, or both. Thus, we find that a hearing should be scheduled on the Company's proposed rate increase, that the proposed rates should be suspended for a period of 60 days, and that the proposed rates should thereafter be made interim, subject to refund with interest, until such time as the Commission renders its final decision in this proceeding.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUE-2016-00142.
- (2) Pursuant to Rule 5 VAC 5-20-120 A, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.
- (3) Pursuant to § 56-265.13:6 of the Code, the Company's proposed rates are hereby suspended for a period of sixty (60) days, or until February 27, 2017, and thereafter made interim, subject to refund with interest until such time as the Commission has made a final decision in this proceeding.
- (4) A public hearing before a Hearing Examiner shall be convened on June 13, 2017, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses, under oath, and the evidence of the Company, any respondents and the Commission Staff ("Staff"). Public witnesses desiring to make statements at the hearing concerning this case need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above fifteen (15) minutes before the starting time on the day of the hearing and identify himself or herself to the Commission's Bailiff.
- (5) Aqua shall forthwith make copies of its proposed changes to its rates and fees and a copy of this Order for Notice and Hearing ("Order") available for public inspection during regular business hours at the Company's business office located at 2414 Granite Ridge Road, Rockville, Virginia 23146. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: <http://www.scc.virginia.gov>.
- (6) On or before January 24, 2017, the Company shall cause the following notice to be sent to each of its customers by first class mail, postage prepaid (bill inserts are acceptable):

NOTICE TO THE PUBLIC OF A HEARING
ON THE PROPOSED CHANGE IN WATER RATES AND FEES
OF AQUA WINTERGREEN VALLEY UTILITY COMPANY, INC.
d/b/a AQUA VIRGINIA, INC.
CASE NO. PUE-2016-00142

- **Aqua Wintergreen Valley Utility Company, Inc. d/b/a Aqua Virginia, Inc. ("Aqua"), has notified its customers of its intent to increase rates and fees effective for service rendered on and after December 31, 2016.**
- **The new rates would eliminate the existing usage allowance and charge customers for usage based on a volumetric rate.**
- **A public hearing will be held at the State Corporation Commission ("Commission") on June 13, 2017, at 10 a.m.**
- **Further information about this case is available on the Commission's website at: <http://www.scc.virginia.gov>.**

On November 16, 2016, Aqua Wintergreen Valley Utility Company, Inc. d/b/a Aqua Virginia, Inc. ("Aqua" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")), notified its customers and the State Corporation Commission's ("Commission") Division of Public Utility Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after December 31, 2016. The Company states that its proposal would bring its rates into alignment with other Aqua metered systems throughout the Commonwealth.

The Company proposes to eliminate both the water and sewerage allowances currently contained in Aqua's base facility charges and convert the base facility charges from flat fees to charges based on meter size. The Company proposes to charge for usage based on a volumetric charge for all gallons used rather than the current Aqua volumetric rate, which increases as usage increases. The Company also proposes to apply the same water rate structure to residential and non-residential customers, eliminating the existing commercial rate. For wastewater, the Company proposes to charge the same base facility charge to residential and non-residential customers but will continue to charge non-residential customers a different volumetric rate for gallons used.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As of December 20, 2016, the Division had received complaints from 217 of Aqua's 404 water customers opposing the proposed rate increase. The number of customers objecting to the proposed rate increase thus represents approximately 54% of the customers affected by the Company's proposed rates.

The Commission has issued an Order for Notice and Hearing ("Order") docketing the proceeding; suspending the proposed rates for 60 days and thereafter making the proposed rates interim, subject to refund with interest upon a final determination by the Commission in this proceeding; and scheduling a hearing on the proposed increase in rates and fees.

TAKE NOTICE that while the total revenue requirement that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, the individual rates and charges approved by the Commission may be higher or lower than those proposed by the Company.

A public hearing before a Hearing Examiner is scheduled to commence on June 13, 2017, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive evidence related to the proposed changes in rates and fees. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time on the day of the hearing and contact the Commission's Bailiff.

A copy of the Company's proposed changes to its rates and fees and a copy of the Commission's Order are available for public inspection during regular business hours at the Company's business office located at 2414 Granite Ridge Road, Rockville, Virginia 23146. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: <http://www.scc.virginia.gov>.

On or before May 30, 2017, any interested person may file an original and fifteen (15) copies of any written comments on the proposed increase in rates and fees with Joel H. Peck, Clerk ("Clerk"), State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219. Interested persons desiring to submit comments electronically may do so on or before May 30, 2017, by following the instructions on the Commission's website: <http://www.scc.virginia.gov>. All comments shall refer to Case No. PUE-2016-00142.

On or before April 4, 2017, any person interested in participating as a respondent in this proceeding shall file a notice of participation with the Clerk. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk at the address set forth above. A copy of the notice of participation simultaneously shall be served on the Company at the address set forth above. All notices of participation shall refer to Case No. PUE-2016-00142. Interested persons should obtain a copy of the Commission's Order for further details on participation as a respondent.

All written communications to the Commission concerning Aqua's proposed increase in rates and fees shall be directed to the Clerk at the address set forth above and shall refer to Case No. PUE-2016-00142.

The Commission's Rules of Practice and Procedure may be viewed at <http://www.scc.virginia.gov>. A printed copy of the Commission's Rules of Practice and Procedure and an official copy of the Commission's Order may be obtained from the Clerk at the address set forth above.

AQUA WINTERGREEN VALLEY UTILITY COMPANY, INC.
d/b/a AQUA VIRGINIA, INC.

(7) On or before January 24, 2017, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon the equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by personal delivery or first class mail to the customary place of business or residence of the person served.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(8) On or before February 21, 2017, the Company shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, proof of the notice and service required by Ordering Paragraphs (6) and (7) herein.

(9) On or before February 21, 2017, the Company shall file the testimony and exhibits that the Company intends to present at the public hearing and each witness's testimony shall include a summary not to exceed one page. The testimony shall include a balance sheet, income statement, statement of cash flows, and rate of return statement. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8). All testimony and exhibits shall refer to Case No. PUE-2016-00142.

(10) On or before May 30, 2017, any interested person may file with the Clerk of the Commission at the address in Ordering Paragraph (8) any written comments on the Company's proposed changes in its rates and fees. Any interested person desiring to submit comments electronically may do so on or before May 30, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov>. Interested persons shall refer in their comments to Case No. PUE-2016-00142.

(11) On or before April 4, 2017, any person interested in participating as a respondent in this proceeding shall file a notice of participation with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8). A copy of the notice of participation simultaneously shall be served on the Company at the address set forth in Ordering Paragraph (5) above. Pursuant to Rule of Practice 5 VAC 5-20-80 B, *Participation as a respondent*, 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-2016-00142.

(12) As required by Ordering Paragraph (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 and a copy of the proposed changes to its rates and fees, unless these materials have already been provided to the respondent.

(13) On or before April 4, 2017, each respondent may file with the Clerk of the Commission any testimony and exhibits by which it expects to establish its case and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8). Each respondent shall serve copies of the testimony and exhibits on the Company and on all other respondents.

(14) On or before May 9, 2017, the Commission Staff shall investigate the Company's proposed increase in rates and fees and shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits regarding its investigation, 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.

(15) On or before May 23, 2017, the Company may file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall simultaneously serve a copy of the testimony and exhibits on the Commission Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of the rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(16) The Company and all respondents shall respond to interrogatories and requests for production of documents within seven (7) calendar days after receipt of same. Except as modified above, discovery shall be in accordance with the Commission's Rules of Practice.

(17) This matter is continued generally.

DIVISION OF SECURITIES AND RETAIL FRANCHISING

CASE NO. SEC-2013-00038
MAY 18, 2016

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

v.

MARTIN PALACIOS

and

KEY WEST YOGURT INTERNATIONAL, INC.,

Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Martin Palacios ("Palacios") and Key West Yogurt International, Inc. ("Key West"), (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Key West was a holding company that, through its subsidiaries, operated frozen yogurt retail locations. Palacios was the president and a director of Key West.

Key West was incorporated in Delaware on August 25, 2010, and received authority in Virginia to transact business as a foreign corporation on February 10, 2011, with 60,000,000 shares of authorized stock. The certificate of authority to transact business in Virginia of Key West was revoked on June 30, 2012. In addition, Key West's charter was revoked in Delaware.

Key West, through its selling agents Palacios and Richard Michael ("Michael"), offered and sold stock totaling \$547,750 to at least 20 Virginia investors from September 2010 through October 2011. The stock was neither registered with the Division nor exempt from registration. Neither Palacios nor Michael was registered with the Division to offer or sell securities and neither was exempt from registration.

Based on its investigation, the Division alleges that the Defendants 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; and (ii) § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration. In addition, the Division alleges: (i) Palacios violated § 13.1-504 A of the Act by transacting business in Virginia without duly being registered with the Division as an agent of the issuer; and (ii) Key West violated § 13.1-504 B of the Act by employing unregistered agents in the offer and sale of securities.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants 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 the amount of \$547,750 in monetary penalties. The penalty will be waived if an offer of rescission is made to all investors who were offered and sold securities in violation of the Act.

(2) The Defendants will make an offer of rescission to investors pursuant to the following:

- (a) Within thirty (30) days of the date of this Order, the Defendants will make a written offer of rescission to the investors, sent by certified mail, which will include an offer to repay all monies invested by or through the Defendants and a provision that gives each investor thirty (30) days from the date of receipt of the offer of rescission to provide the Defendants with written notification of their decision to accept or reject the offer.
- (b) The Defendants will provide to the Division a copy of the offer of rescission for its review and comment at least ten (10) days before sending it to each investor.
- (c) The Defendants will include with the written offer of rescission a copy of this Order.
- (d) If the offer of rescission is accepted, the Defendants will forward the payment to the investor within one (1) year of receipt of each acceptance.
- (e) Within ninety (90) days from the date of the final rescission payment, the Defendants will submit to the Division proof of certified mailing of the offer of rescission and an affidavit, executed by the Defendants, which contains the date on which each investor received the offer of rescission, the investor's response, and, if applicable, the amount and the date that payment was sent to the investor.

(3) The Defendants will not violate the Act in the future.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

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

**CASE NO. SEC-2014-00031
FEBRUARY 23, 2016**

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

v.

ROGER ODELL HUDSPETH
DOMINION INVESTMENT ADVISORS, LLC,
Defendants

JUDGMENT ORDER

On February 25, 2015, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against Roger Odell Hudspeth ("Hudspeth") and Dominion Investment Advisors, LLC ("DIA") (collectively, "Defendants") based upon allegations made by the Commission's Division of Securities and Retail Franchising ("Division"). Specifically, the Division alleged that the Defendants had violated §§ 13.1-504, 13.1-507, 13.1-502 (2), and 13.1-521 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Among other things, the Rule directed the Defendants to file a responsive pleading, scheduled a hearing, and assigned the matter to a hearing examiner ("Hearing Examiner") to conduct further proceedings.

During the course of the proceedings, the Division executed discovery on the Defendants, including conducting a deposition of Hudspeth on September 3 and 4, 2015. In an attempt to respond to the Division's discovery, the Defendants, among other things, served third-party subpoenas upon a number of Virginia limited liability companies seeking the requested information.¹ The subpoenaed limited liability companies failed to respond to the Commission-issued third-party subpoenas, resulting in the Defendants filing two Motions to Compel² and a Motion for Order of Contempt ("Contempt Motion").³

On September 29, 2015, the Hearing Examiner issued a Hearing Examiner's Ruling Recommending Penalties and Certification to the Commission ("Certification Ruling") addressing the Contempt Motion. The Certification Ruling recommended, among other things, that the Commission impose a daily penalty of \$10,000 against certain of the noncompliant subpoenaed limited liability companies.⁴ However, the Certification Ruling also provided an opportunity for those impacted by the Contempt Motion to file comments on the recommendation contained in the Certification Ruling before the Commission reached a decision on any penalty recommendation.⁵

¹ See Defendants' Subpoena Duces Tecum, Doc. Con. Cen. Nos. 150610029-31, 150610085-103, and 150620044.

² See Motion to Compel Third Party Production dated July 29, 2015, Doc. Con. Cen. No. 158759132 and Supplemental Motion to Compel Third Party Production dated August 7, 2015, Doc. Con. Cen. No. 150320025 (collectively, "Motion to Compel"). In a Hearing Examiner's Ruling of August 28, 2015, the Hearing Examiner denied the Motion to Compel in part and took it under advisement in part.

³ See Motion for Order of Contempt dated September 18, 2015, Doc. Con. Cen. No. 150930150. The Contempt Motion requested that the Commission impose contempt sanctions against several of the entities that had been subpoenaed, many of which had voluntarily cancelled their limited liability company status within the Commonwealth of Virginia after being served with the Defendants' document subpoenas.

⁴ Certification Ruling at 5.

⁵ *Id.* at 6.

By Order dated November 23, 2015 ("Penalty Order"), the Commission granted in part and denied in part the Contempt Motion and imposed a fine of \$10,000 per day on certain of the Virginia limited liability companies pursuant to § 12.1-33 of the Code (Fine for disobedience of Commission orders).⁶ The Penalty Order also directed weMonitor USA LLC ("weMonitor") or its successor, BlueDot ("BlueDot"), to produce any documents in its possession.⁷

On December 16, 2015, the Division filed a Motion for Entry of Consent of Judgment Order ("Judgment Motion") with the Commission. The Division represented that the Defendants had executed a Consent to Entry of Judgment Order ("Consent"), a copy of which was attached to the Judgment Motion, admitting to detailed factual allegations and violations of the Act and supporting the Commission's entry of a Judgment Order against the Defendants.⁸ Specifically, the Defendants acknowledge that they have committed the following violations of the Act: (1) 146 violations of § 13.1-507 of the Act by offering and selling unregistered securities to 58 investors between 2011 and 2015; (2) 146 violations of § 13.1-502 (2) of the Act by failing to make certain material disclosures; (3) 146 violations of § 13.1-503 A 4 of the Act by making certain unsuitable investment recommendations and misrepresentations; (4) 54 additional violations of § 13.1-503 A 4 of the Act associated with specific offers and sales of securities in the Dental Support Plus Franchise, LLC, and the DSPF Group LLC; (5) 146 violations of § 13.1-503 B of the Act by making material omissions; (6) one violation of § 13.1-516 of the Act by filing a false or misleading document with the Commission; (7) 146 violations of Rule 21 VAC 5-80-160 (A) by failure to keep true, accurate and current books;⁹ and (8) two violations of § 13.1-521 A of the Act by failing to allow the Division to conduct full audits and by misrepresenting that they were not conducting business associated with securities. In addition, Hudspeth acknowledges that he violated § 13.1-504 A of the Act on 146 occasions by acting as an unregistered agent and an unregistered broker-dealer.

The Defendants also agreed to the entry of a Judgment Order including the following terms and conditions:

1. Imposition of a civil penalty of \$1 million pursuant to § 13.1-521 A of the Act. The penalty will be waived if Hudspeth is able to make restitution to his 58 clients in an amount that meets or exceeds the penalty of \$1 million (with the understanding that the Division has evidence of the sale of approximately \$7 million in unregistered securities);
2. The permanent revocation of DIA's registration as an investment advisor ("IA") in Virginia;
3. The permanent revocation of Hudspeth's registration as an investment advisor representative ("IAR") in Virginia;
4. A permanent bar prohibiting the Defendants from registration in Virginia as an IA, IAR, broker-dealer agent, or agent of the issuer;
5. A directive requiring the cancellation of DIA's business existence and the cessation of DIA's business activities by the end of 2015;
6. A permanent injunction prohibiting the Defendants future violations of the Act; and
7. A directive requiring Hudspeth to provide assistance to the Division in any future investigation of Dominion Investment Group, LLC; Dominion Private Client Group LLC; Daryl Gene Bank, or any associates or affiliates; and requiring Hudspeth's participation in any associated enforcement hearing, including pending Case No. SEC-2015-00020.

The Division requested that the Hearing Examiner file a report recommending the Commission's entry of a Judgment Order in this case.¹⁰

On December 18, 2015, the Hearing Examiner issued her report ("Report"). In her Report, among other things, the Hearing Examiner found and recommended that the Commission enter a Judgment Order against the Defendants: (i) finding that Hudspeth and DIA had committed the violations of the Act acknowledged in the Consent; (ii) incorporating the terms and conditions that have been agreed to by the Defendants with the additional requirement that Hudspeth be required to make restitution to his clients of at least \$1 million within 12 months of the entry of the Judgment Order to achieve a waiver of the assessed penalty; and (iii) retaining jurisdiction over the matter pending the Defendants' compliance with the Judgment Order. In addition, the Hearing Examiner found that because the Defendants had admitted to the statutory violations alleged by the Division in the case, the hearing on the Rule should be cancelled.¹¹

On December 30, 2015, the Division and the Defendants filed comments to the Report ("Comments") in which both expressed concern over the Hearing Examiner's recommendation that in order for the Defendants to receive the waiver of the penalty restitution by Hudspeth is to be completed within 12 months of the date of entry of the Judgment Order.¹²

⁶ DV8 Group Management LLC, Janus Spectrum Group LLC, Prime Spectrum LLC, Spectrum 100 LLC, Spectrum Management LLC, Warped Cigar LLC, Warped Cigar Management LLC, weMonitor Group LLC, weMonitor Management LLC and YW Management LLC (collectively, "LLCs"). These LLCs voluntarily cancelled their LLC status prior to the entry of the Penalty Order and have not, as of the date of this Judgment Order, paid the fines assessed by the Commission.

⁷ See Penalty Order at 7 and 8. In a response ("Response") to the Penalty Order filed with the Commission on November 30, 2015, Billy J. Seabolt, Esq., registered agent for weMonitor, declared that he has not obtained any further documents to turn over to the Defendants. Response at 2.

⁸ Judgment Motion at 1.

⁹ Recordkeeping Requirements for Investment Advisors.

¹⁰ *Id.*

¹¹ Report at 4.

¹² See Comments to the Report ("Comments"), Doc. Con. Cen. No. 15125052 and 151250081. In its Comments, the Division indicated that it had left the time period for restitution open-ended to allow the Defendants the maximum amount of time to pay restitution.

After filing Comments to the Report, the Defendants and the Division discussed a potential resolution of the case that would address both the Report's recommendation and the concerns raised in the Comments. Accordingly, while the Division acknowledged that the Defendants' financial condition would make it impossible to make restitution within 12 months as recommended in the Report, they both agreed that a period of five years to pay restitution would provide the Defendants a reasonable opportunity to make restitution to avoid the imposition of the civil penalty. In addition, the Division and the Defendants agreed to the removal of paragraph 25 (F) from the terms and conditions of the Consent.¹³

On January 27, 2016, the Division filed a Supplemental Motion to the Motion for Entry of Consent of Judgment Order ("Supplemental Motion"). In the Supplemental Motion, the Division and the Defendants request that the Commission modify paragraph 25 (A) of the Consent to: (i) limit the waiver of the penalty if restitution is made within five years of the date of entry of the Judgment Order;¹⁴ and (ii) remove paragraph 25 (F) from the terms and conditions of the Consent.¹⁵

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 Supplemental Motion should be granted and that Hearing Examiner's findings and recommendations are reasonable and should be adopted, as modified by the Supplemental Motion. In addition, the Commission finds that based upon the resolution of this case, that the fines imposed upon the non-compliant Virginia limited liability companies pursuant to the Penalty Order should be vacated. The Commission also finds that there are no other documents to be produced by weMonitor or BlueDot responsive to the Penalty Order, and that the Defendants have committed the violations of the Act as acknowledged in the Consent.

Accordingly, IT IS ORDERED THAT:

- (1) The Supplemental Motion is Granted.
- (2) The findings and recommendations of the December 18, 2015 Hearing Examiner's Report are hereby adopted, as modified herein.
- (3) The Defendants will pay a civil penalty in the amount of \$1 million pursuant to § 13.1-521 A of the Act. The penalty will be waived if Hudspeth pays restitution to his 58 clients within five years of the date of entry of the Judgment Order that meets or exceeds the \$1 million penalty.
- (4) The Defendants' registration as an investment advisor representative and an investment advisor, respectively, are hereby revoked as of the date of the entry of the Judgment Order.
- (5) The Defendants are permanently barred from registration in Virginia as an investment advisor, investment advisor representative, broker-dealer agent, or agent of the issuer; pursuant to § 13.1-506 (1), (5), and (7) of the Act.
- (6) The Defendants shall cease all business operations as an investment advisor and investment advisor representative, respectively as of the date of the entry of the Judgment Order.
- (7) The Defendants are permanently enjoined from any future violations of the Act.
- (8) The penalties assessed against certain Virginia limited liability companies as described in the Penalty Order issued on November 23, 2015, are hereby vacated.
- (9) 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 Judgment Order.

¹³ Paragraph 25 (F) requires Hudspeth to provide assistance to the Division in any future investigation of Dominion Investment Group, LLC; Dominion Private Client Group LLC; Daryl Gene Bank, or any associates or affiliates; and requiring Hudspeth's participation in any associated enforcement hearing, including pending Case No. SEC-2015-00020.

¹⁴ Imposition of a civil penalty of \$1 million pursuant to § 13.1-521 A of the Act. The penalty will be waived if Hudspeth is able to make restitution to his 58 clients in an amount that meets or exceeds the penalty of \$1 million (with the understanding that the Division has evidence of the sale of approximately \$7 million in unregistered securities);

¹⁵ See footnote 13, *supra*.

**CASE NO. SEC-2015-00004
AUGUST 11, 2016**

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

v.

VASILIOS COMMUNITY DEVELOPMENT CORPORATION,
and
CARL VAUGHAN,
Defendants

JUDGMENT ORDER

On July 29, 2016, the State Corporation Commission's ("Commission") Division of Securities and Retail Franchising filed a Consent to Entry of Judgment Order ("Consent"). The Division represented that the Defendants had executed the Consent, in which the Defendants admitted to detailed factual allegations regarding the offer and sale of securities in the form of promissory notes to a number of Virginia residents. In the Consent, the Defendants admitted to violating §§ 13.1-507 and 13.1-504 A of the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia. The Defendants' admitted violations support the Commission's entry of a Judgment Order ("Order") against the Defendants.

NOW THE COMMISSION, upon consideration of the record and the applicable statutes, is of the opinion and finds that the Defendants have committed the violations of the Act as acknowledged in the Consent.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendants will pay a civil penalty in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) pursuant to § 13.1-521 A of the Act. The penalty will be waived if the Defendants pay restitution to the investors listed in the Consent in the total amount of Two Hundred Fifty Thousand Dollars (\$250,000) on a pro rata basis within five (5) years of the date of the entry of this Order.
- (2) The Defendants will make pro rata payments of no less than One Thousand Five Hundred Dollars (\$1,500) per month until such time as all investors receive their final payments.
- (3) The Defendants are permanently enjoined from future violations of the Act.
- (4) The Commission shall retain jurisdiction in this matter for all purposes, including 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 this Order.

**CASE NO. SEC-2015-00027
JANUARY 19, 2016**

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

v.

CI FRANCHISE COMPANY, LLC,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of CI Franchise Company, LLC ("CI" or "Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

The Defendant, a Florida limited liability company organized on October 25, 2012, offers and sells franchises that provide enrichment programs for children. The Defendant is wholly owned by Creative Learning Corporation ("CLC"). On July 22, 2015, CLC's board of directors removed Brian Pappas as CLC's CEO and as the Defendant's managing director and appointed Michelle Cote ("Cote") as president of both companies.

The Defendant has never registered its franchise with the Division to be offered or sold in the Commonwealth of Virginia ("Virginia"). However, the Defendant sold three franchises to be operated in Virginia and entered into a new franchise agreement after the transfer of one of those three franchises to a fourth Virginia franchisee. This transfer constitutes an unregistered sale since the original sale was unlawful.

The Franchise Disclosure Document ("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 Virginia 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, it is alleged by the Division that regulatory oversight was circumvented by the Defendant.

The Defendant omitted material information and made material misrepresentations in connection with franchise sales by not disclosing to any of the four Virginia franchisees that it had never registered its franchise with the Division. This constitutes a material omission.

Further, the Defendant failed to disclose its affiliates BFK Franchise Company, LLC ("BFK") and SF Franchise Company, LLC within Item 1 of the FDD provided to prospective Virginia franchisees. Specifically, BFK failed to disclose several legal matters under Item 3 of its FDD. The Defendant's failure to provide this disclosure in its FDD is a material omission.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant engaged in transactions to conceal, cancel and void one of the unregistered sales in Virginia. Dan O'Donnell ("O'Donnell"), CLC's chief operations officer, proposed to a Virginia franchisee that she purchase an affiliated BFK franchise and offered a free CI franchise once the franchise was registered by the Division. Subsequently, and contrary to the franchisee's wishes, O'Donnell applied the franchisee's deposit for the CI franchise to the purchase of an affiliated BFK franchise, thereby releasing the franchisee's ownership rights to the CI franchise. At the same time, O'Donnell returned the franchisee's check for the franchise initial fees and requested a new check be issued to BFK. The Defendant's franchisee was unaware that her deposit would be applied to BFK. The proposed arrangement required the franchisee to accept a more costly franchise that was outside of her core competencies.

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; (ii) § 13.1-563 (1) of the Act by employing any device, scheme, or artifice to defraud; (iii) § 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; (iv) § 13.1-563 (3) of the Act by engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon franchisees; and (v) § 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 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 paid restitution totaling \$39,450 to two Virginia franchisees.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), the amount of Sixty Thousand Dollars (\$60,000) in monetary penalties. The Defendant shall have one hundred and twenty (120) days from the date of entry of this Order to pay the full amount of this penalty.
- (2) The Defendant will pay to the Treasurer, 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 its Virginia franchisees a copy of this Order.
- (4) Cote and O'Donnell will attend and complete the International Franchise Association's Franchise Compliance Training Program within one (1) year of the date of entry of this Order. Within thirty (30) days of completion, the Defendant will submit to the Division proof of successful completion.
- (5) The Defendant will be enjoined from offering and selling franchises in Virginia for a period of one hundred eighty (180) days beginning after the date that the Defendant successfully completes the application process for registration.
- (6) The Defendant will not violate the Act in the future.

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

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-2015-00028
AUGUST 11, 2016**

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

v.

BAMBU IP, LLC,
BAMBU DESSERTS & DRINKS, INC.,

and

KIMHONG THI NGUYEN,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Bambu IP, LLC, Bambu Desserts & Drinks, Inc. (collectively, "Bambu"), and Kimhong Thi Nguyen ("Nguyen") (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 Defendant companies are all California entities operating Asian-influenced drink and dessert restaurants. At all relevant times, Nguyen was the principal of the California entities. Bambu never registered its franchise with the Division to be offered, sold, and operated in the Commonwealth of Virginia ("Virginia").

Despite this, on March 7, 2013, the Division alleges that the Defendants offered and sold an unregistered franchise to be operated in Virginia by a Virginia franchisee ("Virginia Franchisee").

The Division also alleges that the Defendants failed to provide the Virginia Franchisee a Franchise Disclosure Document ("FDD") cleared for use by the Division in connection with the unregistered sale.

A cleared FDD provides material information to prospective franchisees in order for them to make an informed decision regarding the purchase of a franchise. As no FDD was provided, the Division alleges that regulatory oversight was circumvented.

On May 1, 2015, Bambu Franchising, LLC ("Successor") purchased the assets of the Defendants. On May 8, 2015, the Successor 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; and (ii) § 13.1-563 (4) of the Act by failing to, directly or indirectly, provide franchisees with (a) the franchise agreement and (b) 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, through the Successor, will pay to the Treasurer of Virginia ("Treasurer") within fourteen (14) days of the entry of this Order the amount of Two Thousand Five Hundred Dollars (\$2,500) in monetary penalties.

(2) The Defendants, through the Successor, will pay to the Treasurer within fourteen (14) days of the entry of this Order the amount of Two Thousand Dollars (\$2,000) to defray the costs of investigation.

(3) The Defendants, through the Successor, shall make a restitution payment of Eighty Thousand Dollars (\$80,000) to the Virginia Franchisee within fourteen (14) days of the entry of this Order. Additionally, the Defendants, through the Successor, will provide a copy of this Order with the restitution payment to the Virginia Franchisee. The Defendants, through the Successor, shall submit to the Division proof of certified mailing of the payment and the Order and evidence of payment to the Virginia Franchisee within ten (10) days of such payment.

(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 comply fully 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 due to any failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2015-00032
SEPTEMBER 21, 2016**

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

v.

PRESTON WEALTH ADVISORS, LLC,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Preston Wealth Advisors, LLC ("Preston Wealth") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Preston Wealth is a registered investment advisor that was incorporated in Delaware in 2012 and is located in Reston, Virginia. Preston Wealth terminated its registration with Virginia on April 13, 2015, and filed to register as a federally covered advisor with the United States Securities and Exchange Commission. Theodore Doremus ("Doremus") is an investment advisory representative for Preston Wealth, and he has been registered in Virginia with the firm since December 2012.

Based upon the Division's investigation, Doremus, as part of a disclosed outside business activity, became involved with an entity named Diversified Real Estate Holdings, LLC ("Diversified"). Diversified is a company that purchases foreclosed properties, renovates them, and resells the renovated properties. Diversified also offered certain securities to investors during the relevant period, and Doremus participated in communications with some prospective investors related to those offerings. Based upon records reviewed by the Division, five clients of Preston Wealth invested in securities offered by Diversified prior to September 2014. The securities offered by Diversified and sold to Preston Wealth's clients were neither registered with the Division nor exempt from registration under the Act. Additionally, Doremus was not registered as an agent of Diversified to offer or sell its securities.

The Division conducted an audit in September 2014 that raised concerns about the sale of Diversified's securities to clients of Preston Wealth. Based on further investigation, the Division was concerned that Preston Wealth: (i) did not have written procedures to supervise the activities of its employees and investment advisor representatives, including Doremus, that were reasonably designed to achieve compliance with applicable securities laws and regulations; and (ii) as a result, failed to adequately supervise the involvement of Doremus with respect to Diversified as well as the purchases of Diversified's unregistered securities by clients of Preston Wealth.

Based on the investigation, the Division alleges that Preston Wealth violated 21 VAC 5-80-160 A (19) of the Commission's Rules regarding Investment Advisors, 21 VAC 5-80-10 *et seq.*, which requires Preston Wealth to maintain "written procedures to supervise the activities of employees and investment advisor representatives that are reasonably designed to achieve compliance with applicable securities laws and regulations."

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.

Preston Wealth, without admitting or denying the allegations made herein by the Division, admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, Preston Wealth has made an offer of settlement to the Commission wherein it will abide by and comply with the following terms and undertakings:

- (1) Preston Wealth will pay to the Treasurer of Virginia ("Treasurer"), the amount of Eight Thousand Dollars (\$8,000) in monetary penalties.
- (2) Preston Wealth will pay to the Treasurer the amount of Two Thousand Dollars (\$2,000) for costs of investigation.
- (3) Preston Wealth will pay the total amount due for penalties and costs of investigation pursuant to the following schedule: (a) Five Thousand Dollars (\$5,000) payable upon entry of this Order; (b) Two Thousand Five Hundred Dollars (\$2,500) payable sixty (60) days following entry of this Order; and (c) Two Thousand Five Hundred Dollars (\$2,500) payable one hundred twenty (120) days following entry of this Order.
- (4) Preston Wealth will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of Preston Wealth.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of Preston Wealth, and the recommendation of the Division, is of the opinion and finds that Preston Wealth's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of Preston Wealth in settlement of the matter set forth herein is hereby accepted.
- (2) Preston Wealth 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-2015-00036
JANUARY 5, 2016**

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

v.

STANTON C. SNYDER,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Stanton C. Snyder ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

At all relevant times, the Defendant was the Vice President of B. Kenneth Carlyle, Inc., d/b/a The Carlyle Company ("Carlyle"). Carlyle was incorporated in Arizona in 2001 and was dissolved in June 2014. Carlyle was in the business of offering oil and gas leases to investors. The Defendant and his wife were the only officers, directors, and controlling persons of Carlyle at all relevant times.

First, the Division alleges that the Defendant violated the registration requirements contained in §§ 13.1-507 and 13.1-504 A of the Act. Specifically, the Division alleges that in 2008 the Defendant, as agent for Carlyle, offered and sold to a resident of the Commonwealth of Virginia ("Virginia Investor") two investment contracts in the form of oil and gas leases ("Lease Agreements"). The Division further alleges that the Lease Agreements were securities, requiring that the securities and the Defendant be registered with the Division pursuant to §§ 13.1-507 and 13.1-504 A of the Act. The Division alleges that it has no record that either of the Lease Agreements or the Defendant was registered with the Division. Further, the Division alleges that it has no record that either of the Lease Agreements or the Defendant was exempt from registration under the Act. Thus, the Division alleges the Defendant violated §§ 13.1-507 and 13.1-504 of the Act by offering and selling unregistered securities while also not being registered himself to offer or sell those securities.

Next, the Division alleges that the Defendant violated the disclosure requirements contained in § 13.1-502 (2) of the Act. Specifically, the Division alleges that the Defendant offered and sold the Lease Agreements to the Virginia Investor without disclosing that the California Department of Corporations had issued a February 22, 2007 Desist and Refrain Order and Consent against the Defendant and other related individuals and entities for the sale of unqualified securities in the form of oil and gas leases. Furthermore, the Division alleges that the Defendant failed to disclose that the Wisconsin Department of Financial Institutions issued an Order of Prohibition and Revocation (Consent) on October 19, 2007, against the Defendant regarding the sale of unregistered securities in the form of oil and gas leases. The Division alleges that the Defendant's failure to disclose this material information when selling each of the Lease Agreements violated § 13.1-502 (2) of the Act.

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-504 A (i) of the Act on two occasions by offering and selling the two Lease Agreements in Virginia without duly being registered with the Division as an agent of the issuer; (ii) § 13.1-507 of the Act on two occasions by offering or selling two securities that were not registered under the Act or exempt from registration, and (iii) § 13.1-502 (2) of the Act on at least two occasions by failing to disclose the prior administrative actions during each sale of the Lease Agreements, thus 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:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(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 Three Thousand Dollars (\$3,000) to defray the costs of investigation.

(3) The Defendant will make an offer of rescission to the Virginia Investor pursuant to the following:

(a) Within thirty (30) days of the date of this Order, the Defendant will make a written offer of rescission, sent by certified mail to the Virginia Investor, which will include an offer to repay monies invested with or through Carlyle. The rescission offer will contain a provision that gives the Virginia Investor thirty (30) days from the date of receipt to provide the Defendant with written notification of his/her decision to accept or reject the offer.

(b) The Defendant will provide to the Division a copy of the offer of rescission for its review and comment at least ten (10) days before sending it to the Virginia Investor.

(c) The Defendant will include with the written offer of rescission a copy of this Order.

(d) If the offer of rescission is accepted, the Defendant will forward the payment to the Virginia Investor within fifteen (15) days of receipt of acceptance.

(e) Within ninety (90) days from the date of this Order, the Defendant will submit to the Division proof of certified mailing of the offer of rescission and an affidavit, executed by the Defendant, which contains the date on which the Virginia Investor received the offer of rescission, the investor's response, and, if applicable, the amount and the date that payment was sent to the Virginia Investor.

(4) The Defendant will be enjoined for five (5) years from the date of entry of this Order from registering or transacting business in Virginia as a broker-dealer, broker-dealer agent, investment advisor, investment advisor representative, agent of an issuer, and from offering or selling securities in Virginia.

(5) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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-2015-00040
SEPTEMBER 14, 2016**

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

v.

THE BRIDGE NETWORK OF CHURCHES
and
ROY ALLEN SMITH,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of The Bridge Network of Churches ("Bridge Network") and Roy Allen Smith ("Smith") (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"). Based upon its investigation, the Division alleges:

Bridge Network is an amalgam of 91 churches located in the Greater Hampton Roads region in the Commonwealth of Virginia ("Virginia"), including Virginia's Eastern Shore. Bridge Network is comprised of approximately 40,000 members including Anglo, African-American, Korean, Filipino, Chinese, Hispanic, and Deaf congregations.

Between October 10, 2013, and January 26, 2015, Smith, former Director of Bridge Network, offered and sold promissory notes to individuals and churches located in Virginia. In addition, investors were not provided with full disclosure regarding the offering of the promissory notes prior to investing.

Based on the investigation, the Division alleges: (i) the Defendants violated § 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) Smith violated § 13.1-504 A (ii) of the Act by acting as an unregistered agent; (iii) Bridge Network violated § 13.1-504 B of the Act by employing an unregistered agent; and (iv) the Defendants violated § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the 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").

Prior to the entry of this Order, Bridge Network repaid the investors their principal investments.

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 Five Thousand Dollars (\$5,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Six Thousand Dollars (\$6,000) to defray the costs of investigation.

(3) The Defendants will not violate the Act in the future.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

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

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2015-00047
SEPTEMBER 14, 2016**

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

v.

JOHN T. HOLLEY, JR.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of John T. Holley, Jr. ("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 was registered as an investment advisor representative with the Commonwealth of Virginia ("Virginia") from January 2006 until December 31, 2013. Since December 2006, the Defendant was employed by the investment advisory firm Brown Trout Capital, LLC ("Brown Trout"). Brown Trout and the Defendant's registration lapsed on December 31, 2013.

During Brown Trout's attempt to reapply after the non-renewal in 2014, a review of its application and supplemental documentation was conducted by the Division. The Division determined there were four judgments that never appeared on the Defendant's disclosure both during the period he was registered in Virginia, as well as Brown Trout's attempt to reapply.

A review of the financial records also determined the Defendant was conducting business in Virginia at a time when he was not registered by conducting a trade in a client of Brown Trout's account. No harm occurred to any investors as a result of the unregistered activity.

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-504 A (ii) of the Act by transacting business in Virginia as an investment advisor representative when he was not registered; and (ii) § 13.1-505.1 of the Act by failing to furnish or disseminate certain information as necessary or appropriate in the public interest or for the protection of investors and advisory clients.

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 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 has agreed to be permanently barred from providing any investment advisory services or conducting any other securities activities within Virginia.

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 Order.
- (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-2015-00053
JANUARY 6, 2016**

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

v.

DAVID WEBB,
G4i CAPITAL PARTNERS, INC.,
RONALD S. BLACK,
and
BBB INVESTOR HOMES LLC,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Ronald S. Black ("Black") and BBB Investor Homes LLC ("BBB" and collectively, "Defendants"), among others, 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 and submissions, the Commission issued a Rule to Show Cause ("Rule") against the Defendants (as well as David Webb and G4i Capital Partners, Inc.) on November 9, 2015. Pursuant to the investigation and as outlined more fully in the Rule, the Division alleges the following: (1) Defendants sold at least seven¹ promissory notes called "Secured Commercial Contract Loan[s]" ("Secured Notes") to at least five Virginia investors ("Virginia Investors") between October 2011 and February 2013; (2) the Secured Notes are securities, as defined by § 13.1-501 of the Act; (3) the Secured Notes were not registered as required with the Division for sale in Virginia, nor were they exempt from registration; and (4) neither of the Defendants was registered with the Division to offer or sell securities within Virginia, nor were they exempt from registration.

Accordingly, the Division alleges that each of the Defendants committed seven violations of § 13.1-507 of the Act in that they offered and sold at least seven securities that were not registered under the Act nor exempt from registration. The Division further alleges that each Defendant also committed seven violations of § 13.1-504 A of the Act by selling the securities without being duly registered with the Division as a broker-dealer or broker-dealer agent.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 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"). The Defendants have not responded to the Rule² and instead have opted to pursue resolution of this matter pursuant to the terms identified below.

¹The Division originally alleged that Black and BBB sold at least nine promissory notes to at least six Virginia Investors. However, based upon a review of information provided by Mr. Black, the Division has revised the number of transactions in which Mr. Black and BBB were involved from nine to seven. The Division still alleges, though, that the remaining defendants appear to have been involved in transactions involving at least nine promissory notes sold to at least six Virginia Investors.

² Pursuant to the December 11, 2015 Hearing Examiner's Ruling, the Defendants' deadline to respond to the Rule was extended until January 11, 2016.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with following terms and undertakings:

- (1) Within sixty (60) days of the entry of this Order, the Defendants will provide a copy of this Order to the Virginia Investors.
- (2) Within sixty (60) days of the entry of this Order, the Defendants will disgorge any commissions or other compensation received from the sale of the Secured Notes to the five Virginia Investors in the total amount of \$20,520.
- (3) In addition to the commission disgorgement identified in Paragraph (2) above, the Defendants shall pay a monetary penalty of Ten Thousand Dollars (\$10,000) to the Commonwealth of Virginia and also reimburse the Division for investigation costs totaling Nine Thousand Three Hundred Dollars (\$9,300), pursuant to § 13.1-518 A of the Act. The monetary penalty and investigation costs shall be waived if the Defendants pay Ten Thousand Dollars (\$10,000) (in addition to the commission disgorgement identified in Paragraph (2) above), on a pro rata basis, to the Virginia Investors within sixty (60) days of the entry of this Order.
- (4) Within ninety (90) days of the entry of this Order, the Defendants will submit to the Division proof of certified mailing of any and all payments (identified in Paragraphs (2) and (3) above) to the Virginia Investors by executing an affidavit identifying the Virginia investors, the amount paid to each Virginia Investor and the date of payment, and enclosing copies of the applicable certified mail receipts as well as copies of the checks or other documents confirming payment to the Virginia Investors.
- (5) The Defendants are permanently enjoined from transacting any securities business within the Commonwealth until such time as the Commission may otherwise authorize.
- (6) The Defendants will not violate the Act in the future.
- (7) It is recognized and understood that if the Defendants 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, reinitiating the original show cause proceedings resolved by this Order or instituting a new show cause proceeding under the Act based upon such failure to comply.

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 State Corporation Commission shall retain jurisdiction in this matter for all purposes, including the re-initiation of the original show cause proceeding, institution of a new 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-2015-00053
MAY 26, 2016**

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

v.
DAVID WEBB,
G4i CAPITAL PARTNERS, INC.,
Defendants

ORDER

On November 9, 2015, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against David Webb ("Webb") and G4i Capital Partners, Inc. ("G4i Partners" and collectively "Defendants"), among others, based upon allegations made by the Commission's Division of Securities and Retail Franchising ("Division") arising out of its investigation of the Defendants. Specifically, the Division alleged that the Defendants had violated §§ 13.1-502 (2), 13.1-502 (3), 13.1-504 and 13.1-507 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Among other things, the Rule directed the Defendants to file a responsive pleading, scheduled a hearing ("Hearing") and assigned the matter to a hearing examiner ("Hearing Examiner"). Webb filed an answer to the Rule on December 11, 2015. G4i Partners did not file a responsive pleading through counsel, as required by Rule 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

During the course of its investigation and the proceedings, the Division subpoenaed the Defendants' banking records, interviewed and obtained documents from investors and other witnesses, served discovery upon the Defendants, and conducted other independent research regarding the Defendants'

activities. Based on its analysis of this information and its overarching investigation, the Division intended to present the following evidence at the Hearing, among other items:¹

- (1) The Defendants sold at least ten promissory notes called "Secured Commercial Contract Loan[s] ("Secured Notes") to at least eight Virginia investors ("Virginia Investors") between January 2012 and February, 2013.
- (2) The Secured Notes are securities, as defined by § 13.1-501 of the Act.
- (3) The Secured Notes were not registered as required with the Division for sale in Virginia, nor were they exempt from registration.
- (4) Webb was not registered with the Division to offer or sell securities within Virginia, nor was he exempt from registration. Further, G4i Partners employed two unregistered agents, Webb and Ronald S. Black ("Black") to offer and sell its securities.
- (5) The Defendants promoted G4i Partners as a financier who partnered with and provided loans to private, federal contractors, including G4i Development, Inc. ("G4i Development"), by pooling capital obtained through the investors' purchases of the Secured Notes, including the Virginia Investors' purchases.
- (6) The Defendants established and maintained websites, including the website www.governmentcontractfunding.com, to offer and sell the Secured Notes. Through this website, and other marketing tactics, the Defendants touted the Secured Notes as "one of the absolute safest, most secure, high yield investments that you're going to find anywhere."²
- (7) The Defendants promised investors varying rates of return on the Secured Notes, ranging from 12.05 to 21.07% interest annually, depending on the amount and term of the investments. Each of the Virginia Investors' Secured Notes provided for payment of 17.64% interest annually over a two year term. Each of the Virginia Investors expected to receive their respective principal back upon conclusion of the two year term.
- (8) Between September 2011 and February 2013, the Defendants sold approximately \$6.6 million in Secured Notes to at least 72 investors, including the Virginia Investors. The Virginia Investors invested a total of \$522,000 in the Secured Notes. During this time frame, the Defendants paid the investors total interest of \$832,090.
- (9) The Defendants entered into a Secured Line of Credit Promissory Note providing G4i Development a loan of up to \$8,333,000 ("Financing Note"), charging G4i Development 8.75% interest on amounts loaned pursuant to the Financing Note.
- (10) Between September 2011 and February 2013, the Defendants loaned G4i Development approximately \$3.175 million on a rolling basis, but collected only \$76,599 in interest payments from G4i Development.
- (11) When offering and selling the Secured Notes, the Defendants did not provide the investors, including the Virginia Investors, a copy of the Financing Note and did not discuss the Financing Note's terms with the Virginia Investors.
- (12) Further, when offering and selling the Secured Notes, the Defendants failed to inform investors, including the Virginia Investors, that G4i Partners and G4i Development were separate entities who had entered into the Financing Note.
- (13) Additionally, despite promising that the Secured Notes were one of the "absolute safest" investments, the Defendants failed to disclose that the Financing Note lacked any collateral agreement providing a security interest to G4i Partners and its investors. The Defendants also failed to disclose that G4i Development had few, if any, tangible, recoverable assets to secure the Secured Notes. Despite informing investors to the contrary, the Defendants failed to even file a Uniform Commercial Code ("UCC") statement with the Commission until April 2013.
- (14) Also, when offering and selling the Secured Notes, the Defendants failed to disclose to investors, including the Virginia Investors, that Defendant Webb was previously involved in several failed funding deals, including failed deals through Webb's company, Results Capital, Inc.
- (15) Moreover, when offering and selling the Secured Notes, the Defendants failed to inform investors, including the Virginia Investors, that the Defendants had been the subject of at least two other state regulatory actions. Specifically, California and Arizona issued cease and desist actions against the Defendants in 2011 and 2012, respectively, asserting the Defendants had offered and sold unregistered securities in violation of those states' laws.
- (16) Between September 2011 and February 2013, the Defendants' only sources of revenues or cash flow were: (a) the \$6.6 million in investor funding; (b) the \$76,599 interest payments from G4i Development; and (c) approximately \$79,000 of contributions from Webb.
- (17) Based upon a review of the Defendants' bank records, approximately \$590,000 of investor funds were used to pay the Defendants' investors from prior failed business deals, including investors of Results Capital, Inc. An additional \$805,000 was used for purported business expenses, but mostly on Webb's personal expenses, such as pet sitters, SAT prep courses and college admission fees, yoga and pilates club membership, luxury personal grooming products, landscaping services, and multiple other personal expenditures and cash withdrawals. Moreover, an additional \$832,000 was used to pay G4i Partners' investors their interest payments.
- (18) In general, the Virginia Investors received interest payments on their Secured Notes until approximately October 2013. The Virginia Investors have not received any additional payments since then and have not recovered or received a return of their principal investments.

¹ In addition to each of the statements identified below, the Division intended to present evidence supporting each of the allegations contained in the Rule. Doc. Con. Cen. No. 151120055.

² See www.governmentcontractfunding.com website, Attachment C to the Rule.

(19) In total, the Defendants have failed to return \$522,000 in principal to the eight Virginia Investors. Further, the Defendants have accrued over \$200,000 in unpaid interest to the Virginia Investors on the Secured Notes.

Accordingly, based upon this anticipated evidence, the Division intended to prove at the Hearing that each of the Defendants committed ten violations of § 13.1-507 of the Act in that they offered and sold at least ten securities that were not registered under the Act nor exempt from registration. The Division further intended to allege at the Hearing that Defendant Webb also committed ten violations of § 13.1-504 A of the Act by selling the securities without being duly registered with the Division as an agent of the issuer, G4i Partners, and that G4i Partners committed ten violations of § 13.1-504 B of the Act by employing unregistered agents (*i.e.*, Webb and Black) for each of the ten sales of its securities to the Virginia Investors.

Additionally, the Division intended to allege at the Hearing that each of the Defendants had committed at least 50 violations³ of § 13.1-502 (2) of the Act (five misrepresentations or omissions contained within each of the ten sales of securities) by misrepresenting or failing to disclose when offering and selling the Secured Notes that: (a) G4i Capital was separate and distinct from G4i Development; (b) the Defendants had been subject to at least two prior state securities regulatory actions; (c) the interest rate on the Financing Note was insufficient to cover the interest payments due investors under the Secured Notes; (d) that Webb had been involved in prior, unsuccessful funding deals; and (e) by asserting that the Secured Notes were secured by applicable UCC filings when they were not. Moreover, the Division intended to allege at the Hearing that each of the Defendants had committed at least ten violations of § 13.1-502 (3) of the Act by misappropriating investor funds and engaging in a transaction, practice or course of business that operated as a fraud or deceit upon the Virginia Investors.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 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.

After reviewing and assessing the Division's anticipated evidence and allegations, the Defendants made an offer of settlement to the Commission wherein the Defendants agree to the entry of judgment against them based upon the following terms and conditions:

(1) The Defendants admit the Division's allegations pursuant to §§ 13.1-504 A, 13.1-504 B of the Act and 13.1-507 of the Act, but neither admit nor deny the Division's remaining allegations. The Defendants also admit to the Commission's jurisdiction and authority to enter this Order.

(2) The Defendants agree to the imposition of a civil penalty of \$600,000 pursuant to § 13.1-521 A of the Act. The penalty will be waived if the Defendants, jointly and severally, make restitution to the eight Virginia Investors by (a) making payment of \$10,000, on a pro rata basis, to the Virginia Investors within 30 days of the entry of this Order; and (b) making an additional payment of \$150,000, on a pro rata basis, to the Virginia Investors within three years of the entry of this Order.

(3) The Defendants agree to a permanent bar prohibiting the Defendants from conducting any securities business in or from the Commonwealth of Virginia, including as investment advisors, investment advisor representatives, issuers, agents of the issuer, broker-dealers or broker-dealer agents.

(4) The Defendants agree not to violate the Act in the future.

(5) The Defendants agree to provide each Virginia Investor a copy of this Order within 30 days of its entry.

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

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

Accordingly, IT IS ORDERED THAT:

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

(2) Judgment shall be entered jointly and severally against the Defendants as follows:

(a) The Defendants admit the Division's allegations pursuant to §§ 13.1-504 and 13.1-507 of the Act, but neither admit nor deny the Division's remaining allegations. The Defendants also admit to the Commission's jurisdiction and authority to enter this Order.

(b) A civil penalty of \$600,000 shall be imposed pursuant to § 13.1-521 A of the Act. The penalty will be waived if the Defendants, jointly and severally, make restitution to the eight (8) Virginia Investors by (a) making payment of \$10,000, on a pro rata basis, to the Virginia Investors within 30 days of the entry of this Order; and (b) making an additional payment of \$150,000, on a pro rata basis, to the Virginia Investors within three (3) years of the entry of this Order.

(c) The Defendants are permanently barred from conducting any securities business in or from the Commonwealth of Virginia, including as investment advisors, investment advisor representatives, issuers, agents of the issuer, broker-dealers or broker-dealer agents.

(d) The Defendants will not violate the Act in the future.

(3) The Defendants shall provide a copy of this Order to each Virginia Investor within 30 days of the entry of this Order.

³ As the case progressed through the discovery phase, the Division uncovered additional alleged violations beyond those asserted in the Rule.

**CASE NO. SEC-2015-00060
MAY 26, 2016**

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

v.

MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Merrill Lynch, Pierce, Fenner & Smith, Incorporated ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

The Defendant is a Delaware corporation with a principal business address in New York, New York. The Defendant is registered by the Commission to transact the business of offering and selling securities as well as act as an investment advisor in the Commonwealth of Virginia ("Virginia").

Based on its investigation, the Division alleges that in February 2011, the Defendant, through its agents, recommended that one of its Virginia clients ("Virginia Investor") sell a fixed annuity to purchase a variable annuity. The Division alleges that the Defendant, through its agents, failed to provide the Virginia Investor a copy of the variable annuity's prospectus prior to or with the initial product illustration, in violation of the Defendant's policies, procedures and supervisory requirements. Additionally, the Division alleges that the offered variable annuity product was not suitable for the Virginia Investor. Ultimately, the Virginia Investor sold his fixed annuity but did not purchase the offered variable annuity.

Accordingly, based on its investigation, the Division alleges the Defendant violated: (i) Rule 21 VAC 5-20-260 D by failing to enforce its written policies and procedures; (ii) Rule 21 VAC 5-20-280 A (3) by recommending the purchase of a security without reasonable grounds to believe that the recommendation is suitable for the customer; and (iii) Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over the securities activities of its agents.

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 offered rescission to the Virginia Investor and it was accepted. The Defendant has submitted to the Division a copy of the settlement with the Virginia Investor and proof of payment. In addition, 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:

(1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), within 14 days of the entry of this Order, the amount of Five Thousand Dollars (\$5,000) in monetary penalties.

(2) The Defendant will pay to the Treasurer, within 14 days of the entry of this Order, the amount of Six Thousand Five Hundred Dollars (\$6,500) to defray the cost 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 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-2015-00061
JANUARY 29, 2016**

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

v.

AMERIPRISE FINANCIAL SERVICES, INC.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Ameriprise Financial Services, Inc. ("Defendant"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Jeffrey Scott Davis ("Davis") (CRD #3081852) was a registered agent who resided in the Commonwealth of Virginia ("Virginia") and whose last business address was in Virginia Beach. From 2000 until 2013, Davis was associated with the Defendant (CRD #6363), a registered broker-dealer in Virginia. Beginning in May 2012 and continuing until June 2013, money was withdrawn from the accounts of five of Davis's elderly clients and directly benefited Davis either in terms of payments towards Davis's credit cards or checks written from the accounts and made payable to Davis's company. Approximately \$200,000 was withdrawn from the five accounts in 87 separate transactions.

Section 1.2 of the Defendant's Written Supervisory Procedures Manual directs field registered principals to conduct client file reviews. The same section also requires Davis's supervisor to complete supervisory client calls. According to the Defendant, Davis was under a "Heightened Supervision Plan" during the entire time in question.

In June 2013, one of the affected clients contacted the Defendant regarding the transactions in her account. The Defendant suspended Davis on or around June 26, 2013, and conducted an internal investigation. Subsequently, the Defendant terminated Davis on or around July 18, 2013. The Defendant also contacted the five clients whose accounts had been affected and reimbursed each client, with interest.

Based on the investigation, the Division alleges the Defendant violated: (i) 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.* ("Rules"), by failing to exercise diligent supervision over the securities activities of its agent; and (ii) Rule 21 VAC 5-260 D (2) of the Rules by failing to frequently examine all customer accounts to detect and prevent irregularities or abuses.

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 ("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 Four Thousand Dollars (\$4,000) to defray the cost of investigation.

(3) The Defendant will not violate the Act or Rules in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

(3) 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-2015-00063
MAY 27, 2016**

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

v.
GLOBAL RETAILERS, LLC
and
BILL BUSSEY,
Defendants

CONSENT JUDGMENT ORDER

On December 17, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Global Retailers, LLC ("Global Retailers") and Bill Bussey ("Bussey") (collectively, "Defendants") based upon allegations made by the Commission's Division of Securities and Retail Franchising ("Division"). In the Rule, the Division alleged, among other things, that the Defendants were in contempt of a Settlement Order issued by the Commission on March 5, 2012 ("2012 Settlement Order") that resolved prior allegations made against the Defendants by the Division.¹ The Division also requested that the Commission find that (i) the Defendants were in contempt by failing to comply with the penalty or restitution payment provisions required by Ordering Paragraph (2) of the 2012 Settlement Order, in violation of § 12.1-33 of the Code of Virginia ("Code"); (ii) the Defendants violated §§ 13.1-504 B and 13.1-507 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code, based on certain admissions contained in the 2012 Settlement Order; and, (iii) based on his individual admissions in the 2012 Settlement Order, that Bussey violated § 13.1-521 A of the Act by knowingly making a misrepresentation to the Division to induce the Commission to refrain from taking action by concealing the Defendants' offering of a security during a prior investigation by the Division in 2009.

Additionally, the Rule ordered the Defendants to file responsive pleadings on or before January 14, 2016; to appear at a hearing scheduled for April 6, 2016; established a procedural schedule; and assigned the case to a hearing examiner to conduct all proceedings in this case on behalf of the Commission and file a final report.

On January 14, 2016, Bussey filed a Motion for Extension of Time to File Responsive Pleadings on behalf of himself and Global Retailers, a purportedly defunct Delaware limited liability company.² By Hearing Examiner's Ruling entered on January 20, 2016, the Motion for Extension of Time to File Responsive Pleading was granted and the Defendants were directed to file responsive pleadings to the Rule on or before February 1, 2016. On February 2, 2016, Bussey filed a Response to the Rule. Global Retailers never filed a responsive pleading.

On February 25, 2016, the Division filed a Motion for Default Judgment, or in the Alternative, for Summary Judgment. In support of its Motion for Default Judgment, the Division stated that Bussey's Response to Rule to Show Cause was not timely because it was not electronically submitted on February 1, 2016 until after the Commission's Clerk's Office was closed, resulting in a late docketing the next day. Thus, because Bussey failed to file a timely response and Global Retailers failed to file any response, the Division moved for a default judgment against the Defendants.³ In the alternative, the Division asserted that because Bussey admitted in his Response that neither he nor Global Retailers had made the required restitution or penalty payments required by the 2012 Settlement Order, that summary judgment against both Defendants was appropriate.

By Hearing Examiner's Ruling entered on February 26, 2016, the hearing on the Rule was rescheduled to April 13, 2016.

On April 6, 2016, the Division filed a Motion for Entry of Consent Judgment. In support, the Division stated that Bussey signed a Consent to Entry of Judgment Order, in which he admitted and consented to the facts and violation as alleged by the Division in the Rule in sufficient detail as to permit the Hearing Examiner to file a report recommending that the Commission enter a Judgment Order against the Defendants.

On April 12, 2016, the Hearing Examiner issued his report ("Report"). In his Report, among other things, the Hearing Examiner found (i) the Division's Motion for Entry of Consent Judgment ("Motion for Entry") should be granted; (ii) the hearing on the Rule scheduled for April 13, 2016, should be cancelled; and (iii) the comment period to the Report should be waived because the parties had agreed to the disposition of this case.

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 for Entry is hereby GRANTED.
- (2) Pursuant to § 13.1-521 A of the Act, the Defendants shall be penalized, jointly and severally, in the amount of Fifteen Thousand Dollars (\$15,000) and judgment for the same is hereby entered pursuant to the terms of Paragraph (4) below.

¹ *Commonwealth of Virginia ex rel. State Corporation Commission v. Global Retailers, LLC and Bill Bussey*, Case No. SEC-2009-00118, 2012 S.C.C. Ann. Rept. 536, Settlement Order (Mar. 5, 2012).

² Pursuant to Rule 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, Bussey may appear pro se to represent his own interests; however, he may not appear before the Commission and represent the interests of Global Retailers.

³ The Hearing Examiner took the Division's Motion for Default Judgment, or In The Alternative, for Summary Judgment ("Motion," Doc. Con. Cen. No. 160250044) under advisement and issued no ruling on that Motion.

(3) Other than the payment terms outlined in Ordering Paragraph (7) of the 2012 Settlement Order, the remaining terms, requirements, and obligations of the 2012 Settlement Order shall remain in full force and effect.

(4) The Commission shall retain jurisdiction over this case for a period of Thirty (30) days. If payment of the judgment amount identified in Ordering Paragraph (2) above is not paid in that time frame, this Consent Judgment Order shall become final.

**CASE NO. SEC-2016-00001
JANUARY 19, 2016**

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 November 23, 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 Interests for an aggregate amount of up to \$999,500. 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 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.

**CASE NO. SEC-2016-00002
JANUARY 8, 2016**

APPLICATION OF
THE UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND, LLC

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 Unitarian Universalist Common Endowment Fund, LLC ("Unitarian Fund"), which the Commission received November 24, 2015, with attached exhibits, as subsequently amended. The application requested that Unitarian Fund's Units 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, directors, employees, trustees and volunteers of Unitarian Fund and the Unitarian Universalist Association ("UUA") 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) Unitarian Fund is a Massachusetts limited liability company operating not for private profit but exclusively for charitable purposes; (ii) the Unitarian Fund was organized by the UUA to manage the endowment funds of UUA congregations, regions, districts and other UUA-related organizations, which are exempt from federal income tax under § 501 (c)(3) of the Internal Revenue Code; (iii) the Unitarian Fund intends to offer Units to eligible UUA-related entities in the Commonwealth of Virginia, up to a maximum aggregate amount of \$5,000,000; and (iv) Units in the Unitarian Fund are to be offered and sold only by officers, directors, employees, trustees or volunteers of the UUA or the Unitarian Fund who will not be compensated for their sales efforts.

Based on the facts asserted by Unitarian 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, directors, employees, trustees or volunteers of the UUA or the Unitarian Fund are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2016-00003
FEBRUARY 19, 2016**

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 January 20, 2016, 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 \$659,500. The Obligations will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by Groundfloor in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER, that the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2016-00005
MARCH 15, 2016**

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 January 27, 2016, with attached exhibits, 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 Three Hundred Twenty-seven Dollars and Seventeen Cents (\$327.17) 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 \$327,165. The Obligations will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by Groundfloor in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2016-00006
MARCH 15, 2016**

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 February 3, 2016, with attached exhibits, 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 Three Hundred Forty-five Dollars (\$345) 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 \$344,710. The Obligations will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by Groundfloor in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2016-00007
MARCH 15, 2016**

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 February 18, 2016, with attached exhibits, 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 Two Hundred Eighty-three Dollars and Sixty Cents (\$283.60) 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 \$283,600. The Obligations will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by Groundfloor in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2016-00009
FEBRUARY 23, 2016**

APPLICATION OF
VIRGINIA UNITED METHODIST DEVELOPMENT COMPANY, LLC

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 United Methodist Development Company, LLC ("Virginia United"), which the Commission received January 26, 2016, with attached exhibits. The application requested that Virginia United's Investment Certificates, Savings Certificates, and Retirement/IRA Certificates (collectively, "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers, managers and key personnel of Virginia United 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 United is a single member Virginia limited liability company operating not for profit but exclusively for religious and charitable purposes; (ii) Virginia United's sole member is The United Methodist Foundation of the Virginia Conference, Inc., which is an organization described in § 501 (c) (3) of the Internal Revenue Code; (iii) Virginia United intends to offer and sell the Certificates 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; (iv) said securities are to be offered and sold by officers, managers and key personnel of Virginia United who will not be compensated for their sales efforts; and (v) Virginia United will discontinue issuer transactions for all other securities previously exempted by the Commission upon the grant of the exemption for the offering of Certificates described herein.

Based on the facts asserted by Virginia United 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, managers and key personnel of Virginia United are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2016-00010
MARCH 15, 2016**

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 February 18, 2016, with attached exhibits, 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 Two Hundred Fifty Dollars (\$250) has been paid.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Groundfloor is a Georgia corporation; and (ii) Groundfloor intends to offer and sell Obligations for an aggregate amount of up to \$185,000. The Obligations will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by Groundfloor in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2016-00012
MARCH 9, 2016**

APPLICATION OF
BETHEL BAPTIST CHURCH HAMPTON, VIRGINIA, 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 Bethel Baptist Church, Hampton, Virginia, Inc. ("Bethel Baptist"), which the Commission received December 28, 2015, with attached exhibits, as subsequently amended. The application requested that Bethel Baptist's First Mortgage Bonds, 2016 Series ("Bonds") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Bethel Baptist is a Virginia nonstock corporation operating not for private profit but exclusively for religious, charitable and educational purposes; (ii) Bethel Baptist intends to offer and sell Bonds in an approximate aggregate amount of up to \$4,000,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and (iii) the Bonds are to be offered and sold only by broker-dealers registered under the Act.

Based on the facts asserted by Bethel Baptist 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-2016-00013
APRIL 13, 2016**

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

v.
CARL BALESTRIERI
and
CHRISTIAN WEALTH MANAGEMENT, LLC,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Carl Balestrieri ("Balestrieri") and Christian Wealth Management, LLC ("Christian Wealth") (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Christian Wealth (CRD #146858) is a state registered investment advisor that has been registered continuously since August 27, 2008. Balestrieri (CRD #4481208) is an investment advisor representative with Christian Wealth. Balestrieri has been the managing member and chief compliance officer of Christian Wealth since August 2008.

Based on its investigation, the Division alleges that the Defendants committed numerous violations of the Act and its accompanying rules in their investment advisory business. These violations included misrepresentations and omissions of material information in materials provided to prospective clients as well as information submitted to the Division. Based on the investigation, the Defendants held seminars for prospective clients and provided promotional materials and copies of articles to entice the prospective clients to invest. The Division, however, alleges that these materials contained various statements – on subjects such as endorsements and portfolio information – for which the Defendants either could not provide sources or otherwise corroborate the materials. To the extent that the Defendants could provide sources, the materials also contained misstatements and omitted material information when compared to the original sources.

The Division further alleges that Christian Wealth included misstatements on its website and its disclosure brochure Form ADV submitted to the Division. Christian Wealth made misstatements on its website (<http://www.cwmcep.com>) regarding Balestrieri's qualifications – such as his licenses and certifications, which either had expired or which the Defendants could not corroborate. Additionally, Christian Wealth – through Balestrieri and under his attestation – submitted a disclosure brochure Form ADV dated January 19, 2015 to the Division that included incorrect information regarding fees charged to clients.

The Division also alleges that Christian Wealth could not produce a written agreement for one of its clients, despite collecting fees from the client.

Based on its investigation, the Division alleges the Defendants violated: (i) § 13.1-503 B of the Act by making untrue statements of a material fact, or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading through the materials provided to prospective clients as well as through Christian Wealth's website and Form ADV; (ii) § 13.1-516 of the Act by willfully making or causing to be made, in Christian Wealth's Form ADV filed with the Commission statements about fees which were, at the time and in the light of the circumstances in which they made, false or misleading; (iii) 21 VAC 5-80-200 A (8) of the Commission's Rules governing Investment Advisors, 21 VAC 5-80-10 *et seq.* ("Rules") by misrepresenting to advisory clients, or prospective advisory clients, on Christian Wealth's website and its Form ADV, Balestrieri's qualifications, and misrepresenting fees to be charged for the services; and (iv) Rule 21 VAC 5-80-200 A (16) by failing to provide an investment advisory contract for a client that was in writing and discloses the required information.

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 § 13.1519 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 admit to violating § 13.1-516 of the Act as well as admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order"), but neither admit nor deny the remaining allegations.

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 Fifty Thousand Dollars (\$50,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Ten Thousand Dollars (\$10,000) to defray the costs of investigation.

(3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the Defendants' offer of settlement and dismiss this matter upon their compliance. Dismissal of this case, however, does not relieve the Defendants from their reporting obligations to any regulatory authority.

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.

**CASE NO. SEC-2016-00016
APRIL 5, 2016**

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 March 4, 2016, with attached exhibits, 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 \$16,812,525. Based on this increased amount, no change will be made in the offering circular reflecting a material change in Groundfloor's conditions or terms of offering without prior submission to the Division of Securities and Retail Franchising ("Division"). 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, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2016-00017
MARCH 22, 2016**

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 2, 2016, 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-2016-00018
MARCH 23, 2016**

APPLICATION OF
BAPTIST GENERAL CONFERENCE CORNERSTONE FUND,
D/B/A CONVERGE CORNERSTONE FUND

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Baptist General Conference Cornerstone Fund d/b/a Converge Cornerstone Fund ("Fund"), which the Commission received March 3, 2016, with attached exhibits. The application requested that Fixed Rate Certificates, Demand Certificates, Individual Retirement Account Certificates, and Retirement Advantage Certificates (collectively, "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers and employees of the 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) the Fund is an Illinois corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) the Fund intends to offer and sell the Certificates in an approximate aggregate amount of up to \$120,000,000 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 the Fund who will not be compensated for their sales efforts; and (iv) the Fund will discontinue issuer transactions for all Certificates previously exempted by the Commission upon the grant of the exemption for the offering of Certificates described herein.

Based on the facts asserted by 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, and the officers and employees are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2016-00019
APRIL 5, 2016

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 February 24, 2016, with attached exhibits, 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 Three Hundred Eighty-eight Dollars (\$388) 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 \$388,000. The Obligations will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by Groundfloor in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

CASE NO. SEC-2016-00020
APRIL 21, 2016

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

v.

BRIAN J. PAPPAS,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Brian J. Pappas ("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 Division alleges the following:

The Defendant was the managing director of CI Franchise Company, LLC ("CI Franchise") and BFK Franchise Company, LLC ("BFK Franchise") until July 22, 2015. CI Franchise and BFK Franchise are wholly owned by Creative Learning Corporation ("CLC"). The Defendant was CLC's CEO until July 22, 2015.

CI Franchise and BFK Franchise are Florida limited liability companies that offer and sell franchises that provide enrichment programs for children. CI Franchise sells Challenge Island franchises and BFK Franchise sells Bricks 4 Kidz franchises. Between June 2012 and June 2015, BFK Franchise sold 14 Bricks 4 Kidz franchises to be operated in the Commonwealth of Virginia ("Virginia"). Between January 2014 and April 2015, CI Franchise sold four unregistered Virginia franchises.

In the case of BFK Franchise, the Division alleges that:

(1) BFK Franchise registered its franchise with the Division on May 23, 2012. Currently, its franchise is registered to be sold in Virginia. The Division sent all correspondence in connection with Bricks 4 Kidz registration to the Defendant.

(2) Although the Franchise Disclosure Document ("FDD") that BFK Franchise filed with the Division and provided to 14 Virginia franchisees included no financial representations and stated that any financial representations either orally or in writing should be reported to the Defendant, several franchisees received financial projections prior to their franchise purchase. In addition, the Defendant conducted telephonic conferences about these financial projections with the franchisees. The statement referring to financial representations in BFK Franchise's FDD was untrue.

In the case of CI Franchise, the Division alleges that:

(1) Although the Defendant was aware of the Commission's franchise registration requirements, CI Franchise did not apply for registration with the Division before it sold franchises to be operated in Virginia. CI Franchise sold three unregistered Challenge Island franchises in Virginia and entered into a new franchise agreement after the transfer of one of those three franchises to a fourth Virginia franchisee. Because CI Franchise's FDD was not reviewed by the Division, it is alleged by the Division that regulatory oversight was circumvented by the Defendant.

(2) The Defendant omitted material information in connection with CI Franchise's sales to four Virginia franchisees, when he failed to disclose CI Franchise had never registered its franchise with the Division.

(3) The Defendant engaged in transactions to conceal, cancel and void one of the CI Franchise unregistered sales in Virginia.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-560 of the Act by selling or offering to sell franchises in Virginia prior to registering under the provisions of the Act; (ii) § 13.1-563 (1) of the Act by employing any device, scheme, or artifice to defraud; (iii) § 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; (iv) § 13.1-563 (3) of the Act by engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon franchisees; and (v) § 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 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"), the amount of Ten Thousand Dollars (\$10,000) in monetary penalties. The Defendant shall have twenty (20) months from the date of entry of this Order to pay the full amount of this penalty.

(2) The Defendant will pay to the Treasurer the amount of Five Thousand Dollars (\$5,000) to defray the costs of investigation. The Defendant shall have six (6) months from the date of entry of this Order to pay the full amount.

(3) The Defendant will attend and complete the International Franchise Association's Franchise Compliance Training Program within one (1) year from the date of entry of this Order. Within thirty (30) days of completion, the Defendant will submit to the Division proof of successful completion.

(4) The Defendant will be enjoined from offering and selling franchises in Virginia for a period of one (1) year from the date of entry of this Order.

(5) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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-2016-00022
AUGUST 4, 2016**

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

v.

EDWARD CARR, JR.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Edward Carr, Jr. ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

The Defendant is licensed in Virginia as a non-resident insurance agent with a current address of 162 Deer Run, Moyock, North Carolina 27958. He is not, nor has ever been, registered with the Division to offer and sell securities in or from the Commonwealth of Virginia.

Beginning in 2014, the Defendant was an independent trust consultant ("ITC") with Dominion Private Client Group LLC ("DPCG"), a Virginia limited liability company and an affiliate of Dominion Investment Group LLC ("DIG"), a Virginia limited liability company, and Summit Trust Company ("Summit"), based in Pennsylvania and Nevada. As an ITC for DPCG and Summit, the Defendant offered and sold securities in several DIG affiliated Virginia limited liability companies, including Warped Cigars LLC, DV8 Sports LLC, weMonitor Group LLC, Spectrum 100 LLC, Venture Capital I LLC and a Florida limited liability company, Diversified Financing LLC (hereinafter "Issuers") to six Virginia and three North Carolina residents, totaling approximately \$632,900. None of these securities were registered or exempt from registration with the Division pursuant to the Act.

The Division alleges that the Defendant acted as an unregistered agent when he offered and sold the Issuers' unregistered securities in and from Virginia. Also, the Defendant, among other things, failed to properly inform investors: (1) of the substantial risks of these investments; (2) that Daryl Gene Bank, managing member of DIG and DPCG, and managing member of the managing member of the Issuers, was barred in 2010 from offering or selling securities by the Financial Industry Regulatory Authority, Inc.; (3) that the Defendant would receive commissions from the sale of these securities; and (4) the amount of commissions earned from the sales of securities to these investors.

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 transacting business in the Commonwealth of Virginia without duly being registered with the Division as an agent of the issuer; 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 Virginia ("Treasurer") the amount of Eighty Thousand Dollars (\$80,000) in monetary penalties. However, such penalties will be waived upon the Defendant paying the same amount to investors, in proportion to the amount each investor invested as outlined by the Division, within twenty-four (24) months of the date of the entry of this Order. In consideration of the foregoing, the Division expressly agrees to reconsider and review the imposition of monetary penalties against the Defendant during this twenty-four (24) month period should Darryl Bank, DIG and/or DPCG return 100% of the funds invested in the Issuers to their respective investors. For purposes of this paragraph, there shall be no review or reconsideration of the penalties assessed against the Defendant once the twenty-four (24) month payment period has expired.

(2) Within ninety (90) days of the last restitution payment, the Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the date and amount of restitution payments made to each investor.

(3) Within thirty (30) days of the date of the entry of this Order, the Defendant will provide a copy of this Order to those investors who will receive restitution payments.

(4) The Defendant will be enjoined from offering and selling financial products until such time he is properly registered by the Division.

(5) The Defendant will be enjoined from transacting business in the Commonwealth until such time he is registered by the Division.

(6) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

**CASE NO. SEC-2016-00024
APRIL 20, 2016**

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 25, 2016, 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-2016-00025
JUNE 2, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BFK FRANCHISE COMPANY, LLC
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of BFK Franchise Company, LLC ("Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

The Defendant registered its franchise with the Division on May 23, 2012. Currently, its application to renew its franchise registration in Virginia is pending. The Defendant is wholly owned by Creative Learning Corporation ("CLC"). The Defendant is a Florida limited liability company that offers and sells franchises that provide enrichment programs for children. The Defendant sells Bricks 4 Kidz franchises. Between June 2012 and June 2015, the Defendant sold 14 Bricks 4 Kidz franchises to be operated in the Commonwealth of Virginia ("Virginia").

It is alleged that the Defendant's franchise disclosure document ("FDD") was provided to 14 Virginia franchisees. The FDD contained no financial representations and stated that any financial representations, either orally or in writing, should be reported to the Defendant's managing director. However, nine franchisees received financial representations in the form of projections prior to their franchise purchase contrary to the representations in the FDD.

In addition, it is alleged that in June of 2012, CLC's former chief financial officer ("CFO") presented a franchisee profitability analysis to CLC's Board. The analysis showed that only 12% of Bricks 4 Kidz franchises were profitable. The former CFO's analysis also indicated that 30-35% of schools within Bricks 4 Kidz franchise territories did not allow franchisees to conduct any programs because these schools only allow programs conducted by not-for-profit organizations. Offering school programs is often necessary for franchisees to be profitable. It is further alleged that the financial projections provided to potential franchisees in Virginia included revenue from school programs, and therefore misrepresented potential revenues.

Based on the investigation, the Division alleges 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 Virginia ("Treasurer") within six (6) months of the entry of this Order, the amount of Twenty-nine Thousand Dollars (\$29,000) in monetary penalties.
- (2) The Defendant will pay to the Treasurer within six (6) months of the entry of this Order, the amount of Six Thousand Five Hundred Dollars (\$6,500) to defray the costs of investigation.
- (3) The Defendant will provide a copy of this Order to all current and former franchisees within ten (10) days of the entry of this Order.
- (4) The Defendant will pay restitution and return initial franchisee fees to two (2) former franchisees who received financial projections. These payments will be made in three (3) equal monthly installments with the first payment due within one (1) month of the entry of this Order

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- (5) The Defendant will make an offer of rescission to five (5) current franchisees who received financial projections pursuant to the following:
- (a) Within thirty (30) days of the date of entry of this Order, the Defendant will make a written offer of rescission sent by certified mail to each franchisee, which will include an offer to return the initial franchise fees and a provision that gives each franchisee thirty (30) days from the date of receipt of the offer of rescission to provide the Defendant with written notification of their decision to accept or reject the offer.
 - (b) The Defendant will provide to the Division a copy of the offer of rescission for its review and comment at least ten (10) days before sending it to each franchisee.
 - (c) If the rescission offer is accepted, the Defendant will forward the payment to each franchisee within three (3) months of receipt of the acceptance. These payments will be made in three (3) equal, monthly installments with the first payment due within one (1) month of the receipt of the acceptance.
 - (d) Within six (6) months from the date of the Order, the Defendant will submit to the Division proof of certified mailing of the offer of rescission and an affidavit, executed by the Defendant, which contains the date on which each franchisee received the offer of rescission, each franchisee's response, and, if applicable, the amount and the date that payment was sent to each franchisee.
- (6) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2016-00026
APRIL 27, 2016**

APPLICATION OF
CHRISTIAN FINANCIAL RESOURCES, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Christian Financial Resources, Inc. ("CFR"), which the Commission received March 29, 2016, with attached exhibits. The application requested that CFR's Demand Certificates and Time Certificates (collectively, "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers and employees of CFR be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) CFR is a Florida corporation operating not for private profit but exclusively for religious and charitable purposes; (ii) CFR intends to offer and sell the Certificates in an approximate aggregate amount of up to \$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 officers and employees of CFR who will not be compensated for their sales efforts; and (iv) CFR will discontinue issuer transactions for all Certificates previously exempted by the Commission upon the grant of the exemption of the offering of Certificates described herein.

Based on the facts asserted by CFR in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER 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 CFR's officers and employees are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2016-00027
JULY 29, 2016**

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

v.
GARY L. FLATER,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Gary L. Flater ("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 following:

The Defendant is resident of Colorado with the address of 4560 West Hinsdale Avenue, Littleton, Colorado 80128. He is not currently registered with the Division to offer and sell securities in or from the Commonwealth of Virginia. The Defendant was registered with the Division from January 23, 2003 through June 13, 2011.

The Division alleges that beginning in 2013, the Defendant was an independent trust consultant ("ITC") with Dominion Private Client Group LLC ("DPCG," a Virginia limited liability company and an affiliate of Dominion Investment Group LLC, "DIG," a Virginia limited liability company), and Summit Trust Company ("Summit," based in Pennsylvania and Nevada). As an ITC for DPCG and Summit, the Division alleges that the Defendant offered and sold securities in several DIG affiliated Virginia limited liability companies, including DV8 Sports LLC, weMonitor Group LLC, Spectrum 100 LLC, Venture Capital I LLC (hereinafter "Issuers"), and Diamond Index LLC, to four investors in Colorado, totaling approximately \$195,000. None of these securities were registered with the Division pursuant to the Act.

The Division alleges that the Defendant acted as an unregistered agent when he offered and sold the Issuers' unregistered securities. Also, the Division alleges that the Defendant, among other things, failed to properly inform investors: (1) of the substantial risks of these investments; (2) that Daryl Gene Bank, managing member of DIG and DPCG, and managing member of the managing member of the Issuers, was barred in 2010 from offering or selling securities by the Financial Industry Regulatory Authority, Inc.; (3) that the Defendant would receive commissions from the sale of these securities; and (4) the amount of commissions earned from the sales of securities to these investors.

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 transacting business in the Commonwealth of Virginia without duly being registered with the Division as an agent of the issuer; 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 Virginia ("Treasurer") the amount of Seventeen Thousand Three Hundred Sixty Dollars (\$17,360) in monetary penalties. However, such penalty will be waived upon the Defendant paying the same amount to investors in proportion to the amount each investor invested as outlined by the Division within ninety (90) days of the date of the entry of this Order.

(2) Within 90 days of the last restitution payment, the Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the date and amount of restitution payments made to each investor.

(3) Within 30 days of the date of the entry of this Order, the Defendant will provide a copy of this Order to those investors who will receive restitution payments.

(4) The Defendant will be enjoined from offering and selling financial products until such time he is properly registered by the Division.

(5) The Defendant will be enjoined from transacting business in the Commonwealth until such time he is duly licensed and registered by the Division.

(6) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2016-00028
MAY 9, 2016**

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 4, 2016, 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-2016-00030
SEPTEMBER 12, 2016**

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

v.

DIVERSIFIED REAL ESTATE HOLDINGS, LLC,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Diversified Real Estate Holdings, LLC ("Diversified") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Diversified is a Virginia limited liability company organized in 2013 and is located in Arlington, Virginia. As part of its business, Diversified purchases foreclosed properties for renovation and resale.

Based upon its investigation, the Division alleges that Diversified offered and sold preferred and common stock in its business ("Securities") to at least 16 individuals, including five clients of a registered investment advisor firm ("Firm") located in Virginia. The offers and sales to the Firm's clients were made through one of the Firm's investment advisor representatives ("IAR"). Based upon records that it reviewed, the Division alleges that the Securities were neither registered with the Division nor exempt from registration under the Act. The IAR also was not registered as an agent of Diversified to offer or sell its Securities. Finally, the Division alleges that Diversified engaged in general solicitation of the Securities through its website, which included information about Diversified, its investment strategy, and investor information about its offering as well as allowed investors to contact Diversified.

Based on the investigation, the Division alleges Diversified violated: (a) § 13.1-507 of the Act, which provides that it is unlawful to offer or sell any security unless the security is registered or unless the security or transaction is exempt from registration; and (b) § 13.1-504 B of the Act, which provides that it is unlawful for any issuer to employ an unregistered agent.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act

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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.

Diversified, without admitting or denying the allegations made herein by the Division, admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, Diversified has made an offer of settlement to the Commission wherein it will abide by and comply with the following terms and undertakings:

- (1) Diversified will pay to the Treasurer of Virginia ("Treasurer") the amount of Seven Thousand Five Hundred Dollars (\$7,500) in monetary penalties.
- (2) Diversified will pay to the Treasurer the amount of Two Thousand Five Hundred Dollars (\$2,500) in costs of investigation.
- (3) Upon entry of this Order, Diversified will pay to the Treasurer the amount of Ten Thousand Dollars (\$10,000), the total amount due for penalties and costs of investigation.
- (4) Diversified will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of Diversified.

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. SEC-2016-00033
MAY 27, 2016**

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 11, 2016, 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 \$200,000,000 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 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-2016-00034
NOVEMBER 18, 2016**

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

v.

TATE PARKER FELTS,
SECURE WEALTH HOLDINGS FUND, L.P.,
and
SECURE WEALTH HOLDINGS FUND II, L.P.,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Tate Parker Felts ("Felts"), Secure Wealth Holdings Fund, L.P. ("Secure Wealth"), and Secure Wealth Holdings Fund II, L.P. ("Secure Wealth II") (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Felts formed and operated Secure Wealth and Secure Wealth II to offer and sell interests in a pool of life settlement policies (fractional interests in life insurance policies) to investors in the form of limited partnership interests. Felts, a licensee of two life settlement providers, Texas-based Life Partners, Inc. ("LPI"), and Maryland-based Green Leaf Capital, LLC, purchased the life settlements for Secure Wealth and Secure Wealth II.¹

Based on the Division's investigation, from September 27, 2013, to June 3, 2015, the Defendants sold \$2,725,000 of limited partnership interests in Secure Wealth and Secure Wealth II to 23 investors.

In addition, the Division alleges that life settlements are discounted purchases of life insurance policies sold in fractional interests to investors that provide the policyholder access to immediate cash while forfeiting to the purchaser all beneficiary rights to policy payouts. When a policyholder sells the policy to a provider, the subsequent purchase price of the life settlement by investors is based on the estimate of life years remaining, given the policyholder's age and overall health. Life settlement policyholders are not terminally ill.

It is further alleged that a significant risk exists for investors who purchase life settlements, including: (1) if the policyholder outlives projected life expectancy, even by just a few years, the premiums needed to keep the policy active may reduce investor profits as well as a portion of, if not the entire, principal investment amount; (2) life settlement policies that do not pay out within the time parameters for which reserve premiums have been set aside require additional contributions, all borne by investors who hold fractional interests; and (3) if premium reserves are depleted, certain investors may not contribute additional premiums, forcing the remaining investors to pay more than their proportional share of premiums to avoid losing their entire investment should the policy be cancelled for non-payment.

Based on the Division's investigation, the Division alleges that Felts offered and sold undivided interests to 23 investors in Secure Wealth and Secure Wealth II. With the investors' funds, Felts, as a licensee of LPI, purchased \$2,100,000 of life settlements from LPI, representing 75% of the total life settlements Felts purchased for Secure Wealth and Secure Wealth II.

Based on the Division's investigation, the Division alleges that the Defendants violated § 13.1-502 (2) of the Act by providing misleading, contradictory fund performance information and risk disclosures to investors and by omitting material information from investor disclosures during the offer and sale of a security.

Based on the Division's investigation, the Defendants failed to disclose to investors of Secure Wealth II the U.S. Securities and Exchange Commission's ("SEC") allegations and significant monetary judgement against LPI and its executives related to life expectancy data used in calculating the price of life settlements. These allegations were based in part on alleged gross underestimation of insureds' life expectancies. The SEC investigation highlighted alleged flaws in LPI's life expectancy estimates and resultant harm to investors. A final judgment was entered against LPI and these executives in December 2014 enjoining them from filing forms with the SEC that contained false information and ordering LPI to disgorge \$15,000,000 and to pay a civil penalty of \$23,700,000. In addition, LPI chief executive officer Brian Pardo was ordered to pay a civil penalty of \$6,161,843 and LPI executive Scott Peden was ordered to pay a civil penalty of \$2,000,000. This judgment occurred prior to Secure Wealth II sales.

The Division further alleges that the Defendants also failed to disclose to investors prior material discrepancies between LPI life estimates and real outcomes in many of the life settlement policies purchased for Secure Wealth and Secure Wealth II. Many of those policyholders of the life settlement policies had already outlived LPI's projected life expectancy, discrediting the value of these estimates to investors.

Based on the Division's investigation, the Division alleges that the Defendants failed to disclose to all investors a settlement by LPI with the Commission relating to the alleged sale of unregistered securities. The Division alleges that Felts also violated § 13.1-504 A (i) of the Act by offering and selling investment contracts in the form of undivided interests in a fund of life settlements without being registered as an agent for Secure Wealth and Secure Wealth II; § 13.1-504 A (ii) of the Act by acting in the capacity of an investment advisor by persuading investors to sell securities held and use the funds to invest in Secure Wealth and Secure Wealth II; Secure Wealth and Secure Wealth II violated § 13.1-504 B of the Act by employing an unregistered agent during the sale of a security; and the Defendants violated § 13.1-507 of the Act by selling unregistered securities.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

¹ As Felts received investor funds, he purchased a number of life settlements that he assigned proportional interests to the investors in the pool. He continued this same practice with all of the additional investors.

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The Defendants neither admit nor deny the violations of §§ 13.1-502 (2), 13.1-504 A (i), 13.1-504 A (ii), and 13.1-507 of the Act 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 the Commonwealth of Virginia ("Treasurer"), the amount of Twenty Thousand Dollars (\$20,000) in monetary penalties. The Defendants will pay Five Thousand Dollars (\$5,000) of the penalty contemporaneously with the entry of this Order, with the remaining balance of Fifteen Thousand Dollars (\$15,000) due within one year of the date of entry of this Order.

(2) The Defendants will provide a copy of this Order to all investors within ten days of the date of entry of this Order.

(3) The Defendants will pay, contemporaneously with the entry of this Order, the amount of Three Thousand Dollars (\$3,000) for costs of investigation.

(4) The Defendants will not violate the Act in the future.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or 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-2016-00035
SEPTEMBER 22, 2016**

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

v.
MICHAEL JOHN STOLL,
Defendant

JUDGMENT ORDER

On June 10, 2016, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against Michael John Stoll ("Stoll" or "Defendant") based upon allegations made by the Commission's Division of Securities and Retail Franchising ("Division"). Specifically, the Division alleged that Stoll had violated §§ 13.1-507, 13.1-504, and 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

In the Rule, the Division alleged that between 2009 and 2010, Stoll offered and sold six securities related to the George Washington National Memorial Cemetery and Garden, LLC ("Washington Cemetery"), formerly known as Sunrise Lake Memorial Garden, LLC ("Sunrise Lake") that were neither registered nor exempt from registration to five investors in the Commonwealth of Virginia ("Virginia").¹ The Division further alleged that in addition to offering and selling unregistered securities: (i) Stoll failed to disclose pertinent material facts to the investors by failing to disclose that the ownership of Sunrise Lake had changed and its name had changed to the Washington Cemetery, (ii) previous investors connected with Sunrise Lake had not been paid back, and (iii) that there was a pending Commission Rule to Show Cause issued against Sunrise Lake claiming that the valuation of the Washington Cemetery was grossly misleading.²

Among other things, the Rule directed Stoll to file a responsive pleading, scheduled a hearing, and assigned the matter to a hearing examiner ("Hearing Examiner") to conduct further proceedings.

On July 29, 2016, Stoll filed a Pleading of No Contest to the Allegations Made Against Me ("Response") wherein, among other things, he did not deny the Division's allegations and requested a negotiated settlement.³

¹ Rule at 1.

² Rule at 4-5.

³ Response at 1.

On August 24, 2016, the Division filed a Motion for Entry of Consent of Judgment Order ("Judgment Motion") with the Commission. In the Judgment Motion, the Division represented that Stoll had executed a Consent to Entry of Judgment Order ("Consent"), a copy of which was attached to the Judgment Motion, admitting to detailed factual allegations and violations of the Act and supporting the Commission's entry of a Judgment Order against him.⁴ Specifically, Stoll admitted that he committed the following violations of the Act: (1) six violations of § 13.1-507 of the Act by offering and selling unregistered securities; and (2) six violations of § 13.1-504 of the Act by acting as an unregistered agent of the issuer and/or broker-dealer agent.⁵ Stoll neither admitted nor denied the Division's allegations that he had violated § 13.1-502 (2) of the Act.⁶

In the Consent, Stoll agreed to the entry of a Judgment Order including the following terms and conditions:

1. Imposition of a civil penalty of \$120,000 pursuant to § 13.1-521 A of the Act to be waived if he is able to pay restitution in the total amount of \$88,000 to five (5) investors in sums as identified in Attachment A, within three (3) years from the date of this Judgment Order.
2. A permanent bar 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 in Virginia; and (ii) violating the Act in the future.⁷

In the Judgment Motion, the Division requested that the Chief Hearing Examiner file a report recommending the Commission's entry of a Judgment Order in this case.⁸

On August 29, 2016, the Chief Hearing Examiner issued her report ("Report") wherein she cancelled the hearing and recommended that the Commission enter a Judgment Order against Stoll based upon and pursuant to the terms included in the Consent.⁹

NOW THE COMMISSION, upon consideration of the Rule, the record, the Chief Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the Chief Hearing Examiner's findings and recommendations are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant will pay a civil penalty in the amount of \$120,000 pursuant to § 13.1-521 A of the Act. The penalty will be waived if the Defendant pays restitution in the total amount of \$88,000 to five (5) investors in sums as identified in Attachment A, within three (3) years from the date of entry of this Judgment Order.

(3) Pursuant to § 13.1-519 of the Act, the Defendant is permanently enjoined from registering or transacting business as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, or investment advisor representative, and from selling securities in Virginia.

(4) The Defendant is permanently enjoined from violating the Act in the future.

(5) The Commission shall retain jurisdiction in this matter for all purposes, including the initiation 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 Judgment Order.

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

⁴ Judgment Motion at 1.

⁵ Consent at 2.

⁶ Consent at 3.

⁷ Consent at 3.

⁸ Judgment Motion at 1.

⁹ Report at 1-2.

CASE NO. SEC-2016-00036
JUNE 23, 2016

APPLICATION OF
BOARD OF CHURCH EXTENSION
OF DISCIPLES OF CHRIST, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Board of Church Extension of Disciples of Christ, Inc. ("Board of Church Extension"), which the Commission received May 18, 2016, with attached exhibits. The application requested that Board of Church Extension's Flexible Demand Notes, Fixed Rate Term Notes (180-day and 1- to 5-year maturities), Disciples Partner Plus 60-Month Notes, Kid Builder 36-Month Notes, Educational Growth Notes (1-20 years), and Capital Builder Notes (collectively, "Notes") be exempted from the securities registration requirements of the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia ("Act"), and that officers of Board of Church Extension be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Board of Church Extension is an Indiana corporation operating not for private profit but exclusively for religious purposes; (ii) Board of Church Extension intends to offer and sell the Notes in an approximate aggregate amount of up to \$2 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers of Board of Church Extension who will not be compensated for their sales efforts; and (iv) Board of Church Extension will discontinue issuer transactions for all securities previously exempted by the Commission upon the grant of the exemption for the offering of the Notes described herein.

Based upon the facts asserted by the Board of Church Extension in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER, 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 Board of Church Extension are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2016-00040
AUGUST 4, 2016

APPLICATION OF
FIRST COLEBROOK BANCORP, 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 First Colebrook Bancorp, Inc. ("First Colebrook"), dated April 28, 2016, with attached exhibits, requesting that Common Stock 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) First Colebrook is a Delaware corporation; and (ii) First Colebrook intends to offer and sell Common Stock for an aggregate amount of up to \$5,000,000. The Common Stock will be offered and sold by a registered broker-dealer.

NOW THE COMMISSION, based on the facts asserted by First Colebrook in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

CASE NO. SEC-2016-00041
JULY 19, 2016

APPLICATION OF
THE AMERICAN BAPTIST EXTENSION 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 The American Baptist Extension Corporation ("American Baptist"), which the Commission received June 10, 2016, with attached exhibits. The application requested that American Baptist's Demand Notes, Fixed Rate Term Notes, Jumbo Term Notes, and Variable Rate Term Notes (collectively, "Notes") be exempted from the

securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers of American Baptist 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) American Baptist is a New York corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) American Baptist intends to offer and sell the Notes in an approximate aggregate amount of up to \$40,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iii) said securities are to be offered and sold by officers of American Baptist who will not be compensated for their sales efforts.

Based on the facts asserted by American Baptist 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 American Baptist are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2016-00042
DECEMBER 27, 2016**

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

v.

SKRIMP SHACK, LLC

and

STACEY LYNN ARENA A/K/A STACEY HARTMAN,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Skrimp Shack, LLC ("Skrimp Shack") and Stacey Lynn Arena a/k/a Stacey Hartman ("Arena") (collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Based on the Division's investigation, Skrimp Shack is a domestic Virginia limited liability company based in Virginia that is a full service restaurant franchise operating under the name and trademark "The Skrimp Shack." Arena is the registered agent and a member or manager for Skrimp Shack. Although it submitted a franchise registration application to the Division while the investigation was pending, Skrimp Shack has not been previously registered to offer and sell franchises to be located in Virginia.

As a result of its investigation, the Division alleges that Skrimp Shack, through Arena, offered and sold six Skrimp Shack franchises to be operated in Virginia between November 2015 and the present. As part of the offer and sale of these franchises, the Division further alleges that Skrimp Shack did not provide prospective franchisees with a franchise agreement and such other disclosure documents as required by rule or order of the Commission. During the pendency of the investigation, the Defendants entered into a mutual termination agreement with one of the six Virginia franchisees and returned the initial franchise fee.

Based on the investigation, the Division alleges the Defendants violated: (i) § 13.1-560 of the Act by selling or offering to sell six 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 the Division's 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 Twelve Thousand Dollars (\$12,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Three Thousand Five Hundred Dollars (\$3,500) to defray the costs of investigation.

(3) The Defendants will make an offer of rescission to five (5) Virginia franchisees pursuant to the following:

(a) Within 30 days of the date of this Order, the Defendants will make a written offer of rescission, sent by certified mail to each franchisee, which will include an offer to return the initial franchise fee and a provision that gives each franchisee 30 days from the date of receipt of the offer of rescission to provide the Defendants with written notification of their decision to accept or reject the offer.

(b) The Defendants will provide to the Division a copy of the offer of rescission for its review and comment at least ten (10) days before sending it to each franchisee.

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(c) If the rescission offer is accepted, the Defendants will forward the payment to each franchisee within fifteen (15) days of receipt of the acceptance.

(d) Within ninety (90) days from the date of the Order, the Defendants will submit to the Division proof of certified mailing of the offer of rescission and an affidavit, executed by the Defendants, which contains the date on which each franchisee received the offer of rescission, each franchisee's response, and, if applicable, the amount and the date that payment was sent to each franchisee.

(4) The Defendants will provide all current and former franchisees a copy of this Order within ten (10) days of the entry of the Order.

(5) The Defendants will not violate the Act in the future.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

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

The entry of the Order in this case does not relieve the Defendants from any reporting obligations they may have to any regulatory authority.

**CASE NO. SEC-2016-00045
SEPTEMBER 13, 2016**

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

v.
MICHAEL P. SULLIVAN,
and
KENHILL INVESTMENTS, LLC,
Defendants

CONSENT ORDER

In December 2015, the Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") opened an investigation into Michael P. Sullivan ("Sullivan") and Kenhill Investments, LLC ("Kenhill") (collectively, the "Defendants"), alleged offer and sale of securities within the Commonwealth of Virginia ("Virginia"). Based on that investigation, the Division alleges that Kenhill was an unregistered investment advisor and Sullivan acted as an unregistered investment advisor of Kenhill in violation of § 13.1-504 A of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"), and violated 21 VAC 5-80-146 B of the Commission's Rules Governing Investment Advisors and Investment Advisor Representatives, 21 VAC 5-80-10 *et seq.* ("Rule"). The Division further alleges that Kenhill employed Sullivan as an unregistered investment advisor representative in violation of § 13.1-504 C (i) of the Act. In addition, the Division alleges that the Defendants offered and sold unregistered securities in violation of § 13.1-507 of the Act and made misrepresentations in the offer and sale of securities in violation of § 13.1-502 (2) of the Act. The Division further alleges as follows:

(1) Sullivan resides in South Hill, Virginia. From at least April 2011 until on or about July 2016, Sullivan, through his company, Kenhill, is alleged to have obtained approximately \$2 million from at least fifteen (15) advisory clients. The Defendants pooled these funds in an account under Kenhill's name and under Sullivan's signature control and authority at First Citizens Bank ("First Citizens").

(2) Sullivan represented to his Kenhill clients that he would invest their money through online trading platforms using his personal trading strategy.

(3) The Defendants used three (3) online trading accounts which Sullivan exclusively controlled. These accounts include a futures trading account maintained by TradeStation Securities, Inc., a futures trading account maintained by TransAct Futures, LLC and a trading platform for futures, equities, options and forex maintained by TD AmeriTrade, Inc.

(4) The Defendants' trading strategy has since failed and, to date, the Division estimates that investors have lost approximately \$840,000 of their principal investment.

(5) Sullivan, contrary to his representations to clients, used a portion of the client money for personal expenses.

(6) Kenhill has never been registered as an investment advisor under the Act or with the Securities and Exchange Commission, and Sullivan has never been registered as an investment advisor representative under the Act. The Defendants also have never been a "qualified custodian" as defined under Rule 21 VAC -80-146 A, nor did they employ the services of a qualified custodian when taking possession of investor funds.

(7) The Defendants continue to maintain custody of client funds in accounts with First Citizens, TradeStation Securities, Inc., TransAct Futures, LLC and TD AmeriTrade, Inc. However, these accounts have been frozen at the request of Sullivan.

In an effort to resolve the Defendants' alleged registration and custody violations, the Defendants have agreed to abide by and comply with the following temporary terms and undertaking:

(1) Upon entry of this Consent Order ("Order"), the Defendants will be enjoined from acting as an investment advisor, investment advisor representative, or otherwise engaging in securities business within Virginia until such time as an order has been entered by the Commission dismissing this matter from the Commission's docket.

(2) The Defendants also agree not to take any actions to unfreeze the above-described online trading accounts or bank accounts until further order of the Commission.

(3) Within fifteen (15) days from the date of entry of this Order, the Defendants will deliver a copy of this Order via certified mail to all fifteen (15) advisory clients. The Defendants will provide proof of such certified mailing to the Division within thirty (30) days from the date of entry of this Order.

In light of the foregoing information, the Division has recommended that this Order be entered in this matter.

NOW THE COMMISSION, having considered the record herein and the recommendations of the Division, is of the opinion that this Order should be entered.

Accordingly, IT IS ORDERED THAT:

(1) The Defendants shall abide by and comply with the terms and undertakings of this Order.

(2) By entry of this Order, the Defendants have waived their right to a hearing and to judicial review of this Order under § 13.1-521 A of the Act and § 12.1-39 of the Code.

(3) Entry of this Order will not preclude the Division from taking any actions and pursuing any remedies available under the Act for any alleged violations of the Act arising from the Defendants' conduct as alleged by the Division in this Order.

(4) Entry of this Order does not waive any rights or remedies available to the Defendants by law or under the Act in the event the Division pursues any action or remedy available under the Act.

(5) This Order shall be binding upon the Defendants and each successor and assign with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions that may arise from this Order.

**CASE NO. SEC-2016-00047
SEPTEMBER 16, 2016**

APPLICATION OF
UNITED CHURCH OF CHRIST CORNERSTONE 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 United Church of Christ Cornerstone Fund, Inc. ("United Church"), which the Commission received August 5, 2016, with attached exhibits. The application requested that United Church's Flexible Demand Notes, 6 Month Notes, 12 Month Notes, 18 Month Notes, 30 Month Notes, 60 Month Notes, and Church Builder Bonus-60 Month Notes (collectively, "Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers of United Church 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) United Church is an Indiana corporation operating not for private profit but exclusively for religious purposes; (ii) United Church intends to offer and sell the Notes in an approximate aggregate amount of up to \$60 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iii) said securities are to be offered and sold by officers of United Church who will not be compensated for their sales efforts.

Based on the facts asserted by United Church 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 United Church are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2016-00048
SEPTEMBER 16, 2016**

APPLICATION OF
HARVEST LIFE CHANGERS CHURCH INTERNATIONAL INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

On July 26, 2016, Harvest Life Changers Church International Inc. ("Harvest Life") filed with the State Corporation Commission ("Commission") its written application and exhibits ("Application"), as subsequently amended. The Application requested that Harvest Life's First Deed of Trust Bonds, Series 2016-C ("Bonds"), be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based upon the information provided, the following facts, in addition to others not enumerated herein, appear to exist: (i) Harvest Life is a nonstock Delaware corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) Harvest Life intends to offer and sell the Bonds in an approximate aggregate amount of up to \$4.5 million on terms and conditions as more fully described in the Prospectus filed with the Application; and (iii) the Bonds are to be offered and sold only by broker-dealers registered under the Act.

Based on the facts asserted by Harvest Life in the Application, 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-2016-00049
OCTOBER 3, 2016**

IN THE MATTER OF
SAMUEL CHI TAT LAM
UNDER THE SECURITIES ACT OF VIRGINIA

ORDER IMPOSING SPECIAL SUPERVISORY PROCEDURES

As a condition of registration as an agent, Samuel Chi Tat Lam ("Applicant"), CRD #3157188, and the employing broker-dealer, Capitol Securities Management, Inc. ("Capitol"), CRD #14169, have offered and agreed to implement and be bound by the following special supervisory procedures:

(2) The Order Imposing Special Supervisory Procedures ("Order") is in effect for one (1) year from the date that the Applicant is registered with the State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division").

(3) Beginning upon the date of the Applicant's registration, Capitol must perform quarterly on-site audits. The audit must include customer inquiries conducted by compliance staff made either by random phone sampling or in-person interviews of customers to insure no irregularities with communications, transactions, and handling of customer funds. The compliance staff will submit to the Division a copy of the template that will be used to conduct the customer interviews. The audit shall also include, at a minimum, review of various types of communications and forms in addition to trading documents. Capitol must provide all of the Applicant's audit reports to the Division within thirty (30) days of completion of the report.

(4) If Capitol discovers any irregularity or abuse in connection with any transaction effected for a customer by the Applicant or receives any complaint from a customer about the Applicant, Capitol shall promptly notify the Commission in writing within five (5) days of notification or discovery.

(5) At the end of the term of this Order, the Applicant must submit a signed affidavit of compliance with this Order.

UPON CONSIDERATION of this matter, the Commission is of the opinion and finds that the parties' offer should be accepted and that the Applicant should be subject to special supervisory procedures.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the parties and the terms of the special supervisory procedure are accepted.
- (2) The imposition of the supervisory procedures set forth above shall not relieve the Applicant or Capitol of the duty and responsibility to comply with all applicable rules, regulations and procedures imposed by this Commission, any other regulatory agency or organization, or the broker-dealer;
- (3) The supervisory procedures set forth above shall remain in force until the Commission otherwise orders; and
- (4) The Applicant shall have the right to petition the Commission no sooner than upon completion of the terms of this Order to terminate the Order.

**CASE NO. SEC-2016-00051
OCTOBER 14, 2016**

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/case.

Proposed Revision to Chapter 45 of 21 VAC 5-45 - Notice Filing for Issuers Using Federal Regulation A -Tier 2 Exemption Offerings

The proposed amendment to Chapter 45 by adding Section 30 (21 VAC 5-45-30) provides for a notice filing for securities issuers that are using federal Regulation A ("Regulation A ") for offerings up to \$50 million in a 12-month period. This amendment will allow Virginia to monitor these offerings. The proposed notice filing exemption follows a uniform exemption developed by the states' trade association, the North American Securities Administrators Association, Inc. ("NASAA"), to use for these notice filings. NASAA developed the model rule in large part due to a rule recently implemented in the state of Washington.

The proposed rule requires the filing of a short form with basic information about the issuer and the offering. Because Regulation A permits the offering to continue past the initial period of 12 months in some cases, an issuer would be required to renew the notice filing in order to continue to offer and sell their securities in Virginia. The proposed filing fees are \$500 for an initial filing and a \$250 renewal fee.

Proposed Revision to Chapter 20 of 21 VAC 5-20-280 - the Prohibited Business Conduct Rules Governing Broker-dealers, as it Applies to Foreign Issuers

The Division of Securities and Retail Franchising (the "Division") was made aware by the Securities and Financial Markets Association ("SIFMA") and the Financial Services Institute ("FSI"), both of which are securities trade associations, that one of the prohibited business conduct rules that was intended to cover broker-dealer activities in the offer and sale of penny stock was creating questions regarding the issuance of securities by certain world class foreign issuers.

The Commission never intended that these high quality foreign issuers be subject to Subsection D 6 of 21 VAC 5-20-280; therefore, the Division is requesting that the Commission consider a revision to the subsection to make it clear that such companies do not fall under this requirement.

The Division recommends that the Commission consider adoption of the proposed revisions. The Division also recommends that a hearing be held only if requested by those interested parties who specifically indicate that a hearing is necessary and the reasons therefore.

Interested parties may request a copy of the proposed revisions from the Division by telephone, regular mail or e-mail request, and a copy of the proposed revisions also can be found at the Division's website: www.scc.virginia.gov/srf. Any comments to the proposed rules must be received by December 1, 2016.

Accordingly, IT IS THEREFORE ORDERED THAT:

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

(2) On or before December 1, 2016, comments or requests for hearing on the proposed revisions must be submitted in writing to Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Requests for hearing shall state why a hearing is necessary and why the issues cannot adequately be addressed in written comments. All correspondence shall reference Case No. SEC-2016-00051. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

(3) The proposed revisions shall be posted on the Commission's website at <http://www.scc.virginia.gov/case> and on the Division's website at <http://www.scc.virginia.gov/srf>. Interested persons also may request a copy of the proposed revisions from the Division by telephone, regular mail, or e-mail.

**CASE NO. SEC-2016-00052
SEPTEMBER 21, 2016**

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 31, 2016, 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-2016-00054
NOVEMBER 1, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROBERT PAUL FRANCESCHINI,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Robert Paul Franceschini ("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 that the Defendant transacted business as an unregistered investment advisor and investment advisor representative in that he managed the brokerage accounts of clients for a fee without being registered with the Division as an investment advisor and investment advisor representative. Specifically, the Division alleges that the Defendant, who is a Virginia resident whose primary business involves charter fishing tours, traded securities in the brokerage accounts of seven individuals. The Defendant managed these accounts in exchange for a percentage fee based on the assets under management in the accounts. As part of these services, the Defendant neither provided disclosures to the individuals nor obtained written agreements from them.

The Defendant admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order"). The Defendant further admits that: (a) he traded securities for seven clients in exchange for a fee; (b) he neither provided disclosures nor obtained a written agreement from any client; and (c) neither he nor his business is registered in Virginia as an investment advisor representative or investment advisor. The Defendant also has admitted that he has terminated his advisor relationship with all seven clients, that he no longer provides investment advisor services to clients, and that he will not provide investment advisor services in the future.

Based on the investigation, the Division alleges the Defendant violated § 13.1-504 A (ii) of the Act by transacting business in the Commonwealth of Virginia as an investment advisor and an investment advisor representative without being registered.

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.

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:

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(1) The Defendant agrees to be enjoined, for a period of five (5) years from the date of entry of this Order, from: (a) registering as an agent of an issuer or broker-dealer; (b) registering as an investment advisor representative; (c) registering as a broker dealer or investment advisor; or (d) offering or selling securities in the Commonwealth of Virginia.

(2) The Defendant will provide a copy of this Order to each of the seven (7) clients within fourteen (14) days of 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-2016-00055
SEPTEMBER 30, 2016**

APPLICATION OF
WELS CHURCH EXTENSION FUND, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of WELS Church Extension Fund, Inc. ("WELS Fund"), which the Commission received September 19, 2016, with attached exhibits. The application requested that WELS Fund's Loan Certificates, Savings Certificates, and Retirement/IRA Certificates (collectively, "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers of WELS 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) WELS Fund is a Wisconsin nonstock corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) WELS Fund intends to offer and sell the Certificates in an approximate aggregate amount of up to \$70,000,000 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 WELS Fund who will not be compensated for their sales efforts; and (iv) WELS Fund will discontinue issuer transactions for all other securities previously exempted by the Commission upon the grant of the exemption for the offering of Certificates described herein.

Based on the facts asserted by WELS 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 WELS Fund's officers are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2016-00056
DECEMBER 29, 2016**

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

v.

ADRIAN JOHNSON

and

PELICAN'S SNOBALLS VA, LLC,

Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Adrian Johnson and Pelican's Snoballs VA, LLC (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").

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Based on the investigation, the Division alleges the Defendants violated: (i) § 13.1-560 of the Act by selling or offering to sell at least ten franchises between April 2014 and June 2016 in the Commonwealth of Virginia ("Virginia") prior to registering under the provisions of the Act. The Defendants were notified in 2014 that they were not registered, and the Defendants continued to offer and sell franchise locations. The Division also alleges the Defendants violated (ii) § 13.1-563 (4) of the Act by failing to provide franchisees with (i) the franchise agreement; and (ii) franchise disclosure documents ("FDD") that had not be reviewed or cleared by the Division for use. A cleared FDD provides material information to prospective franchisees in order for them to make an informed decision regarding the purchase of a franchise.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny 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) Within thirty (30) days of the date of this order, the Defendants will pay to the Treasurer of Virginia ("Treasurer") the amount of Fifteen Thousand Dollars (\$15,000) in monetary penalties.

(2) The Defendants will make an offer of rescission to each Virginia franchisee pursuant to the following:

(a) Within thirty (30) days of the date of this Order, the Defendants will make a written offer of rescission, sent by certified mail to each franchisee, which will include an offer to return the initial franchise fees and a provision that gives each franchisee thirty (30) days from the date of receipt of the offer of rescission to provide the Defendants with written notification of their decision to accept or reject the offer.

(b) The Defendants will provide to the Division a copy of the offer of rescission for its review and comment at least ten (10) days before sending it to each franchisee.

(c) The Defendants will include with the written offer of rescission a copy of this Order.

(d) If the rescission offer is accepted, the Defendants will forward the payment to the franchisee within fifteen (15) days of receipt of the acceptance.

(e) Within ninety (90) days from the date of the Order, the Defendants will submit to the Division proof of certified mailing of the offer of rescission and an affidavit, executed by the Defendants, which contains the date on which each franchisee received the offer of rescission, each franchisee's response, and, if applicable, the amount and the date that payment was sent to each franchisee.

(3) The Defendants shall participate in compliance training offered through the International Franchise Association, with proof of completion submitted to the Division within six (6) months of the date of entry of this Order.

(4) The Defendants will not violate the Act in the future.

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

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion 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 taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2016-00060
DECEMBER 21, 2016**

APPLICATION OF
THE UNITED METHODIST DEVELOPMENT 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 The United Methodist Development Fund ("United Fund"), which the Commission received November 22, 2016, with attached exhibits. The application requested that United Fund's Flexible Investment Notes, One Year Notes, Two Year Notes, Three Year Notes, Four Year Term Notes, Five Year Term Notes, and Individual

Retirement Account Notes (collectively, "Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers and employees of United 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) United Fund is a Pennsylvania corporation operating not for private profit but exclusively for religious and charitable purposes; (ii) United Fund intends to offer and sell the Notes in an approximate aggregate amount of up to \$100 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers and employees of United Fund who will not be compensated for their sales efforts; and (iv) United 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 United 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 United Fund's officers and employees are exempt from the agent registration requirements of § 13.1-504 of the Act.

DIVISION OF UTILITY AND RAILROAD SAFETY

CASE NO. URS-2012-00251 AUGUST 4, 2016

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated April 15, 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 June 28, 2016. Therefore, the remaining balance of Five Hundred Twelve Thousand Three Hundred Dollars (\$512,300) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty balance of Five Hundred Twelve Thousand Three Hundred Dollars (\$512,300) 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.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

CASE NO. URS-2013-00227 JANUARY 12, 2016

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SCOTT WILSON, INDIVIDUALLY AND T/A BECK COMMUNICATIONS,
Defendant

FINAL ORDER

On August 20, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Scott Wilson, Individually and t/a/ Beck Communications ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about March 21, 2013, the Defendant damaged a one-and-one-quarter-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("CGV"), located at or near 4515 Carr Drive, Spotsylvania County, Virginia, while excavating. The Rule maintained that the Defendant failed to take all reasonable steps necessary to properly protect, support, and backfill this underground utility line, in violation of § 56-265.24 A of the Code. The Rule further maintained that the Defendant utilized mechanized equipment within two feet of the extremities of the exposed utility line, in violation of 20 VAC 5-309-140 (3) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*, and that the Defendant 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).

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 15, 2015. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule. On October 1, 2015, the matter was heard by A. Ann Berkebile, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher Shawn Rush, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be penalized the maximum civil penalty of Two Thousand Five Hundred Dollars (\$2,500) per violation.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On October 20, 2015, the Hearing Examiner issued her Report. In her Report, the Hearing Examiner noted that the Defendant was found in default because he failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.24 A of the Act by failing to take all reasonable steps necessary to properly protect, support, and backfill CGV's service line. Similarly, the Hearing Examiner found that the Defendant violated Rule 140 (3) by using mechanized equipment within two feet of an exposed utility line's extremities and Rule 150 (8) by failing to visually verify the drill head as it passed through potholes, entrances, and exit pits.

The Hearing Examiner recommended that the Commission enter an Order that adopts the findings of her report, penalizes the Defendant the sum of Seven Thousand Five Hundred Dollars (\$7,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to her Report within 21 days of the date thereof. No comments were filed in response 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 findings and recommendations of the October 20, 2015 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the October 20, 2015 Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Seven Thousand Five Hundred Dollars (\$7,500) shall be imposed on the Defendant for the violations described herein of the Code.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2013-00227 shall be referenced in any document transmitting payment of the penalties imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NOS. URS-2013-00377 & URS-2013-00472
JUNE 17, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EMT ASPHALT, INC.
T/A SALEM PAVING CORPORATION,
Defendant

FINAL ORDER

On August 5, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against EMT Asphalt, Inc. t/a Salem Paving Corporation ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about May 21, 2013, the Defendant damaged a one-half inch plastic gas service line operated by Roanoke Gas Company, located at or near 6177 Burnham Road, S.W., Roanoke County, Virginia, while excavating. The Rule further alleged that on or about August 14, 2013, the Defendant damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 3607 Wellington Drive, S.E., Roanoke County, Virginia, while excavating. The Rule maintained that the Defendant failed to notify the notification center (VA811) before beginning each excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 15, 2015. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On October 1, 2015, the matter was heard by Hearing Examiner A. Ann Berkebile. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Chad Lanier Mayhew, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On October 22, 2015, the Hearing Examiner issued her Report. In her Report, the Hearing Examiner noted that the Defendant was found in default because it failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant failed to notify VA 811 before excavating in violation of § 56-265.17 A of the Act.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings of her Report, penalizes the Defendant the sum of Five Thousand Dollars (\$5,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to her Report within 21 days of the date thereof. No comments to the Report were filed by any parties in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the October 22, 2015 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the October 22, 2015 Hearing Examiner's Report hereby are adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Five Thousand Dollars (\$5,000) shall be imposed on the Defendant for the violations described herein of § 56-265.17 A of the Code as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case Nos. URS-2013-00377 and URS-2013-00472 shall be referenced in any document transmitting payment of the penalties imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2014-00065
JANUARY 12, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHERRY HILL EXCAVATING, INC.,
Defendant

FINAL ORDER

On August 20, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Cherry Hill Excavating, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about October 14, 2013, the Defendant damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 23472 Somerset Crossing Place, Loudoun County, Virginia, while excavating. The Rule maintained that the Defendant failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 29, 2015. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule. On October 15, 2015, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Kelvin Alan Johnson, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proofs of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be penalized the maximum civil penalty of Two Thousand Five Hundred Dollars (\$2,500).

On November 2, 2015, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because he failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Code as a result of the failure to notify the notification center before beginning excavation. The Hearing Examiner recommended that the Commission enter an Order that adopts the findings of his report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments were filed in response 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 findings and recommendations of the November 2, 2015 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the November 2, 2015 Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of § 56-265.17 A of the Code as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2014-00065 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2014-00065
JUNE 17, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHERRY HILL EXCAVATING, INC.,
Defendant

FINAL ORDER

On August 20, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Cherry Hill Excavating, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about October 14, 2013, the Defendant damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 23472 Somerset Crossing Place, Loudoun County, Virginia, while excavating. The Rule maintained that the Defendant failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 29, 2015. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On October 15, 2015, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Kelvin A. Johnson, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proofs of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be penalized the maximum civil penalty of Two Thousand Five Hundred Dollars (\$2,500).

On November 2, 2015, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because it failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Code as a result of the failure to exercise reasonable care. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of his Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments to the Report were filed in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the November 2, 2015 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the November 2, 2015 Hearing Examiner's Report hereby are adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of § 56-265.17 A of the Code as a result of the failure to exercise reasonable care.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2014-00065 shall be referenced in any document transmitting payment of the penalties imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00052
NOVEMBER 1, 2016**

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

v.

EXCEL PAVING CORPORATION,
Defendant

FINAL ORDER

On March 22, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Excel Paving Corporation ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Damage Prevention Rules") 20 VAC 5-309-10 *et seq.*

Specifically, the Rule alleged that on or about September 6, 2014, the Defendant damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 100 East Constance Road, Suffolk, Virginia, while excavating. The Rule alleged that the Defendant: (i) failed to expose the underground utility line to its extremities by hand digging in violation of § 56-265.24 A (1) of the Code; and (ii) failed to maintain 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 Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before May 4, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On May 18, 2016, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Chad Lanier Mayhew, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On June 6, 2016, the Hearing Examiner's report ("Report") was filed finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) failed to expose the underground utility line to its extremities by hand digging in violation of § 56-265.24 A (1) of the Code; and (ii) failed to maintain a reasonable clearance between the marked location of 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 Damage Prevention Rules.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings of the Report, penalizes the Defendant in the amount of Five Thousand Dollars (\$5,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

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

(2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code and 20 VAC 5-309-60 of the Damage Prevention Rules, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars (\$5,000) shall be imposed on the Defendant for the violations described herein of § 56-265.24 A (1) of the Code and 20 VAC 5-309-140 (4) of the Damage Prevention Rules as a result of the failure to exercise reasonable care.

(3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of

Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00052 shall be referenced in any document transmitting payment of the penalty imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

CASE NO. URS-2015-00158
JUNE 17, 2016

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

v.
CECIL ANDREW JOBE,
Defendant

FINAL ORDER

On December 8, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Cecil Andrew Jobe ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and the Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Enforcement Rules").

Specifically, the Rule alleged that on or about October 29, 2014, the Defendant damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 441 Stoneacres Drive, Roanoke County, Virginia, while excavating. The Rule maintained that the Defendant: (1) failed to notify the notification center (VA811) before beginning his excavation, in violation of § 56-265.17 A of the Code; (2) 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) failed to expose the underground utility line to its extremities by hand digging within the excavation area when excavation is expected to come within two feet of the marked location of the underground utility line, in violation of 20 VAC 5-309-140 (2) of the Enforcement Rules; and (4) failed to promptly notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Enforcement Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before January 12, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On January 26, 2016, the matter was heard by Michael D. Thomas, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Kelvin Alan Johnson, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Commission level a civil penalty against the Defendant in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act or the Enforcement Rules.

On February 5, 2016, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because he failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) violated § 56-265.17 A of the Code by failing to notify the Miss Utility Notification Center for the area prior to excavating; (ii) violated § 56-265.24 A of the Code failing to exercise due care at all times to protect an underground natural gas service line from damage while excavating; (iii) violated Enforcement Rule 20 VAC 5-309-140 (2) by failing to expose an underground natural gas service line to its extremities by hand digging within the excavation area when excavation is expected to come within two feet of the marked location of an underground utility line; and (iv) violated Enforcement Rule 20 VAC 5-309-200 by failing to notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of his report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code and Enforcement Rule 20 VAC 5-309-60, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments to the Report were filed by any parties in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the February 5, 2016 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the February 5, 2016 Hearing Examiner's Report hereby are adopted.

(2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code and Enforcement Rule 20 VAC 5-309-60, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the Defendant's violations of §§ 56-265.17 A and 56-265.24 A of the Code, and the Defendant's violations of Enforcement Rules 20 VAC 5-309-140 (2) and 20 VAC 5-309-200.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00158 shall be referenced in any document transmitting payment of the penalties imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00230
MARCH 25, 2016**

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

v.

BUCKLEY CABLE CONSTRUCTION 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 January 29, 2015, Buckley Cable Construction Inc. ("Company") excavated at or near the intersection of South Belvidere Street and Spring Street, Richmond, Virginia.

(2) On the occasion set out in paragraph (1) above, the Company failed on seven (7) instances to expose the underground utility lines 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 maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Rules").

(4) On the occasion set out in paragraph (1) above, the Company failed on six (6) instances to expose all utility lines which were in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of Rule 20 VAC 5-309-150 (6).

(5) On the occasion set out in paragraph (1) above, the Company failed on six (6) 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.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company has offered, and agreed to comply with the following terms and undertakings:

(1) That it will pay a civil penalty to the Commonwealth of Virginia in the amount of Seven Thousand Dollars (\$7,000) 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 January 29, 2016, 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, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2015-00230.

(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 Dollars (\$7,000) 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-2015-00258
JUNE 21, 2016**

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

v.
SERGIO GOMEZ,
Defendant

FINAL ORDER

On December 8, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Sergio Gomez ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about April 29, 2015, the Defendant damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 7205 Enterprise Avenue, Fairfax County, Virginia, while excavating. The Rule maintained that the Defendant failed to notify the notification center (VA 811) before beginning excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before February 3, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On February 17, 2016, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of James Edward Maass, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be penalized the maximum civil penalty of Two Thousand Five Hundred Dollars (\$2,500) per violation of the Code.

On February 24, 2016, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because he failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Code as a result of the failure to exercise reasonable care. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of his Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments to the Report were filed in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the February 24, 2016 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the February 24, 2016 Hearing Examiner's Report hereby are adopted.

(2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of § 56-265.17 A of the Code as a result of the failure to exercise reasonable care.

(3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00258 shall be referenced in any document transmitting payment of the penalties imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00271
JUNE 21, 2016**

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

v.
TELCOM, LLC,
Defendant

FINAL ORDER

On December 8, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Telcom, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about April 24, 2015, the Defendant damaged a three-quarter-inch plastic gas service line operated by Atmos Energy Corporation, located at or near 6379 Spring Avenue, Pulaski County, Virginia, while excavating. The Rule maintained that the Defendant failed to wait 48 hours, beginning 7 a.m., the next working day following notice to the notification center (VA 811), before excavating, in violation of § 56-265.17 B. 1 of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before January 12, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On January 26, 2016, the matter was heard by Michael D. Thomas, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Kelvin Alan Johnson, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Commission level a civil penalty against the Defendant in the amount of Two Thousand Five Hundred Dollars (\$2,500) for violating the Act.

On February 5, 2016, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because it failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.17 B. 1 of the Code as a result of the failure to exercise reasonable care. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of his Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments to the Report were filed in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the February 5, 2016 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the February 5, 2016 Hearing Examiner's Report hereby are adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of § 56-265.17 B. 1 of the Code as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00271 shall be referenced in any document transmitting payment of the penalties imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00277
JUNE 21, 2016**

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

FINAL ORDER

On December 8, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Global Services & Systems, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about April 6, 2015, the Defendant damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 208 Clydesdale Drive, York County, Virginia, while excavating. The Rule maintained that the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before February 3, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On February 17, 2016, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Robert Lewis DeAtley, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be penalized One Thousand Dollars (\$1,000) for violating the Code.

On February 24, 2016, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because it failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.24 A of the Code as a result of the failure to exercise reasonable care. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of his Report, penalizes the Defendant the sum of One Thousand Dollars (\$1,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments to the Report were filed in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the February 24, 2016 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the February 24, 2016 Hearing Examiner's Report hereby are adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of One Thousand Dollars (\$1,000) shall be imposed on the Defendant for the violation described herein of § 56-265.24 A of the Code as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00277 shall be referenced in any document transmitting payment of the penalties imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00366
JUNE 21, 2016**

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

v.
DELBERT PINNER,
Defendant

FINAL ORDER

On December 8, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Delbert Pinner ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about May 19, 2015, the Defendant damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 224 West 28th Street, Norfolk, Virginia, while excavating. The Rule maintained that the Defendant failed to notify the notification center (VA 811) before beginning its excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before January 19, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On February 2, 2016, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Robert Lewis DeAtley, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) a civil penalty be levied against the Defendant in the amount of Six Hundred Dollars (\$600) for violating the Act.

On February 18, 2016, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because he failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Code as a result of the failure to exercise reasonable care. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of his Report, penalizes the Defendant the sum of Six Hundred Dollars (\$600) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments to the Report were filed in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the February 18, 2016 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the February 18, 2016 Hearing Examiner's Report hereby are adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Six Hundred Dollars (\$600) shall be imposed on the Defendant for the violation described herein of § 56-265.17 A of the Code as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00366 shall be referenced in any document transmitting payment of the penalties imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00410
JUNE 21, 2016**

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

v.

BEAU KNICKS ELECTRIC PLUMBING & EXCAVATING,
Defendant

FINAL ORDER

On December 8, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Beau Knicks Electric Plumbing & Excavating ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about March 23, 2015, the Defendant damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 11 Grouse Run Road, Rockbridge County, Virginia, while excavating. The Rule maintained that the Defendant failed to notify the notification center (VA 811) before beginning its excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before January 19, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On February 2, 2016, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher Shawn Rush, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Commission level a civil penalty against the Defendant in the amount of Two Thousand Five Hundred Dollars (\$2,500) for violating the Act.

On February 18, 2016, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because the Defendant failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Code as a result of the failure to exercise reasonable care. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of his Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments to the Report were filed in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the February 18, 2016 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the February 18, 2016 Hearing Examiner's Report hereby are adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of § 56-265.17 A of the Code as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00410 shall be referenced in any document transmitting payment of the penalties imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00425
JUNE 21, 2016**

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

v.
GALICIA CONCRETE, INC.,
Defendant

FINAL ORDER

On December 8, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Galicia Concrete, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about June 26, 2015, the Defendant damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 2413 Artie Avenue, Virginia Beach, Virginia, while excavating. The Rule maintained that the Defendant failed to notify the notification center (VA 811) before beginning its excavation, in violation of § 56-265.17 A of the Code. The Rule further maintained that the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before February 3, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On February 17, 2016, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Robert Lewis DeAtley, associate safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be penalized the maximum civil penalty of Two Thousand Five Hundred Dollars (\$2,500) per violation of the Code.

On February 24, 2016, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because he failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated §§ 56-265.17 A and 56-265.24 A of the Code as a result of the failure to exercise reasonable care. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of his Report, penalizes the Defendant the sum of Five Thousand Dollars (\$5,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments to the Report were filed by any parties in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the February 24, 2016 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the February 24, 2016 Hearing Examiner's Report hereby are adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Five Thousand Dollars (\$5,000) shall be imposed on the Defendant for the violation described herein of §§ 56-265.17 A and 56-265.24 A of the Code as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2014-00425 shall be referenced in any document transmitting payment of the penalties imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00454
JUNE 21, 2016**

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

v.

ADVANCED LANDSCAPE SOLUTIONS, LLC,
Defendant

FINAL ORDER

On December 8, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Advanced Landscape Solutions, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Enforcement Rules").

Specifically, the Rule alleged that on or about June 25, 2015, the Defendant damaged a one-inch plastic gas service line operated by the City of Richmond, located at or near 2911 Leffingwell Place, Henrico County, Virginia, while excavating. The Rule maintained that the Defendant: (1) failed to provide notice to the notification center (VA 811) with proper information, in violation of § 56-265.18 of the Code; (2) failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code; and (3) 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 Enforcement Rule 20 VAC 5-309-140 (2).

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before January 19, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On February 2, 2016, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Chad Lanier Mayhew, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Enforcement Rules.

On February 18, 2016, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner noted that the Defendant was found in default because it failed to file a responsive pleading to the Rule and failed to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant: (i) failed to notify VA 811 with proper information in violation of § 56-265.18 of the Act; (ii) failed to exercise due care at all times to protect the underground utility line in violation of § 56-265.24 A of the Act; and (iii) failed to expose the underground utility line to its extremities by hand digging within the excavation area when the excavation was expected to come within two feet of the marked location of the underground utility line in violation of 20 VAC 5-309-140 (2) of the Enforcement Rules.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings of his Report, penalizes the Defendant the sum of Seven Thousand Five Hundred Dollars (\$7,500) pursuant to § 56-265.32 of the Code and Enforcement Rule 20 VAC 5-309-60, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to his Report within 21 days of the date thereof. No comments to the Report were filed in this case.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the February 18, 2016 Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the February 18, 2016 Hearing Examiner's Report hereby are adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code and Enforcement Rule 20 VAC 5-309-60, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Seven Thousand Five Hundred Dollars (\$7,500) shall be imposed on the Defendant for the violation described herein of §§ 56-265.18 and 56-265.24 A of the Code and Enforcement Rule 20 VAC 5-309-140 (2) as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00454 shall be referenced in any document transmitting payment of the penalties imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) There being nothing further to be done herein, this case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NOS. URS-2015-00468 & URS-2015-00604
NOVEMBER 1, 2016**

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

v.

SAGRES CONSTRUCTION CORPORATION,
Defendant

FINAL ORDER

On March 11, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Sagres Construction Corporation ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that (i) on or about June 1, 2015, the Defendant damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("CGV"), located at or near 17421 Tripoli Boulevard, Prince William County, Virginia, while excavating; (ii) on or about July 17, 2015, the Company damaged a one-inch plastic gas service line operated by CGV, located at or near 17461 Tripoli Boulevard, Prince William County, Virginia, while excavating; (iii) on or about September 3, 2015, the Company damaged a one-half-inch plastic gas service line operated by CGV, located at or near 5600 2nd Street South, Arlington County, Virginia; while excavating; and (iv) on or about September 1, 2015, the Company damaged a one-inch plastic gas service line operated by CGV, located at or near 17421 Tripoli Boulevard, Prince William County, Virginia, while excavating.

The Rule alleged that on those occasions, the Defendant: (i) twice failed to exercise due care at all times to protect the underground utility lines, in violation of § 56-265.24 A of the Code; (ii) twice failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A 1 of the Code; (iii) on three occasions 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 ("Damage Prevention Rules"), 20 VAC 5-309-10 *et seq.* The Rule thus alleged seven violations of the Code or the Damage Prevention Rules.

The Rule directed the Defendant to file a responsive pleading to the allegations set forth in the Rule with the Clerk of the Commission on or before June 1, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a pleading responsive to the Rule.

On June 15, 2016, the matter was heard by A. Ann Berkebile, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher Shawn Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On July 6, 2016, the Hearing Examiner's Report was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) twice failed to exercise due care at all times to protect the underground utility lines, in violation of § 56-265.24 A of the Code; (ii) twice failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A 1 of the Code; and (iii) on three occasions 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 Damage Prevention Rules. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of the Report, penalizes the Defendant the sum Seventeen Thousand Five Hundred Dollars (\$17,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Seventeen Thousand Five Hundred Dollars (\$17,500) shall be imposed on the Defendant for the violations described herein of § 56-265.24 A (1) of the Code and 20 VAC 5-309-140 (4) of the Damage Prevention Rules as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case Nos. URS-2015-00468 and URS 2015-00604 shall be referenced in any document transmitting payment of the penalties imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00475
APRIL 5, 2016**

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 ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("Company" or "CGV"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.273 (b) - Failure of the Company on three occasions to make a joint in accordance with written procedures that have been proven to produce strong gas tight joints.
 - (b) 49 C.F.R. § 192.273 (c) - Failure of the Company on two occasions to inspect a joint to ensure it was made in accordance with written procedures.
 - (c) 49 C.F.R. § 192.305 - Failure of the Company to inspect a main to ensure that it was constructed in accordance with the Company's Operation and Maintenance Manual, Standard Number GS 1302.010.
 - (d) 49 C.F.R. § 192.325 (b) - Failure of the Company to install a main with enough clearance from any other underground structure to allow proper maintenance and to protect against damage that might result from proximity to other structures.
 - (e) 49 C.F.R. § 192.361 (b) - Failure of the Company to install a service line in well-compacted soil and material used for backfilling to be free of materials that could damage the pipe.
 - (f) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operation and Maintenance Manual, Standard Number GS 1302.010 by not ensuring all required tools for making butt fusions were in proper working order before use.
 - (g) 49 C.F.R. § 192.605 - Failure of the Company on two occasions to follow its Operation and Maintenance Manual, Standard Number GS 1680.040 (5) (e) by not maintaining a distance of at least 12 inches between an active squeeze off point and an electrofusion coupling.
 - (h) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operation and Maintenance Manual, Standard Number GS 3000.010 (4), by exceeding the stacking height maximum of 12 inch coated steel pipe sections.
 - (i) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operation and Maintenance Manual, Standard Number GS 1714.020 by not torquing the bolts on a repair clamp to ensure a gas tight seal.
 - (j) 49 C.F.R. § 192.605 - Failure of the Company to have a procedure for the calibration of infrared thermometers used during the fusion of plastic pipe.

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).

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- (k) 49 C.F.R. § 192.605 - Failure of the Company to have adequate written procedures to ensure pyrometers are in proper working order while performing butt fusions.

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 Four Hundred Three Thousand Five Hundred Dollars (\$403,500), of which Two Hundred Thirty-three Thousand Five Hundred Dollars (\$233,500) shall be paid contemporaneously with the entry of this Order. The remaining One Hundred Seventy Thousand Dollars (\$170,000) shall be due as outlined in Undertaking Paragraph (5) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (3) and (4) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

- (a) On or before May 1, 2016, the Company shall cease the use of socket fusion as a method of joining plastic pipe. On or before July 1, 2016, the Company shall cease the use of infrared pyrometers for verifying the proper temperature of heating irons for plastic pipe fusion and begin using "touch" pyrometers that will be calibrated utilizing manufacturer's procedures.
- (b) On or before May 1, 2016, the Company shall revise its Operation and Maintenance procedures to require positive verification of all atmospheric corrosion inspections performed on metering and regulation stations, regardless of the presence of corrosion on the station equipment being inspected.
- (c) On or before July 1, 2016, the Company shall develop and implement a detailed plan ("Plan") to identify the root causes of qualified persons not following procedures in the field. This Plan would be triggered when it is determined that a CGV employee or its contractor did not follow a procedure correctly. The Plan, at a minimum, shall include the following:
 - (i) Immediate suspension of the employee's OQ qualification.
 - (ii) Root cause investigation as to why the employee did not follow procedures, with documented findings as to the cause.
 - (iii) Follow-up actions taken based on the root cause.
 - (iv) Documentation of all root causes and actions to help continuous improvement in this area.
- (d) On or before October 1, 2016, the Company shall conduct a gap analysis of CGV's existing policies, procedures, and practices against American Petroleum Institute's Recommended Practice 1173 (2015). The results of the gap analysis shall be submitted to the Division.
- (e) On or before January 31, 2017, the Company shall complete an assessment of CGV's pipeline safety culture by means of observations, survey, interviews and other methods. The results of the safety culture assessment shall be submitted to the Division.
- (f) Based on the results of (d) and (e) above, the Company shall begin no later than February 1, 2017, the Implementation of a Pipeline Safety Management System ("PSMS") to continuously improve its overall safety performance. The implementation of the PSMS for CGV shall be completed no later than December 31, 2017.

(3) On or before July 15, 2016, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the Vice President – Pipeline Safety and Compliance of CGV, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (a), (b), and (c).

(4) On or before April 15, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the Vice President – Pipeline Safety and Compliance of CGV, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (d), (e), and (f).

(5) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to One Hundred Seventy Thousand Dollars (\$170,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavits required by Undertaking Paragraphs (3) and (4) above or fail to take the actions required by Undertaking Paragraph (2) above, a payment of One Hundred Seventy Thousand Dollars (\$170,000) shall become due and payable and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraph (2). If upon investigation the Division determines that the reason for said failure justifies a payment lower than One Hundred Seventy Thousand Dollars (\$170,000), 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.

(6) Although the civil penalty in this Order of Settlement is assessed to CGV, the probable violations can be attributed to both CGV and its contractors; however, the ultimate responsibility for compliance with the Pipeline Safety Standards lies with CGV. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalties ordered herein that are recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

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(7) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00475.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Columbia Gas of Virginia, Inc. be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code, Columbia Gas of Virginia, Inc., shall pay the amount of Four Hundred Three Thousand Five Hundred Dollars (\$403,500), 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 Two Hundred Thirty-three Thousand Five Hundred Dollars (\$233,500) tendered contemporaneously with the entry of this Order is accepted. The remaining One Hundred Seventy Thousand Dollars (\$170,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraphs (3) and (4) of this Order.
- (5) 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-2015-00506
MARCH 9, 2016**

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 July 8, 2015, and August 19, 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 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.
 - (c) Failing on numerous 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, 20VAC 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 Fifteen Thousand Five Hundred Dollars (\$15,500) 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.

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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-2015-00506.
- (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 Five Hundred Dollars (\$15,500) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2015-00578
OCTOBER 27, 2016**

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

v.
WHATLEY CONSTRUCTION CO., INC.,
Defendant

FINAL ORDER

On March 9, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Whatley Construction Co., Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about July 31, 2015, the Defendant damaged a four-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 12705 McManus Boulevard, Newport News, Virginia, while excavating. The Rule alleged that the Defendant: (i) failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code; (ii) used mechanized equipment within two feet of the extremities of the exposed utility line, in violation of 20 VAC 5-309-140 (3) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules"); (iii) failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Damage Prevention Rule 20 VAC 5-309-150 (8); and (iv) failed to cease boring until the hole/pit could be hand excavated further to maintain a visual inspection of the drill head if the depth indicated by the locating device was lower than the bottom of the pothole or pit, in violation of Damage Prevention Rule 20 VAC 5-309-150 (9).

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before June 15, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On June 29, 2016, the matter was heard by A. Ann Berkebile, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Chad Lanier Mayhew, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On July 14, 2016, the Hearing Examiner's report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code; (ii) used mechanized equipment within two feet of the extremities of the exposed utility line, in violation of Damage Prevention Rule 20 VAC 5-309-140 (3); (iii) failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Damage Prevention Rule 20 VAC 5-309-150 (8); and (iv) failed to cease boring until the hole/pit could be hand excavated further to maintain a visual inspection of the drill head if the depth indicated by the locating device was lower than the bottom of the pothole or pit, in violation of Damage Prevention Rule 20 VAC 5-309-150 (9). The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Ten Thousand Dollars (\$10,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Ten Thousand Dollars (\$10,000) shall be imposed on the Defendant for the violations described herein of § 56-265.24 A (1) of the Code and 20 VAC 5-309-140 (3); 20 VAC 5-309-150 (8) and 20 VAC 5-309-150 (9) of the Damage Prevention Rules as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00578 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00582
MARCH 11, 2016**

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 August 18, 2015, John H Morgal Plumbing ("Company") damaged a one-half-inch copper gas service line operated by Washington Gas Light Company, located at or near 2539 Rambling 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 immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code.
- (4) On the occasion set out in paragraph (1) above, the Company failed to take immediate steps reasonably calculated to safeguard life, health and property, in violation of § 56-265.24 E of the Code.
- (5) On the occasion set out in paragraph (1) above, the Company failed to promptly notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the 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 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 Ten Thousand Dollars (\$10,000) 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-2015-00582.
- (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 Ten Thousand Dollars (\$10,000) 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-2015-00601
MARCH 9, 2016**

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 25, 2014, and October 9, 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 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 nine 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 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.
- (d) Failing on four 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 Fifteen Thousand Three Hundred Fifty Dollars (\$15,350) 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-2015-00601.
- (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 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-2015-00632
MARCH 8, 2016**

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 ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Roanoke Gas Company ("RGC or Company"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.273 (b) - Failure of the Company to make a joint in accordance with written procedures.
 - (b) 49 C.F.R. § 192.353 (a) - Failure of the Company to install meter protection in a location where vehicular damage may be anticipated.
 - (c) 49 C.F.R. § 192.383 (b) - Failure of the Company to install an excess flow valve on a new service line feeding a single family residence.
 - (d) 49 C.F.R. § 192.479 (a) - Failure on three occasions of the Company to clean and coat a pipeline exposed to the atmosphere with a material suitable for the prevention of atmospheric corrosion.
 - (e) 49 C.F.R. § 192.491 (c) - Failure on two occasions of the Company to maintain a record of required atmospheric corrosion inspections in sufficient detail to demonstrate the adequacy of corrosion control measures.
 - (f) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Chapter 1, Section B.3.(2), by not grounding a squeeze off tool.
 - (g) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Chapter 1, Section III. B.4, by not inspecting a fire extinguisher at least once a year.
 - (h) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Chapter 4, Section X, A.1, developed to comply with § 192.479 (a), by not cleaning and coating each pipeline or portion of pipeline that is exposed to the atmosphere.
 - (i) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate procedures, developed for the testing of pipelines required by 49 C.F.R. § 192.503 (c), by not including provisions for maximum hoop stress limitations for various testing mediums.
 - (j) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate procedures, developed to comply with 49 C.F.R. § 192.479 (c), by not including provisions for when the Company does not need to protect from atmospheric corrosion, where it has been proven corrosion will only be a light surface oxide, or will not affect safe operation before next scheduled inspection.
 - (k) 49 C.F.R. § 192.605 (a) - Failure of the Company to have an adequate written procedure for the prevention of accidental ignition where the presence of gas constitutes a hazard of fire or explosion.
 - (l) 49 C.F.R. § 192.605 (a) - Failure of the Company to have an adequate written procedure which details a method to prevent pipe slippage during butt fusion joining of pipes.
 - (m) 49 C.F.R. § 192.605 (a) - Failure of the Company to have an adequate written procedure for barholing by failing to include measures to minimize damage to its pipelines by offsetting barholes.

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).

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- (n) 49 C.F.R. § 192.605 (b) (9) - Failure of the Company to have an adequate written procedure for taking precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of vapor or gas by not requiring continuous monitoring of oxygen levels.
- (o) 49 C.F.R. § 192.707 (a) - Failure on five occasions of the Company to maintain line markers over buried transmission lines to reduce the possibility of damage or interference.
- (p) 49 C.F.R. § 192.709 (c) - Failure on five occasions of the Company to maintain adequate transmission pipeline leakage surveys and associated follow-up records for at least five years or until the next survey, whichever is longer.
- (q) 49 C.F.R. § 192.709 (c) - Failure on ten occasions of the Company to maintain adequate transmission pipeline patrol and associated follow-up records for at least five years or until the next patrol, whichever is longer.
- (r) 49 C.F.R. § 192.725 (a) - Failure of the Company to pressure test a section of pipe before reinstating it into service.
- (s) 49 C.F.R. § 192.751 (a) - Failure on two occasions of the Company to minimize the danger of accidental ignition of gas.
- (t) 49 C.F.R. § 192.751 (a) - Failure of the Company to prevent accidental ignition by electric arcing while renewing a steel service line.
- (u) 49 C.F.R. § 192.805 - Failure of the Company to follow its operator qualification program for the prevention of accidental ignition.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Two Hundred Forty-six Thousand Dollars (\$246,000), of which Seventy-one Thousand Dollars (\$71,000) shall be paid contemporaneously with the entry of this Order. The remaining One Hundred Seventy-five Thousand Dollars (\$175,000) shall be due as outlined in Undertaking Paragraph (5) 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 Paragraphs (3) and (4) 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) The Company shall undertake the following remedial actions:

- (a) On or before December 1, 2016, the Company shall review and revise as appropriate its entire operation and maintenance procedures to delineate step-by-step activities, with definite start and end points, which employees must follow in the exact order to correctly perform each task. These procedures must include, at a minimum, the elements in the Virginia Enhanced Operator Qualification task outlines created by the Virginia Gas Operators Association's subject matter experts.
- (b) The Company shall requalify all applicable employees, including contract employees, in accordance with the Virginia Enhanced Operator Qualification Program.
- (c) On or before October 1, 2016, RGC shall complete a gap analysis of its pipeline safety program to API 1173. The results of the gap analysis shall be submitted to the Division.
- (d) On or before January 1, 2017, RGC shall complete an assessment of the Company's "safety culture" through the use of observations, inspections, surveys, and other means. The results of the safety culture assessment shall be submitted to the Division.
- (e) On or before July 1, 2016, the Company shall develop and implement a reporting method to allow RGC employees and the Company's contractor employees to report to the Company any pipeline safety issues. This method shall be acceptable to the Division.
- (f) On or before April 1, 2016, the Company shall develop and implement a field inspection plan for its inspectors. This plan shall include, at a minimum, the requirement that all inspectors 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 results of the inspections shall be used to enhance the Company's processes, procedures, and training program. The plan shall be acceptable to the Division.
- (g) On or before December 31, 2016, the Company shall use GPS technology to survey its transmission lines and the associated facilities. This information shall be used to improve RGC's operation and maintenance of these lines as required by the Commission's pipeline safety standards.
- (h) The Company has agreed to install a telephone booth in the Cultural and Science building of the Roanoke Museum. The four walls of the booth shall display the C.A.R.E. message. The booth shall be maintained by RGC for a minimum of 10 years.
- (i) On or before May 1, 2016, the Company shall revise its DIMP Plan to address any risks associated with meters that are in direct contact with supporting cement blocks where corrosion may occur.
- (j) On or before April 1, 2016, the Company shall conduct a "Safety Stand Down 2.0" session for its employees and the employees of its contractors.
- (k) On or before May 1, 2016, the Company shall devise a specific plan in conjunction with its DIMP Plan to help reduce excavation damage to its pipelines. This plan shall include, among other things, increased surveillance of long term excavation projects in proximity to RGC's pipelines, in the field training for those engaged in excavation activities in close proximity to the Company's pipelines, improving locating of its facilities in response to excavation tickets, deploying electronic maps of its pipelines to the field for use by its field personnel and locators, and using the output from the Division's risk model to inspect high risk excavation tickets.

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(3) On or before July 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 Roanoke Gas Company certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (e), (f), (i), (j), and (k).

(4) On or before January 15, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the president of Roanoke Gas Company certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (a), (c), (d), and (g).

(5) Upon timely receipt of said affidavits, the Commission may suspend and subsequently vacate up to One Hundred Seventy-five Thousand Dollars (\$175,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavits required by Undertaking Paragraphs (3) and (4) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of One Hundred Seventy-five Thousand Dollars (\$175,000) shall become due and payable, and RGC shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraph (2). If upon investigation the Division determines that the reason for said failure justifies a payment lower than One Hundred Seventy-five Thousand Dollars (\$175,000), 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.

(6) Although the civil penalty in this Order of Settlement is assessed to RGC, the probable violations can be attributed to both RGC and its contractors; however, the ultimate responsibility for compliance with the Pipeline Safety Standards lies with RGC. 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.

(7) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2015-00632.

(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 is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Roanoke Gas Company shall pay the amount of Two Hundred Forty-six Thousand Dollars (\$246,000), 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 Seventy-one Thousand Dollars (\$71,000) tendered contemporaneously with the entry of this Order is accepted. The remaining One Hundred Seventy-five Thousand Dollars (\$175,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraphs (3) and (4) of this Order.

(5) RGC 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-2015-00633
FEBRUARY 19, 2016**

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")

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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 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 follow its Engineering and Operating Standards, Section 3220, by not performing an adequate number of bar tests to determine if gas was migrating.
 - (b) 49 C.F.R. § 192.605 (b) (9) - Failure of the Company to take adequate precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of natural gas.
 - (c) 49 C.F.R. § 192.751 (a) - Failure of the Company to prevent accidental ignition in the presence of a hazardous atmosphere by not eliminating potential sources of ignition.
 - (d) 49 C.F.R. § 192.805 (b) - Failure of the Company to have an adequate qualification and evaluation program to ensure that individuals performing activities to prevent accidental ignition in areas where the presence of natural gas may constitute a hazard had the necessary knowledge, skills, and abilities to eliminate potential sources of ignition in the work area in a manner that ensured the safe operation of pipeline facilities.

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 Sixty-eight Thousand Dollars (\$68,000), of which Fifty-three Thousand Dollars (\$53,000) shall be paid contemporaneously with the entry of this Order. The remaining Fifteen Thousand Dollars (\$15,000) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment and subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) On or before March 15, 2016, the Company shall review and revise its Engineering, Operating and Construction Standards to adequately address how construction crews safely perform work when indications of a gas leak are present. A copy of these revised Standards shall be submitted to the Division before March 15, 2016.

(3) On or before April 1, 2016, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Senior Vice President of WGL, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Fifteen Thousand Dollars (\$15,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (3) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Fifteen Thousand Dollars (\$15,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraphs (2) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Fifteen Thousand Dollars (\$15,000), it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

(5) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(6) 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. 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.

(7) 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.

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).*

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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-2015-00633.
- (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 be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Sixty-eight Thousand Dollars (\$68,000), which shall be paid contemporaneously with the entry of this Order.
- (4) The sum of Fifty-three Thousand Dollars (\$53,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Fifteen Thousand Dollars (\$15,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) of this Order.
- (5) Pursuant to Undertaking Paragraph (5), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.
- (6) 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.
- (7) 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-2015-00634
JANUARY 20, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DOMINION TRANSMISSION, INC.,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* 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 ("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 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 Dominion Transmission, Inc. ("Company" or "DTI"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by failing on 14 occasions to follow its Standard Operating Procedures, Section 230.4.II. B., developed to comply with 49 C.F.R. §§ 192.625 and 192.709, by not sampling odorant levels every two months to ensure the proper concentration of odorant was maintained in its pipeline, in violation of 49 C.F.R. § 192.605 (a).

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).*

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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 shall pay to the Commonwealth of Virginia the amount of Fourteen Thousand Dollars (\$14,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check payable to the Treasurer of Virginia and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

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-2015-00634.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by DTI is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay to the Commonwealth of Virginia the amount of Fourteen Thousand Dollars (\$14,000), which shall be paid contemporaneously with the entry of this Order.
- (4) This case is hereby dismissed.

**CASE NO. URS-2015-00653
OCTOBER 27, 2016**

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

FINAL ORDER

On March 9, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against PDiddy, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about September 12, 2015, the Defendant damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1433 Saltan Drive, Chesapeake, Virginia, while excavating. The Rule alleged that the Defendant failed to wait 48 hours, beginning 7 a.m. the next working day following notice to the notification center (VA811), before excavating, in violation of § 56-265.17 B of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before June 29, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On July 13, 2016, the matter was heard by Michael D. Thomas, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher Shawn Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for violation of the Act.

On July 28, 2016, the Hearing Examiner's report ("Report") was filed finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant failed to wait 48 hours, beginning 7 a.m. the next working day following notice to the notification center (VA811), before excavating, in violation of § 56-265.17 B of the Code. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of the Report, penalizes the Defendant in the amount of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of § 56-265.17 B of the Code as a result of the failure to exercise reasonable care.

(3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00653 shall be referenced in any document transmitting payment of the penalty imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00657
MARCH 9, 2016**

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 25, 2015, and November 19, 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 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.
- (c) Failing on three occasions to use all information necessary to mark facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Thirty-three Thousand Five Hundred Fifty Dollars (\$33,550) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00657.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Thirty-three Thousand Five Hundred Fifty Dollars (\$33,550) 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-2015-00685
OCTOBER 27, 2016**

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

v.

HECTOR CONSTRUCTION, INC.,
Defendant

FINAL ORDER

On March 9, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Hector Construction, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about August 13, 2015, the Defendant damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 2204 Pulaski Street, Portsmouth, Virginia, while excavating. The Rule alleged that the Defendant: (i) failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code; (ii) failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code; (iii) failed to take immediate steps reasonably calculated to safeguard life, health, and property, in violation of § 56-265.24 E of the Code; and (iv) failed to promptly notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-200 *et seq.* ("Damage Prevention Rules").

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before June 29, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On July 13, 2016, the matter was heard by Michael D. Thomas, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher Shawn Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On July 28, 2016, the Hearing Examiner's report ("Report") was filed finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code; (ii) failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code; (iii) failed to take immediate steps reasonably calculated to safeguard life, health, and property, in violation of § 56-265.24 E of the Code; and (iv) failed to promptly notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Damage Prevention Rules. The Hearing Examiner recommended that the Commission enter an Order that adopts the findings of the Report, penalizes the Defendant in the amount of Ten Thousand Dollars (\$10,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act or the Damage Prevention Rules. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Ten Thousand Dollars (\$10,000) shall be imposed on the Defendant for the violation described herein of §§ 56-265.17 A, 56-265.24 D and 56-265.24 E of the Code and 20 VAC 5-309-200 of the Damage Prevention Rules as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P. O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00685 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from further violation of the Act.
- (6) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00691
OCTOBER 27, 2016**

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

v.

CONCRETE FOUNDATIONS, INC.,
Defendant

FINAL ORDER

On March 9, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Concrete Foundations, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about August 21, 2015, the Defendant damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 225 Forest Street, Staunton, Virginia, while excavating. The Rule alleged that the Defendant: (i) failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code; and (ii) 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.* ("Damage Prevention Rules").

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before June 29, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On July 13, 2016, the matter was heard by Michael D. Thomas, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher Shawn Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On July 28, 2016, the Hearing Examiner's report ("Report") was filed finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code; and (ii) 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 Damage Prevention Rules. The Hearing Examiner recommended that the Commission enter an order that adopts the findings of the Report, penalizes the Defendant in the amount of Five Thousand Dollars (\$5,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Five Thousand Dollars (\$5,000) shall be imposed on the Defendant for the violation described herein of § 56-265.24 A of the Code and 20 VAC 5-309-140 (4) of the Damage Prevention Rules as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00691 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2016-00051
MARCH 9, 2016**

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 11, 2015, and November 23, 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 three occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
- (b) Failing on 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 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 Five Thousand Nine Hundred Dollars (\$5,900) 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-2016-00051.
- (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 Nine Hundred Dollars (\$5,900) 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-2016-00054
MARCH 10, 2016**

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 4, 2014, and November 16, 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 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.
- (c) Failing on one occasion to respond to an emergency notice as soon as possible but no later than three hours from the excavator's call to the notification center (VA811), in violation of § 56-265.19 H of the Code.
- (d) Failing on three occasions to provide markings extending a reasonable distance beyond the boundaries of the specific location of the proposed work, in violation 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.* ("Rules").
- (e) Failing on three occasions 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 Seventy-two Thousand Three Hundred Dollars (\$72,300) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00054.
- (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 Seventy-two Thousand Three Hundred Dollars (\$72,300) 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-2016-00102
JUNE 2, 2016**

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 18, 2015, and January 5, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on 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 nine 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 Seventeen Thousand Four Hundred Dollars (\$17,400) 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-2016-00102.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Seventeen Thousand Four Hundred Dollars (\$17,400) 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 & Attachment A is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2016-00106
AUGUST 16, 2016**

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 September 1, 2015, and January 12, 2016, listed in Attachment A, involving S&N Locating Services, LLC ("Company"), the Defendant, and alleges that:

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(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 12 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 Ten Thousand Seven Hundred Fifty Dollars (\$10,750) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00106.
- (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 Ten Thousand Seven Hundred Fifty Dollars (\$10,750) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2016-00127
APRIL 18, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between December 15, 2014, and November 23, 2015, 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 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.
- (c) Failing on numerous occasions to accurately report the status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

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- (d) Failing on one occasion to respond to an emergency notice as soon as possible but no later than three hours from the excavator's call to the notification center, in violation of § 56-265.19 H of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Thirty-one Thousand Dollars (\$31,000) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00127.
- (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-one Thousand Dollars (\$31,000) 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-2016-00128
MARCH 25, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ATMOS ENERGY CORPORATION,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.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 Atmos Energy Corporation ("Company" or "Atmos"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.605 - Failure of the Company to have an adequate procedure for the temporary repair of polyethylene piping.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

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).

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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, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall revise its procedures to address the above violation on or before April 15, 2016. A copy of the revised procedure shall be submitted to the Division.

(3) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(4) 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-2016-00128.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Atmos Energy Corporation is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, the 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 NO. URS-2016-00178
JUNE 2, 2016**

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 23, 2015, and February 17, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on five 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.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Nine Thousand Seven Hundred Fifty Dollars (\$9,750) 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-2016-00178.
- (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 Fifty Dollars (\$9,750) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2016-00179
AUGUST 16, 2016**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S&N LOCATING SERVICES, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 1, 2015, and March 31, 2016, listed in Attachment A, involving S&N Locating Services, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
 - (a) Failing on three occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
 - (b) Failing on 16 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 extending a reasonable distance beyond the boundaries of the specific location of the proposed work, in violation of 20 VAC 5-309-110 I of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 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 Thirteen Thousand Fifty Dollars (\$13,050) 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00179.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Thirteen Thousand Fifty Dollars (\$13,050) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2016-00212
JULY 13, 2016**

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

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 et seq. of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between January 5, 2016, and March 25, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
 - (a) Failing on six occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
 - (b) Failing on seven occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
 - (c) Failing on one occasion to 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 Fifteen Thousand Two Hundred Fifty Dollars (\$15,250) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00212.
- (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 sum of Fifteen Thousand Two Hundred Fifty Dollars (\$15,250) 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 and Attachment A is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2016-00219
JULY 29, 2016**

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 ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("Company" or "CGV"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.225 (a) - Failure of the Company on two occasions to have welding procedures qualified under section 5 of API 1104 or section IX of the ASME Boiler and Pressure Vessel Code.
 - (b) 49 C.F.R. § 192.273 (b) - Failure of the Company on 13 occasions to make a joint in accordance with written procedures that have been proven by test or experience to produce strong gas tight joints.
 - (c) 49 C.F.R. § 192.273 (b) - Failure of the Company to make a joint in accordance with written procedures by not torquing a compression nut to 80 pounds as required by the manufacturer's procedure.
 - (d) 49 C.F.R. § 192.321 (e) - Failure of the Company to install a plastic pipeline with a means of locating it.
 - (e) 49 C.F.R. § 192.361 (a) - Failure of the Company to install a service line on private property with at least 12 inches of cover.
 - (f) 49 C.F.R. § 192.361 (d) - Failure of the Company on two occasions to install a service line so as to minimize anticipated piping strain by exceeding the allowed bending radius of the pipe.
 - (g) 49 C.F.R. § 192.465 (b) - Failure of the Company to inspect three rectifiers six times each calendar year with intervals not exceeding two and one-half months to insure they are operating.
 - (h) 49 C.F.R. § 192.477 - Failure of the Company to monitor each test coupon from steel pipelines two times each calendar year with intervals not exceeding seven and one-half months.
 - (i) 49 C.F.R. § 192.491 (c) - Failure of the Company on seven occasions to maintain a record of required atmospheric corrosion inspections in sufficient detail to demonstrate the adequacy of corrosion control measures.

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

- (j) 49 C.F.R. § 192.53 (c) - Failure of the Company to use materials which have been qualified for use with natural gas.
- (k) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1308.010, Section 5.4, by not properly inspecting a socket fusion.
- (l) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1708.055, Section 3.1 (b), by not locating a gas facility prior to barholing.
- (m) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1708.070, Section 3 (h), by not conducting an investigation to determine if secondary damage had occurred.
- (n) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1760.010, Section 2 (l), by not rechecking a valve box with a combustible gas indicator.
- (o) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1708.022, by not classifying a leak discovered during routine leakage surveys.
- (p) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1714.010, by not taking prompt actions to evacuate premises and notify emergency responders of a Grade 1 leak present.
- (q) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1708.070, by not checking the building foundations in the immediate vicinity of a leak for concentrations of gas at foundation walls.
- (r) 49 C.F.R. § 192.605 - Failure of the Company to follow its Health, Safety, Environmental Standards, HSE 4100.10, by three of its employees not wearing flame resistant ("FR") clothing while working on a leak.
- (s) 49 C.F.R. § 192.605 - Failure of the Company to follow its Health, Safety, Environmental Standards, HSE 4100.10, by three of its contractor employees not wearing FR clothing while working on a leak.
- (t) 49 C.F.R. § 192.605 - Failure of the Company to have an adequate procedure for ensuring the proper temperature of the heating plate while performing socket fusion.
- (u) 49 C.F.R. § 192.605 - Failure of the Company on three occasions to follow its Operations Gas Standards, GS 1650.020, by not recognizing, documenting, and notifying the appropriate personnel that a regulator vent was located too close to a potential ignition source.
- (v) 49 C.F.R. § 192.605 - Failure of the Company on two occasions to follow its Operations Gas Standards, GS 1680.040 (5) (e), by not locating the squeeze-off tool a minimum of 12 inches from an electrofusion fitting.
- (w) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Health, Safety, Environmental Standards, HSE 4100.010, by not wearing the appropriate personal protective equipment in an area with an uncontrolled release of gas.
- (x) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1150.010, by not keeping occupants of a building away from an area with uncontrolled blowing gas.
- (y) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 2300.020, Section 20, by not having station identification signs on points of entry at one of its facilities.
- (z) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1450.010, Section 1, developed to comply with 49 C.F.R. § 192.479 (a), by not cleaning and coating a portion of a pipeline that is exposed to the atmosphere.
- (aa) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1450.010, Section 3.1, by not promptly notifying the appropriate Company personnel for further guidance when an area of atmospheric corrosion was found on a Company owned transmission line.
- (bb) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1760.010, Section 2 (d) (1), by not labeling a valve box lid correctly.
- (cc) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1650.010, Section 1, developed to comply with 49 C.F.R. § 192.613 (b), by not taking action to correct the lateral movement of a pipeline at a regulator station.
- (dd) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate procedures for barholing.
- (ee) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate procedures, developed to comply with 49 C.F.R. § 192.505 (d), by not including provisions for the strength test requirements for components other than pipe that are replaced or added to a pipeline.
- (ff) 49 C.F.R. § 192.619 (a) (1) - Failure of the Company to operate a segment of a pipeline at a pressure less than the weakest element in the segment.
- (gg) 49 C.F.R. § 192.739 (a) (4) - Failure of the Company to properly install equipment at a pressure regulating station so that it is protected from conditions that might prevent proper operation.
- (hh) 49 C.F.R. § 192.751 - Failure of the Company to minimize the danger of accidental ignition of gas by not grounding squeeze off tools during the repair of a damaged service line.
- (ii) 49 C.F.R. § 192.805 (b) - Failure of the Company on three occasions to ensure through evaluation that individuals performing outside leak detection and pinpointing had the necessary knowledge and skill to adequately respond to a Grade 1 gas leak.

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 Three Hundred Twenty-five Thousand Dollars (\$325,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) 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 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.

(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-2016-00219.
- (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, the Company shall pay the amount of Three Hundred Twenty-five Thousand Dollars (\$325,000), 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) Columbia Gas of Virginia, Inc., shall credit any part of the civil penalty ordered herein that is recovered from the contractors to the accounts that the work performed was charged.
- (6) This case is dismissed.

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

**CASE NO. URS-2016-00270
OCTOBER 13, 2016**

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 February 5, 2016, and April 20, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company") the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
 - (a) Failing on seven 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 five occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Thirteen Thousand Three Hundred Dollars (\$13,300) 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-2016-00270.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Thirteen Thousand Three Hundred Dollars (\$13,300) 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 is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2016-00271
JULY 22, 2016**

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

v.

SECURED NETWORK SOLUTIONS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about February 18, 2016, Secured Network Solutions, Inc. ("Company"), excavated at or near the intersection of George Washington Memorial Highway, York County, Virginia.
- (2) On the occasion set out in paragraph (1) above, the Company failed on two (2) instances to expose the underground utility lines to their 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 on two (2) instances to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of 20 VAC 5-309-150 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Rules").
- (4) On the occasion set out in paragraph (1) above, the Company failed on two (2) 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).
- (5) On or about March 1, 2016, the Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., at or near 1051 Big Bethel Road, Hampton, Virginia, while excavating.
- (6) On the occasion set out in paragraph (5) 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 Nine Hundred Fifty Dollars (\$5,950) 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-2016-00271.
- (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 Nine Hundred Fifty Dollars (\$5,950) 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-2016-00280
SEPTEMBER 20, 2016**

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 ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards and has performed an investigation of an accident that occurred on February 7, 2016, at 14100 Franklin Street in Marumco Hills Subdivision in Prince William County, Virginia. During this investigation, the Division conducted various inspections of records, operations, maintenance, and emergency response 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.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.457 (b) (3) - Failure of the Company on two occasions to cathodically protect copper pipelines despite evidence of active corrosion in the area.
 - (b) 49 C.F.R. § 192.465 (e) - Failure of the Company on two occasions to conduct regular evaluations for external corrosion on unprotected copper pipelines.
 - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow Section 3220 of its Engineering and Operations Standards by not using a combustible gas indicator to check for the presence of natural gas in underground vaults, manholes, valve boxes, or existing bar holes.
 - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow Section 3220 of its Engineering and Operations Standards by not adequately documenting a leak investigation.
 - (e) 49 C.F.R. § 192.805 - Failure of the Company to have provisions in its program developed to comply with 49 C.F.R. § 192.805 covering the abandonment of copper service lines.

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

- (f) 49 C.F.R. § 192.805 (e) - Failure of the Company to evaluate an employee when WGL had reasons to believe that the individual was no longer qualified to perform a covered task.

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 Seventy-eight Thousand Dollars (\$178,000). The payment shall be made by check directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) Except as provided below, the Company shall undertake the following remedial actions by no later than October 1, 2016:

- (a) Treat any gas indication in a structure as a Grade One leak until the leak is discovered and addressed in accordance with the Company's written procedures.
- (b) Revise the Company's written procedures so that any leak that is "downgraded" from an original classification as a Grade One leak to a Grade Two leak shall be rechecked within the first 48 hours after the leak has been downgraded. Revise the Company's written procedures to develop a rechecking interval following the first 48 hours. If a post-downgrading check reveals Grade One leak conditions, the leak shall not be downgraded and must be remediated.
- (c) Address any suspected leak on a copper service line as a priority leak. The copper pipeline must be replaced immediately or as soon as practical.
- (d) By no later than January 1, 2017, develop a procedure for "not-in-use" service lines to, among other things, define what constitutes a not-in-use service line, identify the current population of these types of service lines, and assess and abandon not-in-use service lines in accordance with the Company's Distribution Integrity Management Program (DIMP).
- (e) Research industry best practices for gas aspiration procedures and develop and implement step-by-step procedures for aspiration by January 1, 2017. If step-by-step procedures are impractical, develop formal technical guidance and training to ensure aspiration operations are conducted safely and consistently by January 1, 2017.
- (f) Complete the Company's "Copper-Focused DIMP Plan" no later than October 1, 2016. Begin implementing accelerated actions resulting from this plan as soon as practical but no later than January 1, 2017.
- (g) On an ongoing basis, the Company shall qualify all applicable employees, including contractor employees working in Virginia, in accordance with the Virginia Enhanced Operator Qualification Program.

(3) On or before October 15, 2016, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Senior Vice President of Washington Gas Light Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (a), (b), (c), and (f).

(4) On or before January 15, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Senior Vice President of Washington Gas Light Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (d) and (e).

(5) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(6) Any amounts paid in accordance with 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-2016-00280.

(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 be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Washington Gas Light Company shall pay the amount of One Hundred Seventy-eight Thousand Dollars (\$178,000), which shall be paid contemporaneously with the entry of this Order.

(4) Pursuant to Undertaking Paragraph (4), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

**CASE NO. URS-2016-00282
SEPTEMBER 20, 2016**

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 ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("WGL" or "Company"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.13 (c) - Failure of the Company to modify its procedures to require the installation of a weak link on plastic pipe during pull back that is performed with mechanical equipment.
 - (b) 49 C.F.R. § 192.273 (b) - Failure of the Company to make an electrofusion joint in accordance with written procedures that have been proved by test or experience to produce strong gastight joints.
 - (c) 49 C.F.R. § 192.273 (c) - Failure of the Company to inspect an electrofusion joint to ensure it was constructed in accordance with 49 C.F.R. § 192, Subpart F.
 - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 3220, by not performing an adequate number of bar tests to determine if gas was migrating.
 - (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 3220, by not checking near surrounding homes for the presence of gas.
 - (f) 49 C.F.R. § 192.605 (b) - Failure of the Company to have adequate procedures for taking precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of vapor or gas.
 - (g) 49 C.F.R. § 192.605 (a) - Failure of the Company on two occasions to follow its Engineering and Operating Standards, Section 5374, by a contractor employee not wearing the appropriate personal protective equipment while working in an excavation area where gas was present.

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

- (h) 49 C.F.R. § 192.751 - Failure of the Company on three occasions to use a bonding device to electrically connect a copper service line to a steel main to prevent accidental ignition during abandonment of the service line.
- (i) 49 C.F.R. § 192.751 (a) - Failure of the Company 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.
- (j) 49 C.F.R. § 192.805 - Failure of the Company to ensure through evaluation that personnel performing leak investigations are capable of recognizing and reacting to abnormal operating conditions.
- (k) 49 C.F.R. § 192.805 (b) - Failure of the Company to ensure through evaluation that a person performing leak investigations has the necessary knowledge, skills, and ability to ensure the safe operation of the pipeline.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of One Hundred Three Thousand Dollars (\$103,000), of which Fifty-nine Thousand Dollars (\$59,000) shall be paid contemporaneously with the entry of this Order. The remaining Forty-four Thousand Dollars (\$44,000) shall be due as outlined in Undertaking Paragraph (2) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (3) and (4) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

- (a) By no later than October 1, 2016, the Company shall revise its written procedures to address all probable violations noted in this Order.
- (b) By no later than March 31, 2017, the Company shall conduct a gap analysis of its pipeline safety program in Virginia against the American Petroleum Institute's Recommended Practice 1173 (2015). The results of the gap analysis shall be submitted to the Division.
- (c) By no later than March 31, 2017, the Company shall complete an assessment of its pipeline safety culture in Virginia by means of observations, survey, interviews and other methods. The results of the safety culture assessment shall be submitted to the Division.

(3) On or before October 15, 2016, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the senior vice president of WGL certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (a).

(4) On or before April 15, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the senior vice president of WGL certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (b) and (c).

(5) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Forty-four Thousand Dollars (\$44,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavits required by Undertaking Paragraphs (3) and (4) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Forty-four Thousand Dollars (\$44,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraphs (2), (3), and (4) above. If upon investigation the Division determines that the reason for said failure justifies a payment lower than Forty-four Thousand Dollars (\$44,000), 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.

(6) 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. 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 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.

(7) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2016-00282.

(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 WGL be, and it hereby is, accepted.

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(3) Pursuant to § 56-257.2 B of the Code, WGL shall pay the amount of One Hundred Three Thousand Dollars (\$103,000), 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 Fifty-nine Thousand Dollars (\$59,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Forty-four Thousand Dollars (\$44,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certifications of the remedial actions required by Undertaking Paragraphs (3) and (4) of this Order.

(5) 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.

(6) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

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

**CASE NO. URS-2016-00283
AUGUST 26, 2016**

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

v.
ATMOS ENERGY CORPORATION,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.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 Atmos Energy Corporation ("Company" or "Atmos"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B f the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.481 (b) - Failure of the Company to adequately inspect a pipeline at the soil-to-air interface for atmospheric corrosion.
 - (b) 49 C.F.R. § 192.605 - Failure of the Company to follow its Welding Procedures, Welding Qualification, and Inspection Manual, Chapter 6 Section 7, by its employee not wearing safety glasses, goggles, or a face shield during a welding operation.
 - (c) 49 C.F.R. § 192.605 - 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.
 - (d) 49 C.F.R. § 192.605 - Failure of the Company to have an adequate procedure to ensure all coating is inspected during construction for any damage detrimental to effective corrosion control.
 - (e) 49 C.F.R. § 192.605 (a) - Failure of the Company on two occasions to follow its Welding Procedures, Welding Qualification, and Inspection Manual, Appendix L, Chapter 6, Section 7, by its employee and a contractor employee not signing completed welds.
 - (f) 49 C.F.R. § 192.805 - Failure of the Company to follow its written qualification program by its employee not recognizing and reacting to abnormal operating conditions while working around a meter set.

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).

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- (g) 49 C.F.R. § 192.805 (b) - Failure of the Company on four (4) occasions to follow its written qualification program by not ensuring through evaluation that an employee performing the covered task of electrofusion was qualified.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Ninety-five Thousand Dollars (\$95,000), of which Twenty-seven Thousand Dollars (\$27,000) shall be paid contemporaneously with the entry of this Order. The remaining Sixty-eight Thousand Dollars (\$68,000) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

- (a) On or before September 15, 2016, the Company shall revise its written procedures to address all probable violations noted in this Order.
- (b) On or before March 31, 2017, the Company shall conduct a gap analysis of its pipeline safety program in Virginia against the American Petroleum Institute's Recommended Practice 1173 (2015). The results of the gap analysis shall be submitted to the Division.
- (c) On or before March 31, 2017, the Company shall complete an assessment of its pipeline safety culture in Virginia by means of observations, survey, interviews, and other methods. The results of the safety culture assessment shall be submitted to the Division.
- (d) The Company shall qualify all applicable employees, including contractor employees working in Virginia, in accordance with the Virginia Enhanced Operator Qualification Program.
- (e) The Company shall qualify all individuals performing construction inspections in Virginia in accordance with the Virginia Enhanced Operator Qualification Program.
- (f) On or before March 31, 2017, the Company shall take over the operation of three (3) master meter operators currently served by Atmos in Virginia.
- (g) The Company shall address all abnormal operating conditions it has discovered through its recent survey of all the Company's meter sets in Virginia through its current DIMP plan.

(3) On or before April 15, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the president of Atmos Energy Corporation, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2) (a), (b), (c), and (f).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Sixty-eight Thousand Dollars (\$68,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (3) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Sixty-eight Thousand Dollars (\$68,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraphs (2) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Sixty-eight Thousand Dollars (\$68,000), 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 Atmos, the probable violations can be attributed to both Atmos 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 Atmos, the Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalties ordered herein that is 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.

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Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00283.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Atmos Energy Corporation be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, Atmos Energy Corporation shall pay the amount of Ninety-five Thousand Dollars (\$95,000), 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 Twenty-seven Thousand Dollars (\$27,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Sixty-eight Thousand Dollars (\$68,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) of this Order.
- (5) Atmos Energy Corporation shall credit any part of the civil penalty ordered herein, that is recovered from the contractors, to the accounts that the work performed was charged.
- (6) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

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

**CASE NO. URS-2016-00284
AUGUST 26, 2016**

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 ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Roanoke Gas Company ("Company" or "RGC"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.13 (c) - Failure of the Company to modify its procedures to include provisions to protect plastic service lines by installing casings during construction.
 - (b) 49 C.F.R. § 192.273 (b) - Failure of the Company to install a mechanical coupling in accordance with written procedures that have been proven by test or experience to produce strong gastight joints.

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 *Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).*

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(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, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall advertise the "Dig With C.A.R.E." message on six (6) buses in Roanoke, Virginia, for three (3) months. This effort should begin on or soon after August 11, 2016, which is the National 811 Day. The content and the design of the message shall be acceptable to the Division.

(3) On or before December 1, 2016, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of RGC, certifying that the Company completed the remedial action set forth in Undertaking Paragraph (2).

(4) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(5) Although the civil penalty in this Order of Settlement is assessed to RGC, the probable violations can be attributed to both RGC 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 RGC, the Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalties ordered herein that are recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(6) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2016-00284.

(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, the 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 (4), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.

(5) Roanoke Gas Company shall credit any part of the civil penalty ordered herein, that is recovered from the contractors, to the accounts that the work performed was charged.

(6) This case is hereby dismissed.

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

**CASE NO. URS-2016-00338
OCTOBER 13, 2016**

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 March 22, 2016, and May 12, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company") the Defendant, and alleges that:

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(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 six 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 nine 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 Eighteen Thousand Six Hundred Fifty Dollars (\$18,650) to be paid contemporaneously with the entry of this Order. The payment will be made by check directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00338.
- (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 Eighteen Thousand Six Hundred Fifty Dollars (\$18,650) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2016-00389
NOVEMBER 3, 2016**

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

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between January 6, 2016, and June 29, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company") the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on four 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 seven occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
- (c) Failing on one occasion to 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.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 Fourteen Thousand Fifty Dollars (\$14,050) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's 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-2016-00389.
- (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 Fourteen Thousand Fifty Dollars (\$14,050) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2016-00393
SEPTEMBER 14, 2016**

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

v.

BASIC CONSTRUCTION COMPANY, L.L.C.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about April 8, 2016, Basic Construction Company, L.L.C. ("Company"), damaged a three-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc., located at or near 49 Tillerson Drive, Newport News, Virginia, while excavating.
- (2) On the occasion set out in paragraph (1) above, the Company failed to take all reasonable steps necessary to properly protect, support, and backfill the underground utility line, in violation of § 56-265.24 A of the Code.
- (3) On the occasion set out in paragraph (1) above, the Company failed to provide proper support for underground utility lines during excavation activities, in violation of 20 VAC 5-309-140 (5) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Rules").
- (4) On or about April 20, 2016, the Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 149 Saunders Road, Hampton, Virginia, while excavating.
- (5) On the occasion set out in paragraph (4) 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.
- (6) On the occasion set out in paragraph (4) above, the Company failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of Rule 20 VAC 5-309-140 (4).
- (7) On the occasions set out in paragraphs (1) and (4) 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 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 One Hundred Dollars (\$5,100) 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00393.
- (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 One Hundred Dollars (\$5,100) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2016-00403
NOVEMBER 3, 2016**

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 March 23, 2016, and July 14, 2016, listed in Attachment A, involving S&N Locating Services, LLC ("Company") the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
 - (a) Failing on 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 six occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Eight Thousand Dollars (\$8,000) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's 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-2016-00403.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Eight Thousand Dollars (\$8,000) 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 is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2016-00452
DECEMBER 15, 2016**

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 23, 2016, and August 19, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company") the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
 - (a) Failing on 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 one occasion to respond within three hours of an excavator's call to the notification center, in violation of § 56-265.17 C of the Code.
 - (c) 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.
 - (d) Failing on one occasion to respond to an emergency notice as soon as possible, but no later than three hours from the excavator's call to the notification center, in violation of § 56-265.19 H of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Ten Thousand Eight Hundred Dollars (\$10,800) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Commonwealth of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00452.
- (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 Ten Thousand Eight Hundred Dollars (\$10,800) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2016-00460
DECEMBER 21, 2016**

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 ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards. The Division has conducted various inspections of records, construction, operation, and maintenance activities involving Roanoke Gas Company ("Company" or "RGC"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.605 - Failure on two occasions by of the Company to follow the Company's Operating and Maintenance Manual, Chapter 1, Section A, by not locating the squeeze off tool a minimum of 3 times the pipe diameter or 12 inches, whichever is greater, from a mechanical connection.

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 Sixteen Thousand Dollars (\$16,000), of which Eight Thousand Five Hundred Dollars (\$8,500) shall be paid contemporaneously with the entry of this Order. The remaining Seven Thousand Five Hundred Dollars (\$7,500) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated in whole or in part by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment and any subsequent payments shall be made by check payable to the Treasurer of Virginia and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) By no later than December 31, 2017, the Company shall complete a pilot project ("project") to evaluate the viability and benefits of technology to continuously monitor cathodic protection ("CP") readings. This project shall include at a minimum 15 CP stations. On or before January 31, 2018, RGC shall prepare a report of its findings for this project and provide a copy to the Division.

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).*

(3) On or before March 1, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the president of Roanoke Gas Company certifying that the Company has begun the remedial action set forth in Undertaking Paragraph (2).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Seven Thousand Five Hundred Dollars (\$7,500) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (3) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Seven Thousand Five Hundred Dollars (\$7,500) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraph (2) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Seven Thousand Five Hundred Dollars (\$7,500), it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

(5) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00460.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Roanoke Gas Company is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, Roanoke Gas Company shall pay the amount of Sixteen Thousand Dollars (\$16,000), 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 Eight Thousand Five Hundred Dollars (\$8,500) tendered contemporaneously with the entry of this Order is accepted. The remaining Seven Thousand Five Hundred Dollars (\$7,500) shall be due as outlined herein and may be suspended and subsequently vacated in whole or in part provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) of this Order.
- (5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

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

**CASE NO. URS-2016-00526
DECEMBER 15, 2016**

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 4, 2016, and September 21, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company") the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
 - (a) Failing on six 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 fourteen occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits to the Commission's jurisdiction and authority to enter this Order.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Twenty-four Thousand Six Hundred Fifty Dollars (\$24,650) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Commonwealth of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00526.
- (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 Twenty-four Thousand Six Hundred Fifty Dollars (\$24,650) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

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 2015 and 2016.

CORPORATIONS		
	<u>12/31/15</u>	<u>12/31/16</u>
<u>Virginia Corporations</u>		
Certificates of Incorporation issued.....	13,290	13,299
Voluntary terminations.....	3,242	3,039
Involuntary terminations.....	0	1
Automatic terminations (Assessment/AR/RA Resignation).....	14,810	14,380
Reinstatement of terminated corporations.....	6,562	7,059
Charters Amended.....	1,799	1,930
 On Record		
Active Stock Corporations.....	125,086	123,134
Active Non-Stock Corporations.....	43,682	44,922
Total Active Virginia Corporations.....	168,768	168,056
 <u>Foreign Corporations</u>		
Certificates of Authority to do business in Virginia issued.....	3,016	3,022
Voluntary withdrawals from Virginia.....	993	1,061
Automatic Revocations (Assessment/AR/RA Resignation).....	2,245	2,156
Reentry of surrendered or revoked certificates.....	1,223	1,435
Charters Amended.....	714	716
 On Record		
Active Stock Corporations.....	36,711	36,814
Active Non-Stock Corporations.....	2,742	2,794
Total Active Foreign Corporations.....	39,453	39,608
Total Active Corporations (Virginia and Foreign).....	208,221	207,664
 LIMITED LIABILITY COMPANIES		
<u>Virginia Limited Liability Companies</u>		
Certificates of Organization issued.....	55,447	60,539
Voluntary cancellations.....	7,228	7,956
Automatic cancellations (Assessment/RA Resignation).....	32,762	34,964
Reinstatement of canceled certificates.....	6,317	7,309
Articles of Organization amended.....	2,460	2,563
 On Record		
Active Virginia Limited Liability Companies.....	287,157	308,349
 <u>Foreign Limited Liability Companies</u>		
Certificates of Registration issued.....	4,022	4,285
Voluntary cancellations.....	990	1,139
Automatic cancellations (Assessment/RA Resignation).....	1,441	1,569
Reinstatement of canceled certificates.....	386	461
Certificates of Registration amended.....	0	0
 On Record		
Active Foreign Limited Liability Companies.....	25,750	27,493
Total Active Limited Liability Companies (Virginia and Foreign).....	312,907	335,842

BUSINESS TRUSTS

<u>Virginia Business Trusts</u>	<u>12/31/15</u>	<u>12/31/16</u>
Certificates of Trust issued.....	32	22
Voluntary cancellations.....	2	6
Automatic cancellations (Assessment/RA Resignation)	13	43
Reinstatement of cancelled certificates.....	3	7
Articles of Trust amended.....	3	4
On Record		
Active Virginia Business Trusts.....	227	205
<u>Foreign Business Trusts</u>		
Certificates of Registration issued	8	11
Voluntary cancellations.....	4	3
Automatic cancellations (Assessment/RA Resignation)	4	15
Reinstatement of cancelled certificates.....	0	0
Certificates of Registration amended.....	0	0
On Record		
Active Foreign Business Trusts.....	77	69
Total Active Business Trusts (Virginia and Foreign).....	285	274

LIMITED PARTNERSHIPS

<u>Virginia Limited Partnerships</u>		
Certificates of Limited Partnership Filed.....	145	113
Voluntary cancellations.....	106	94
Automatic cancellations (Assessment/RA Resignation)	224	212
Reinstatement of cancelled certificates.....	63	48
Certificates of Limited Partnership amended.....	287	214
On Record		
Active Virginia Limited Partnerships	4,921	4,706
<u>Foreign Limited Partnerships</u>		
Certificates of Registration Filed	124	100
Voluntary cancellations.....	57	58
Automatic cancellations (Assessment/RA Resignation)	49	52
Reinstatement of cancelled certificates.....	13	21
Certificates of Registration amended.....	0	0
On Record		
Active Foreign Limited Partnerships	1,589	1,582
Total Active Limited Partnerships (Virginia and Foreign).....	6,510	6,288

GENERAL PARTNERSHIPS

General Partnership Statements filed.....	105	102
On Record		
Active Virginia General Partnerships	722	642
Active Foreign General Partnerships	89	90
Total Active General Partnerships (Virginia and Foreign).....	811	732

REGISTERED LIMITED LIABILITY PARTNERSHIPS

Virginia Registered Limited Liability Partnerships filed	65	52
Foreign Registered Limited Liability Partnerships filed	30	29
Total Active Registered Limited Liability Partnerships (Virginia and Foreign)	1,336	1,317

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE
FOR THE FISCAL YEAR ENDING JUNE 30, 2015, AND JUNE 30, 2016**

<u>General Fund</u>	2015	2016	(Difference)
Charter Fees	\$1,351,460.00	\$1,418,255.00	\$66,975.00
Entrance Fees	1,272,330.00	1,391,734.50	119,404.50
Filing Fees	625,275.00	642,825.00	17,550.00
Registered Name	1,600.00	1,440.00	(160.00)
Registered Office and Agent	0.00	0.00	0.00
Service of Process	44,720.00	45,660.00	940.00
Copy and Recording Fees	0.00	0.00	0.00
SCC Annual Report Sales	1,074.74	0.00	(1,074.74)
Uniform Commercial Code Revenues	1,539,080.00	1,657,820.00	118,740.00
Excess Fees Transferred to Unclaimed Property	275,025.77	312,080.11	37,054.34
Miscellaneous Sales	0.00	0.00	0.00
Total	\$5,110,565.51	\$5,469,814.61	\$359,249.10
<u>Special Fund</u>			
Domestic-Foreign Corp. Registration Fee	\$31,737,524.22	\$31,495,264.07	(\$242,260.15)
Limited Partnership Registration Fee	330,882.00	321,220.00	(9,662.00)
Reserved Name - Limited Partnership	10,625.00	11,150.00	525.00
Certificate Limited Partnership	14,125.00	17,125.00	3,000.00
Application Reg. Foreign LP	11,600.00	11,385.00	(215.00)
Reinstatement LP	13,500.00	10,100.00	(3,400.00)
Registration Fee LLC	13,014,386.31	13,773,317.50	758,931.19
Application For. Reg. LLC	381,225.00	423,375.00	42,150.00
Art of Org. Dom. LLC	5,367,800.00	5,834,275.00	466,475.00
AMEND, CANC, CORR. RAC, Etc. LLC	321,325.00	339,570.00	18,245.00
SCC Bad Check Fee	17,237.00	19,864.00	2,627.00
Interest on Del. Tax	0.00	0.00	0.00
Penalty on Non-Pay Fees by Due Date	1,555,679.15	1,676,705.95	121,026.80
Statement of Reg. As Domestic LLP	4,800.00	5,000.00	200.00
LLP Annual Continuation	62,100.00	66,050.00	3,950.00
Statement of Partnership Authority GP Dom	2,525.00	2,150.00	(375.00)
Statement of Partnership Authority GP For	275.00	250.00	(25.00)
Statement of Amendments - GP	1,600.00	1,425.00	(175.00)
Statement of Reg. As Foreign LLP	2,600.00	2,500.00	(100.00)
Statement of Amendment LLP	500.00	275.00	(225.00)
Reinstatement LLC, BT	658,425.00	706,275.00	47,850.00
Tape Sales, Misc Fees	22,650.00	25,276.00	2,626.00
Copies, Recording Fees	417,032.95	425,576.30	8,543.35
Recovery of Prior Yr Expenses	0.00	0.00	0.00
LLP Reinstatement	0.00	0.00	0.00
Expedite Fee Collected	1,105,406.00	1,305,135.50	99,729.50
Total	\$55,053,822.63	\$56,473,264.32	\$1,419,441.69
<u>Valuation Fund</u>			
Corp Operations Rec. of Copy and Cert. Fees	\$650.00	\$927.50	\$227.50
Recovery of Prior Year Expenses	107,692.00	65,576.31	(42,115.69)
TOTAL	\$108,342.00	\$66,503.81	(\$41,888.19)
<u>Trust & Agency Fund</u>			
Fines imposed and collected by SCC:	\$1,051,000.00	\$1,081,000.00	\$30,000.00
Debt Set Off Collections:	0.00	0.00	0.00
TOTAL	\$1,051,000.00	\$1,081,000.00	\$30,000.00
 Grand Total	 \$61,323,730.14	 \$63,090,582.74	 \$1,766,802.60

**COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS
FOR FISCAL YEARS ENDING JUNE 30, 2015, AND JUNE 30, 2016**

	<u>2015</u>	<u>2016</u>
Banks	\$7,859,989.00 (1)	\$8,831,028.00
Savings Institutions and Savings Banks	7,977.00 (1)	8,910.00
Consumer Finance Licensees	500,357.00	310,323.00
Credit Unions	777,148.00 (2)	822,227.00 (2)
Trust subsidiaries and Trust Companies	57,173.00	29,288.00
Industrial Loan Associations	3,600.00	1,200.00
Money Order Sellers and Transmitters	611,301.00	630,039.00
Credit Counseling Agency Licensees	93,780.00	53,468.00
Mortgage Lenders and Mortgage Brokers	1,301,447.00	839,732.00 (3)
Mortgage Loan Originators	1,728,680.00	2,074,420.00
Check Cashers	111,000.00	86,700.00
Payday Lenders	317,328.00	278,916.00
Motor Vehicle Title Lenders	747,705.00	682,696.00
Miscellaneous Collections	86,658.00	74,066.00
TOTAL	\$14,204,143.00	\$14,723,013.00

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 and in Fiscal 2016.
(3) The mortgage broker assessment was reduced 50% in Fiscal 2016.

CONSUMER SERVICES

The Bureau received and acted upon 398 formal written complaints during 2016 and recovered \$441,856 on behalf of Virginia consumers.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE
FOR THE FISCAL YEARS ENDING JUNE 30, 2015, AND JUNE 30, 2016**

General Fund	2015	2016	Increase or (Decrease)
Gross Premium Taxes of Insurance Companies	\$24,170.93	\$0.00	(\$24,170.93)
Fraternal Benefit Societies Licenses	480.00	460.00	(20.00)
Interest on Delinquent Taxes	3,392.99	0.00	(3,392.99)
Penalty on non-payment of taxes by due date	1,306.48	0.00	(1,306.48)
Special Fund			
Company License Application Fee	10,500.00	16,500.00	6,000.00
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	6,700.00	6,200.00	(500.00)
Insurance Premium Finance Companies Licenses	14,600.00	14,000.00	(600.00)
Fraternal Benefit Societies Licenses	0.00	0.00	0.00
Agents Appointment Fees	14,973,042.00	15,322,150.00	349,108.00
Surplus Lines Broker Licenses	112,850.00	124,700.00	11,850.00
Home Service Contract Providers License Fee	8,000.00	5,000.00	(3,000.00)
Title Settlement Agents Fee	7,990.00	72,810.00	64,820.00
Producer License Application Fees	1,063,155.00	1,046,850.00	(16,305.00)
Surety Bail Bondsmen License Fee	0.00	0.00	0.00
P&C Consultant License Fees	72,750.00	72,350.00	(400.00)
Recording, Copying, and Certifying			
Public Records Fee	6,663.00	6,705.50	42.50
SCC Bad Check Fee	175.00	210.00	35.00
Managed Care Health Ins. Plan Appeals Fee	0.00	0.00	0.00
Administrative Penalty Payment	0.00	0.00	0.00
State Publication Sales	0.00	0.00	0.00
Assessments To Insurance Companies for			0.00
Maintenance of the Bureau of Insurance	8,375,454.23	8,669,543.31	294,089.08
Reinsurance Intermediary Broker Fees	1,000.00	1,500.00	500.00
Reinsurance Intermediary Managers Fee	0.00	0.00	0.00

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Managing General Agent Fees	6,500.00	9,500.00	3,000.00
Viatical Settlement Provider License Fees	7,800.00	7,400.00	(400.00)
Viatical Settlement Broker License Fees	9,550.00	8,950.00	(600.00)
MCHIP Assessment	0.00	0.00	0.00
Public Adjusters	33,515.00	15,265.00	(18,250.00)
Appointment Fee Penalty	120,500.00	86,950.00	(33,550.00)
Miscellaneous Revenue	2,207.00	185.00	(2,022.00)
Recovery of Prior Year Expenses	58,427.90	61,511.76	3,083.86
Fire Programs Fund	36,502,568.85	37,278,547.88	775,979.03
Fire Programs Fund Interest	0.00	0.00	0.00
DMV Uninsured Motorist Transfer	6,313,564.48	5,373,558.81	(940,005.67)
Flood Assessment Fund	219,275.85	274,350.27	55,074.42
Heat Assessment Fund	1,922,032.06	2,022,762.83	100,730.77
Fines Imposed by State Corporation Commission	1,535,771.68	1,218,652.39	(317,119.29)
Fraud Assessment Fund	5,856,883.12	6,040,573.80	183,690.68
Fraud Assessment Interest	0.00	0.00	0.00
Total	\$77,270,825.57	\$77,757,186.55	\$486,360.98

**COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES
FOR THE YEARS 2015 AND 2016**

Value of All Taxable Property Including Rolling Stock

Class of Company	2015	2016	Increase or (Decrease)
Electric Light & Power Corporations	\$29,583,754,225.00	\$31,459,051,234.00	\$1,875,297,009.00
Gas Corporations	2,440,448,063.00	2,621,338,676.00	180,890,613.00
Motor Vehicle Carriers (Rolling Stock only)	35,890,575.00	44,944,571.00	9,053,996.00
Telecommunications Companies	7,871,116,495.00	7,724,791,948.00	(146,324,547.00)
Water Corporations	289,125,331.00	290,393,660.00	1,268,329.00
TOTAL	\$40,220,334,689.00	\$42,140,520,089.00	\$1,920,185,400.00

**COMPARISON OF ASSESSMENT OF STATE TAXES OF PUBLIC SERVICE
COMPANIES FOR THE YEARS 2015 AND 2016**

The Annual License Tax

Class of Company	2015	2016	Increase or (Decrease)
Water Corporations	\$2,099,513.00	\$2,181,834.00	\$82,321.00
TOTAL	\$2,099,513.00	\$2,181,834.00	\$82,321.00

**COMPARISON OF STATE TAXES OF PUBLIC SERVICE COMPANIES
FOR THE YEARS 2015 AND 2016**

Class of Company	2015	2016	Increase or (Decrease)
Electric Companies	\$85,649,429.00	\$86,356,939.00	\$707,510.00
Gas Companies	13,942,356.00	13,328,358.00	(613,998.00)
Motor Vehicle Carriers	46,576.00	51,044.00	(4,477.00)
Railroad Companies	879,197.00	1,104,786.00	225,589.00
Telecommunications Companies	10,676,092.00	9,430,937.00	(1,245,155.00)
Virginia Pilots Association	40,152.00	39,632.00	(520.00)
Water Corporations	167,961.00	174,538.00	6,577.00
TOTAL	\$111,401,754.00	\$110,486,234.00	\$915,520.00

Railroad Companies assessed at five-hundredths of one percent and all other companies at sixteen-hundredths of one percent for Tax Year 2015.

Railroad Companies assessed at seven-hundredths of one percent and all other companies at sixteen-hundredths of one percent for Tax Year 2016.

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF
PROPERTIES OF PUBLIC SERVICE CORPORATIONS
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Cities</u>	<u>2015</u>	<u>2016</u>	<u>Increase or Decrease</u>
Alexandria	\$460,014,973	\$473,379,409	\$13,364,436
Bristol	13,806,518	23,579,400	9,772,882
Buena Vista	20,284,840	21,042,882	758,042
Charlottesville	126,948,400	125,189,654	(1,758,746)
Chesapeake	771,601,229	821,177,573	49,576,344
Colonial Heights	34,119,669	35,442,138	1,322,469
Covington	271,902,660	278,121,570	6,218,910
Danville	39,434,311	40,963,060	1,528,749
Emporia	18,687,229	18,698,090	10,861
Fairfax	104,546,199	108,445,011	3,898,812
Falls Church	23,879,625	23,619,443	(260,182)
Franklin	4,805,877	4,957,544	151,667
Fredericksburg	93,491,588	98,217,708	4,726,120
Galax	14,751,447	14,114,928	(636,519)
Hampton	319,900,614	332,387,149	12,486,535
Harrisonburg	43,845,325	45,928,807	2,083,482
Hopewell	360,633,766	374,832,580	14,198,814
Lexington	18,810,443	18,601,398	(209,045)
Lynchburg	187,676,453	190,230,086	2,553,633
Manassas	88,556,339	106,017,572	17,461,233
Manassas Park	23,255,809	23,031,281	(224,528)
Martinsville	23,521,493	21,958,804	(1,562,689)
Newport News	468,033,045	485,436,529	17,403,484
Norfolk	619,281,704	650,297,786	31,016,082
Norton	17,765,272	19,660,682	1,895,410
Petersburg	122,386,648	127,613,179	5,226,531
Poquoson	19,667,864	20,438,607	770,743
Portsmouth	363,202,086	350,845,789	(12,356,297)
Radford	16,958,638	17,972,013	1,013,375
Richmond	892,948,644	912,541,125	19,592,481
Roanoke	277,946,288	282,503,611	4,557,323
Salem	28,413,549	30,955,614	2,542,065
Staunton	74,412,565	76,707,843	2,295,278
Suffolk	325,047,387	347,321,787	22,274,400
Virginia Beach	894,145,949	944,018,838	49,872,889
Waynesboro	101,237,023	105,754,347	4,517,324
Williamsburg	50,231,866	49,443,128	(788,738)
Winchester	65,251,503	64,530,356	(721,147)
Total Cities	\$7,401,404,838	\$7,685,977,321	\$284,572,483

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF
PROPERTIES OF PUBLIC SERVICE CORPORATIONS
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Counties</u>	<u>2015</u>	<u>2016</u>	<u>Increase or Decrease</u>
Accomack	296,382,078	297,839,069	\$1,456,991
Albemarle	356,947,976	359,498,686	2,550,710
Alleghany	150,909,959	143,535,406	(7,374,553)
Amelia	34,945,100	36,550,441	1,605,341
Amherst	87,315,894	95,130,613	7,814,719
Appomattox	50,148,835	56,871,489	6,722,654
Arlington	878,374,931	899,900,628	21,525,697
Augusta	349,095,573	412,195,372	63,099,799
Bath	1,448,466,862	1,458,849,755	10,382,893
Bedford	240,970,186	275,703,976	34,733,790
Bland	68,887,711	69,677,043	789,332
Botetourt	202,066,460	240,493,092	38,426,632

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Brunswick	479,655,178	954,083,935	474,428,757
Buchanan	96,323,296	103,138,128	6,814,832
Buckingham	593,309,197	621,994,079	28,684,882
Campbell	278,490,226	283,606,307	5,116,081
Caroline	433,776,938	426,957,632	(6,819,306)
Carroll	98,635,638	104,734,284	6,098,646
Charles City	113,608,563	131,115,910	17,507,347
Charlotte	48,948,089	54,777,979	5,829,890
Chesterfield	1,293,533,290	1,361,797,779	68,264,489
Clarke	57,688,113	58,562,288	874,175
Craig	16,609,743	18,319,870	1,710,127
Culpeper	195,872,837	184,700,238	(11,172,599)
Cumberland	44,629,928	50,286,313	5,656,385
Dickenson	71,360,834	69,914,192	(1,446,642)
Dinwiddie	150,859,401	169,772,594	18,913,193
Essex	45,476,749	44,838,868	(637,881)
Fairfax	3,447,811,383	3,599,886,868	152,075,485
Fauquier	601,922,748	606,303,373	4,380,625
Floyd	57,901,253	58,544,863	643,610
Fluvanna	494,232,188	474,873,791	(19,358,397)
Franklin	169,206,975	171,786,961	2,579,986
Frederick	403,108,374	395,500,281	(7,608,093)
Giles	105,995,822	71,348,835	(34,646,987)
Gloucester	137,719,792	139,424,060	1,704,268
Goochland	101,261,952	102,822,933	1,560,981
Grayson	47,502,121	49,553,440	2,051,319
Greene	42,010,237	37,452,546	(4,557,691)
Greensville	41,505,419	43,682,455	2,177,036
Halifax	1,034,363,097	1,057,310,849	22,947,752
Hanover	582,981,317	590,375,339	7,394,022
Henrico	897,696,663	926,132,850	28,436,187
Henry	144,502,216	150,336,800	5,834,584
Highland	19,049,929	20,312,700	1,262,771
Isle of Wight	135,931,661	154,441,173	18,509,512
James City	216,009,366	225,010,352	9,000,986
King and Queen	26,983,745	29,634,827	2,651,082
King George	272,382,376	255,393,920	(16,988,456)
King William	48,303,754	51,388,453	3,084,699
Lancaster	57,321,237	59,378,306	2,057,069
Lee	52,499,656	59,352,037	6,852,381
Loudoun	1,838,662,209	1,981,860,247	143,198,038
Louisa	2,475,792,032	2,410,526,555	(65,265,477)
Lunenburg	50,899,092	64,417,993	13,518,901
Madison	46,593,711	44,480,817	(2,112,894)
Mathews	24,092,363	25,475,496	1,383,133
Mecklenburg	284,983,504	302,827,924	17,844,420
Middlesex	45,486,553	50,115,575	4,629,022
Montgomery	179,224,379	194,837,490	15,613,111
Nelson	80,041,583	81,886,716	1,845,133
New Kent	117,132,066	122,618,822	5,486,756
Northampton	52,297,204	51,653,101	(644,103)
Northumberland	47,412,637	50,513,573	3,100,936
Nottoway	59,090,418	62,931,841	3,841,423
Orange	100,560,903	109,502,736	8,941,833
Page	68,463,241	67,459,576	(1,003,665)
Patrick	57,845,692	55,992,878	(1,852,814)
Pittsylvania	289,872,356	300,816,165	10,943,809
Powhatan	91,840,900	94,226,305	2,385,405
Prince Edward	75,257,522	83,138,890	7,881,368
Prince George	150,293,791	160,391,541	10,097,750
Prince William	1,616,240,210	1,715,395,357	99,155,147
Pulaski	116,037,388	118,513,287	2,475,899
Rappahannock	54,113,898	53,894,064	(219,834)
Richmond	60,609,478	64,746,436	4,136,958
Roanoke	245,679,447	246,908,956	1,229,509
Rockbridge	152,282,789	163,062,041	10,779,252
Rockingham	300,251,386	290,714,977	(9,536,409)
Russell	211,689,155	227,948,389	16,259,234

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Scott	91,057,150	85,251,223	(5,805,927)
Shenandoah	190,765,202	199,361,330	8,596,128
Smyth	97,018,256	106,529,899	9,511,643
Southampton	168,357,047	168,009,768	(347,279)
Spotsylvania	343,774,862	380,197,163	36,422,301
Stafford	382,263,047	413,005,748	30,742,701
Surry	1,782,740,381	1,934,458,519	151,718,138
Sussex	82,967,107	86,690,124	3,723,017
Tazewell	122,966,680	133,398,036	10,431,356
Warren	1,065,114,662	1,029,409,905	(35,704,757)
Washington	164,007,136	243,047,839	79,040,703
Westmoreland	59,991,286	62,498,533	2,507,247
Wise	1,422,289,570	1,411,229,952	(11,059,618)
Wythe	164,114,408	195,668,162	31,553,754
York	431,373,709	448,890,270	17,516,561
Total Counties	\$32,783,039,276	\$34,409,598,197	\$1,626,558,921
Total Cities & Counties	\$40,184,444,114	\$42,095,575,518	\$1,911,131,404

COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL FRANCHISING FOR THE YEARS ENDING DECEMBER 31, 2015, AND DECEMBER 31, 2016

	<u>2015</u>	<u>2016</u>	<u>Increase or (Decrease)</u>
Securities Act	\$10,399,260.78	\$10,331,484.15	(\$67,776.63)
Retail Franchising Act	\$536,550.00	\$545,450.00	\$8,900.00
Trademarks-Service Marks	\$31,530.00	\$28,410.00	(\$3,120.00)
Penalties	\$279,806.00	\$200,314.00	(\$79,492.00)
Global Settlement Penalties	\$30,000.00	\$0.00	(\$30,000.00)
Cost of Investigations	<u>\$99,500.00</u>	<u>\$62,000.00</u>	<u>(\$37,500.00)</u>
Total	\$11,376,646.78	\$11,167,658.15	(\$208,988.63)

PROCEEDINGS AND ACTIVITIES BY DIVISIONS DURING THE YEAR 2016

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 2016.

<u>General Rate Cases/Biennial Reviews</u>	
Electric Companies	1
Electric Cooperatives	0
Gas Companies	3
Water Companies	2
Other	<u>3</u>
Total General Rate Cases/Biennial Reviews	9
<u>Certificates of Public Convenience and Necessity</u>	4
<u>Rate Adjustment Clauses</u>	
Electric Companies	22
<u>Steps to Advance Virginia's Energy (SAVE) Plans/CARE Plans</u>	
Gas Companies	9
<u>Annual Informational Filings/Earnings Tests</u>	
Electric Companies	1
Gas Companies	7
Water Companies	<u>3</u>
Total Annual Informational Filings/Earnings Tests	11
<u>Fuel Factor Cases - Electric Companies</u>	2
<u>Depreciation Studies</u>	
Electric Companies	1
Electric Cooperatives	0
Natural Gas Companies	2
Water Companies	<u>0</u>
Total Depreciation Studies	3
<u>Other Reviews and Studies</u>	12
<p>During 2016 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:</p>	
<u>Issuance of Stocks, Bonds, etc.</u>	21
<u>Affiliates Act Cases</u>	
Service Agreements	21
Other Transactions	<u>8</u>
Total	29
<u>Utility Transfers Act Cases</u>	
Transfers of Control	14
Transfers of Assets	<u>6</u>
Total	20
<u>Total Chapter 3, 4 and 5 Cases</u>	<u>70</u>
<u>Licensure Cases</u>	17

Personnel:

The Commission's Division of Utility Accounting and Finance consisted of the following personnel on December 31, 2016:

<u>Description</u>	<u>Filled</u>	<u>Vacant</u>
Director	1	
Deputy Director	4	
UAF Manager	4	1
Office Supervisor	2	
Principal Office Technician	1	
Principal Utility Analyst	3	
Senior Utility Analyst	1	
Utility Analyst	1	
Associate Utility Analyst	2	
Principal Utility Accountant	1	
Senior Utility Accountant	4	
Utility Accountant	<u>4</u>	<u>4</u>
Total	28	5

DIVISION OF PUBLIC UTILITY REGULATION

The Division of Public Utility Regulation assists the Commission in fulfilling its statutory responsibilities and duties pursuant to Title 56, Chapter 10 of the Code of Virginia. Activities include: (i) reviewing investor-owned electric, natural gas and water/sewer utilities' cost of service studies; (ii) reviewing cost allocation methodology and rate design philosophies; (iii) reviewing long term utility resource plans; (iv) overseeing implementation of competition in landline local communications services; (v) certifying competitive local exchange and interexchange carriers; (vi) maintenance of telecommunications interconnection agreements; (vii) regulation of small incumbent local exchange carriers; and, (viii) providing expert testimony in these matters.

The Division provides expert testimony in certificate cases for service/exchange areas and major facility construction of public utilities and independent power producers. After such certificates are granted, the Division is responsible for maintaining the official certificates and associated maps. The Division monitors the collection of gas costs by gas utilities, the incurrence of wholesale purchased power expenses by electric cooperatives, the recovery of fuel expenses by investor-owned electric utilities, the construction and operation of major facilities of the investor-owned utilities, and the implementation of competition in the telecommunications market. It reviews extraordinary costs and policies related to nuclear power, including decommissioning of nuclear power plants and the storage of spent nuclear fuel.

The Division investigates and resolves informal consumer complaints/inquiries relative to electric, natural gas, water/sewer and the telecommunications industries. The Division also participates in, as appropriate, formal complaints filed with the Commission. Finally, the Division develops annual energy related financial forecasts and provides the Commission with technical expertise pertaining to mergers, acquisitions, and regulatory policy relative to these industries.

At the end of 2016, there were subject to the regulatory oversight of the Division:

14	Incumbent Investor-Owned Local Exchange Telephone Companies
166	Competitive Local Exchange Telephone Companies
115	Intrastate Long Distance Telephone Companies
29	Payphone Service Providers
10	Operator Service Providers for Payphones
3	Investor-Owned Electric Companies
13	Electric Cooperatives
7	Natural Gas Companies
41	Water/Sewer Companies

SUMMARY OF 2016 ACTIVITIES

Consumer Complaints and Inquiries Received	4,478
Written Public Comments Relative to Commission Cases Received	4,380
Testimony and Reports Filed by Staff	90
Certificates of Convenience and Necessity Granted, Transferred, or Revised	49
Meters Tests Witnessed	6
Community Meetings and Presentations	4

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BUREAU OF FINANCIAL INSTITUTIONS

The Bureau of Financial Institutions is responsible under Title 6.2 of the Code of Virginia for the regulation and supervision of the following types of institutions: state chartered banks, independent trust companies, state chartered savings institutions, state chartered credit unions, industrial loan associations, consumer finance licensees, money transmitter licensees, mortgage lenders and brokers, mortgage loan originators, credit counseling agencies, check cashers, motor vehicle title lenders, and payday lenders. Financial institutions domiciled outside of Virginia that have deposit taking subsidiaries within the Commonwealth are also subject to the Bureau regulatory authority, as are out-of-state deposit taking subsidiaries of financial holding companies domiciled in Virginia.

During the calendar year, the Bureau of Financial Institutions received, investigated, and processed applications for various certificates of authority as shown below:

**APPLICATIONS RECEIVED AND ACTED UPON
BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2016**

	Received	Acted Upon
New Banks	1	1
Bank Branches	23	23
Relocation Bank Main Office	2	1
Bank Branch Office Relocations	7	7
Establish a Branch (out-of-the state Bank)	2	2
Bank Acquisitions Pursuant to § 6.2-704A	11	10
Bank Acquisitions Pursuant to § 6.2-704C	3	1
Bank Mergers	6	5
Notice of Intent to Acquire Bank Outside Virginia	1	1
Credit Union Mergers	2	2
Credit Union Service Facilities	7	7
Independent Trust Company Additional Offices	1	0
Out of State Trust Branches	1	0
New Consumer Finance	3	1
Consumer Finance Offices	11	22
Consumer Finance Other Business	24	19
Consumer Finance Office Relocations	3	3
New Mortgage Lenders and/or Brokers	129	115
Acquisitions of Mortgage Lenders/Brokers	30	16
Mortgage Additional Offices	624	627
Exempt Mortgage Company Registrations	8	2
Mortgage Loan Originator Licensees	5,440	5,536
Transitional Mortgage Loan Originator	53	38
Bona Fide Non-Profit Designations	2	2
New Motor Vehicle Title Lender	3	3
Motor Vehicle Title Lender Additional Offices	5	5
Acquisitions of Motor Vehicle Title Lenders	1	0
Motor Vehicle Title Lender Office Relocations	4	5
Motor Vehicle Title Lender Other Business	1	1
New Money Order Sellers/Money Transmitters	12	15
Acquisitions of Money Transmitters	4	2
Credit Counseling Agency Additional Offices	5	5
Credit Counseling Office Relocations	10	9
New Check Cashers	35	30
Payday Office Relocations	2	3
New Payday Lenders	1	1
Acquisitions of Payday Lenders	1	1
Industrial Loan Association Relocations	1	1

At the end of 2016, there were under the supervision of the Bureau 61 banks with 1,080 branches, 53 Virginia bank holding companies, 4 non-Virginia bank holding companies with a subsidiary Virginia bank, 3 subsidiary trust companies, 1 savings institution, 34 credit unions, 2 industrial loan associations, 24 consumer finance companies with 267 Virginia offices, 92 money transmitters, 38 credit counseling agencies, 432 check cashers, 175 mortgage lenders with 662 offices, 378 mortgage brokers with 480 offices, 239 mortgage lender/brokers with 1,824 offices, 17,822 mortgage loan originators, 5 private trust companies, 26 motor vehicle title lenders with 442 offices, and 18 payday lenders with 174 offices.

**BUREAU OF INSURANCE REGULATION
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

The regulation of insurance was transferred to the State Corporation Commission from the Auditor of Public Accounts in 1906. The Bureau of Insurance (Bureau) has licensed and examined the affairs of insurance companies since that time. Here in the Commonwealth of Virginia, the functions of the Bureau have increased with the complexity and importance of insurance in our daily lives. In keeping with the Commission's mission, Bureau staff strives to balance the interests of insurance consumers with its duty to regulate Virginia's business responsibility.

The Bureau is divided into the following five divisions: The Financial Regulation Division licenses, analyzes, and examines insurance companies and, if necessary, takes steps to resolve financial problems before a company becomes unable to meet its obligations; the Life and Health Market Regulation Division regulates the activities of life insurers, accident and sickness insurers, health service plans, and health maintenance organizations; the Property and Casualty Market Regulation Division regulates the activities of property and casualty insurers (automobile and homeowners); the Agent Regulation Division licenses and regulates the activities of licensed insurance agents, agencies and public adjusters; and the Policy and Compliance Division monitors state and federal legislation impacting insurance regulation, prepares reports and studies for the Bureau, collects various special taxes and assessments on insurance companies, and supports the other Bureau divisions in an auxiliary role in performing their respective regulatory functions.

The regulatory functions of the Bureau include: (1) monitoring the activities of insurance agents, agencies and public adjusters to ensure their actions comply with state law; (2) answering questions and assisting consumers with problems concerning insurance companies or agents by investigating consumer complaints; (3) conducting on-site field examinations of insurance company practices in Virginia to ensure compliance with state law and to verify whether claims are paid on a timely basis, underwriting decisions are not unfairly discriminatory, and that marketing materials are not misleading; (4) promoting and protecting the interests of covered persons under managed care health insurance plans (MCHIP) and assisting consumers in understanding and exercising their rights of appeal of adverse decisions made by MCHIPs; and (5) evaluating insurance policies and rates to ensure compliance with state law, that policies are written in understandable language, and that premiums charged are reasonable and not unfairly discriminatory.

SUMMARY OF 2016 ACTIVITIES

New insurance companies licensed to do business in Virginia	36
Insurance company financial statements analyzed	995
Financial examinations of insurance companies conducted	15
Property and Casualty insurance rules, rates and form submissions	4,081
Life and Health insurance policy forms and rates submissions	2,717
Property and Casualty insurance complaints received	2,252
Life and Health insurance complaints received	2,402
Market conduct examinations completed by the Life and Health Division	1
Market Regulation Continuum Actions completed by the Life and Health Division	19
Market conduct examinations completed by the Property and Casualty Division	8
Market Regulation Continuum Actions completed by the Property and Casualty Division	43
Insurance agents and agencies licensed	248,264
Assessment audits	4,771
Ombudsman Office inquiries received	582
Individuals assisted by Ombudsman Office in appealing MCHIP denials	120

EXTERNAL APPEAL FISCAL YEAR 2016

Number of Cases Reviewed	433
Eligible Appeals	167
Ineligible Appeals	260
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	100
Final Adverse Decision Overturned by Reviewer	64
Final Adverse Decision Modified	0
MCHIP Reversed Itself	6
Appeal Decisions Pending	0
Terminated or Withdrawn	3

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. An Order of Liquidation with a Finding of Insolvency was entered on July 28, 2014.

The Commission is the Receiver, and the Commissioner of Insurance, 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 2016 Activities

299	investment company notice filings originals and renewals denied, withdrawn, or terminated
35	securities registrations approved
19	securities registrations denied, withdrawn, or terminated
2	exemption notice filings for federal-covered securities denied, withdrawn, or terminated
3,249	investment company notice filings originals and renewals accepted
49	exemptions from registration approved
3	exemptions from registration denied, withdrawn, or terminated
2,434	exemption notice filings for federal-covered securities accepted
2,087	broker-dealer registrations and renewals approved
148	broker-dealer registrations and renewals denied, withdrawn, or terminated
35	broker-dealer audits completed
230,484	broker-dealer agent registrations and renewals approved
35,311	broker-dealer agent registrations and renewals denied, withdrawn, or terminated
17	investment advisor eras approved
228	investment advisor other amendments approved
25	investment advisor other amendments denied, withdrawn, or terminated
3,630	investment advisor registrations, renewals, and amendments approved
241	investment advisor registrations, renewals, and amendments denied, withdrawn, or terminated
55	investment advisor audits completed
584	audit violation deficiencies resolved
16,036	investment advisor representative registrations and renewals approved
2,378	investment advisor representative registrations and renewals denied, withdrawn, or terminated
58	agent of issuer registrations and renewals approved
16	agent of issuer registrations and renewals denied, withdrawn, or terminated
105	investigations completed

UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

774	trademarks and/or service marks approved, renewed, or assigned
403	trademarks and/or service marks denied, abandoned, expired, or withdrawn

UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,999	franchise registrations, renewals, or post-effective amendments approved
408	franchise registrations, renewals, or post-effective amendments denied, withdrawn, non-renewed, or terminated
24	investigations completed

ORDERS, JUDGMENTS AND SETTLEMENTS:

15	orders granting exemptions and/or official interpretations
21	orders for subpoena of records by banks, corporations, and individuals
6	orders of show cause
27	judgments of compromise and settlement
16	final orders and/or judgments
0	temporary injunctions

TELEPHONE CALLS, E-MAILS AND COMPLAINTS:

Registration Section

2	investigation general inquiry calls/e-mails
855	calls/e-mails regarding pending investigations
269	enforcement general inquiry calls/e-mails
3,026	calls/e-mails regarding pending enforcements
576	calls/e-mails regarding pending registrations
21,792	registration general inquiry calls/e-mails
459	calls/e-mails regarding pending audits
171	audit general inquiry calls/e-mails
8,180	examination general inquiry calls/e-mails
217	calls/e-mails regarding pending examinations
142	complaints resulting in investigations
36	complaints referred
17	complaints with no authority to investigate
6	complaints with no violation of Securities or Retail Franchising Acts

UNIFORM COMMERCIAL CODE

The Clerk's Office is the central filing office in the Commonwealth for financing statements, amendments, assignments and terminations filed under the Uniform Commercial Code – Secured Transactions. The Clerk's Office is the filing office in the Commonwealth for notices and certificates applicable to the personal property of corporations and partnerships filed under the Uniform Federal Lien Registration Act.

SUMMARY OF CALENDAR YEAR 2016 ACTIVITIES

	<u>12/31/15</u>	<u>12/31/16</u>
Financing/Subsequent Statements Filed	74,919	82,353
Federal Tax Liens/Subsequent Liens Filed	4,825	4,189
Reels of Microfilmed documents sold	401	423

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 2016, the Division's pipeline safety activities involved 10 natural gas companies, with a total of 21,284 miles of pipelines serving 1,256,120 customers, 67 master-metered systems, 70 propane systems and 5 hazardous liquid pipeline companies with a total of 897 miles of pipelines.

Summary of 2016 Activities

Gas Safety Inspection Man-days Conducted	1,098
Hazardous Liquid Safety Inspection Man-days Conducted	69
Number of Counts of Probable Violations Cited	989
Pipeline Accidents Investigated	66
Pipeline Safety Trainings Conducted	44
Reports filed	5

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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 3,000 miles of track and thousands of cars and locomotives.

Summary of 2016 Activities

Number of Track Units ¹ Inspected	11,055
Number of Locomotive and Car Units ² Inspected	65,956
Number of Operating Practice Units ³ Inspected	1,735
Number of Defects Noted	6,805
Number of Violations Cited	24
Number of Accidents Investigated	58
Number of Complaints Investigated	29

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 2016 Activities

Underground Utility Damage Reports Investigated	1,160
Number of Individuals Having Received Damage Prevention Training	1,588
Number of Damage Prevention Educational Material Disseminated	174,136
Number of Damage Prevention Field Audits Conducted	441

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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BAN/BFI:

BUREAU OF FINANCIAL INSTITUTIONS

BAN20160001 Issa Enterprises Inc. d/b/a Brother's Market - To open a check casher at 1838 E. Nine Mile Road, Henrico, VA
 BAN20160002 Tienda La Ideal Inc. - To open a check casher at 2336 Greensboro Road, Martinsville, VA
 BAN20160003 Towne Bank - To open a branch at 4901 Libbie Mill East Boulevard, Henrico County, VA
 BAN20160004 OneMain Financial Group, LLC - To relocate consumer finance office from 203 West Main Street, Abingdon, Washington County, VA to 819 Village Boulevard, Abingdon, Washington County, VA
 BAN20160005 Mariner Finance of Virginia, LLC - To open a consumer finance office at 831 Lew Dewitt Boulevard, Suite 108, Augusta County, VA
 BAN20160006 Mariner Finance of Virginia, LLC - To open a consumer finance office at 90 Riverton Commons Plaza, Suite 30, Front Royal, Warren County, VA
 BAN20160007 Mariner Finance of Virginia LLC - To conduct consumer finance business where auto club memberships will also be sold
 BAN20160008 Mariner Finance of Virginia LLC - To conduct consumer finance business where Accidental Death and Dismemberment Insurance will also be conducted
 BAN20160009 Mariner Finance of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
 BAN20160010 TuitionCoin LLC - To conduct consumer finance business where Securities will also be offered and sold
 BAN20160011 Arblas, LLC d/b/a La Miguellena Market - To open a check casher at 404 S. Washington Street, Falls Church, VA
 BAN20160012 TransferWise Inc. - For a money order license
 BAN20160013 Consumer Credit Counseling Service of San Francisco d/b/a Balance - To relocate a credit counseling office from 595 Market Street, Suite 1500, San Francisco, CA to 1655 Grant Street, Suite 1300, Concord, CA
 BAN20160014 ACAC, Inc. d/b/a Approved Cash - To relocate a payday lender's office from 1055 J. Clyde Morris Boulevard, Newport News, VA to 1045 J. Clyde Morris Boulevard, Newport News, VA
 BAN20160015 ACAC, Inc. d/b/a Approved Cash - To relocate a motor vehicle title lending office from 1055 J. Clyde Morris Boulevard, Newport News, VA 23602 to 1045 J. Clyde Morris Boulevard, Newport News, VA 23602
 BAN20160016 Union Bank & Trust - To open a branch at 1738 Amherst Street, City of Winchester, VA
 BAN20160017 Virginia Commonwealth Bank - To relocate office from 405 North Ridge Road, Henrico County, VA to 900 North Parham Road, Henrico County, VA
 BAN20160018 United Bank - To merge into it Bank of Georgetown
 BAN20160019 Paul Lamparillo - To acquire 25 percent or more of Nationwide Equities Corporation
 BAN20160020 Parkway Acquisition Corp. - To acquire Grayson Bankshares, Inc.
 BAN20160021 Parkway Acquisition Corp. - To acquire Cardinal Bankshares Corporation
 BAN20160022 Lima One Holdings, LLC - To acquire 25 percent or more of Lima One Capital, LLC
 BAN20160023 United Bankshares, Inc. - To acquire Bank of Georgetown
 BAN20160024 Select Bank - To open a branch at 1387 American Way Court, Bedford County, VA
 BAN20160025 MJH Solutions, LLC d/b/a Fast Title Lenders - To relocate a motor vehicle title lending office from 834 Van Buren Street, Herndon, VA 20170 to 795 Center Street, #4B, Herndon, VA 20170
 BAN20160026 Auto Equity Loans of DE, LLC - For a license to engage in business as a motor vehicle title lender
 BAN20160027 Neer Inc. d/b/a Neer Food Mart - To open a check casher at 1856 Valley Avenue, Winchester, VA
 BAN20160028 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 4183 Electric Road, Roanoke, VA 24018
 BAN20160029 Fast Auto Loans, Inc. - For authority for another business operator to conduct an automated teller machine business from the licensee's motor vehicle title lending offices
 BAN20160030 Tabb High School Alumni Association - To be designated as a bona fide nonprofit organization
 BAN20160031 El Viajero Money Express, LLC - To open a check casher at 8551 Sudley Road, Manassas, VA
 BAN20160032 Mariner Finance of Virginia, LLC - To open a consumer finance office at 194 Dominion Street, Wytheville, Wythe County, VA
 BAN20160033 Mariner Finance of Virginia LLC - To conduct consumer finance business where Accidental Death and Dismemberment Insurance will also be sold
 BAN20160034 Mariner Finance of Virginia LLC - To conduct consumer finance business where auto club memberships will also be sold
 BAN20160035 Mariner Finance of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
 BAN20160036 Mariner Finance of Virginia, LLC - To open a consumer finance office at 9683 West Broad Street, Glen Allen, Henrico County, VA
 BAN20160037 Mariner Finance of Virginia LLC - To conduct consumer finance business where Accidental Death and Dismemberment Insurance will also be sold
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 BAN20160039 Mariner Finance of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
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 BAN20160041 Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 1615 Wade Hampton Boulevard, Suite C, Greenville, SC to 128 Milport Circle, Suite 200, Greenville, SC
 BAN20160042 Arc Home LLC - To acquire 25 percent or more of WEI Mortgage Corporation
 BAN20160043 Gregoria Izaguirre - To open a check casher at 8253 Newland Road, Warsaw, VA
 BAN20160044 Bank of Botetourt - To open a branch at 3214 Electric Road, Suite 107, Roanoke County, VA
 BAN20160045 DuPont Community Credit Union - To open a credit union service office at 271 N. Central Avenue, Staunton, VA
 BAN20160046 Latino Flavor LLC - To open a check casher at 18284 Lankford Highway, Parksley, VA
 BAN20160047 Day & Night Corporation - To open a check casher at 937 W. Grace Street, Richmond, VA
 BAN20160048 The Bank of Marion - To relocate office from 2975 Lee Highway, City of Bristol, VA to 7 Clear Creek Road, City of Bristol, VA
 BAN20160049 Westview Financial Services VA, LLC d/b/a Westview Financial Services - To open a consumer finance office at 1068 Temple Avenue, City of Colonial Heights, VA
 BAN20160050 Monarch Financial Holdings, Inc. - To open a bank at 1435 Crossways Boulevard, Suite 301, City of Chesapeake, VA
 BAN20160051 Towne Bank - To merge into Monarch Bank

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BAN20160053	First Virginia Community Bank - To open a branch at Loudoun Station, Building A43800, Central Station Drive, Suite 150, Ashburn, Loudoun County, VA
BAN20160054	MainStreet Bancshares, Inc. - To acquire MainStreet Bank Fairfax, VA
BAN20160055	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To merge into it Norfolk, Va., Postal Credit Union, Incorporated Norfolk, VA
BAN20160056	University of Virginia Community Credit Union, Inc. - To open a credit union service office at 1400 Melbourne Road, Charlottesville, VA
BAN20160057	Marvi Inc. - To open a check casher at 115 Onville Road, Stafford, VA
BAN20160058	GreenPath, Inc. d/b/a GreenPath Financial Wellness - To relocate a credit counseling office from One Penn Plaza, New York, NY to 31 West 34th Street, Suite 7030, New York, NY
BAN20160059	Farmers & Merchants Bank - To open a branch at 200 Augusta Avenue, Grottoes, Rockingham County, VA
BAN20160060	InterCambio Express, Inc. d/b/a Rayo Transfers - For a money order license
BAN20160061	Sky Bridge Financial, LLC - To open a consumer finance office
BAN20160062	Computershare Mortgage Services LLC - To acquire 25 percent or more of Altavera Mortgage Services, LLC
BAN20160063	Hilda's Grocery Store Inc. - To open a check casher at 1026 Huell Matthews Highway, South Boston, VA
BAN20160064	Firstsource Group USA, Inc. - To acquire 25 percent or more of ISGN Solutions, Inc.
BAN20160065	Interwire Topco, LLC - To acquire 25 percent or more of Intermex Wire Transfer, LLC
BAN20160066	John Seckel - To acquire 25 percent or more of Seckel Capital LLC
BAN20160067	Bank of Hampton Roads, The - To relocate main office from 641 Lynnhaven Parkway, Suite 101, City of Virginia Beach, VA to 901 E. Cary Street, Suite 1700, Richmond, VA
BAN20160068	Hampton Roads Bankshares, Inc. - To acquire Xenith Bankshares, Inc.
BAN20160069	Bank of Hampton Roads, The - To merge into it Xenith Bank
BAN20160070	Sally 1 LLC - To open a check casher at 2701 Jefferson Davis Highway, Richmond, VA
BAN20160071	Computershare Mortgage Services, LLC - To acquire 25 percent or more of CMC Funding, Inc.
BAN20160072	Mariner Finance of Virginia, LLC - To open a consumer finance office at 45591 Dulles Eastern Plaza, Suite 134, Sterling, Loudoun County, VA
BAN20160073	Mariner Finance of Virginia LLC - To conduct consumer finance business where Accidental Death and Dismemberment Insurance will also be sold
BAN20160074	Mariner Finance of Virginia LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20160075	Mariner Finance of Virginia, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20160076	Birago International Market, Inc. - To open a check casher at 4357 Dale Boulevard, Dale City, VA
BAN20160077	Chesapeake Bank - To open a branch at 1900 Lauderdale Drive, Henrico County, VA
BAN20160078	Bank of Botetourt - To open a branch at 231 S. College Avenue, City of Salem, VA
BAN20160079	Westview Financial Services VA, LLC d/b/a Westview Financial Services - To conduct consumer finance business where sales finance business will also be conducted
BAN20160080	First Community Bank - To open a branch at 109 Roanoke Street, Christiansburg, Montgomery County, VA
BAN20160081	First Community Bank - To open a branch at 1406 S. Colorado Street, City of Salem, VA
BAN20160082	First Community Bank - To open a branch at 102 Wall Street SW, Abingdon, Washington County, VA
BAN20160083	First Community Bank - To open a branch at 1400 Tyler Avenue, Radford, Montgomery County, VA
BAN20160084	BCP FUND I VIRGINIA HOLDINGS, LLC - To acquire Hampton Roads Bankshares, Inc.
BAN20160085	HariPriya Property Inc. d/b/a Melrose Stop Mart - To open a check casher at 3458 Melrose Avenue NW, Roanoke, VA
BAN20160086	Middleburg Bank - To open a branch at 3 South Church Street, Berryville, Clarke County, VA
BAN20160087	Alan Sagatelyan - To acquire 25 percent or more of Parkside Lending, LLC
BAN20160088	Summit Community Bank, Inc. - To acquire control of Highland County Bankshares, Inc.
BAN20160089	Hilda's Grocery Store, Inc. - To open a check casher at 133 Kings Highway, Kingsville, VA
BAN20160090	Industrial Loan Company - To relocate an industrial loan office from 538 Main Street, Clifton Forge, VA to 212 Riverside Avenue, Covington, VA
BAN20160091	Creative Solutions Software Corp. - For a money order license
BAN20160092	Hispano Express LLC d/b/a El Hispanito - To open a check casher at 415 South Main Street, Suite 4, Culpeper, VA
BAN20160093	Westview Financial Services VA., LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20160094	Casa Hispana LLC d/b/a Casa Hispana - To open a check casher at 8020 Lankford Highway, Nassawadox, VA
BAN20160095	Summit Community Bank, Inc. - To acquire control of Highland County Bankshares, Inc.
BAN20160096	Pendleton Community Bank, Inc. - To open a branch at 57 S. Main Street, City of Harrisonburg, VA
BAN20160097	Credit Corp Solutions Inc. - To open a consumer finance-e office
BAN20160098	Middleburg Trust Company - To establish a trust company branch at 1779 Fountain Drive, Reston, VA
BAN20160099	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 137 Dean Drive, Suite 4, Clarksville, TN to 130 Hillcrest Drive, Suite 109, Clarksville, TN
BAN20160100	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 7611 Richmond Highway, Suite C-1, Alexandria, VA 22306
BAN20160101	RSLB Management, LLC - To acquire 25 percent or more of Bayshore Mortgage Funding, LLC
BAN20160102	BSMF 2001, LLC - To acquire 25 percent or more of Bayshore Mortgage Funding, LLC
BAN20160103	Blue Ridge Bankshares, Inc. - To acquire River Bancorp, Inc.
BAN20160104	Essex Bank - To open a branch at 1496 Anderson Highway, Cumberland, Cumberland County, VA
BAN20160105	Consumer Education Services, Inc. d/b/a Cesi Debt Solutions - To open an additional credit counseling office at 1730 Martindale Drive, Fayetteville, NC
BAN20160106	Consumer Education Services, Inc. d/b/a Cesi Debt Solutions - To open an additional credit counseling office at 664 Wheelers Church Road, Hurdle Mills, NC
BAN20160107	Consumer Education Services, Inc. d/b/a Cesi Debt Solutions - To open an additional credit counseling office at 75 Chinaberry Street, Kittrell, NC

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BAN20160108	Consumer Education Services, Inc. d/b/a Cesi Debt Solutions - To open an additional credit counseling office at 5892 Aftonshire Drive, Fayetteville, NC
BAN20160109	Ludwig Enterprises, Inc. - To acquire 25 percent or more of MBA Mortgage Services, Inc.
BAN20160110	TKC Holdings, Inc. - To acquire 25 percent or more of Keefe Commissary Network, L.L.C.
BAN20160111	Vinita Gandhi - To acquire 25 percent or more of SI Mortgage Company
BAN20160112	Franklin Finance Company, Inc. - To conduct consumer finance business where auto club memberships will also be sold
BAN20160113	Consumer Credit Counseling Service of San Francisco d/b/a Balance - To relocate a credit counseling office from 70 Stony Point Road, Suite C, Santa Rosa, CA to 3033 Cleveland Avenue, Suite 101, Santa Rosa, CA
BAN20160114	Garden State Consumer Credit Counseling, Inc. d/b/a Navicore Solutions - To open an additional credit counseling office at 2298 West Horizon Ridge Parkway, Suite 109, Henderson, NV
BAN20160115	Dominion Management Services, Inc. d/b/a CashPoint - To relocate a motor vehicle title lending office from 426 Weems Lane, Winchester, VA 22601 to 15 Weems Lane, Winchester, VA 22601
BAN20160116	Sang S. Kwon d/b/a Jack's Shop In - To open a check casher at 1825 Melrose Ave, Roanoke, VA
BAN20160117	Guaranteed Payday Loans L.L.C. - For a payday lender license
BAN20160118	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To open a credit union service office at 955 Harpersville Road, Newport News, VA
BAN20160119	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To open a credit union service office at 3101 Jefferson Avenue, Newport News, VA
BAN20160120	First-Citizens Bank & Trust Company - To acquire control of Cordia Bancorp. Inc.
BAN20160121	Michael J. O'Hanlon - To acquire 25 percent or more of Rushmore Loan Management Services LLC
BAN20160122	Calvin B. Taylor Banking Co. of Berlin MD, Inc. - To open a branch at 4116 Main Street, Chincoteague, VA
BAN20160123	Bank of the James - To open a branch at 225 Merchant Walk Avenue, Albemarle County, VA
BAN20160124	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To open a credit union service office at 5225 Providence Road, Virginia Beach, VA
BAN20160125	EVV - To open a branch at 350 East Hundred Road, Chester, Chesterfield County, VA
BAN20160126	Cascade Financial Holdings LLC - To acquire 25 percent or more of Southwest Stage Funding, LLC
BAN20160127	ACAC, Inc. d/b/a Approved Cash - To relocate a payday lender's office from 750 N. Lee Highway, Lexington, VA to 104 East Midland Trail, Lexington, VA
BAN20160128	ACAC, Inc. d/b/a Approved Cash - To relocate a motor vehicle title lending office from 750 North Lee Highway, Lexington, VA 24450 to 104 East Midland Trail, Lexington, VA 24451
BAN20160129	Fast Cash Title Loans LLC - To establish an additional motor vehicle title lending office at 6526 Arlington Boulevard, Falls Church, VA 22042
BAN20160130	Piedmont Credit Union - To open a credit union service office at 1 High School Circle, South Boston, VA
BAN20160131	La Mejor Tienda Latina Corporation - To open a check casher at 4140 Indian River Road, Chesapeake, VA
BAN20160132	Dasha Services LLC - To open a check casher at 3109 Graham Road, Falls Church, VA
BAN20160133	Sabatinos Inc. d/b/a Wings Over Richmond - To open a check casher at 4904 Government Road, Richmond, VA
BAN20160134	Auto Equity Loans of DE, LLC - To establish an additional motor vehicle title lending office at 9623 Fairfax Boulevard, Fairfax, VA 22030
BAN20160135	Travis Mortgage Holdings, LLC - To acquire 25 percent or more of ENVOY MORTGAGE, LTD, LP (USED IN VA BY: ENVOY MORTGAGE, LTD)
BAN20160136	JRWF Holdings, LLC - To acquire 25 percent or more of Intercap Lending Inc.
BAN20160137	Giridhari LLC - To open a check casher at 11648 Jefferson Davis Highway, Chester, VA
BAN20160138	Bank of the James - To open a branch at 180 Old Courthouse Road, Appomattox, Appomattox County, VA
BAN20160139	Stephen Craig Fithian - To acquire 25 percent or more of Securitas Financial Inc.
BAN20160140	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 10426 Jackson Oaks Way, Suite 103, Knoxville, TN to 800 Gay Street, Suite 700, Knoxville, TN
BAN20160141	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 242 E. Airport Drive, Suite 210, San Bernardino, CA to 473 E. Carnegie Drive, Suite 200, San Bernardino, CA
BAN20160142	Align Commerce Payments Inc. - For a money order license
BAN20160143	Farmers & Merchants Bank - To open a branch at 2030 Legacy Lane, Rockingham County, VA
BAN20160144	JRAD MTG. LLC - To acquire 25 percent or more of CalCon Mutual Mortgage LLC
BAN20160145	OTHL 16 LLC - To acquire 25 percent or more of CalCon Mutual Mortgage LLC
BAN20160146	John Marshall Bancorp, Inc. - To acquire John Marshall Bank Reston, VA
BAN20160147	World Bnotes Exchange Inc. - To open a check casher at Dulles International Airport Aviation Drive & Autopilot Drive, Sterling, VA
BAN20160148	James McMahan - To acquire 25 percent or more of Ark-La-Tex Financial Services, LLC
BAN20160149	TruPoint Bank - To open a branch at 116 Executive Park, Asheville, NC
BAN20160150	Zoila Segura Vicente d/b/a Los Angeles - To open a check casher at 2213 S. Military Hwy, Suite 3, Chesapeake, VA
BAN20160151	Robert K. Zeitler, Sr. Limited Partnership - To acquire 25 percent or more of Gulfport Financial, L.L.C.
BAN20160152	First Virginia Financial Services, LLC d/b/a First Virginia - To open a check casher at 159 E. Belt Boulevard, Richmond, VA
BAN20160153	Gem Mint, LLC d/b/a DC's Express Mart - To open a check casher at 20569 Timberlake Road, Lynchburg, VA
BAN20160154	Jonathan Quin - To acquire 25 percent or more of World First USA, Inc.
BAN20160155	Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union - To merge into it Valley Community Credit Union Waynesboro, VA
BAN20160156	NFH Virginia LLC - For a license to engage in business as a motor vehicle title lender
BAN20160157	Union Bank & Trust - To open a branch at 300 32nd Street, Suite 104, City of Virginia Beach, VA
BAN20160158	Mercari, Inc. - For a money order license
BAN20160159	Uma Zahir d/b/a Daytona Ridgeway Mart - To open a check casher at 700 Morehead Avenue, Ridgeway, VA
BAN20160160	Rakuten Card USA, Inc. - For a money order license
BAN20160161	Union Bank & Trust - To relocate office from 3107 Boulevard, Suite 15, City of Colonial Heights, VA to 3099 Boulevard, City of Colonial Heights, VA
BAN20160162	Union Bank & Trust - To relocate office from 3460 Pump Road, Henrico County, VA to 3432 Pump Road, Henrico County, VA

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BAN20160163	Union Bank & Trust - To relocate office from 7035 Three Chopt Road, City of Richmond, VA to 7019 F Three Chopt Road, Henrico County, VA
BAN20160164	Union Bank & Trust - To relocate office from 9645 West Broad Street, Glen Allen, Henrico County, VA to 9681 West Broad Street, Glen Allen, Henrico County, VA
BAN20160165	Lendmark Financial Services, LLC - To relocate consumer finance office from 7101 Forest Hill Avenue, Suite L, City of Richmond, VA to 7101 Forest Hill Avenue, Suite T, City of Richmond, VA
BAN20160166	Apis Growth, 5, Inc. - To acquire 25 percent or more of Trans-Fast Remittance LLC
BAN20160167	Dinero Express LLC - To open a check casher at 5030 Jefferson Davis Highway, North Chesterfield, VA
BAN20160168	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 10116 36th Avenue Court SW, Suite 106, Lakewood, WA to 10116 36th Avenue Court SW, Suite 210, Lakewood, WA
BAN20160169	P&A, L.L.C. d/b/a Azalea Food Mart - To open a check casher at 3175 Azalea Garden Road, Norfolk, VA
BAN20160170	M Fahad LLC - To open a check casher at 7253 Maple Place, Annandale, VA
BAN20160171	Home Point Capital, Inc. - To acquire 25 percent or more of Longbridge Financial, LLC
BAN20160172	The Lenders Inc. - For a license to engage in business as a motor vehicle title lender
BAN20160173	Benchmark Community Bank - To relocate main office from 100-102 South Broad Street, Kenbridge, VA to 204 S. Broad Street, Kenbridge, VA
BAN20160174	Marwan Daamash - To acquire control of Ininiti Lending Group LLC
BAN20160175	Casey S. Crawford - To acquire control of First State Bank
BAN20160176	Kenneth R. Lehman - To acquire control of more of Virginia Partners Bank
BAN20160177	Nelson S. Haws Jr. - To acquire 25 percent or more of ResMac, Inc.
BAN20160178	United Bank - To relocate office from 2300 Ninth Street, South, Arlington County, VA to 2409 Columbia Pike, Arlington County, VA
BAN20160179	Cash From US LLC - To open a check casher at 7024 Ellingham Circle, Unit #B, Alexandria, VA
BAN20160180	Farmers Bank, Windsor, Virginia - To open a branch at 1403 Greenbrier Parkway, Suite 110, City of Chesapeake, VA
BAN20160181	United Bank - To merge into it Cardinal Bank
BAN20160182	United Bankshares, Inc. - To acquire Cardinal Financial Corporation
BAN20160183	Greater Charlottesville Habitat for Humanity, Inc. - To be designated as a bona fide nonprofit organization
BAN20160184	Taaj Services US LLC - For a money order license
BAN20160185	Daiwa House USA Inc. - To acquire 25 percent or more of FIRST HERITAGE MORTGAGE, LLC
BAN20160186	TAC Investments, LLC - To acquire 25 percent or more of Prime Mortgage Lending, Inc.
BAN20160187	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 2514 Columbia Pike, Arlington, Virginia 22204
BAN20160188	Alliance Credit Counseling, Inc. - To relocate a credit counseling office from 15720 Brixham Hill Avenue, Suite 575, Charlotte, NC to 10720 Sikes Place, Suite 100, Charlotte, NC
BAN20160189	Essex Bank - To open a branch at 21437 Timberlake Road, Campbell County, VA
BAN20160190	PFJ Southeast LLC - To open a check casher at 6721 Emmaus Church Road, Providence Forge, VA
BAN20160191	Angel Oak Lending LLC - To acquire 25 percent or more of Angel Oak Mortgage Solutions LLC
BAN20160192	Buckeye Check Cashing of Virginia, Inc. - To conduct consumer finance business where other financial services will be offered
BAN20160193	Buckeye Check Cashing of Virginia, Inc. - To open a consumer finance office
BAN20160194	Klarna Inc. - For a money order license
BAN20160195	OneMain Financial Group, LLC - To conduct consumer finance business where Accidental Death and Dismemberment Insurance will also be sold
BAN20160196	OneMain Financial Group, LLC - To conduct consumer finance business where Disability Income Protection Insurance will also be sold
BAN20160197	OneMain Financial Group, LLC - To conduct consumer finance business where Merit L.I.F.E. Plus Insurance will also be sold
BAN20160198	OneMain Financial Group, LLC - To conduct consumer finance business where creditor placed insurance will also be sold
BAN20160199	Eastman Credit Union - To open a credit union service office at The Meadows Development Parcel 1, Near Exit 17, Interstate 81, Abingdon, VA
BAN20160200	Sean Cahan - To acquire 25 percent or more of Cstone Mortgage, Inc.
BAN20160201	Ma Hollins, Inc. - To open a check casher at 900 S. Main Street, Danville, VA
BAN20160202	40 West Properties, Inc. - To open a check casher at 2422 Franklin Street, Rocky Mount, VA
BAN20160203	Javier E. Restrepo - To acquire 25 percent or more of MARCACRI INVESTMENT INC.
BAN20160204	El Nuevo Happy Mart LLC - To open a check casher at 5761 Hull Street Road, Richmond, VA
BAN20160205	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 7225 Bell Creek Road, Suite 268, Mechanicsville, Hanover County, VA
BAN20160206	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 932 Edwards Ferry Road NE., Suite B1, Leesburg, Loudoun County, VA
BAN20160207	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 9668 Liberia Avenue, Manassas, Prince William County, VA
BAN20160208	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 241 Charles H. Dimmock Parkway, Suite 1, City of Colonial Heights, VA
BAN20160209	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 3940 Plank Road, Suite K, Spotsylvania County, VA
BAN20160210	Conotoxia, Inc. - For a money order license
BAN20160211	Bank of the James - To open a branch at 3562 Electric Road, Roanoke County, VA
BAN20160212	The Paragon Living Trust - To acquire 25 percent or more of InterLinc Mortgage Services, LLC
BAN20160213	Consumer Credit Counseling Service of the Midwest, Inc. d/b/a Apprises - To relocate a credit counseling office from 4500 E. Broad Street, Columbus, OH to 690 Taylor Road, Suite 110, Gahanna, OH
BAN20160214	Nexera Midco Inc. - To acquire 25 percent or more of Nexera Holding LLC
BAN20160215	Bay Banks of Virginia, Inc. - To acquire Virginia BanCorp, Inc.
BAN20160216	Bank of Lancaster - To merge into it Virginia Commonwealth Bank
BAN20160217	Troy Eaden - To acquire 25 percent or more of 1st Financial, Inc.

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BAN20160218	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where non-file insurance will also be sold
BAN20160219	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where auto club memberships will also be sold
BAN20160220	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where sales finance business will also be conducted
BAN20160221	bitFlyer USA, Inc. - For a money order license
BAN20160222	Fiduciary Trust Company International - To open a new independent trust company branch at 3033 Wilson Boulevard, Suite 700, Arlington, VA
BFI-2015-00044	Carlos Rojas - Alleged violation of VA Code § 6.2-1701
BFI-2015-00046	Jeffrey Jivatode - Alleged violation of VA Code § 6.2-1701
BFI-2015-00049	Richard J. Zelaya - Alleged violation of VA Code § 6.2-1701
BFI-2015-00051	American Mortgage Brokers, LLC - Alleged violation of VA Code § 6.2-1612
BFI-2015-00056	Freedom Mortgage Corporation - Alleged violation of VA Code § 6.2-1624 of the Code of Virginia
BFI-2015-00057	Prospect Mortgage, LLC - Prospect Mortgage, LLC a Multi-state Settlement Agree. under Chapter 16 Title 6.2 Code of VA between Prospect Mortgage, LLC & Consumer Financial Protection Bureau & various state agencies
BFI-2015-00058	Hamilton Group Funding, Inc. - Alleged violations of 10 VAC 5-160-20 (1), <i>et al.</i>
BFI-2016-00003	5 Star General Networks/Moving Inc., Abubakar Sunnil Kamarr and Abu Kamara - Alleged violation of VA Code § 6.2-2201
BFI-2016-00005	Nations Mortgage and Loan Association - Alleged violation of VA Code § 6.2-1414
BFI-2016-00006	Washington Home Mortgage, LLC - Alleged violations of VA Code §§ 6.2-406, <i>et al.</i>
BFI-2016-00007	Assessment of fees to be paid by credit unions - Pursuant to § 6.2-1310 of the Code of Virginia
BFI-2016-00008	Assessing annual fees on credit unions - Pursuant to § 6.2-1310 of the Code of Virginia
BFI-2016-00009	For engaging on the business of a mortgage loan originator (6.2-1700)
BFI-2016-00010	The Premier Mortgage Company, LLC - Alleged violation of VA Code § 6.2-1624
BFI-2016-00011	Parkway Acquisition Corp. - Request to reduce the amount of its application fees in connection with its applications to acquire 100 percent of Grayson Bankshares, Inc. and Cardinal Bankshares Corp.
BFI-2016-00012	TIC Mortgage, Inc. - Alleged violation of VA Code § 6.2-1624
BFI-2016-00013	In re: Fees to be charged in connection with certain applications
BFI-2016-00014	Order Assessing Consumer Finance Company Annual Fees 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, 10 VAC 5-60-10 <i>et seq.</i>
BFI-2016-00015	Order Assessing Mortgage Licensee Annual Fees 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, 10 VAC 5-160-10 <i>et seq.</i>
BFI-2016-00016	Towne Bank - Petition to reduce application fees in association with Monarch Bank (a Virginia Bank) and its parent Monarch Financial Holdings, Inc. merger into Towne Bank
BFI-2016-00018	FNC Insurance Agency, Inc. - Alleged violation of VA Code § 6.2-1901
BFI-2016-00019	Order Assessing Annual Fees - 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, 10 VAC 5-110-10 <i>et seq.</i>
BFI-2016-00036	American Nationwide Mortgage Company, Inc. - Alleged violation of VA Code § 6.2-1624
BFI-2016-00037	Alma Preciado - Alleged violation of VA Code § 6.2-1620
BFI-2016-00038	Order Assessing Annual Fees
BFI-2016-00039	American Financial Network - Alleged violation of VA Code § 6.2-1624
BFI-2016-00042	2017 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-2016-00043	2017 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 VA 5-210-10 <i>et seq.</i>
BFI-2016-00047	ACECash Express, Inc. - Alleged violation of Chapter 18 of Title 6.2 of the Code of Virginia and 10 VAC5-200-10 of the Administrative Code
BFI-2016-00050	Carr Johnny - Alleged violation of VA Code § 6.2-1612
BFI-2016-00057	McLean Financial Mortgage Corporation d/b/a Island Mortgage Services - Alleged violation of VA Code § 6.2-1604
BFI-2016-00058	Economic Advantages Corporation - Alleged violation of engaging in the business of money transmission without a license

CLK**CLERK'S OFFICE**

CLK-2016-00001	Election of Chairman pursuant to VA Code § 12.1-7
CLK-2016-00002	Administrative Order designating supervision of divisions to the members of the Commission as provided
CLK-2016-00003	The Election of Mark C. Christie to State Corporation Commission
CLK-2016-00004	Cluo Energy Inc. - For Involuntary dissolution under VA Code § 13.1-747

INS**BUREAU OF INSURANCE**

INS-2015-00123	DKS Settlements Group, LLC - Alleged violations of VA Code §§ 55-525.29, <i>et al.</i>
INS-2015-00143	Metroway Settlement Group LLC and Yujung Chong - Alleged violations of VA Code §§ 55-525.20, 55-525.27 and 14 VAC 5-395-70
INS-2015-00145	Edward Marin and Royal Title & Escrow, Inc. - Alleged violation of VA Code §§ 55-525.30, <i>et al.</i>
INS-2015-00152	Metropolis Title, LLC - Alleged violations of VA Code § 55-525.30 and 14 VAC 5 395 30
INS-2015-00163	Companion Life Insurance Company - Alleged violations of VA Code §§ 38.2-316 A, <i>et al.</i>
INS-2015-00181	Carolyn Eyyon Hodge - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2015-00185	Zhong Jack Chen - Alleged violation of VA Code § 38.2-518
INS-2015-00193	Mark Edward Zamperini - Alleged violation of VA Code § 38.2-1813.
INS-2015-00194	Jeffrey Todd Smith d/b/a A-1 Bonding - Alleged violations of VA Code §§ 38.2-1812.2, <i>et al.</i>
INS-2015-00195	Allstate Fire and Casualty Insurance Company - Alleged violation of VA Code § 38.2-2214

INS-2015-00198 ACE Property and Casualty Insurance Company - Alleged violation of VA Code § 38.2-317
 INS-2015-00202 Purnell Augusta Peace - Alleged violation of VA Code § 38.2-518 F
 INS-2015-00203 Melissa Christine Phelps - Alleged violation of VA Code § 38.2-512 A
 INS-2015-00205 Kyle Payne - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2015-00206 Contemporary Solutions-USA Inc. - Alleged violation of VA Code § 38.2-1826
 INS-2015-00207 Chaojing Jiang - Alleged violations of VA Code § 38.2-512A, 38.2-512C and 38.21826A
 INS-2015-00208 Frank Dappah - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1) and (3)
 INS-2015-00209 Jackson National Life Insurance Company - For approval of settlement agreement Pacific Life Insurance Company, for & on behalf of VA Bureau of Ins. & Ins. Regulators of FL, CA, CT, IL, MI, ND PA & VA
 INS-2015-00210 AXA Equitable Life Insurance Company - For approval of settlement agreement Pacific Life Insurance Company, for & on behalf of VA Bureau of Ins. & Ins. Regulators of FL, CA, CT, IL, MI, ND PA & VA
 INS-2016-00001 Andrew Dean Rose - Alleged violation of VA Code § 38.2-1826
 INS-2016-00002 Yunior Santana - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2016-00003 Glenn D. Simpson and National Title Corporation - Alleged violations of violation VA Code §§ 55-525.20, *et al.*
 INS-2016-00004 Grace Title, Inc. - Alleged violations of VA Code §§ 55-525.20, *et al.*
 INS-2016-00008 Natasha Henry - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2016-00009 Jesse Charles Kathman - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2016-00010 Curtis R. Metzger, Jr. - Alleged violation of VA Code § 38.2-512
 INS-2016-00011 Robert J. Gray - Alleged violation of VA Code § 38.2-512
 INS-2016-00012 Brent E. Milner - Alleged violation of VA Code § 38.2-512
 INS-2016-00014 Clarence Jerome Slash - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2016-00015 Barry K. Barbernell - Alleged violation of VA Code § 38.21831 (1)
 INS-2016-00016 James T. Jackson, Jr. - Alleged violations of VA Code §§ 38.2-1812.2, *et al.*
 INS-2016-00018 Manuel L. Sanabria - Alleged violation of VA Code § 38.2-1813
 INS-2016-00019 Elias Hurtado - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2016-00020 Rachel I. Castellano - Alleged violations of VA Code §§ 38.2-613A and 38.2-1826
 INS-2016-00021 Rafael Sarabia - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 1
 INS-2016-00022 Miguel Govea Salazar - For alleged violations of Virginia Code § 38.2-1822
 INS-2016-00023 American Network Insurance Company - For approval of Assumption Reinsurance Agreement with Assurity Life Insurance Company pursuant to 38.2-136 C
 INS-2016-00024 Sabal Insurance Group Inc. and Cristina Iglesias Francis - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2016-00025 Brittany Joy Smith - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
 INS-2016-00026 Andrew Scarpitti - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
 INS-2016-00028 Allied Property & Casualty Insurance Company and AMCO Insurance Company - Alleged violation of VA Code § 38.2-1906 D
 INS-2016-00030 Brian Debauche - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)
 INS-2016-00031 Eric Zepeda - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2016-00033 Paragon Title Services, LLC, Faith Linton and Patrick Linton - Alleged violations of VA Code §§ 55-525.24 and 55-525.30, *et al.*
 INS-2016-00034 Paul Michael Bondy - Alleged violation of VA Code § 38.2-1813
 INS-2016-00035 Jennifer Dawn Smith - Alleged violation of VA Code § 38.2-512
 INS-2016-00036 Edwin J. Thompson - Alleged violation of VA Code § 38.2-1826
 INS-2016-00037 Katelyn Dee Gregory - Alleged violation of VA Code § 38.2-1826
 INS-2016-00038 West Virginia National Auto Insurance Company, Inc. - Alleged violation of VA Code § 38.2-1040
 INS-2016-00039 United Security Assurance Company of Pennsylvania - Alleged violation of VA Code § 38.2-1028
 INS-2016-00040 Deutsche Bank National Trust Company, as Trustee for Ameriquet Mortgage Securities Inc., Asset-Backed Pass-Through Certificates, Series 2--5-R4, For review of Southern Title Insurance Corporation's Deputy Receiver's determination of appeal
 INS-2016-00041 Answer Title-VA LLC - Alleged violations of VA Code §§ 38.2-1813 A and 55-525.24
 INS-2016-00042 Wayne Renfrow - Alleged violations of VA Code § 38.2-1831(10) and 38.2-1813.
 INS-2016-00043 Joshua Mitchell - Alleged violation of VA Code § 38.2-1826
 INS-2016-00044 Drew Bauer - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1931 (1)
 INS-2016-00045 In Re: Repealing the Rules Governing Accident Airtrip Insurance
 INS-2016-00046 Millennium Title & Abstract Company, Inc. - Alleged violations of VA Code §§ 55.525.20, *et al.*
 INS-2016-00047 Premium Title Services, Inc. - Alleged violations of VA Code §§ 55-525.20, *et al.*
 INS-2016-00050 Wendy Bryant - Alleged violation of VA Code § 38.2-512 and 38.2-1813
 INS-2016-00051 Guardian Life Insurance Company - Alleged violations of VA Code §§ 38.2-316 A and 38.2-316 C
 INS-2016-00052 Kenneth Harris - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
 INS-2016-00053 Universal North America Insurance Company - Alleged violations of VA Code §§ 38.2-502, *et al.*
 INS-2016-00054 Saleumphon Souriyavongsa - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2016-00055 Stonebridge Title, LLC - Alleged violations of VA Code §§ 55-525.30, *et al.*
 INS-2016-00056 Robert Wayne Falter - Alleged violation of VA Code § 38.2-503
 INS-2016-00057 James Parker Cates - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
 INS-2016-00058 Mark Andrew Bullivant - Alleged violation of VA Code § 38.2-1832
 INS-2016-00059 Homesite Insurance Company - Alleged violations of VA Code §§ 38.2-305 A, *et al.*
 INS-2016-00060 Equity Insurance Company - Alleged violations of VA Code §§ 38.2-305 A, *et al.*
 INS-2016-00061 Central Security Life Insurance Company - Alleged violation of VA Code § 38.2-1040
 INS-2016-00063 Kristian Baso - Alleged violation of VA Code § 38.2-1831 (1)
 INS-2016-00064 Choice Title, LLC - Alleged violation of VA Code § 55-525.30 and 14 VAC 5 395 30
 INS-2016-00066 Monica L. Houston - Alleged violation of VA Code § 38.2-1826
 INS-2016-00067 Barachy Lucient - Alleged violations of VA Code §§ 38.2-512 A, *et al.*
 INS-2016-00068 Brian Gabo Lalusin - Alleged violation of VA Code § 38.2-1826
 INS-2016-00069 In re: presentations of premium rates in connection with health insurance coverage issued in the individual and small group markets

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INS-2016-00070 Church Insurance Company, The - Alleged violation of VA Code § 38.2-1040
 INS-2016-00071 In re: Adopting New Rules Governing Rate Stabilization in Property and Casualty Insurance
 INS-2016-00073 Matthew Davis - Alleged violation of VA Code § 56-265.1831 (1)
 INS-2016-00075 Robert B. Johnston and Alpha Bail Bonds Inc. - Alleged violations of VA Code §§ 38.2-1822, 38.2-1809 and 38.2-1813
 INS-2016-00076 Donna Lee Stocking - Alleged violation of VA Code § 38.2-512
 INS-2016-00078 Christopher B. Doughty - Alleged violation of VA Code § 38.2-518
 INS-2016-00079 Robin Horton - Alleged violation of VA Code § 38.2-518
 INS-2016-00082 Donald Crain - Alleged violation of VA Code § 38.2-512
 INS-2016-00083 Selective Insurance Company of America, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast and Selective Way Insurance Company - Alleged violation of VA Code § 38.2-317
 INS-2016-00084 Rockingham Casualty Company - Alleged violation of VA Code § 38.2-1906 A
 INS-2016-00085 AmGuard Insurance Company - Alleged violation of VA Code § 38.2-1906 D
 INS-2016-00086 Hartford Accident and Indemnity Company, *et al.* - Alleged violation of VA Code § 38.2-1906 D
 INS-2016-00089 Guy Gagnon - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00090 Glenn T. Chavious - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00092 Gadi Binness - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00094 Brandon Ross Colver - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00095 J Leib Dodell - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00098 Kimberly Stacy Lindsay - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00099 Chad Thomas Rumpfelt - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00100 David J Hutchison - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00101 Philip G. Mavon - Alleged violations of VA Code §v 38.2-406 and 38.2-403
 INS-2016-00102 Douglas John Burkert - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00105 Daniel Myer - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00106 Jackie Wayne Smith - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00108 John J. Pihir - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00110 Michael Benton Christian - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00111 Joel A. Sauls - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00112 Angela Louise Ackerman - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00113 Boris M. Petcoff - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00114 Gayle Hudson Farr - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00116 Kevin Michael Topper - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00117 Christopher Hendrix - Alleged violation of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00118 Rodney D. Ritter - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00119 Andrew James Villa - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00120 Gregory W. Giel - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00121 Sharon Rose Hayward - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00122 Adam Joseph Federer - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00123 Joshua John Burke - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00124 Marcus Lee Stevens - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00125 Daniel Conor O Leary - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00126 Roger Anthony Beale - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00127 Cameron Harris Post - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00128 Jason Christopher Ronca - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00129 John G. Syragakis - Alleged violation of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00130 George H. Nelson - Alleged violation of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00132 David Blair Reed - Alleged violation of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00133 Moving Ins LLC - Alleged violation of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00135 Lundie Ins Center - Alleged violation of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00136 Allen Financial Ins Group Inc. - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00137 Leavitt Recreation & Hospitality Ins Inc. - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00138 Intercontinental Holdings LLC - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00139 Avatek Risk Management LLC - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00141 Aventine Risk Managers LLC - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00142 Evolve Cyber Insurance Services LLC - Alleged violations of VA Code §§ 38.2-406 and 38.2-403
 INS-2016-00143 Patrick E. Flynn - Alleged violation of VA Code § 38.2-1826
 INS-2016-00148 Cincinnati Insurance Company - Alleged violations of VA Code §§ 38.2-231 F, *et al.*
 INS-2016-00149 Safe Auto Insurance Company - Alleged violations of VA Code §§ 38.2-228, *et al.*
 INS-2016-00150 Anthony Lynn Green - Alleged violations of VA Code §§ 38.2-1826 B, *et al.*
 INS-2016-00151 Edward H. Doerman - Alleged violations of VA Code §§ 38.2-403 and 38.2-406
 INS-2016-00152 Steve Falecki - Alleged violations of VA Code § 38.2-403 and 38.2-406
 INS-2016-00153 Kurt Martin Holve - Alleged violations of VA Code §§ 38.2-403- and 38.2-406
 INS-2016-00154 Armand George Pepin - Alleged violations of VA Code §§ 38.2-403 and 38.2-406
 INS-2016-00155 Gaurav Sud - Alleged violations of VA Code §§ 38.2-404and 38.2-306
 INS-2016-00157 Victor O Schinnerer & Co Inc. - Alleged violations of VA Code §§ 38.2-403 and 38.2-406
 INS-2016-00158 National Council on Compensation Insurance, Inc. - Application to revise loss costs and assigned risk rates 2016
 INS-2016-00159 In the matter of refunding overpayments of premium license tax on gross premium income of surplus lines brokers for the taxable year 2015
 INS-2016-00160 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 2015

INS-2016-00161	In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of insurance companies for the assessable year 2015
INS-2016-00162	Ex Parte: In the matter of refunding overpayments of the Help Eliminate Automobile Theft (HEAT) Fund assessment based on direct gross premium income of insurance companies for the assessable year 2015
INS-2016-00163	Ex Parte: In the matter of refunding overpayments of the Fire Programs Fund assessment based on direct gross premium income of one insurance company for the assessable year 2015
INS-2016-00164	In Re: Refunding overpayments of the Virginia State Police, Insurance Fraud Fund assessment based on direct gross premium income of insurance companies for the assessable year 2015
INS-2016-00165	Holley Anne Thomas - Alleged violations of VA Code §§ 38.2-512, <i>et al.</i>
INS-2016-00166	Farmers & Mechanics Mutual Insurance Company of West Virginia - Application for Approval of Control of a Domestic Insurer (Form A Filing), along with supporting attachments
INS-2016-00169	Brent D. Candebat - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2016-00170	Joe P. Schaffner - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2016-00171	Joseph Perrier - Alleged violation of VA Code § 38.2-1826
INS-2016-00172	Alexander Rzeczycki - Alleged violation of VA Code § 38.2-1831 (1)
INS-2016-00173	Nadine Petrarca - Alleged violation of VA Code § 38.2-1826
INS-2016-00174	Brendan Daly - Alleged violation of VA Code § 38.2-1826
INS-2016-00175	Tower National Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2016-00176	Tower National Insurance Company of New York - Alleged violation of VA Code § 38.2-1040
INS-2016-00177	CastlePoint National Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2016-00178	Preserver Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2016-00179	Erica D. Thompson - Alleged violation of VA Code § 38.2-1826
INS-2016-00180	Daryl Keesler - Alleged violations of VA Code §§ 38.2-1826, <i>et al.</i>
INS-2016-00181	Jordan Brittany Moritz - Alleged violation of VA Code §§ 38.2-512 and 38.2-1826
INS-2016-00182	Stephen A. Kitchens - Alleged violation of VA Code § 38.2-1831 (1)
INS-2016-00183	Weisband Capital Management, LLC - Alleged violations of VA Code §§ 38.2-1812.2, 38.2-1813, 38.2-1822
INS-2016-00184	Chad Michael Hunter - Alleged violation of VA Code § 38.2-1831 (1)
INS-2016-00185	Brett William Hagan - Alleged violation of Regulation 14 VAC 5-80-350 (2)
INS-2016-00186	Mary Elizabeth Barnes - Alleged violation of VA Code § 38.2-1831 (1)
INS-2016-00187	Renee N. Johnson - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2016-00188	Joshua Alfonsas Vela - Alleged violation of VA Code § 38.2-1826
INS-2016-00190	Scott Cash Daniels - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831(1)
INS-2016-00191	Andrea D. Clark - Alleged violation of VA Code § 38.2-1831(1)
INS-2016-00193	Ronald Glen Martin - Alleged violation of VA Code § 38.2-1826
INS-2016-00194	Federated Mutual Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2016-00195	Justin W. Mattison & Virginia Cardinal Insurance LLC - Alleged violations of VA Code §§ 38.2-613.2 and 38.2-1813
INS-2016-00196	HOW INSURANCE COMPANY, A RISK RETENTION GROUP, HOME WARRANTY CORPORATION, and HOME OWNERS WARRANTY CORPORATION - For Deputy Receiver's Application for Order Approving and Ratifying Document Retention Schedule
INS-2016-00198	Allied Insurance Company of America - Alleged violation of VA Code § 38.2-1906 A
INS-2016-00200	Tiemi Balleddier Washington - Alleged violation of VA Code § 38.2-1813
INS-2016-00201	Javonte Antonio Harris - Alleged violation of VA Code § 38.2-505
INS-2016-00202	Selective Insurance Company of America - Alleged violation of VA Code § 38.2-1906 D
INS-2016-00203	Victoria Fire & Casualty Insurance Company & Victoria Select Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2016-00204	The K.E.Y. Group, LLC d/b/a The Atlantic Title Group - Alleged violations § 55-525.30 A of the Code of Virginia as well as 14 VAC 5-395-30
INS-2016-00205	Neal Stuart Townsend - Alleged violation of VA Code § 38.2-504
INS-2016-00208	William James McDonough II - Alleged violation of Va code § 38.2-1826 B
INS-2016-00209	Franklin Delano Butler, Jr. - Alleged violations of VA Code §§ 38.2-512 A, <i>et al.</i>
INS-2016-00211	Geoffrey Robert Lester - Alleged violation of VA Code § 38.2-512 A
INS-2016-00213	Progressive Northern Insurance Company - Alleged violation of VA Code § 3802-1906A
INS-2016-00214	Progressive Northern Insurance Company - Alleged violation of VA Code § 3802-1906 A
INS-2016-00215	Leigh Ann Arnold and Suburban Title Company - Alleged violations of VA Code §§ 38.2-1813, 38.2-1826 A and 55-525.24 A
INS-2016-00216	Joseph Michael Vance - Alleged violations of VA Code §§ 38.2-1831, 38.2-1826 A and 38.2-1831 (12)
INS-2016-00217	Anthony E. Mikalauskas - Alleged violations of VA Code §§ 38.2-502(1) , 38.2-512A and 38.2-1809
INS-2016-00218	Jacquessaint Menelas - Alleged violation of VA Code § 38.2-1826
INS-2016-00220	DEUTSCHE BANK NATIONAL TRUST CO. AS TRUSTEE FOR GSAMP TRUST 2004-AHL, POOLING & SERVICING AGREE. 10/1/04, SUCCESSOR IN INTEREST TO ACCREDITED HOME LENDERS INC. - For review of Southern Title Insurance Corporation Deputy Receiver's Determination of Appeal
INS-2016-00223	In Re: Amending the rules governing the reporting of cost and utilization data relating to Mandated Benefits and Mandated Providers
INS-2016-00225	Ellery J. Moreland - Alleged violation of VA Code § 38.2-1826
INS-2016-00226	Evarardo Sanchez - Alleged violations of VA Code §§ 38.2-1809 and 38.2-1831 (1) and (3)
INS-2016-00228	Standard Insurance Company - For approval of settlement agreement Pacific Life Insurance Company, for & on behalf of VA Bureau of Ins. & Ins. Regulators of FL, CA, CT, IL, MI, ND PA & VA
INS-2016-00229	Hartford Life Insurance Company - For approval of settlement agreement Pacific Life Insurance Company, for & on behalf of VA Bureau of Ins. & Ins. Regulators of FL, CA, CT, IL, MI, ND PA & VA
INS-2016-00230	Great American Life Insurance Company - For approval of settlement agreement Pacific Life Insurance Company, for & on behalf of VA Bureau of Ins. & Ins. Regulators of FL, CA, CT, IL, MI, ND PA & VA
INS-2016-00231	Minnesota Life Insurance Company - For approval of settlement agreement Pacific Life Insurance Company, for & on behalf of VA Bureau of Ins. & Ins. Regulators of FL, CA, CT, IL, MI, ND PA & VA
INS-2016-00232	Broker's Settlement Services, Inc. - Alleged violation of VA Code § 55-525.24 B 1

INS-2016-00233	Atlantic Closing & Escrow LLC - Alleged violation of VA Code § 55-525.24 A 1 and 2
INS-2016-00234	Direct Title Solutions, Inc. - Alleged violation of VA Code § 55-525.20 A
INS-2016-00235	Boston National Title Agency, LLC - Alleged violation of VA Code § 55-525.24 B
INS-2016-00236	Freedom Settlement Group, LLC - Alleged violation of VA Code § 55-535.24 A 1 and 2
INS-2016-00237	Penn Treaty Network America Insurance Company and Liberty Bankers Life Insurance Company - Transfer of Virginia Life Insurance Policy to Liberty Bankers Life Insurance Company Pursuant to § 38.2-136 (c) of the Code of Virginia
INS-2016-00239	Timothy Heuschkel - Alleged violation of VA Code §§ 38.2-1831 (1)
INS-2016-00241	Loretta Weismann - Alleged violations of Va Code §§ 38.2-1826C and 38.2-1831(1)
INS-2016-00242	Michael Scott Valley - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831(1)
INS-2016-00244	Eugene Laronzo Bazemore - Alleged violation of Va Code § 38.2-1826
INS-2016-00245	John Lodato - Alleged violation of Va Code § 38.2-1826
INS-2016-00246	Michael Ray Guerrero - Alleged violations of Va Code §§ 38.2-1826 and 38.2-1831(1)
INS-2016-00247	American National Property and Casualty Company - Alleged violation of VA Code §§ 38.2-317, <i>et al.</i>
INS-2016-00249	YourPeople Inc. d/b/a Zenefits FTW Insurance Services - Alleged violation of VA Code § 38.2-1812
INS-2016-00250	Occidental Fire and Casualty of North Carolina - Alleged violations of VA Code §§ 38.2-510 A 3, <i>et al.</i>
INS-2016-00251	In Re: Assessment upon certain insurers, Health Maintenance Organizations, <i>et al.</i> to pay the expense of the BOI for the Year 2017
INS-2016-00252	Premier Title and Escrow LLC - Alleged violation of VA Code § 55-525.24
INS-2016-00253	Dexter A. Radcliffe, Radcliffe Services, LLC and All Buddy's Company, LLC - Alleged violation of VA Code §§ 38.2-613.2, <i>et al.</i>
INS-2016-00254	Margaret M. Doyle - Alleged violation of VA Code § 38.2-518 F
INS-2016-00257	Marvin Setzer - Alleged violation of VA Code § 38.2-1826
INS-2016-00258	Electric Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2016-00259	American Strategic Insurance Group - Alleged violations of VA Code §§ 38.2-317 and 38.2-1906 D
INS-2016-00260	Sentry Select Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2016-00261	Victor Manuel Ramos - Alleged violations of VA Code § 38.2-1822 and 38.2-1831
INS-2016-00262	Darrell L. Haley - Alleged violation of VA Code § 38.2-1809
INS-2016-00263	Mark A. Bresard-Howard - Alleged violation of VA Code § 38.2-1826
INS-2016-00264	Bayview Loan Servicing - Petition for Review of Deputy Receiver's Determination of Appeal
INS-2016-00265	In the matter of Amending the Rules Governing Unfair Claim Settlement Practices
INS-2016-00267	In the matter of Amending the Rules Governing Suitability in Annuity Transactions
INS-2016-00268	American Equity Investment Life Insurance Company - Alleged violation of VA Code §§ 38.2-502, <i>et al.</i>
INS-2016-00270	Christopher Ray Rollins - Alleged violation of VA Code §§ 38.2-1809, <i>et al.</i>
INS-2016-00272	State Farm Fire and Casualty Company - Alleged violation of VA Code § 38.2-317
INS-2016-00274	Shawn Cooper - Alleged violations of Va Code § 38.2-512 and 38.2-1813
INS-2016-00275	United Concordia Insurance Company - Alleged violations of VA Code §§ 38.2-502, <i>et al.</i>
INS-2016-00278	Timothy P. Winders - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2016-00280	Randall Key - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2016-00281	Maetta Redmon Green - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2016-00282	Michael Cortez Cooper - Alleged violation of VA Code § 38.2-1826
INS-2016-00283	Ivette Quiles - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2016-00284	Brethren Mutual Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2016-00285	Lawrence A. Bullard - Alleged violations of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2016-00286	Cassandra Watson - Alleged violation of VA Code § 38.2-1826
INS-2016-00289	China Oceanwide Holdings Group Co., Ltd. - Form A Statement regarding Acquisition of Control of Genworth Life and Annuity Insurance Company and Jamestown Life Insurance Company
INS-2016-00290	In Re: Approval of Regulatory Settlement Agreement between Anthem Insurance Companies, Inc. and its Affiliates & Insurance Commissioners, of CA, IN, ME, MO NH, ND and SC for an on behalf of the VA State Corporation Commission BOI
INS-2016-00291	Harleysville Preferred Insurance Company & Nationwide Mutual Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2016-00292	Ryan L. Sheets - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)

PST**PUBLIC SERVICE TAXATION**

PST-2016-00018	Public Service Companies within Prince William County - Supplemental assessment for taxation of public service company property located within Bull Run Mountain, Lake Jackson, and Occoquan Forest Sanitary Districts for the Tax Year 2016
PST-2016-00027	Conterra Ultra Broadband, LLC - Supplemental Assessment for Tax Year 2016

PUC**PUBLIC UTILITY COMMUNICATIONS**

PUC-2015-00040	Shenandoah Telephone Company, Shenandoah Telecommunications Company, <i>et al.</i> and NTELOS Holdings, Corp., NTELOS Inc., <i>et al.</i> - Motion for Interim Authority
PUC-2015-00063	United Telephone Southeast LLC d/b/a CenturyLink - Application to expand the competitive determination of residential retail services under Va. Code § 56-235.5(I)
PUC-2016-00002	TDS Amelia Telephone Corporation, New Castle Telephone Company and Virginia Telephone Company and Cellco Partnership d/b/a Verizon Wireless - Commercial Mobile Radio Service Agreement
PUC-2016-00003	Verizon South Inc. and Talk America Services, LLC - Interconnection Agreement between Verizon South Inc. and Talk America Services, LLC under § 252(e) of the Telecommunications Act of 1996
PUC-2016-00004	Verizon Virginia LLC and Talk America Services, LLC - Interconnection Agreement between Verizon Virginia LLC and Talk America Services, LLC under § 252(e) of the Telecommunications Act of 1996
PUC-2016-00005	Communications Infrastructure, LLC, Onvoy, LLC, Broadvox-CLEC, LLC, and GTCR Onvoy Holdings, LLC - Joint Application for Approval of the Transfer of Control of Onvoy, LLC and Broadvox-CLEC, LLC to GTCR Onvoy Holdings LLC

PUC-2016-00007	Communications Sales & Leasing Inc., PEG Bandwidth Holdings, LLC and PEG Bandwidth VA, LLC - Joint Application for Approval to Transfer Control of PEG Bandwidth VA, LLC to Communications Sales & Leasing, Inc.
PUC-2016-00008	Comtech Telecommunications Corp. and TeleCommunications Systems, Inc. - Joint Petition for Approval of a Transfer of Control
PUC-2016-00010	Central Telephone Company of Virginia d/b/a CenturyLink - Competitive Telephone Company Election
PUC-2016-00012	Intrado Communications of Virginia Inc. - For amended/reissued certificates to reflect name change
PUC-2016-00013	Central Telephone Company of Virginia d/b/a CenturyLink and Time Warner Cable Information Services (Virginia), LLC - Interconnection Agreement
PUC-2016-00014	United Telephone Southeast LLC d/b/a CenturyLink and Time Warner Cable Information Services (Virginia) LLC - Interconnection Agreement
PUC-2016-00015	United Telephone Southeast LLC d/b/a CenturyLink, <i>et al.</i> - Interconnection Agreement between United Telephone Southeast LLC d/b/a CenturyLink & Central Telephone Company of Virginia d/b/a CenturyLink & Local Access LLC
PUC-2016-00016	LightSquared Inc. of Virginia - For amended and reissued CLEC and IXC to reflect Name Change of LightSquared Inc. of Virginia to Ligado Networks Inc. of Virginia
PUC-2016-00017	tw telecom of virginia llc - For amended and reissued CLEC & IXC to reflect a company name change
PUC-2016-00018	DSCI Holdings Corp., DSCI, LLC, DSCI Corp. of Virginia Inc. and U.S. TelePacific Corp. - Joint Application for Approval of the Indirect Transfer of Control of DSCI Corporation of Virginia, Inc. to U.S. TelePacific Corp.
PUC-2016-00019	Airbus DS Communications of Virginia, Inc. - Application for a Certificate of Public Convenience and Necessity
PUC-2016-00020	XO Holdings and Verizon Communications, Inc. and Certain Affiliates - Joint Petition for approval of the Transfer of Control of XO Communications Services, LLC
PUC-2016-00022	Verizon Communications Inc. - Petition for Approval of an Intra-Company Transfer of Control of Verizon South Inc. and Verizon Select Services of Virginia Inc.
PUC-2016-00023	Cox Virginia Telcom LLC - Notice of Competitive Telephone Company Election
PUC-2016-00024	Verizon Virginia LLC and Conterra Ultra Broadband, LLC - Interconnection Agreement between Verizon Virginia LLC and Conterra Ultra Broadband, LLC under § 252(e) of the Telecommunications Act of 1996
PUC-2016-00025	Verizon South Inc. and Conterra Ultra Broadband, LLC - Interconnection between Verizon South Inc. and Conterra Ultra Broadband, LLC under § 252(e) of the Telecommunications Act of 1996
PUC-2016-00026	All Points Carrier Services, LLC - Application for authority to provide exchange and interexchange service in the Commonwealth of Virginia
PUC-2016-00027	Mobilitie Management, LLC - Application for a Certificate of Public Convenience and Necessity
PUC-2016-00028	Matrix Telecom of Virginia, Inc. - Notification of Conversion to a Limited Liability Company and change in name to Matrix Telecom of Virginia LLC
PUC-2016-00029	Sunset Fiber, LLC - For a Certificate of public convenience and necessity to provide interexchange telecommunications service in the Commonwealth of Virginia
PUC-2016-00030	TNCI Operating Company LLC and Matrix Telecom of Virginia LLC - Transfer of Customers of TNCI Operating Company, LLC to Matrix Telecom of Virginia, Inc.
PUC-2016-00033	Verizon Virginia Inc. and RCVA, Inc. - Interconnection Agreement
PUC-2016-00034	Verizon South Inc. and RCVA, Inc. - Interconnection Agreement
PUC-2016-00035	eNetworks LLC - Application for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia
PUC-2016-00037	United Telephone Southeast LLC d/b/a CenturyLink - Competitive Telephone Company Election
PUC-2016-00038	GTCR Onvoy Holdings, LLC, <i>et al.</i> - For Approval of the Transfer of Indirect Minority Ownership and Control of Common Point LLC
PUC-2016-00039	FiberLight of Virginia LLC - Application for an order on public utility line crossing underneath a railroad and for certification of necessity or essential public convenience in the exercise of authority of eminent domain with regard to certain interests
PUC-2016-00040	United Telephone Southeast LLC d/b/a CenturyLink & Central Telephone Co. of VA d/b/a CenturyLink, <i>et al.</i> - Negotiated Resale Agreement
PUC-2016-00041	inContact, Inc. and NICE Systems, Inc. - Notification of Transfer of Control
PUC-2016-00042	Sprint Communications Company of Virginia, Inc. - Petition for Partial Discontinuance of Service
PUC-2016-00043	Norfolk Southern Railway Company - Application to inquire into those matters set forth in §§ 56-16.1 and 56-19, Code of Virginia (1950), as amended, with respect to proposed crossings under the facilities of Norfolk Southern Railway Company
PUC-2016-00044	MetroDuct Systems VA LLC - Application for a Certificate of Public Convenience and Necessity to Provide Certified Local Exchange Carrier (CLEC) Service Pursuant to § 56-265.4:4 of the Code of Virginia
PUC-2016-00045	Verizon Virginia LLC and Emergency Networks, LLC - Interconnection Agreement
PUC-2016-00046	Verizon South Inc. and Emergency Networks, LLC - Interconnection Agreement
PUC-2016-00047	Joint Petition of Unite Private Networks, LLC, REP UP, L.P., and Cox Communications, Inc. - For approval of the transfer of control of Unite Private Networks, LLC pursuant of Chapter 5 of Title 56 of the Code of Virginia
PUC-2016-00049	Citrix Systems, Inc., LogMeInc, Inc., & Citrix Communications of Virginia, LLC - Joint Petition for Approval of a transfer of control
PUC-2016-00050	TDS Telecommunications Corporation and MGW Networks, LLC d/b/a Lingo Networks, LLC - Interconnection Agreement
PUC-2016-00051	Yankee Cable Partners, LLC, Starpower Communications, LLC and Radiate Holdings, L.P. - Joint Petition and Request for Streamlined Review
PUC-2016-00052	Central Telephone Company of Virginia d/b/a CenturyLink & United Telephone Southeast LLC d/b/a CenturyLink & Comcast Phone of Virginia, Inc. d/b/a Comcast Digital Phone - Interconnection Agreement, Collocation and Resale Agreement
PUC-2016-00053	Blue Crane Networks, LLC - Application Request to Cancel Authority to Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services
PUC-2016-00054	Citrix Communications Virginia, LLC - For amended certificate to reflect name change to GetGo Communications Virginia, LLC
PUC-2016-00055	In re: revising the Virginia Universal Service Plan to conform to changes in federal regulations regarding Lifeline
PUC-2016-00056	Lumos Networks Corp., Baileywick Holdings, Inc., Clarity Communications Group LLC, & LMK Communications, LLC - Joint Petition for approval of a transfer of control under the Utility Transfers Act
PUC-2016-00057	GTCR Onvoy Holding LLC, <i>et al.</i> - Joint Application for Approval to Transfer Indirect Control of Neutral Tandem-Virginia, LLC to Onvoy, LLC
PUC-2016-00058	Business Telecom of Virginia, Inc., CTC Communications of Virginia, Inc., EarthLink Business, LLC, EarthLink Holdings Corp. and Windstream Holdings, Inc. - Joint Application for Approval of a Transfer of Control

PUC-2016-00060	SQF, LLC - Application for a Certificate of Public Convenience and Necessity to Provide Facilities-Based Local Exchange and Competitive Intrastate Telecommunications Services
PUC-2016-00061	CenturyLink and BCN Telecom, Inc. - Interconnection Agreement
PUC-2016-00062	Verizon Virginia LLC and Goff Network Technologies - Virginia, Inc. d/b/a USA Fiber - Interconnection Agreement
PUC-2016-00063	Verizon South Inc. and Goff Network Technologies - Virginia, Inc. d/b/a USA Fiber - Interconnection Agreement

PUE**DIVISION OF ENERGY REGULATION**

PUE-2015-00119	Atmos Energy Corporation - For expedited rate request
PUE-2015-00132	Washington Gas Light Company - Application for Approval of Revisions to General Services Provision No. 14 of the Company's Tariff, Va. S.C.C. No. 9
PUE-2015-00138	Washington Gas Light Company - Application to Amend its Conservation and Ratemaking Efficiency Plan
PUE-2015-00139	Craig-Botetourt Electric Cooperative - Approval and Consent from State Corporation Commission to borrow funds from RUS
PUE-2016-00001	Washington Gas Light Company - For a general increase in rates and charges and to revise the terms and conditions applicable to gas service
PUE-2016-00002	Washington Gas Light Company - Application for Authority to Receive Cash Capital Contributions from an Affiliate Pursuant to § 56-76 <i>et seq.</i> of Title 56 of the Code of Virginia
PUE-2016-00003	Virginia Electric and Power Company - for Approval and Certification of Electric Facilities Nansemond River Crossing Double Circuit 230 kV Lines #223 and #226 Transmission Line Rebuild
PUE-2016-00004	Appalachian Power Company, <i>et al.</i> - Petition for Approval of an Affiliate Transaction and Request for Waiver
PUE-2016-00005	Appalachian Natural Gas Distribution Company - Motion to Extend the Deadline for Filing Annual Informational Filing
PUE-2016-00006	Appalachian Power Company - Application under Title 56, Chapter 3, of the Code of Virginia
PUE-2016-00007	Virginia Natural Gas, Inc. - 2015 Annual Informational Filing based on the 12-months ended September 30, 2015
PUE-2016-00008	Columbia Gas of Virginia, Inc. - Application for approval of a Service Arrangement between Columbia Gas of Virginia, Inc. and Columbia Gas of Massachusetts
PUE-2016-00009	Southside Electric Cooperative - For authority to engage in financing
PUE-2016-00010	Old Dominion Committee for Fair Utility Rates - Petition
PUE-2016-00011	Appalachian Power Company - For approval and Certification of Electrical Transmission Line - South Abingdon 138 kV Extension Transmission Line Project
PUE-2016-00012	CONSOL Energy Inc. - Complaint and Petition for Injunctive Relief
PUE-2016-00013	Massanutten Public Service Corporation - Application for Approval of Amended Services Agreement
PUE-2016-00014	MP2 NE LLC - Application for a license to conduct business as a competitive service provider
PUE-2016-00015	Virginia Electric and Power Company d/b/a Dominion Virginia Power & Prince George Electric Cooperative - For an amended certificate for revision of service territory boundary lines under the Utility Facilities Act (Cert. No. R53)
PUE-2016-00016	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 (Cert. No. T 52)
PUE-2016-00017	Kentucky Utilities Company d/b/a Old Dominion Power Company - Application to Revise Fuel Factor
PUE-2016-00018	Virginia Electric and Power Company and Dominion Solar Projects IV, Inc. - Application for exemption from or approved to enter into standard interconnection agreements through future exemptions under Chapter 4, Title 56 of the Code of Virginia
PUE-2016-00019	Rappahannock Electric Cooperative - Application for approval of a modified incentive for A/C switch demand-side management programs; and for approval of a rate adjustment clause to recover the costs of the demand-side program
PUE-2016-00020	Virginia Electric and Power Company d/b/a Dominion Virginia Power - for Approval and Certification of Electric Facilities Cunningham-Dooms 500 kV Transmission Line Rebuild
PUE-2016-00021	Virginia Electric and Power Company d/b/a Dominion Virginia Power - Application for Approval and Certification of Electric Facilities Line #65 115 kV Rebuild at Norris Bridge
PUE-2016-00022	In Re: Evaluating the establishment of protocols, a methodology, and a formula to measure the impact of energy efficiency measures
PUE-2016-00024	Appalachian Power Company - For approval of rate adjustment clause
PUE-2016-00025	B-A-R-C Electric Cooperative - For Authority to Refinance Long-Term Debt
PUE-2016-00026	Southside Electric Cooperative and Central Virginia Electric Cooperative - For revision to boundary line certificates
PUE-2016-00027	Western Virginia Water Authority and the Trustee in Liquidation of Eagle Rock Water Company - Petition for Approval of a Transfer of a Public Utility
PUE-2016-00028	Virginia Electric and Power Company - Petition for a Declaratory Judgment
PUE-2016-00029	Kentucky Utilities Company d/b/a Old Dominion Power Company - 2015 AIF
PUE-2016-00030	Evolution Energy Partners LLC - Application for a license to do business as a competitive service provider of gas supply service pursuant to Va. Code § 56-587 and 20 VAC 5-312-40
PUE-2016-00031	Virginia Electric and Power Company d/d/a Dominion Virginia Power & Northern Virginia Electric Cooperative - For revision of Boundary Line Cert. E-50
PUE-2016-00032	Kentucky Utilities Company d/b/a Old Dominion Power Company - Verified Application for Authority to Issue Securities and Assume Obligations Under Chapter 3 of Title 56 of the Code of Virginia
PUE-2016-00033	Columbia Gas of Virginia, Inc. - For rate increase
PUE-2016-00034	Appalachian Natural Gas Distribution Company, ANGD, LLC, and Utility Pipeline, Ltd. - For approval of an application under Chapter 3 and 4 of Title 56 of the Code of Virginia
PUE-2016-00036	EnerNOC, Inc. - Application to Conduct Business as a Competitive Service Provider
PUE-2016-00037	Appalachian Power Company & City of Danville - for revision to service territory boundary line certificate
PUE-2016-00038	Appalachian Power Company - Petition for Determination of the Fair Rate of Return on Common Equity
PUE-2016-00039	Virginia Electric and Power Company - Petition for Continuing Waiver
PUE-2016-00040	Diversegy, LLC - Application for License for Competitive Service Provider
PUE-2016-00041	Appalachian Natural Gas Distribution Company, ANGD, LLC, and Utility Pipeline, Ltd. - For approval of an application under Chapter 4 of Title 56 of the Code of Virginia
PUE-2016-00042	Appalachian Power Company - For approval of an rate adjustment clause

PUE-2016-00043	Avalon Energy Services, LLC - Application for approval to act as an Electricity and Natural Gas Aggregator statewide in the Commonwealth of Virginia
PUE-2016-00044	Rappahannock Electric Cooperative - Amended Competitive Service Provider Coordination Tariff and Related Supporting Documents
PUE-2016-00045	Appalachian Power Company, <i>et al.</i> - Application for Approval of an Affiliate Transaction
PUE-2016-00046	Virginia Electric and Power Company - For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia
PUE-2016-00047	Virginia Electric and Power Company - To revise its fuel factor pursuant to Va. Code § 56-249.6
PUE-2016-00048	Virginia Electric and Power Company - For approval and certification of the proposed Remington Solar Facility pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia
PUE-2016-00049	Virginia Electric and Power Company's - Integrated Resource Plan filing pursuant to Va. Code § 56-597 <i>et seq.</i>
PUE-2016-00050	In re: Appalachian Power Company's - Integrated Resource Plan filing pursuant to Va. Code § 56-597 <i>et seq.</i>
PUE-2016-00051	Appalachian Power Company - Petition for approval of an 100% renewable energy rider pursuant to § 56-577.A.5 of the Code of Virginia
PUE-2016-00052	Massanutten Public Service Corporation - 2015 AIF
PUE-2016-00053	Kentucky Utilities Company d/b/a Old Dominion Power Company - Integrated Resource Plan filing pursuant to Va. Code § 56-597 <i>et seq.</i>
PUE-2016-00054	Virginia Natural Gas, Inc. - For approval of its 2016 SAVE Rider Update
PUE-2016-00055	Virginia Natural Gas, Inc. and AGL Services Company - Application for approval of an amended and restated services agreement under Chapter 4 of Title 56 of the Code of Virginia
PUE-2016-00056	Virginia Electric and Power Company - For approval and certification of electric facilities for Elklick Switching Station and Double-Circuit 230 kV Tap Lines
PUE-2016-00057	Atmos Energy Corporation - SAVE Plan
PUE-2016-00058	Rappahannock Electric Cooperative and Central Virginia Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUE-2016-00059	Virginia Electric and Power Company - For revision of a rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations, for the Rate Year Commencing April 1, 2017
PUE-2016-00060	Virginia Electric and Power Company - For revision of a rate adjustment clause: Rider GV, Greensville County Power Station, for the Rate Year Commencing April 1, 2017
PUE-2016-00061	Virginia Electric and Power Company - For revision of a rate adjustment clause: Rider R, Bear Garden Generating Station, for the Rate Year Commencing April 1, 2017
PUE-2016-00062	Virginia Electric and Power Company - For revision of a rate adjustment clause: Rider S, Virginia City Hybrid Energy Center, for the Rate Year Commencing April 1, 2017
PUE-2016-00063	Virginia Electric and Power Company - For revision of a rate adjustment clause: Rider W, Warren County Power Station, for the Rate Year Commencing April 1, 2017
PUE-2016-00064	Warrenton Chase Utility LC - Application for a certificate of public convenience and necessity to provide sewer service to Warrenton Chase subdivision pursuant to a lease agreement and request for interim operating authority
PUE-2016-00065	Central Water Company, Inc. - For increase in water rates
PUE-2016-00067	Virginia Electric and Power Company - Application to amend certificate for the line #2042 230 kV single circuit relocation at Graham Quarry and for expedited consideration
PUE-2016-00068	Aqua Virginia, Inc. - Petition for Waiver
PUE-2016-00069	Virginia Electric and Power Company - For Authority to Issue \$5.0 Billion in Debt and Preferred Securities and to Establish Trust Financing Facilities Pursuant to Chapter 3 and Chapter 4 of Title 56 of the Code of Virginia
PUE-2016-00070	Palmco Power VA, LLC - Application for an Electric Competitive Service Provider License
PUE-2016-00071	Palmco Energy VA, LLC - Application for a Natural Gas Competitive Service Provider License
PUE-2016-00072	Virginia Electric and Power Company - Petition for authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia and for expedited consideration
PUE-2016-00073	Roanoke Gas Company - Application for a modification of its SAVE Plan and Rider
PUE-2016-00074	Roanoke Gas Company and RGC Midstream, LLC - Application for approval of an affiliate agreement pursuant to Chapter 4 of Title 56 of Code of Virginia
PUE-2016-00075	Columbia Gas of Virginia, Inc. - Application for approval of Service Agreements between Columbia Gas of Virginia, Inc. and Columbia Gas of Ohio, Inc., <i>et al.</i> pursuant to Chapter 4
PUE-2016-00076	Virginia Natural Gas, Inc. - Application for authority to revise Rate Schedule PT-1, Pipeline Transportation Services
PUE-2016-00077	The Potomac Edison Company - Application for approval of electrical facilities and for certification of such facilities under the Utility Facilities Act
PUE-2016-00078	Virginia Electric and Power Company - For Approval and certification of electric facilities, Carson-Rogers Road 500 kV Transmission Line Rebuild
PUE-2016-00079	Virginia Electric and Power Company - For approval and certification of the proposed Oceana Solar Facility pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia
PUE-2016-00080	Virginia American Water Company and American Water Works Service Company, Inc. - For approval of a Services Agreement
PUE-2016-00081	Central Virginia Electric Cooperative - For Authority to Issue Long-Term Debt
PUE-2016-00082	A&N Electric Cooperative - Application for Authority to Incur Additional Indebtedness Under a Letter of Credit
PUE-2016-00083	Washington Gas Light Company - Application for approval of the SAVE Rider for calendar year 2017
PUE-2016-00084	Virginia Natural Gas, Inc. & Nicor Energy Services Company d/b/a Virginia Home Solutions - Application for authority to enter into an affiliate transaction Under Chapter 4 of title 56 of the Code of Virginia
PUE-2016-00085	The Western Virginia Water Authority & Lands End Water Company - Petition for approval of a transfer of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia
PUE-2016-00086	EDF Energy Services, LLC - For a license to conduct business as an electric competitive service provider
PUE-2016-00087	Columbia Gas of Virginia, Inc. - Application for approval to implement a 2017 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions
PUE-2016-00088	Direct Energy Services, LLC - Application for a license to do business as a competitive service provider of electricity pursuant to Chapter 23 of Title 56 of the Code of Virginia
PUE-2016-00089	Appalachian Power Company - Rate adjustment clause Energy Efficiency
PUE-2016-00090	Appalachian Power Company - Rate adjustment clause Distribution

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PUE-2016-00091	Virginia Electric and Power Company and Dominion Transmission, Inc. - Application for approval of amended Affiliate Support Services Agreements, and an amended Form Affiliate Support Services Agreement, under Chapter 4 of Title 56 of the Code of Virginia
PUE-2016-00092	Appalachian Power Company and Transource West Virginia, LLC - Petition for approval pursuant to the Act Governing Regulation of Relations with Affiliated Interests, Virginia Code § 56-76 <i>et seq.</i> , of an affiliate transaction
PUE-2016-00093	Noble Americas Energy Solutions LLC - Application to Conduct Business as a Competitive Service Provider
PUE-2016-00094	Direct Energy Services, LLC - Petition for a Declaratory Judgment
PUE-2016-00096	Virginia Citizens Consumer Council - Petition for Declaratory Judgment
PUE-2016-00097	Old Dominion Committee for Fair Utility Rates & Virginia Committee for Fair Utility Rates - Petition
PUE-2016-00098	J William Cofer on behalf of Virginia Pilot Association - Application for approval of a revision of rates and charges for pilotage
PUE-2016-00099	Gold Star Energy LLC - Application for a License to Conduct Business as a Competitive Service Provider
PUE-2016-00100	Northern Virginia Electric Cooperative and Virginia Electric and Power Company d/b/a Dominion Virginia Power - For revision of service territory boundary lines
PUE-2016-00101	Virginia Electric and Power Company and Dominion Resources Services, Inc. - For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia
PUE-2016-00102	Virginia Electric and Power Company, <i>et al.</i> - For approval of Revised Affiliate Services Agreements and future exemptions from the filing and prior approval requirements under Chapter 4 of Title 56 of the Code of Virginia
PUE-2016-00103	Virginia Electric and Power Company and Dominion Energy, Inc. - Application for Expedited consideration and approval of a Second Amended and Restated Parts Reimbursement Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia
PUE-2016-00104	C4GT, LLC - For certificate to construct and operate an electric generating facility in Charles City County Virginia pursuant to VA Code § 56-580 D
PUE-2016-00105	Washington Gas Light Company - For approval of a New Service Agreement between Washington Gas and WGL Midstream SGG, LLC
PUE-2016-00106	Columbia Gas of Virginia, Inc. - Application for approval of an Amendment to an Amended & Restated intercompany Income Tax Allocation Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2016-00108	Prince George Electric Cooperative and PGEC Enterprises, LLC - Joint Application for approval of affiliate agreements under Chapter 4, Title 56, Code of Virginia and request for expedited consideration
PUE-2016-00109	James River Genco, LLC and City Point Energy Center LLC - For approval of the disposition and acquisition of utility assets under the Utility Transfers Act, Chapter 5 of Title 56 of Va. Code § 56-88 <i>et seq.</i> and for a certificate to operate generating facilities
PUE-2016-00110	Virginia Electric & Power Co, Appalachian Power Co, Kentucky Utilities Co d/b/a Old Dominion Power Co, A&N Electric Coop., <i>et al.</i> - For Rulemaking & Limited Purpose of Modifying Serious Medical Condition Cert. Form pursuant to 20 VAC 5-330-30
PUE-2016-00111	Virginia Electric and Power Company - For approval to implement new and to extend existing demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia
PUE-2016-00112	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2017
PUE-2016-00113	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations, for the Rate Year Commencing September 1, 2017
PUE-2016-00114	Best Practice Energy LLC - For license to conduct business as an Aggregator for electricity and natural gas
PUE-2016-00115	Appalachian Natural Gas Distribution Company, ANDG, LLC, Utility Pipeline, Ltd. - Joint Petition for Approval of Change of Control Under Chapter 5 of title 56 of the Code of Virginia
PUE-2016-00116	BARC Electric Cooperative and BARConnects, LLC - Joint Application for approval of affiliates arrangements
PUE-2016-00117	Appalachian Power Company - Petition for Approval of an Affiliate Transaction
PUE-2016-00118	Central Virginia Electric Cooperative - For authority to incur indebtedness
PUE-2016-00119	Columbia Gas of Virginia, Inc. - Application for Authority to Enter Into a Capital Lease
PUE-2016-00120	Appalachian Power Company and Eagle Creek Reusens Hydro LLC - Petition for approval of the transfer of generating facilities pursuant to the Utility Transfers Act, Va. Code § 56-88 <i>et seq.</i>
PUE-2016-00121	Virginia Natural Gas, Inc. and AGL Services Company - Application for approval of a revised services agreement Under Chapter 4 of title 56 of the Code of Virginia
PUE-2016-00122	Northern Neck Electric Cooperative - Petition for Approval of a Loan from the Federal Financing Bank in the amount of \$18,500,000 and \$25.00 check representing fees
PUE-2016-00123	Prince George Electric Cooperative - Application for Authority to Issue Securities
PUE-2016-00124	Virginia-American Water Company and American Water Capital Corp. - Joint Application to Extend Authority for Continued Participation in a Financial Services Agreement pursuant to the Affiliates Act, VA Code § 56-76 <i>et seq.</i>
PUE-2016-00125	Virginia Natural Gas, Inc. and The Southern Company - Application for approval to enter into a tax allocation agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2016-00126	Evolution Energy Partners LLC - for license to do business as an electricity aggregator
PUE-2016-00127	Southwestern Virginia Gas Company - Annual Informational Filing
PUE-2016-00128	Roanoke Gas Company - Annual Informational Filing
PUE-2016-00129	Columbia Gas of Virginia, Inc. - For Authority to Issue Long-Term Debt and To Participate in an Intrasystem Money Pool Arrangement with an Affiliate
PUE-2016-00130	Atmos Energy Corporation and Atmos Energy Holdings, Inc. - Application for Authority to Incur Short-Term Indebtedness and to Lend and Borrow Short-Term Funds to and from its Affiliate Pursuant to Title 56, Chapter 4 of the Virginia Code
PUE-2016-00131	Roanoke Gas Company - Application for approval of a transaction pursuant to Chapter 3 of Title 56 of the Code of Virginia
PUE-2016-00132	BARC Electric Cooperative - For authority to incur debt
PUE-2016-00133	Northern Virginia Electric Cooperative and Virginia Electric and Power Company d/b/a Dominion Virginia Power - For Boundary Liners revisions
PUE-2016-00134	Virginia Natural Gas, Inc., Southern Company Gas, AGL Services Company, & Southern Company Gas Capital Corporation - 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 VA
PUE-2016-00135	Virginia Electric and Power Company - For Approval and Certification of Electric Facilities Line #567 500 kV Transmission Line Segment Rebuild from Willcox Wharf to Windmill Point
PUE-2016-00136	Virginia Electric and Power Company - For revision of a rate adjustment clause: Rider U, new underground distribution facilities, for the Rate Year Commencing September 1, 2017

PUE-2016-00137	Columbia Gas of Virginia, Inc. - Application for approval of a Service Agreement between Columbia Gas of Virginia, Inc. and Northern Indiana Public Service Company
PUE-2016-00138	Virginia Electric and Power Company and Dominion Energy, Inc. - For exemption from or approval to enter into retail service arrangements under Chapter 4, Title 56 of the Code of Virginia
PUE-2016-00139	Community Electric Cooperative - Petition to Secure Additional Short-Term Financing and \$250 check for filing fee
PUE-2016-00141	Washington Gas Light Company - Application for approval of revisions to the service agreement between Washington Gas and its affiliate, WGL Energy Systems, Inc.
PUE-2016-00143	Virginia Natural Gas, Inc. - For a general rate increase and for authority to revise the terms and conditions applicable to natural gas service
PUE-2016-00144	Virginia Electric and Power Company and Scott-II Solar LLC - For exemption from or approval to enter into a joint access and easement arrangement and future exemptions under Chapter 4, Title 56 of the Code of Virginia

SECURITIES**DIVISION OF SECURITIES**

SEC-2013-00038	Martin Palacios & Key West Yogurt International, Inc. - Alleged violation of VA Code § 13.1-507
SEC-2014-00001	Mark Steven Abernathy & Natural Motion Lures, Inc., and NML Online, Inc. - Alleged Violation of VA Code § 13.1-507
SEC-2015-00004	Vasilios Community Development Corporation & Carl S. Vaughan - Alleged violations of VA Code §§ 13.1-502 (2) <i>et al.</i>
SEC-2015-00024	Fulcrum Securities, LLC - Alleged violation of Rule 21VAC5-20-260
SEC-2015-00027	CI Franchise Company, LLC - Alleged violation of VA Code §§ 13.1-560 and 13.1-563.4
SEC-2015-00028	Bambu IP, LLC, Bambu Desserts & Drinks, Inc. & Kimhong Thi Nguyen - Alleged violations of VA Code §§ 13.1-560 and 13.1-563
SEC-2015-00030	Manna, Inc. - Alleged violation of VA Code §§ 13.1-504 and 13.1-507
SEC-2015-00032	Preston Wealth Advisors, LLC and Theodore James Doremus - Alleged violations of VA Code §§ 13.1-504, 13.1-507 and 13.1-503
SEC-2015-00036	Stanton C. Snyder - Alleged violation of VA Code § 13.1-507
SEC-2015-00040	Roy A. Smith and The Bridge Network of Churches - Alleged violation of VA Code §§ 13.1-504 and 13.1-507
SEC-2015-00047	John T. Holley, Jr. - Alleged violation of VA Code §§ 13.1-504A(ii) and 13.1-505.1
SEC-2015-00056	The Brothers Franchising Corporation, Ken Parsons and Ryan Parsons - Alleged violations of VA Code §§ 13.1-560 and 13.1-563 (4)(i)(ii)
SEC-2015-00060	Merrill Lynch, Pierce, Fenner & Smith, Inc. - Alleged violation of 21 VAC 5-20-260 D
SEC-2015-00061	Ameriprise Financial Services, Inc. - Alleged violation of 21 VAC 5-20-260 (B), <i>et al.</i>
SEC-2016-00001	Groundfloor Finance, Inc. - For Qualification Order pursuant to VA Code § 13.1-510
SEC-2016-00002	Unitarian Universalist Common Endowment Fund, LLC - for order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00003	Groundfloor Finance, Inc. - For qualification order pursuant to VA Code § 13.1-510
SEC-2016-00005	Groundfloor Finance, Inc. - For Qualification order pursuant to VA Code § 13.1-510
SEC-2016-00006	Groundfloor Finance, Inc. - For Qualification order pursuant to VA Code § 13.1-510
SEC-2016-00007	Groundfloor Finance, Inc. - For Qualification order pursuant to VA Code § 13.1-510
SEC-2016-00009	Virginia United Methodist Development Company, LLC - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00010	Groundfloor Finance, Inc. - For a Qualification Order under § 13.1-50 of the Code of Virginia
SEC-2016-00012	Bethel Baptist Church Hampton, Virginia, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 (B)
SEC-2016-00013	Christian Wealth Management, LLC & Carl Balestrieri - Alleged violations of VA Code §§ 13.1-503 A (2), <i>et al.</i>
SEC-2016-00016	Groundfloor Finance, Inc. - For a Qualification Order under VA Code § 13.1-510
SEC-2016-00017	National Covenant Properties - For order of exemption pursuant to VA Code § 13.1-514.1B
SEC-2016-00018	Baptist General Conference Cornerstone Fund d/b/a Converge Cornerstone Fund - For order of exemption pursuant to VA Code § 13.1-514.1 (B)
SEC-2016-00019	Groundfloor Finance, Inc. - For a qualification order under § 13.1-510 of the Code of Virginia
SEC-2016-00020	Brian J. Pappas - Alleged violations of VA Code §§ 13.1-560, <i>et al.</i>
SEC-2016-00024	Columbia Union Revolving Fund - Fore exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00025	BFK Franchise Company, LLC - Alleged violation of VA Code § 13.1-563 (2)
SEC-2016-00026	Christian Financial Resources, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00027	Gary L. Flater - Alleged violations of VA Code §§ 13.1-507, <i>et al.</i>
SEC-2016-00028	Mission Investment Fund of the Evangelical Lutheran Church in America - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00030	Diversified Real Estate Holding, LLC - Alleged violations of VA Code § 13.1-504 and 13.1-507
SEC-2016-00031	Guerry Grune - Alleged violation of VA Code § 13.1-518
SEC-2016-00033	The Solomon Foundation - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00035	Michael John Stoll - Alleged violations of VA Code § 13.1-507, 13.1- 504 and 13.1-502.2
SEC-2016-00036	Board of Church Extension of Disciples of Christ, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00039	YoFresh Yogurts, Inc. & Christos Gregoris a/k/a Chris T. Gregoris, and Christopher Gregoris - Alleged violations of VA Code §§ 13.1-560, 13.1- 563.2 and 13.1-563.4
SEC-2016-00041	The American Baptist Extension Corporation - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00042	Skrimp Shack, LLC & Stacey Lynn Arena aka Stacey Hartman - Alleged violations of VA Code § 13.1-560 and 13.1-563.4
SEC-2016-00045	Michael P. Sullivan - Alleged violation of VA Code §§ 13.1-504 C (i), <i>et al.</i>
SEC-2016-00046	Joseph Smith, Dennis Mason and New York Bagel Enterprises, Inc. - Alleged violations of VA Code §§ 13.1-560, 13.1-563 (4) and 13.1-563 (2)
SEC-2016-00047	United Church of Christ Cornerstone Fund, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00048	Harvest Life Changers Church International, Inc. - For an order of exemption pursuant to VA Code § 13.1-514.1.B
SEC-2016-00049	Samuel C. Lam - Order Imposing Special Supervisory Procedures
SEC-2016-00050	Charles Robert Cobb - Special Supervisory Order
SEC-2016-00051	In Re: Promulgation of Securities Rules
SEC-2016-00052	Lutheran Church Extension Fund-Missouri Synod - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00054	Robert Paul Franceschini - Alleged violation of VA Code § 13.1-504 A (ii)
SEC-2016-00055	WELS Church Extension Fund - For an order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2016-00056	Adrian Johnson & Pelican's Snoballs VA LLC - Alleged violation of VA Code § 13.1-560
SEC-2016-00060	The United Methodist Development Fund - For order of exemption pursuant to VA Code § 13.1-514.1 B

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UTILITY AND RAILROAD SAFETY

URS-2014-00407 Carroll Concrete and Excavation, LC - Alleged violations of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2014-00509 Virginia Cable Constructors, LLC - Alleged violations of VA Code § 56-265.24 A, 20 VAC 5-309-150(6) and 20 VAC 5-309-150(8)
 URS-2014-00521 Ace Construction Company - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00001 A&R Concrete Solutions LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00017 Mullins Construction - Alleged violations of VA Code §§ 56-265.17 B, *et al.*
 URS-2015-00019 Summit Development Company, L. L. C. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2015-00020 Sunset Landscaping - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2015-00031 INTI Contracting LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00052 Excel Paving Corporation - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
 URS-2015-00070 T & A Backhoe Services, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00074 Williams Facility Services, Inc. - Alleged violations of VA Code §§ 56-265.17 A, 56-265.24 A and 20 VAC 5-309-140.4
 URS-2015-00091 Luis Garcia - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00093 Matthew Stauffer - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00101 Daniel Rojas - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00125 Kalvin Ennis Masonry, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00133 Capitol Hill Construction LLC - Alleged violations of VA Code §§ 56-265.17 A, 56-265.24 A, 56-265.24 E and 20 VAC 5-309-140.1
 URS-2015-00211 Liquid, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00230 Buckley Cable Construction, Inc. - Alleged violations of VA Code § 56-265.24 A(x7); 20 VAC 5-309-140 (4) (x1); 20 VAC 5-309-150 (6) (x6); and 20 VAC 5-309-150 (8) (x6)
 URS-2015-00247 T. A. Sheets General Contractors, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00253 Asphalt Roads and Materials Company, Incorporated - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00299 Masterpiece Landscape Contracting, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00304 T.A. Sheets General Contractors, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00310 EMT Asphalt, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00321 All American Tree and Landscaping - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00336 Stemmle Plumbing Repair, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00340 CB Landscape L.L.C. - Alleged violations of VA Code §§ 56-265.18 and 56-265.24 A, 20 VAC 5-309-150(4), 20 VAC 5-309-150(6) and 20 VAC 5-309-150(8)
 URS-2015-00360 Cristal Fenc - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00364 Dandale, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00368 S&N Communications, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00370 N-It, Inc. t/a Dig-N-It - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00409 Perkinson Construction, L.L.C. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00417 Adrian Construction Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00418 Affordable Fence and Railing - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00425 Galacia Concrete, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2015-00426 Joseph Hart Plumbing Heating Air Conditioning - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00439 West Builders LLC - Alleged violation of § 56-265.24 A
 URS-2015-00467 IC Contracting LLC - Alleged violation of § 56-265.24 A
 URS-2015-00468 Sagres Construction Corporation - Alleged violations of §§ 56-265.24 A, *et al.*
 URS-2015-00470 Stemmle Plumbing Repair, Inc. - Alleged violation of § 56-265.17 A
 URS-2015-00475 Columbia Gas of Virginia, Inc. - Alleged violations of 49 C.F.R. §§ 192.199 (e), *et al.*
 URS-2015-00477 J. R. Garcia Cable LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00478 Sessions Underground, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00480 Alouf Custom Builders, Inc. - Alleged violation of VA Code § 56-2653.24 A
 URS-2015-00484 Santiago Lopez - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00489 J B C Construction - Alleged violations of VA Code §§ 56-265.17 A, 56-265.24 A, and 20 VAC 5-309-140. 2
 URS-2015-00490 Masters Utilities LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00492 Penn Forest Services - Alleged violation of VA Code § 56-265.24 A, 140.4
 URS-2015-00495 Copperhead Plumbing, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00503 Sheler Plumbing - Alleged violation of VA Code §§ 56-265.18, *et al.*
 URS-2015-00506 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00508 Titans Construction - Alleged violations of VA Code §§ 56-265.17 B, *et al.*
 URS-2015-00513 Goldin & Stafford, Incorporated - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00520 Atlas Contractors - Alleged violations of VA Code § 56-265.17 A, 56-265.24 A and 20 VAC 5-309-200
 URS-2015-00525 Jimmy Stewart - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00528 S&L Affordable Homes LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00529 Trafford Corporation t/a Willbros T&D Services-East - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00530 Allen Plumbing Company - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00532 Falcon Cable Media, t/a Charter Communications - Alleged violations of VA Code § 56-265.19 A and 20 VAC 5-309-130
 URS-2015-00544 Cherry Hill Excavating, Inc. - Alleged violations of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00545 Salem Paving Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00546 Virginia Natural Gas, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 (e), *et al.*
 URS-2015-00548 J.S.C. Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00549 LCS Site Services, LLC - Alleged violation of VA Code § 56-265.17 B 1
 URS-2015-00550 CB Landscape L.L.C. - Alleged violation of VA Code § 56-265.24 C
 URS-2015-00551 M & H Construction - Alleged violation of VA Code § 56-265.17 C

URS-2015-00552 Always Prepared, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00554 New Generation Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00557 Ricky L. Brown, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00560 Seabar Communications, Incorporated - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00563 Messer Contracting, L.L.C. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00565 William Earnest Hall - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00568 Florida Wrecking & Salvage, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00569 Michael & Sons Services, Inc. - Alleged violations of VA Code §§ 56-265.24, A *et al.*
 URS-2015-00570 RSC Services, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00571 Shield Contracting, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00573 Ayala Boring Construction, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00575 Mastec Advanced Technologies - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00576 O J S Services, Inc. - Alleged violations of VA Code §§ 56.265.17 A, *et al.*
 URS-2015-00578 Whatley Construction Co., Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00582 John H Morgal Plumbing - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2015-00585 East Coast Abatement Co., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00588 Berry Paving and Concrete Construction Company, Inc. - Alleged violations of VA Code §§ 56-265.17 A, 56-265.24 A, *et al.*
 URS-2015-00589 Southern Construction Utilities, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00590 Brickman Group - Alleged violation of VA Code § 56-265.18
 URS-2015-00591 Casper Colosimo & Son, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00592 Virginia Pipeworks, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00593 Chick Landscaping, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00594 Colonial Masonry - Alleged violations of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00595 Williamsburg Concrete, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2015-00596 Family Tree Experts, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00597 GLS Plumbing, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00598 Patriot Electric, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00599 J & KC Home Improvement - Alleged violations of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00600 T & A Underground, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00601 Utiliquest, LLC - Alleged violations of VA Code §§ 56-265.19, *et al.*
 URS-2015-00602 River House Enterprises LC - Alleged violations of VA Code §§ 56-265.24 B and 56-265.24 A
 URS-2015-00604 Sagres Construction Corporation - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00605 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00606 Shoosmith Construction, Inc. - Alleged violations of VA Code §§ 56-265.17 B 2, *et al.*
 URS-2015-00607 Ron's Plumbing, Heating and Air Conditioning, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00608 Shazier Company - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00612 Electrical Connections, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00618 R. S. Hiner Excavating - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00619 Virginia Cable Constructors, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00621 WB Contracting, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00625 Harry B. King Sewer & Water Services - Alleged violations of VA Code §§ 56-265.24 D, *et al.*
 URS-2015-00632 Roanoke Gas Company - Alleged violation of 49 C.F.R. §§ 192.199 (e), *et al.*
 URS-2015-00633 Washington Gas Light Company - Alleged violations of 49 C.F.R. §§ 192.199 (e), *et al.*
 URS-2015-00634 Dominion Transmission, Inc. - Alleged violations of 49 C.F.R. §§ 192.199 (e), *et al.*
 URS-2015-00635 Harry B. King Sewer & Water Services - Alleged violations of VA Code §§ 56-265.24 C, *et al.*
 URS-2015-00636 J. B. I. Electrical Systems, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00637 Jet Commercial, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00638 Leo Construction Company - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00639 Lighting Maintenance Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00640 Madigan Construction Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00641 Nelson Masonry Work - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00642 Rivas Masonry LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00643 Rock Hard Excavating, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00644 Stealth Construction, Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00645 Superior Backhoe Service, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00646 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00647 Y & Y Gardens - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00648 Abba Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00649 Colonial Exterminating Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00650 Country Acres Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00651 Ford Cook - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00652 New Technologies Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00653 P. Diddy, Inc. - Alleged violation of VA Code § 56-265.17 B 1
 URS-2015-00654 Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00655 Vakos Development Company LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00656 Worley Turf & Irrigation, Inc. - Alleged violation of VA Code §§ 56-265.24 B, *et al.*
 URS-2015-00657 Utiliquest, LLC - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2015-00658 RSC Services, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00659 Team Construction LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00660 Alleghany Utility Construction, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*

URS-2015-00661 Copeland Excavation and Construction Company - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00662 The Jordan Group, Inc. t/a Glavas Decorative Concrete - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00663 H & S Construction Company - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00664 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00665 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00666 Innerview, Ltd.- Alleged violation of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00667 Haymes Brothers, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00668 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00670 S&N Communications, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00672 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00673 W. E. (Billy) Curling Welding Service, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00674 Kingspost Construction, Inc.- Alleged violation of VA Code § 56-265.17 A
 URS-2015-00675 Shaw Construction, Corp. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00676 Shively Electrical Company, Inc. - Alleged violations of VA Code §§ 56-265.17 D, *et al.*
 URS-2015-00677 Thor Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00678 Tom Schlosser Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00679 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.17 B 1
 URS-2015-00680 Paul Raines Concrete Construction - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00682 Easter Design, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00683 General Excavation, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00685 Hector Construction, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2015-00686 Jim Stuart Excavating, LLC - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2015-00687 Advanced Concrete Foundations, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2015-00688 Ayala Boring Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00689 Biase Corporation - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00690 Colonial Plumbing & Heating Co. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00691 Concrete Foundations, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00692 East West Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00693 J.L. Barham & Son, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00694 J. P. Tucker Excavating, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00695 Jay Morgan Landscaping Company - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00696 KS Communications, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00697 River House Enterprises LC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00698 Ware's Plumbing - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00699 Edgehill Condominium Association, Inc. - Alleged violation of VA Code § 56-265.16 1 A
 URS-2015-00700 MGE - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00701 Rosales Construction, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00702 The Basics Construction Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00703 Capital Canopies, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00704 DeBorn Construction, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00705 E. R. Neff Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00706 Dan River Communications, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2015-00707 Axis Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00708 J. R. Caskey, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00001 William Smith Concrete Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00002 GHF Services, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00003 MasTec Advanced Technologies - Tidewater - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00004 Ross & Sons Utility Contractor, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00005 Awesome Fences - Alleged violation of VA Code §§ 56-265.17 B 2, *et al.*
 URS-2016-00006 Bay Concrete Construction Company - Alleged violations of VA Code § 56-265.17 A, *et al.*
 URS-2016-00008 Iron Horse Infrastructure LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00009 Lawson Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00011 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.17 C
 URS-2016-00013 RSS Utilities Inc. - Alleged violations of VA Code § 56-265.17 A, *et al.*
 URS-2016-00014 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 F
 URS-2016-00015 Godsey & Son, Inc. - Alleged violation of VA Code § 56-265.24 A (1)
 URS-2016-00016 M. Wilton Construction Company - Alleged violations of VA Code § 56-265.17 A, *et al.*
 URS-2016-00017 Maidens Contracting LLC - Alleged violations of VA Code § 56-265.24 A, *et al.*
 URS-2016-00018 Old Castle Enterprises LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00019 Ovalle Construction LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00020 Pilgrim Communications - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00021 The Davey Tree Expert Company - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00022 Colao Stone Design, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00023 The Ramos Construction Group, Ltd. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00025 Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 C
 URS-2016-00026 Castellanos Cable - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00027 District Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00028 Kathmar Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00030 R.E. Sheehi Trucking & Paving, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00032 The Madeira School, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00033 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00034 Copeland Excavation and Construction Company - Alleged violation of VA Code § 56-265.17 D
 URS-2016-00035 Williams Lawncare and Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00036 Bill Henry Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00037 Blue Ridge Pro Services, LLC - Alleged violations of VA Code §§ 56-265.18, *et al.*
 URS-2016-00038 Jack St. Clair, Inc.- Alleged violation of VA Code § 56-265.24 A
 URS-2016-00039 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00040 AT&T Communications of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 H
 URS-2016-00041 Wright Contracting, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00042 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00043 E. C. Pace Company, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00045 K. R. Torrence Excavation Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00046 RPK Investments, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00047 U S - Lawns of Roanoke - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00048 W. R. Hall, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00050 Henkels & McCoy, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00051 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00052 Utility Service Contractors, Inc. - Alleged violations of VA Code §§ 56-265.24 C, *et al.*
 URS-2016-00054 S&N Locating Services, LLC - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00056 Wright Contracting, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00060 S&K Excavating, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00061 Randy Hostetter Excavating, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00062 NAV Construction Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00064 John C. Grimberg Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00065 Mechanicsville Backhoe, Inc.- Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00066 J.C.L., Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00067 KS Communications, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00068 Ashburn Contracting Corporation - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00069 Southern Air, Incorporated - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00070 Dale Bragg Excavating - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00071 Stone Environmental Services, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00072 A Hampton Roads Plumbing & Sewer Cleaning, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00073 Extreme Concrete & Construction, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00074 Fonseca Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00075 American Restoration of Maryland LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00076 Martin's Plumbing LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00077 City Concrete Corp. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00078 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00079 Copeland Concrete Construction, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00080 Nichols Construction - Alleged violation of VA Code § 56-265.24 C
 URS-2016-00081 Johnson & Glazier Construction Co., Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00082 S. C. Rossi & Company, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00083 Kolb Electric, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00084 Pembroke Construction Company, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00085 Seabar Communications, Incorporated - Alleged violation of VA Code § 56-265.17 B 2
 URS-2016-00086 Southeast Connections LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00087 Wayjo, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00088 A.B.C. Home Improvement Specialist LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00089 Atlantic Plumbing, Heating & Air Conditioning, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00090 Avis Budget Group - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00091 Bay Concrete Construction Company - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00092 Blue Ridge Landscape & Design of Richmond, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00093 Elite Plumbing Contractors LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00094 Kevcor Contracting Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00095 Michael and Son Services Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00096 Ace House Movers - Alleged violation of VA Code § 56-265.17 B 2
 URS-2016-00097 PJ & T Construction Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00098 PJ Cable Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00100 Raul Rivera - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00101 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00102 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00103 Innerview, Ltd. - Alleged violation of VA Code § - 56-265.24 A
 URS-2016-00104 E. V. Williams, Inc. - Alleged violations of VA Code §§ 56-265.17 B 1 and 56-265.24 A
 URS-2016-00105 LLK, LLC - Alleged violation of VA Code § - 56-265.17 A
 URS-2016-00106 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00107 CC & F Construction - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00108 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00110 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A and 56-265.24 A
 URS-2016-00111 Peters and White Construction Company - Alleged violation of VA Code § 56-265.17 B.2
 URS-2016-00113 T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A

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URS-2016-00114 Zayo Group - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00116 Dogwood Quarries - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00117 IB Builders, Inc. - Alleged violations of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2016-00118 Inner Reflection Home Services, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00119 ITM Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00120 Utility Service Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00121 Anderson Construction, Inc. t/a Virginia Site works, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00122 Workman Mechanical, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00123 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00124 Leland Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00125 Multitec LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00127 S&N Locating Services, LLC. - Alleged violations of VA Code § 56-265.19 A
 URS-2016-00128 Atmos Energy Corporation - Alleged violations of 49 C.F.R. §§ 192.199 (e), *et al.*
 URS-2016-00129 Prata Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00131 Electrifiers, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2016-00132 Zelaya Landscaping and Construction Co, LLC - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00133 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00134 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00135 Robert M. Martin Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 C
 URS-2016-00136 Managua's Enterprises Development Company LLC t/a Managua's Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 B 1
 URS-2016-00138 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2016-00139 Cornerstone Construction of Front Royal, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00140 Custom Stonescaping, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00141 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00143 JYL Construction, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00144 Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00145 Momentum Earthworks, LLC - Alleged violation of VA Code § 56-265.18
 URS-2016-00146 Chris Price Utilities - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00147 Stocker Rockville Nurseries, Inc. t/a Stockners Nursery - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00148 Williams Landscape and Design, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00149 T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.17 B 2
 URS-2016-00150 TSP Lawns & Landscaping, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00151 Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00152 Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code § 56-265.17 B 2
 URS-2016-00153 O&B Innovations, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00154 Mitchell Utilities, LLC - Alleged violation of VA Code § 56-265.24 C
 URS-2016-00155 Kuebler Concrete, LLC - Alleged violation of VA Code § 56-265.17 B 1
 URS-2016-00156 Gaston Brothers Utilities, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00157 Allan Myers VA, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00158 Always Prepared, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00159 A Murphy Fence Company - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00160 Kent Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00161 J. M. Sykes, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00163 Construction Specialists, Inc. t/a Underground Services First - Alleged violation of VA Code § 56-265.24 B
 URS-2016-00164 Virginia Erosion Control, LLC - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00166 Vess Excavating, LTD. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00167 Utility Service Contractors, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00168 Reliable Services - Alleged violation of VA Code § 56-265.24 C
 URS-2016-00169 Lane Corman Joint Venture - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00171 JVS Remodel - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00172 Garver Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00173 Exterior Services - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00174 ECM Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00175 Cahall Construction, LLC - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00176 Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.24 C
 URS-2016-00177 JOLZ Underground Group, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00178 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00179 S&N Locating Services, LLC - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00180 Virginia Natural Gas, Inc. - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00181 Columbia Gas of Virginia, Inc. - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00182 Charles C. Youell, IV - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00183 Customized Lawn Care, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00185 Accent Lightscaping - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00186 JC Plumbing Enterprise LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00187 Scott's Backhoe Service, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00188 SJ Cable - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00189 Tidewater Utility Construction, Inc. - Alleged violations of VA Code §§ 56-265.18, *et al.*
 URS-2016-00190 Warco, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00191 Caldwell & Santmyer, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00192 LCS Site Services, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2016-00193 Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 B.2
 URS-2016-00194 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00195 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00196 D.H.C. Corporation - Alleged violation of VA Code § 56-265.24 C
 URS-2016-00197 KS Communications, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00198 Tysons Service Corporation of Virginia - Alleged violation of VA Code § 56-265.24 B
 URS-2016-00200 Adams Electrical & Security Systems, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00201 Benchmark VA LLC Subsurface Utility Services - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00203 George Nice & Sons, Inc. - Alleged violations of VA Code § 56-265.24 A
 URS-2016-00204 Roto-Rooter Services Company - Alleged violation of VA Code § 56-24 A
 URS-2016-00205 Virginia American Water - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00206 Trafford Corporation - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00208 Masters Utilities LLC - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00209 Bissette Construction Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00210 Hammer Communications, Inc. - Alleged violations of VA Code §§ 56-265.17 B 2, *et al.*
 URS-2016-00211 Waff Development Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00212 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00213 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00214 Peters and White Construction Company - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00215 Columbia Gas of Virginia, Inc. - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00216 Virginia Natural Gas, Inc. - Alleged violations of VA Code §§ 56-265.19, *et al.*
 URS-2016-00217 S&N Locating Services, LLC - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00218 Shaw Construction, Corp. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00219 Columbia Gas of Virginia, Inc. - Alleged violations of 49 C.F.R. §§ 192.199 (e), *et al.*
 URS-2016-00224 Innerview Ltd - Alleged violations of VA Code § 56-265.24 B & E and 20 VAC 5-309-200
 URS-2016-00225 Paving Plus, Inc. - Alleged violations of VA Code § 56-265.17 A and 20 VAC 5-309-200
 URS-2016-00226 ALG Home Improvements LLC - Alleged of VA Code § 56-265.17 B.2
 URS-2016-00227 Quality Construction of Danville, Inc. - Alleged violations of VA Code §§ 56-265.17, *et al.*
 URS-2016-00228 Adkins Concrete, Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00229 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00230 Atmos Energy Corporation - Alleged violation of VA Code § 38.2-56-265.24 C
 URS-2016-00231 Jack Owens Plumbing & Heating, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00232 Joe Bandy and Son, Inc. - Alleged violations of VA Code §§ 56-265.24 B, *et al.*
 URS-2016-00233 Jackson & Jackson, Inc. - Alleged violation of VA Code § 56-265.17 B 1
 URS-2016-00234 Linco Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00235 Mitchel Construction Inc. - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00236 Nova Property Services LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00237 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00238 Seabar Communications, Incorporated - Alleged violations of VA Code §§ 56-265.18, *et al.*
 URS-2016-00239 Southern Spotsylvania Plumbing, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00241 JC Roman Construction Company, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00243 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00245 W H E Construction, L.L.C. - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00246 American Eastern Inc. - Alleged violation of Va Code § 56-265.24 and 20 VAC 5-309-200
 URS-2016-00247 Cornerstone Site Works, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00248 N-It, Inc. t/a Dig-N-It - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00249 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00250 Douglas Aquatics, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00251 Dominion Concrete Contractors, Inc. - Alleged violations of VA Code §§ 56-265.17 B.1 and 56-265.24 A
 URS-2016-00252 LCS Home Improvement - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00254 Vice Construction Corporation - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140(4)
 URS-2016-00255 Godsey & Son, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00256 Samos Concrete, Inc. - Alleged violations of VA Code § 56-265.17 A and 20 VAC5-309-200
 URS-2016-00257 Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 C
 URS-2016-00258 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-140(4)
 URS-2016-00259 D.H.C. Corporation - Alleged violation of VA Code § 56-265.24 B
 URS-2016-00260 Miller Pipeline, LLC - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00261 Mister Fence, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00262 360 Services of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00264 Langhorne Concrete & Home Improvements, Inc. - Alleged violations of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2016-00265 Leo Construction Company - Alleged violations of VA Code § 56-265.24 A 20 VAC 5-309-140(4)
 URS-2016-00267 Spring Garden Apartments, LLLP - Alleged violations of VA Code §§ 56-265.17 B.1 and 56-265.24 A and 20 VAC 5-309-140 (2)
 URS-2016-00270 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00271 Secured Network Solutions, Inc. - Alleged violations of VA Code § 56-265.24 A, 20 VAC 5-309-150(4) and 20 VAC 5-309-150 (8)
 URS-2016-00272 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00273 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00274 Basic Construction Company, L.L.C. - Alleged violations of VA Code § 56-265.24 C, 20 VAC 5-309-140 (5) and 20 VAC 5-309-200
 URS-2016-00275 Virginia Natural Gas, Inc. - Alleged violations of VA Code §§ 56-265.19G, 20 VAC 5-309-160 and 56-265.19 A
 URS-2016-00276 LCS Site Services, LLC - Alleged violations of VA Code §§ 56-265.18 and 56-265.24 A
 URS-2016-00277 4FastPlumber, LLC - Alleged violation of VA Code § 56-265.24 A

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URS-2016-00278 Trafford Corporation t/a Willbros T&D Services - East - Alleged violations of VA Code §§ 56-265.24 A, 20 VAC 5-309-140(3) and 56-265.19 A

URS-2016-00279 Columbia Gas of Virginia, Inc. - Alleged violations of VA Code §§ 56-265.19 A and 56-265.24 A

URS-2016-00280 Washington Gas Light Company - Alleged violations of 49 C.F.R. §§ 192.199 (e), *et al.*

URS-2016-00281 CSX Transportation, Inc. - Alleged violation of VA Code § 56-412.1

URS-2016-00282 Washington Gas Light - Alleged violations of 49 C.F.R. §§ 192.199 (e), *et al.*

URS-2016-00283 Atmos Energy - Alleged violations of 49 C.F.R. §§ 192-199 (e) *et al.*

URS-2016-00284 Roanoke Gas - Alleged violations of 49 C.F.R. §§ 192-199 (e), *et al.*

URS-2016-00286 America Directional Boring, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00290 Atkins Excavating, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2016-00291 Breeden Mechanical, Inc. - Alleged violations of VA Code § 56-265.24 A (x2) and 20 VAC 5-309-140 (4) (x2)

URS-2016-00293 Northern Virginia and Maryland Contractors, Inc. t/a NVM Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00294 Nichols Construction, LLC - Alleged violation of VA Code § 56-265.24 A

URS-2016-00297 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A

URS-2016-00298 H.I.R.E., Ltd. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00299 Crosby Plumbing and Water Treatment - Alleged violation of VA Code § 56-265.17 A

URS-2016-00302 Hand Construction, Inc. - Alleged violations of VA Code §§ 56-265.17 A and 56-265.24 A

URS-2016-00304 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 B

URS-2016-00305 Shah Development LLC - Alleged violations of VA Code § 56-265.18 and 20 VAC 5-309-180

URS-2016-00306 Siteworks Excavating and Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2016-00307 Valley Landscaping, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)

URS-2016-00308 Wheat Construction, Inc. - Alleged violations of VA Code § 56-265.17 A 20 VAC 5-309-200

URS-2016-00309 William L. Potter General Contractor, Inc. - Alleged violation of VA Code § 56-265.17 B.1

URS-2016-00310 Blaylock Design & Build LLC - Alleged violation of VA Code § 56-265.24 A

URS-2016-00311 Casper Colosimo & Son, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140(4)

URS-2016-00312 Cutting Edge Lawn & Landscaping, LLC - Alleged violations of VA Code § 56-265.17 A and 20 VAC 5-309-200

URS-2016-00313 Environmental Quality Resources, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140(4)

URS-2016-00314 Gary's Heating & Air Conditioning, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2016-00315 H and W Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00317 McLean Electric Company - Alleged violations of VA Code § 56-265.17 B.2 and 20 VAC 5-309-200

URS-2016-00318 Newport Concrete, Inc. - Alleged violation of VA Code § 56-265.17 B.1

URS-2016-00319 NPL Construction Co. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)

URS-2016-00320 Tatari Construction, Inc. - Alleged violations of VA Code §§ 56-265.17 A and 56-265.24 A

URS-2016-00321 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A

URS-2016-00323 Berry Properties, L.L.C. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)

URS-2016-00324 Harbor Construction Company, Inc. - Alleged violation of VA Code §§ 56-265.17 B 2, *et al.*

URS-2016-00325 Nova Property Services LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*

URS-2016-00326 Stephen I. Boone & Associates, P. C. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00328 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A

URS-2016-00329 Collins Asphalt, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00330 Hill Landscaping and Sprinkler - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-150 (8)

URS-2016-00334 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A

URS-2016-00335 Trafford Corporation t/a Willbros T&D Services - East - Alleged violations of VA Code §§ 56-265.24 A, *et al.*

URS-2016-00336 Virginia Natural Gas, Inc. - Alleged violations of VA Code § 56-265.19 A and 20 VAC 5-309-160

URS-2016-00338 Utiliquet, LLC - Alleged violation of VA Code § 56-265.19 A

URS-2016-00339 Baco Services - Alleged violation of VA Code § 56-265.17 A

URS-2016-00343 Price Buildings, Inc. - Alleged violation of 56-265.17 A

URS-2016-00344 Franken, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140(4)

URS-2016-00346 ProCon, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00348 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A

URS-2016-00349 Precision Underground LLC - Alleged violations of VA Code §§ 56-265.17 D, *et al.*

URS-2016-00351 S. Lewis Lionberger Construction Company t/a Lionberger Construction Company - Alleged violation of 56-265.17 A

URS-2016-00352 Fielder's Choice Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00354 Scott's Backhoe Service, Inc. - Alleged violation of 56-265.24 A

URS-2016-00356 Lawn Visions of Virginia, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2016-00357 W.E. (Billy) Curling Welding Service, Inc. - Alleged violation of 56-265.24 A

URS-2016-00358 Modern Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2016-00359 Wells Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2016-00360 Roto-Rooter Services Company - Alleged violations of VA Code § 56-265.24 A 20 VAC 5-309-140(4)

URS-2016-00361 East West Construction, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2016-00362 Milestone Fencing Company - Alleged violation of VA Code § 56-265.24 A

URS-2016-00365 AMC Enterprises, L.L.C. - Alleged violation of 56-265.17 A

URS-2016-00366 W. R. Hall, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*

URS-2016-00367 Rock River, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00369 Turner's Pool & Spa, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00371 Village Concrete, Inc. - Alleged violation of VA Code § 56-265.17 D

URS-2016-00373 Trafford Corporation t/a Willbros T&D Services - East - Alleged violation of VA Code § 56-265.19 A

URS-2016-00374 Valley Grounds, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2016-00375 Her-Mar Bros. Underground - Alleged violations of VA Code §§ 56-265.24 A, *et al.*

URS-2016-00378 Kaywell Construction Corporation - Alleged violation of 56-265.17 A
 URS-2016-00379 Alleghany Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A and 20 VAC 5-309-200
 URS-2016-00380 Metropolitan Communications Group, Inc. - Alleged violation of 56-265.24 A
 URS-2016-00381 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00382 CCI of Virginia, Inc. and Central Contracting, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
 URS-2016-00383 Pipe Kings LLC - Alleged violation of 56-265.24 A
 URS-2016-00384 S.W. Funk Industrial Contractors, Inc. - Alleged violation of 56-265.17 A
 URS-2016-00386 Counts & Dobyms, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140(4)
 URS-2016-00388 Davis H. Elliot Construction Company, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00389 Utiliquet, LLC - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00391 Virginia Natural Gas, Inc. - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00392 Gillespie Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2016-00393 Basic Construction Company, L.L.C. - Alleged violations of VA Code §§56-265.24 A, *et al.*
 URS-2016-00394 NPL Construction Co. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00395 Atmos Energy Corporation - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00396 GreenScapes VA, Ltd. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00397 Jerry D. Rose Construction - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
 URS-2016-00399 McGuire Plumbing & Heating, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00400 Mike Sharitz Construction - Alleged violations of VA Code § 56-265.17 A and 20 VAC 5-309-200
 URS-2016-00401 Promark Utility Locators, Inc. c/o USIC, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00402 Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00403 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00405 Garcia Cable, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00407 Allan Myers VA, Inc. - Alleged violations of VA Code §§ 56-265.24, *et al.*
 URS-2016-00408 Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00409 Classic Cottages, LLC - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00411 Kee Construction Services, Inc. - Alleged violations of VA Code §§ 56-265.17 D, *et al.*
 URS-2016-00412 Leitner & Son Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2016-00413 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 B
 URS-2016-00414 Southeast Connections LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00415 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2016-00416 W. E. (Billy) Curling Welding Service, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00418 MidAtlantic Contracting, Inc. of Virginia - Alleged violation of VA Code § 56-265.17 B 1
 URS-2016-00419 Carter Brothers' Company, L.L.C. - Alleged violation of VA Code § 56-265.17 B 2
 URS-2016-00421 Corman Construction, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140(3)
 URS-2016-00424 Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.24 C
 URS-2016-00426 Land Art Design, Inc. - Alleged violation of VA Code § 56-265.17 B 2
 URS-2016-00427 MA Concrete LLC - Alleged violation of VA Code § 56-265.17 D
 URS-2016-00428 Bob's Home Repair & Remodeling - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00429 Philbrick, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00433 Harbour View Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00436 L&G Carpentry, LLC - Alleged violations of VA Code §§ 56-265.17 A, *et al.*
 URS-2016-00437 A & D Fence Co., Inc. - Alleged violation of VA Code §§ 56-265.17 B 1
 URS-2016-00438 Trident Civil Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00439 Bakers Construction & Excavation Company - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (3)
 URS-2016-00441 Cassidy Services - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00442 Copperhead Plumbing, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00443 Atlantic Well Drilling, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00444 Creative Irrigation & Lighting Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00446 Atlantic Well Drilling, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00447 Envirostruct, LLC - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140(5)
 URS-2016-00449 Viamac, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-200
 URS-2016-00450 Greenleaf Landscaping & Green Industries - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00451 W. C. Spratt Incorporated - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00452 Utiliquet, LLC - Alleged violations of VA Code § 56-265.19 A and 56-265.19 H
 URS-2016-00453 Columbia Gas of Virginia, Inc. - Alleged violations of VA Code §§ 56-265.19 A, 56-265.24 A and 56-265.17 B.2
 URS-2016-00454 Kevcor Contracting Corporation - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00456 Lakeside Concrete Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00457 S&N Locating Services, LLC - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00458 Washington Gas Light Company - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
 URS-2016-00459 S & S Electric, LLC of Maryland, t/a S & S Electric, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00460 Roanoke Gas Company - For probable violations of 49 C.F.R. §§ 192-199(e), *et al.*
 URS-2016-00463 Concrete VA.com, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00464 Envirostruct, LLC - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
 URS-2016-00465 G. L. Howard, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00466 Godsey & Son, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
 URS-2016-00467 Haymes Brothers, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2016-00468 Hill Electrical, Inc. - Alleged violation of VA Code § 56-265.17 D and 20 VAC 5-309-200
 URS-2016-00469 IC Contracting LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2016-00471 M.A. Williams, Inc. t/a M.A. Williams Drain Cleaning & Plumbing - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140(4)

URS-2016-00473 Quantum Development LLC - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
URS-2016-00474 R & P Lucas Underground Utilities, Inc. - Alleged violation of VA Code § 56-265.18
URS-2016-00475 RHR, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2016-00482 SLS Landscaping Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2016-00484 Bainbridge Outdoor Design Building, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2016-00485 Brookfield Site Development, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
URS-2016-00486 Fielder's Choice Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2016-00488 Kent Excavating, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140(4)
URS-2016-00489 Moore Construction Group LLC - Alleged violation of VA Code § 56-265.17 A
URS-2016-00490 National Masonry LLC - Alleged violation of VA Code § 56-265.17 A
URS-2016-00491 NPL Construction Co. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
URS-2016-00495 Bennett Air Conditioning LLC - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
URS-2016-00496 Custom Design Works, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2016-00497 Elite Contracting Group, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
URS-2016-00501 Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2016-00504 Full Circle Concepts and Full Circle Concepts II, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2016-00506 Rosenbaum Fencing and Hardware Company, Inc. t/a Rosenbaum Fence Company - Alleged violation of VA Code § 56-265.24 A
URS-2016-00507 Sheppards Mobile Home Movers - Alleged violation of VA Code § 56-265.17 A
URS-2016-00512 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2016-00516 JJ Cable Construction, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2016-00518 McGuire Plumbing & Heating, Inc. - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
URS-2016-00520 Moser Electric LLC - Alleged violation of VA Code § 56-265.24 A
URS-2016-00521 Nichols Construction - Alleged violations of VA Code § 56-265.24 A and 20 VAC 5-309-140 (4)
URS-2016-00522 Scott's Backhoe Service, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2016-00526 Utiliquist LLC - Alleged violation of VA Code § 56-265.19 A
URS-2016-00528 LandWerks Contracting, LLC - Alleged violations of VA Code § 56-265.17 D and 56-265.24 A
URS-2016-00529 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2016-00530 Columbia Gas of Virginia, Inc. - Alleged violations of VA Code §§ 56-265.17 A and 56-265.19 A
URS-2016-00531 E. C. Pace Company, Inc. - Alleged violations of VA Code §§ 56-265.24 A, *et al.*
URS-2016-00532 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A