

**One Hundred Third Annual Report**

of the

**State Corporation Commission**

of

Virginia

*For the Year Ending December 31, 2005*

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**GENERAL REPORT**

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## Letter of Transmittal

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### COMMONWEALTH OF VIRGINIA

#### *STATE CORPORATION COMMISSION*

RICHMOND, VIRGINIA, *December 31, 2005*

*To the Honorable Mark R. Warner*

*Governor of Virginia*

Sir:

We have the honor to transmit herewith the one hundred third Annual Report of the State Corporation Commission for the year 2005.

Respectfully submitted,

Clinton Miller, Chairman

Mark C. Christie, Commissioner

Theodore V. Morrison, Jr., Commissioner

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# State Corporation Commission

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## COMMISSIONERS

\*Theodore V. Morrison, Jr.

Chairman

\*\*Clinton Miller

Chairman

Mark C. Christie

Commissioner

Joel H. Peck

*Clerk of the Commission*

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\*Term as Chairman expired January 31, 2005

\*\*Elected Chairman effective for term of one year,  
February 1, 2005

## Commissioners

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

The names and terms of office of the Commissioners:

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

### From 1903 through 2005 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	17
Miller	10	Christie	2		



### **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 the 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; sanctions.*

Every pleading, written motion, or other paper 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 paper, 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 paper, and shall state the partnership's mailing address and telephone number. A non-lawyer 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 a qualified officer or agent. The pleadings need not be under oath unless so required by statute. The Commission may provide, by order, a manner for acceptance of electronic signatures in particular cases.

The signature of an attorney or party constitutes a certification that: (i) the attorney or party has read the pleading, motion, or other paper; (ii) to the best of the attorney's or party's knowledge, information, and belief formed after reasonable inquiry, it 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) it 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 paper will not be accepted for filing by the Clerk of the Commission if not signed.

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

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

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

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

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

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

*5 VAC 5-20-50. Consultation by parties with Commissioners and Hearing Examiners.*

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

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

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

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*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 control, 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 5 VAC 5-20-80 A or 5 VAC 5-20-80 B 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 is the proper initial responsive pleading to a rule to show cause. An answer 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 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 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 5 VAC 5-20-100 B 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.

**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 the rules. In the discharge of his or her 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.

B. Objections and certification of issues. An objection to a ruling by the hearing examiner shall be stated with the reasons therefore at the time of the ruling, and the objection 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 formal pleading after it is filed except by leave of the commission, which leave shall be liberally granted in the furtherance of justice. The commission shall make such provision for notice and for opportunity to respond to the amended pleadings as it may deem necessary and proper.

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

A formal pleading or other related 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. The commission may by order make provision for electronic filing of documents, including facsimile.

When a filing would otherwise be due on a day when the Clerk's office is not open for public business, the filing will be timely if made on the next regular business day when the office is open to the public. When a period of fifteen 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 formal 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 properly addressed and stamped, on or before the date of filing. Service on a party may be made by service on the party's counsel. 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. The commission may, by order, provide for electronic service of documents, including facsimile. Notices, findings of fact, opinions, decisions, orders, or other paper 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 and served in compliance with § 12.1-19.1 or § 12.1-29 of the Code of Virginia.

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

Applications, petitions, responsive pleadings, briefs, and other documents must be filed in an original and 15 copies. 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 ½ by 11 inches in dimension, and must be capable of being reproduced in copies of archival quality. Pleadings shall be bound or attached on the left side and contain adequate margins. Each page following the first page must be numbered. If necessary, a document may be filed in consecutively numbered volumes, each of which may not exceed three inches in thickness. Pleadings 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. 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

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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 a formal proceeding that information to be filed with or submitted 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 submit the information under seal to the commission staff as may be required. One copy of all such information also shall be submitted 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.

Upon challenge, the filing party shall demonstrate to the satisfaction of the commission that the information should be withheld from 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 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.

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.

*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 of the Commission's office. 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 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. 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 a 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. Documents. In a pending case, 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. Witnesses. In a pending case, at the request of commission staff or any party, the Clerk of the Commission shall issue a subpoena.

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

The commission staff and a party in a formal proceeding before the commission, other than a proceeding under 5 VAC 5-20-100 A and C, 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 requesting party information as is known. Interrogatories or requests for production of documents 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. No interrogatories or requests for production of documents may be served upon a member of the commission staff, except to discover factual information that supports the workpapers submitted by the staff to the Clerk of the Commission pursuant to 5 VAC 5-20-270. All interrogatories and requests for production of documents shall 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. Objections, if any, to specified questions shall be stated with specificity, citing appropriate legal authority, and served with the list of responses. Responses and objections to interrogatories or requests for production of documents shall be served within 14 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, upon the filing of its testimony, exhibits, or report, will compile and file with the Clerk of the Commission three copies of any workpapers that support the recommendations made in its testimony or report. The Clerk of the Commission shall make the workpapers available for public inspection and copying during regular business hours.

5 VAC 5-20-280. *Discovery in 5 VAC 5-20-90 proceedings.*

The following applies only to proceedings in which a defendant is subject to monetary or injunctive penalties, or revocation, cancellation, or curtailment of a license, certificate of authority, registration, or similar authority previously issued by the commission to the defendant.

A. 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 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 the defendant, or representatives, or agents of the defendant if the defendant is other than an individual, to a commission staff member or law enforcement officer.

A motion by the defendant under this rule shall be filed and served at least 10 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 interests of justice. An order granting relief under 5 VAC 5-20-280 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.

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

B. Depositions. After commencement of an action to which this rules applies, the commission staff or a party may take the testimony of a party or another person or entity, other than a member of the commission staff, by deposition on oral examination or by written questions. Depositions may be used for any purpose for which they may be used in the courts of record of the Commonwealth. Except where the commission or hearing examiner finds that an emergency exists, no deposition may be taken later than 10 days in advance of the formal hearing. The attendance of witnesses at depositions may be compelled by subpoena. Examination and cross-examination of the witness shall be as at hearing. Depositions may be taken in the City of Richmond or in the town, city, or county in which the deposed party 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 or her 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.

C. Requests for admissions. The commission staff or a party to the 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 matter.

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Adopted: September 1, 1974  
Revised: May 1, 1985 by Case No. CLK850262  
Revised: August 1, 1986 by Case No. CLK860572 and Repealed June 1, 2001 by Case No. CLK000311  
Adopted: June 1, 2001 by Case No. CLK000311

**LEADING MATTERS DISPOSED OF BY FORMAL ORDERS****BUREAU OF FINANCIAL INSTITUTIONS****CASE NO. BAN20041560  
MARCH 25, 2005**

APPLICATION OF  
CREDITGUARD OF AMERICA, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

CreditGuard of America, Inc., a Florida corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 5301 North Federal Highway, Suite 295, Boca Raton, Florida 33487. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20041561  
JULY 18, 2005**

APPLICATION OF  
TAKE CHARGE AMERICA, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Take Charge America, Inc., an Arizona corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 20620 North 19th Avenue, Phoenix, Arizona 85027. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20041595  
JANUARY 18, 2005**

APPLICATION OF  
CONSUMER CREDIT COUNSELING SERVICE OF SAN FRANCISCO

For a license to engage in business as a nonprofit credit counseling agency

**ORDER GRANTING A LICENSE**

Consumer Credit Counseling Service of San Francisco, a California corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a nonprofit credit counseling agency at 150 Post Street, 5<sup>th</sup> Floor, San Francisco, California 94108. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20041625  
MARCH 10, 2005**

APPLICATION OF  
AMERICAN CONSUMER CREDIT COUNSELING, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

American Consumer Credit Counseling, Inc., a Massachusetts corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 130 Rumford Avenue, Newton, Massachusetts 02466. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20041801  
APRIL 28, 2005**

APPLICATION OF  
THE PNC FINANCIAL SERVICES GROUP, INC.

To acquire Riggs National Corporation

**ORDER OF APPROVAL**

The PNC Financial Services Group, Inc., an out-of-state bank holding company with headquarters in Pittsburgh, Pennsylvania, has filed with the State Corporation Commission ("Commission") the application required by Chapter 15 of Title 6.1 of the Code of Virginia to acquire Riggs National Corporation, a Virginia bank holding company. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-383.2 of the Code of Virginia.

THEREFORE, the proposed acquisition of Riggs National Corporation by The PNC Financial Services Group, Inc. is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20041908  
MARCH 10, 2005**

APPLICATION OF  
MONEY MANAGEMENT INTERNATIONAL, INC. D/B/A AMERICAN CREDIT COUNSELORS

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Money Management International, Inc. d/b/a American Credit Counselors, a Texas corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at the following locations: (1) 9009 West Loop South, Suite 700, Houston, Texas 77096; (2) 10000 North 31st Avenue, Suite D-100, Phoenix, Arizona 85051; (3) 4846 Kings Mountain Road, Collinsville, Virginia 24078; and (4) 7000 Peters Creek Road, Roanoke, Virginia 24019. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20041955  
JANUARY 18, 2005**

APPLICATION BY  
CONSUMER CREDIT COUNSELING SERVICE OF THE MIDWEST, INC.

For a license to engage in business as a nonprofit credit counseling agency

**ORDER GRANTING A LICENSE**

Consumer Credit Counseling Service of the Midwest, Inc., an Ohio corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a nonprofit credit counseling agency at 4500 East Broad Street, Columbus, Ohio 43213. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within twenty (20) days thereafter.

**CASE NO. BAN20042009  
JANUARY 18, 2005**

APPLICATION BY  
CONSUMER CREDIT COUNSELING SERVICES OF AMERICA, INC. D/B/A CREDIT COUNSELORS

For a license to engage in business as a nonprofit credit counseling agency

**ORDER GRANTING A LICENSE**

Consumer Credit Counseling Services of America, Inc. d/b/a Credit Counselors, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a nonprofit credit counseling agency at the following locations: (1) 8000 Franklin Farms Drive, Richmond, Virginia 23229; (2) 200 Citizens Commonwealth Center, 300 Preston Avenue, Charlottesville, Virginia 22902; (3) 1417 North Battlefield Boulevard, Suite 295, Chesapeake, Virginia 23320; (4) 3701 Boulevard, Suite D, Colonial Heights, Virginia 23834; (5) 139 Deer Run Road, Suite A, Danville, Virginia 24540; (6) 200 North Main Street, Farmville, Virginia 23901; (7) 2217 Princess Anne Street, Suite 322, Fredericksburg, Virginia 22401; (8) 7266 Hanover Green Drive, Suite A, Mechanicsville, Virginia 23111; (9) 728 Thimble Shoals Boulevard, Suite A, Newport News, Virginia 23606; (10) 3300 Tyre Neck Road, Suite G, Portsmouth, Virginia 23703; (11) 5204 Patterson Avenue, Suite B, Richmond, Virginia 23226; (12) 1600 North Coalter Street, Suite 18 B, Staunton, Virginia 24401; and (13) 522 South Independence Boulevard, Suite 103, Virginia Beach, Virginia 23452. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE O. BAN20042072  
APRIL 14, 2005**

APPLICATION OF  
CREDIT FOUNDATION OF AMERICA

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Credit Foundation of America, a California corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 9501 Jeronimo Road, Suite 120, Irvine, California 92618. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042081  
FEBRUARY 23, 2005**

APPLICATION OF  
CHILD & FAMILY SERVICES OF EASTERN VIRGINIA, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Child & Family Services of Eastern Virginia, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at the following locations: (1) 222 West 19th Street, Norfolk, Virginia 23517; (2) 217A North College Drive, Franklin, Virginia 23851; and (3) 1805 Airline Boulevard, Portsmouth, Virginia 23707. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042098  
APRIL 22, 2005**

APPLICATION OF  
METROPOLITAN FINANCIAL MANAGEMENT CORP. D/B/A AURITON SOLUTIONS

For a license to engage in business as a credit counseling agency

**ORDER DENYING A LICENSE**

Metropolitan Financial Management Corp. d/b/a Auriton Solutions ("Company"), a Minnesota corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency pursuant to Chapter 10.2 of Title 6.1 of the Code of Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

The Bureau's investigation report reveals that: (1) the Company's audited financial statement dated December 31, 2003, discloses a negative net worth of \$907,952; (2) by letter dated October 6, 2004, the Company informed the Bureau that it had implements a plan in early 2004 to restore itself to a positive net worth position; (3) the Company's unaudited financial statement dated December 31, 2004, discloses a negative net worth of \$397,937; (4) pursuant to § 6.1-363.5 of the Code of Virginia and 10 VAC 5-110-20, the Bureau informed the Company on November 23, 2004, that it had to file a surety bond in a principal amount of \$90,000; and (5) as of this date, the Company has failed to file the required surety bond.

Having considered the application and the report of the Bureau, the Commission finds that the applicant lacks such financial responsibility and general fitness as to warrant belief that the applicant, if granted a license, would be operated efficiently and fairly, in the public interest, and in accordance with law.

According, IT IS ORDERED THAT the license requested in the application is DENIED.

**CASE NO. BAN20042136  
JUNE 17, 2005**

APPLICATION OF  
HARBOUR CREDIT COUNSELING SERVICES, INC.  
D/B/A A SAFE HARBOUR CREDIT MANAGEMENT

For a license to engage in business as a credit counseling agency

**ORDER GRANTING LICENSE**

Harbour Credit Counseling Services, Inc. d/b/a A Safe Harbour Credit Management, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 101 North Lynnhaven Road, Suite 300, Virginia Beach, Virginia 23452. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042143  
APRIL 5, 2005**APPLICATION OF  
INCHARGE DEBT SOLUTIONS

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

InCharge Debt Solutions, a Nevada corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 2101 Park Center Drive, Suite 320, Orlando, Florida 32835. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042145  
APRIL 26, 2005**APPLICATION OF  
COMMONWEALTH CATHOLIC CHARITIES

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Commonwealth Catholic Charities, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 1512 Willow Lawn Drive, Richmond, Virginia 23230. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042146  
FEBRUARY 11, 2005**APPLICATION BY  
COMMUNITY CREDIT COUNSELING CORP.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Community Credit Counseling Corp., a Massachusetts corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 5 Professional Circle, Route 34, Colts Neck, New Jersey 07722. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042152  
APRIL 13, 2005**

APPLICATION OF  
NORTH SEATTLE COMMUNITY COLLEGE FOUNDATION D/B/A AMERICAN FINANCIAL SOLUTIONS

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

North Seattle Community College Foundation d/b/a American Financial Solutions, a Washington corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at the following locations: (1) 2400 3rd Avenue, Seattle, Washington 98121; and (2) 263 4th Street, Bremerton, Washington 98337. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042156  
APRIL 27, 2005**

APPLICATION OF  
UNITED FINANCIAL SYSTEMS, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

United Financial Systems, Inc., a Florida corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 23123 State Road 7, Suite 340, Boca Raton, Florida 33428. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042157  
MARCH 18, 2005**

APPLICATION OF  
6:10 SERVICES D/B/A DEBT-FREE AMERICA

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

6:10 Services d/b/a Debt-Free America, an Alabama corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 8355 Aero Drive, Suite 200, San Diego, California 92123. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042159  
APRIL 13, 2005**

APPLICATION OF  
DEBT REDUCTION SERVICES, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Debt Reduction Services, Inc., an Idaho corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 6213 North Cloverdale Road, Suite 100, Boise, Idaho 83713. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042160  
APRIL 13, 2005**

APPLICATION OF  
CONSUMER CREDIT COUNSELING SERVICE OF GREATER WASHINGTON, INC. D/B/A CREDIT COUNSELING NETWORK

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Consumer Credit Counseling Service of Greater Washington, Inc. d/b/a Credit Counseling Network, a Washington, D.C. corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at the following locations: (1) 801 North Pitt Street, Suite 117, Alexandria, Virginia 22314; (2) 3927 Old Lee Highway, Suite 101E, Fairfax, Virginia 22030; (3) 604 South King Street, Suite 7, Leesburg, Virginia 20175; (4) 10629 Crestwood Drive, Manassas, Virginia 20109; (5) 2971 Valley Avenue, Winchester, Virginia 22601; and (6) 12662-B Lake Ridge Drive, Woodbridge, Virginia 22192. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042161  
JUNE 24, 2005**

APPLICATION OF  
DEBT MANAGEMENT CREDIT COUNSELING CORP.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Debt Management Credit Counseling Corp., a Florida corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 700 Banyan Trail, Suite 300, Boca Raton, Florida 33431. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042170  
APRIL 5, 2005**

APPLICATION OF  
CONSUMER CREDIT COUNSELING SERVICE OF GREATER ATLANTA, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Consumer Credit Counseling Service of Greater Atlanta, Inc., a Georgia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 100 Edgewood Avenue, Suite 1800, Atlanta, Georgia 30303. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042171  
APRIL 6, 2005**

APPLICATION OF  
NORTHERN VIRGINIA FAMILY SERVICE

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Northern Virginia Family Service, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at the following locations: (1) 10455 White Granite Drive, Suite 100, Oakton, Virginia 22124; and (2) 2200 Opitz Boulevard, Suite 100, Woodbridge, Virginia 22191. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042209  
FEBRUARY 3, 2005**

APPLICATION BY  
CONSUMER CREDIT AND BUDGET COUNSELING, INC.

For a license to engage in business as a nonprofit credit counseling agency

**ORDER GRANTING A LICENSE**

Consumer Credit and Budget Counseling, Inc., a New Jersey corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a nonprofit credit counseling agency at 299 South Shore Road, Marmora, New Jersey 08223. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042232  
MAY 16, 2005**

APPLICATION OF  
HELP MINISTRIES INCORPORATED D/B/A DEBT FREE

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Help Ministries Incorporated d/b/a Debt Free, an Arizona corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at the following locations: (1) 1148 West Baseline Road, Mesa, Arizona 85210; and (2) 1920 East Broadway Road, Tempe, Arizona 85282. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042269  
FEBRUARY 1, 2005**

APPLICATION OF  
CONSUMER CREDIT COUNSELING SERVICE OF MARYLAND AND DELAWARE, INC.

For a license to engage in business as a nonprofit credit counseling agency

**ORDER GRANTING A LICENSE**

Consumer Credit Counseling Service of Maryland and Delaware, Inc., a Delaware corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a nonprofit credit counseling agency at 757 Frederick Road, 2<sup>nd</sup> Floor, Baltimore, Maryland 21228. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20042291  
APRIL 26, 2005**

APPLICATION OF  
AMERICAN DEBT SOLUTIONS, INC.

For a license to engage in business as a credit counseling agency

**ORDER DENYING A LICENSE**

American Debt Solutions, Inc. ("Company"), a Florida corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency pursuant to Chapter 10.2 of Title 6.1 of the Code of Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

The Bureau's investigation report reveals that: (1) financial data provided by the Company as part of its application for a license pursuant to Chapter 10.1 of Title 6.1 of the Code of Virginia reflected a positive net worth of \$142,000 as of November 30, 2003; (2) as part of its application for a license pursuant to Chapter 10.2 of Title 6.1 of the Code of Virginia, the Company submitted an amended audited financial report dated December 31, 2003; (3) the financial report shows that as of December 31, 2003, the Company had a negative net worth of \$1.7 million and a negative tangible net worth of \$2.3 million; (4) the Company attributed the substantial disparity in net worth to various accounting errors; and (5) the Company's audited financial report dated December 31, 2004, discloses a negative net worth of \$1.4 million and a negative tangible net worth of \$1.9 million.

Having considered the application and the report of the Bureau, the Commission finds that the applicant lacks such financial responsibility and general fitness as to warrant belief that the applicant, if granted a license, would be operated efficiently and fairly, in the public interest, and in accordance with law.

Accordingly, IT IS ORDERED THAT the license requested in the application is DENIED.

**CASE NO. BAN20042306  
FEBRUARY 10, 2005**

APPLICATION OF  
JERRY W. THORNTON, SR. D/B/A JERRY'S PAYDAY LOANS

For authority to conduct open-end credit business from his payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Jerry W. Thornton, Sr. d/b/a Jerry's Payday Loans ("Licensee"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct open-end credit business from his payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Licensee shall not make a payday loan to enable a borrower to pay any fee, finance charge, or other amount the borrower owes to the Licensee in connection with an open-end credit transaction.
2. The Licensee shall not permit a person to take a cash advance under an open-end credit account to enable such person to pay any amount owed to the Licensee as a result of a payday loan transaction.
3. The Licensee shall not enter into an open-end credit transaction and make a payday loan contemporaneously or in response to a single request for a loan.
4. The Licensee shall not enter into an open-end credit transaction that is secured by an interest in one-to-four-family residential owner-occupied property located in the Commonwealth unless the Licensee obtains a license or is exempt from licensing under Chapter 16 of Title 6.1 of the Code of Virginia.
5. The Licensee shall not use or cause to be published any advertisement or other information that contains any false, misleading or deceptive statement or representation concerning his open-end credit business, including the rates, terms or conditions of his loans. The Licensee shall not make or cause to be made any misrepresentation as to his being licensed to conduct open-end credit business, or as to the extent to which he is subject to supervision or regulation.
6. The Licensee shall not sell insurance or enroll borrowers under group insurance policies.
7. The Licensee shall comply with all federal and state laws and regulations applicable to the conduct of his open-end credit business.
8. The Licensee shall maintain books and records for his open-end credit business separate and apart from his payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
9. The Licensee should maintain a copy of this Order at each location where he conducts open-end credit business.
10. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20042375  
MAY 6, 2005**

APPLICATION OF  
SHREE GANPATI, INC.

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Shree Ganpati, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 334 Amaret Street, Fredericksburg, Virginia 22401. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20042376  
JUNE 17, 2005**

APPLICATION OF  
FAMILY CREDIT COUNSELING SERVICE, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Family Credit Counseling Service, Inc., an Illinois corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 4304-06 Charles Street, Rockford, Illinois 61108. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia and should be granted effective this date subject to the following conditions:

1. The applicant shall refund, within 60 days of the date of this Order, all fees collected from Virginia clients through June 30, 2004 in excess of \$20 per month.
2. The applicant shall provide to the Bureau documentation of all such refunds made within 90 days of the date of this Order.
3. This case is continued pending further order of the Commission.

**CASE NO. BAN20042535  
JANUARY 3, 2005**

APPLICATION OF  
LUXTON CORP. D/B/A PAYNE'S CHECK CASHING

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Luxton Corp. d/b/a Payne's Check Cashing, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at the following locations: (1) 727 North Main Street, Culpeper, Virginia 22701; (2) 35 South Carlton Street, Harrisonburg, Virginia 22801; (3) 816 Cherry Avenue, Charlottesville, Virginia 22903; (4) 1905 Seminole Trail, Charlottesville, Virginia 22901; and (5) 8881 Seminole Trail, Ruckersville, Virginia 22968. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20042536  
JANUARY 20, 2005**

APPLICATION OF  
LUXTON CORP. D/B/A PAYNE'S CHECK CASHING

For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Luxton Corp. d/b/a Payne's Check Cashing ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money order seller/money transmitter in the Company's payday lending offices. The Company will also be engaged in the check cashing business, as permitted by statute. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be granted subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money orders, money transmission, or check cashing services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to its money order sales, money transmission, and check cashing businesses.

3. The Company shall be and remain a party to a written agreement to act as an agent for a person licensed to sell money orders and engage in the money transmission business under Chapter 12 of Title 6.1 of the Code of Virginia ("money order seller/money transmitter licensee"). The Company shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a money order seller/money transmitter licensee with whom it has a written agency agreement.
4. The Company shall maintain books and records for its money order sales, money transmission, and check cashing businesses separate and apart from its payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of a money order seller/money transmitter licensee.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20042537  
JANUARY 10, 2005**

APPLICATION OF  
JERBEC ENTERPRISES, INC. D/B/A EXPRESS MONEY SERVICE

For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

JERBEC Enterprises, Inc. d/b/a Express Money Service ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money order seller/money transmitter in the Company's payday lending offices. The Company is also engaged in the check cashing business, as permitted by statute. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money orders, money transmission, or check cashing services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to its money order sales, money transmission, and check cashing businesses.
3. The Company shall be and remain a party to a written agreement to act as an agent for a person licensed to sell money orders and engage in the money transmission business under Chapter 12 of Title 6.1 of the Code of Virginia ("money order seller/money transmitter licensee"). The Company shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a money order seller/money transmitter licensee with whom it has a written agency agreement.
4. The Company shall maintain books and records for its money order sales, money transmission, and check cashing businesses separate and apart from its payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of a money order seller/money transmitter licensee.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20042538  
JANUARY 10, 2005**

APPLICATION OF  
THE CASH STORE V, LLC

For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending office(s)

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

The Cash Store V, LLC ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money order seller/money transmitter in the Company's payday lending office(s). A third party is also engaged in the check cashing business at the Company's payday lending office(s), as permitted by statute. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money orders, money transmission, or check cashing services available at the Company's payday lending office(s).
2. The Company shall comply with all federal and state laws and regulations applicable to its money order sales and money transmission businesses.
3. The Company shall be and remain a party to a written agreement to act as an agent for a person licensed to sell money orders and engage in the money transmission business under Chapter 12 of Title 6.1 of the Code of Virginia ("money order seller/money transmitter licensee"). The Company shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a money order seller/money transmitter licensee with whom it has a written agency agreement.
4. The Company and third party shall maintain books and records for their money order sales, money transmission, and check cashing businesses separate and apart from the Company's payday lending business and in a different location within the payday lending office(s). The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of a money order seller/money transmitter licensee.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20042556  
JANUARY 10, 2005**

APPLICATION OF  
UNIVERSAL CREDIT CORPORATION OF VA D/B/A THE CASH COMPANY OF BRISTOL, VA

For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Universal Credit Corporation of VA d/b/a The Cash Company of Bristol, VA ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money order seller/money transmitter in the Company's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money orders or money transmission services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to its money order sales and money transmission businesses.
3. The Company shall be and remain a party to a written agreement to act as an agent for a person licensed to sell money orders and engage in the money transmission business under Chapter 12 of Title 6.1 of the Code of Virginia ("money order seller/money transmitter licensee").

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Company shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a money order seller/money transmitter licensee with whom it has a written agency agreement.

4. The Company shall maintain books and records for its money order sales and money transmission businesses separate and apart from its payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of a money order seller/money transmitter licensee.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20042637  
FEBRUARY 9, 2005**

APPLICATION OF  
PAYNE'S CHECK CASHING, INC.

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Payne's Check Cashing, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 35 South Carlton Street, Harrisonburg, Virginia 22801. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20042725  
JUNE 3, 2005**

APPLICATION OF  
GREENPATH, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

GreenPath, Inc., a Michigan corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 38505 Country Club Drive, Suite 210, Farmington Hills, Michigan 48331. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within twenty (20) days thereafter.

**CASE NO. BAN20042811  
MAY 4, 2005**

APPLICATION OF  
THE ONYX STORE, LLC D/B/A MONEY TODAY

For a license to engage in business as a payday lender

**ORDER DENYING A LICENSE**

The Onyx Store, LLC d/b/a Money Today, a Maryland limited liability company, applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending pursuant to Chapter 18 of Title 6.1 of the Code of Virginia (the "Payday Loan Act"). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau's investigation report reveals that: (1) the applicant engaged in the business of making payday loans without a license, in violation of § 6.1-445 A of the Code of Virginia; (2) Mr. Davis Ebo, a member and manager of the applicant, falsely stated in both the subject application and a letter to the Bureau dated December 20, 2004, that the applicant was not conducting payday lending business in Virginia; (3) the applicant's payday loan agreement violates the Payday Loan Act and 10 VAC 5-200-10 et seq.; (4) the applicant conducted business in Virginia using a fictitious name but did not file an attested copy of its fictitious name certificate with the Clerk of the Commission, in violation of § 59.1-70 of the Code of Virginia; and (5) Mr. Ebo failed to disclose on his Personal Financial Report and Biographical Information Form that two judgments had been entered against him.

Having considered the application and the report of the Bureau, the Commission finds that the applicant and its member lack such character and general fitness as to warrant belief that the applicant, if granted a license, would be operated efficiently and fairly, in the public interest, and in accordance with law.

Accordingly, IT IS ORDERED THAT the license requested in the application is DENIED.

**CASE NO. BAN20050036  
MAY 5, 2005**

APPLICATION OF  
CHECKS MATE, INC. D/B/A CHECKS MATE

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Checks Mate, Inc. d/b/a Checks Mate, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 10 Catoctin Circle, Suite 200, Leesburg, Virginia 20175. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20050168  
JUNE 30, 2005**

APPLICATION OF  
LIGHTHOUSE CREDIT FOUNDATION, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Lighthouse Credit Foundation, Inc., a Florida corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 8550 Ulmerton Road, Suite 125, Largo, Florida 33771. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20050170  
FEBRUARY 23, 2005**

APPLICATION OF  
LEO THOMAS, JR.

To acquire shares of Beneficial Industrial Loan Association

**ORDER OF APPROVAL**

Leo Thomas, Jr., Virginia Beach, Virginia, has filed with the State Corporation Commission ("Commission") the application required by § 6.1-383.1 of the Code of Virginia to acquire 50 percent of the voting shares of Beneficial Industrial Loan Association, a Virginia industrial loan association. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-383.2 of the Code of Virginia.

THEREFORE, the proposed acquisition of all of the voting shares of Beneficial Industrial Loan Association by Leo Thomas, Jr. is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20050239  
APRIL 28, 2005**

APPLICATION OF  
FAMILY FINANCIAL EDUCATION FOUNDATION

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Family Financial Education Foundation, a Wyoming corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 724 Front Street, Suite 340, Evanston, Wyoming 82930. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20050396  
JUNE 17, 2005**

APPLICATION OF  
Q.C. & G. FINANCIAL, INC. D/B/A ACE AMERICA'S CASH EXPRESS

For authority to conduct the business of arranging/disbursing bank deposits in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Q.C. & G. Financial, Inc. d/b/a Ace America's Cash Express ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct the business of arranging/disbursing bank deposits in its payday lending offices through a third party. The same third party is also engaged in the check cashing business at the Company's payday lending offices, as permitted by statute. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved subject to certain conditions.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to pay a fee related to bank deposit arrangement/disbursement or check cashing services available at the Company's payday lending offices.
2. The Company and third party shall comply with all federal and state laws and regulations applicable to the bank deposit arrangement/disbursement and check cashing businesses.
3. The third party check casher operating in the Company's payday lending offices shall not charge a fee to cash a check drawn on arranged deposits in excess of the standard fee normally charged to cash a government check.
4. The Company and third party shall maintain books and records for their bank deposit arrangement/disbursement and check cashing businesses separate and apart from the payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where the business of arranging/disbursing bank deposits is conducted.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20050417  
MARCH 30, 2005**

APPLICATION OF  
MIDWEST MONEY EXCHANGE, LLC D/B/A KWIK CASH AMERICA

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Midwest Money Exchange, LLC d/b/a Kwik Cash America, an Illinois limited liability company, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 5755 Hull Street, Richmond, Virginia 23224. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20050440  
APRIL 15, 2005**

APPLICATION OF  
VIRGINIA BEACH INVESTMENT SERVICES, INCORPORATED D/B/A KING\$ CASH ADVANCES

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Virginia Beach Investment Services, Incorporated d/b/a King\$ Ca\$h Advance\$, a Nevada corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at the following locations: (1) 926 Wilborn Avenue, South Boston, Virginia 24592; (2) 2688 Virginia Avenue, Collinsville, Virginia 24078; (3) 651 Boulevard, Space 1, Colonial Heights, Virginia 23834; (4) 1155 Piney Forest Road, Suite C, Danville, Virginia 24540; (5) 4424 George Washington Highway, Grafton, Virginia 23692; (6) 23208 Airport Street, Petersburg, Virginia 23803; (7) 422 Furr Street, South Hill, Virginia 23970; (8) 2085 Lynnhaven Parkway, Unit 103, Virginia Beach, Virginia 23456; (9) 3301 Hampton Highway, Suite 1, Yorktown, Virginia 23693; and (10) 5957 East Virginia Beach Boulevard, Norfolk, Virginia 23502. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20050503  
APRIL 22, 2005**

APPLICATION OF  
MERCANTILE BANKSHARES CORPORATION

To acquire Community Bank of Northern Virginia

**ORDER OF APPROVAL**

Mercantile Bankshares Corporation, an out-of-state bank holding company with headquarters in Baltimore, Maryland, has filed with the State Corporation Commission ("Commission") the application required by § 6.1-399 of the Code of Virginia to acquire Community Bank of Northern Virginia, a state bank whose main office is located in Sterling, Virginia. The Bureau of Financial Institutions ("Bureau") investigated the proposed transaction.

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-383.2 of the Code of Virginia.

THEREFORE, the proposed acquisition of Community Bank of Northern Virginia by Mercantile Bankshares Corporation is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date within ten (10) days thereof.

**CASE NO. BAN20050515  
JUNE 17, 2005**

APPLICATION OF  
BISHOP MARY P. BONNER D/B/A BONNER'S FINANCIAL SERVICES

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Bishop Mary P. Bonner d/b/a Bonner's Financial Services, Prince George, Virginia, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 609 Church Street, Blackstone, Virginia 23824. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20050628  
MAY 27, 2005**

APPLICATION OF  
CAPFIRST MORTGAGE, LLC

For a license to engage in business as a mortgage broker

**ORDER GRANTING A LICENSE**

CapFirst Mortgage, LLC, a Virginia limited liability company, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of mortgage brokering at 11175 Ridgefield Parkway, Suite 108, Richmond, Virginia 23233. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 16 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20050663  
JULY 7, 2005**

APPLICATION OF  
CHEQUE CASHING, INC. D/B/A ACE AMERICA'S CASH EXPRESS

For authority to conduct an automated teller machine business in its payday lending office(s)

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Cheque Cashing, Inc. d/b/a Ace America's Cash Express ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct an automated teller machine business in its payday lending office(s). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to pay a fee for its automated teller machine services available at the Company's payday lending office(s).
2. The Company shall not charge a fee or receive other compensation in connection with the use of its automated teller machine by a borrower when the borrower is withdrawing funds in order to make a payment on a payday loan that was made by the Company.
3. The Company shall comply with all federal and state laws and regulations applicable to its automated teller machine business.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

4. The Company shall maintain books and records for its automated teller machine business separate and apart from its payday lending business and in a different location within its payday lending office(s). The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where it operates an automated teller machine.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20050777  
SEPTEMBER 23, 2005**

APPLICATION OF  
VALUED SERVICES OF VIRGINIA, LLC D/B/A PURPOSE FINANCIAL

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Valued Services of Virginia, LLC d/b/a Purpose Financial, a Georgia limited liability company, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at the following locations: (1) 5214 Fairfield Shopping Center, Suite 15, Virginia Beach, Virginia 23464; and (2) 5950 East Virginia Beach Boulevard, Suite 923B, Norfolk, Virginia 23502. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20050806  
MAY 9, 2005**

APPLICATION OF  
ADVANCE CASH, INCORPORATED

For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending office(s)

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Advance Cash, Incorporated ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money order seller/money transmitter in the Company's payday lending office(s). The Company is also engaged in the check cashing business, as permitted by statute. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money orders, money transmission, or check cashing services available at the Company's payday lending office(s).
2. The Company shall comply with all federal and state laws and regulations applicable to its money order sales, money transmission, and check cashing businesses.
3. The Company shall be and remain a party to a written agreement to act as an agent for a person licensed to sell money orders and engage in the money transmission business under Chapter 12 of Title 6.1 of the Code of Virginia ("money order seller/money transmitter licensee"). The Company shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a money order seller/money transmitter licensee with whom it has a written agency agreement.
4. The Company shall maintain books and records for its money order sales, money transmission, and check cashing businesses separate and apart from its payday lending business and in a different location within the payday lending office(s). The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.

- 5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of a money order seller/money transmitter licensee.
- 6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20050838  
JULY 5, 2005**

APPLICATION OF  
CAPITOL CASH, LLC

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Capitol Cash, LLC, a Virginia limited liability company, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 500 Meadowbrook Center, Suite 110, Culpeper, Virginia 22701. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20050930  
JUNE 24, 2005**

APPLICATION OF  
BLACK BUSINESS CORPORATION

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Black Business Corporation, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at the following locations: (1) 2713 Park Crescent, Norfolk, Virginia 23504; and (2) 880 North Military Highway, Suite 1084, Norfolk, Virginia 23502. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the application is GRANTED provided that the applicant opens the offices within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun at the new office locations within ten (10) days thereafter.

**CASE NO. BAN20050954  
JUNE 10, 2005**

APPLICATION OF  
ACE CASH EXPRESS, INC.

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

ACE Cash Express, Inc., a Texas corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 36 locations (see attachment). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

**CASE NO. BAN20050955  
JUNE 30, 2005**

APPLICATION OF  
ACE CASH EXPRESS, INC.

For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Ace Cash Express, Inc. ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money order seller/money transmitter in the Company's payday lending offices. The Company is also engaged in the check cashing business, as permitted by statute. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money order sales, money transmission, or check cashing services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to its money order sales and money transmission agency and check cashing businesses.
3. The Company shall be and remain a party to a written agreement to act as an agent of a licensee under Chapter 12 of Title 6.1 of the Code of Virginia.
4. The Company shall maintain books and records for its money order sales agency, money transmission agency, and check cashing businesses separate and apart from its payday lending business and in a different location within its payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of a money order seller/money transmitter licensee.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20050957  
JUNE 17, 2005**

APPLICATION OF  
ACE CASH EXPRESS, INC.

For authority to conduct the business of arranging/disbursing bank deposits in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

ACE Cash Express, Inc. ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct the business of arranging/disbursing bank deposits in its payday lending offices. The Company is also engaged in the check cashing business at its payday lending offices, as permitted by statute. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved subject to certain conditions.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to pay a fee related to bank deposit arrangement/disbursement or check cashing services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to the bank deposit arrangement/disbursement and check cashing businesses.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

3. The Company shall not charge a fee to cash a check drawn on arranged deposits in excess of the standard fee normally charged to cash a government check.
4. The Company shall maintain books and records for its bank deposit arrangement/disbursement and check cashing businesses separate and apart from its payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where the business of arranging/disbursing bank deposits is conducted.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20051065  
NOVEMBER 3, 2005**

APPLICATION OF  
PAYDAY LOANS & CHECK CASHING, LLC

For authority to allow a third party to conduct open-end credit business from the licensee's payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Payday Loans & Check Cashing, LLC ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to allow a third party to conduct open-end credit business from the Company's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to enable a borrower to pay any fee, finance charge, or other amount the borrower owes to the third party in connection with an open-end credit transaction.
2. The third party shall not permit a person to take a cash advance under an open-end credit account to enable such person to pay any amount owed to the Company as a result of a payday loan transaction.
3. The Company and third party shall not enter into an open-end credit transaction and make a payday loan contemporaneously or in response to a single request for a loan.
4. The third party shall not enter into an open-end credit transaction that is secured by an interest in one-to-four-family residential owner-occupied property located in the Commonwealth unless such third party is licensed or exempt from licensing under Chapter 16 of Title 6.1 of the Code of Virginia.
5. The third party shall not use or cause to be published any advertisement or other information that contains any false, misleading or deceptive statement or representation concerning its open-end credit business, including the rates, terms or conditions of its loans. The third party shall not make or cause to be made any misrepresentation as to its being a licensed lender, or as to the extent to which it is subject to supervision or regulation.
6. The third party shall not sell insurance or enroll borrowers under group insurance policies.
7. The third party shall comply with all federal and state laws and regulations applicable to the conduct of its open-end credit business.
8. The third party shall maintain books and records for its open-end credit business separate and apart from the Company's payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
9. The Company should maintain a copy of this Order at each location where a third party conducts open-end credit business.
10. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20051132  
JUNE 17, 2005**

APPLICATION OF  
CONSUMER EDUCATION SERVICES, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Consumer Education Services, Inc., a North Carolina corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 3035 Boone Trail Extension, Suite M, Fayetteville, North Carolina 28304. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20051179  
JUNE 24, 2005**

APPLICATION OF  
CATHOLIC CHARITIES OF EASTERN VIRGINIA, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Catholic Charities of Eastern Virginia, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at the following locations: 4855 Princess Anne Road, Virginia Beach, Virginia 23462; (2) 3804 Poplar Hill Road, Suite A, Chesapeake, Virginia 23321; (3) 12829 Jefferson Avenue, Suite 101, Newport News, Virginia 23608; and (4) 121 South Main Street, Franklin, Virginia 23851. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED effective this date.

**CASE NO. BAN20051235  
AUGUST 18, 2005**

APPLICATION OF  
VIRGINIA COMPANY BANK

For a certificate of authority to begin business as a bank at 601 Thimble Shoals Boulevard, City of Newport News, Virginia

**ORDER GRANTING AUTHORITY**

Virginia Company Bank, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 2 of Title 6.1 of the Code of Virginia, for a certificate of authority to begin business as a bank at 601 Thimble Shoals Boulevard, City of Newport News, Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the investigation report of the Bureau, the Commission finds that the public interest will be served by additional banking facilities in the City of Newport News, where the applicant proposes to conduct business. The Commission also finds that (1) all applicable 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 oaths of all directors have been taken and filed in accordance with § 6.1-48 of the Code of Virginia; (4) the applicant was formed in order to conduct a legitimate banking business; (5) 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 (6) the deposits of the bank are to be insured by the Federal Deposit Insurance Corporation.

IT IS THEREFORE ORDERED that a certificate of authority for Virginia Company Bank to engage in banking business at the specified location is GRANTED, provided the following conditions are met before the bank opens for business:

- (1) Capital funds totaling \$14,200,000 are paid in to the bank and allocated as follows: \$7,100,000 to capital stock and \$7,100,000 to surplus;
- (2) The bank actually obtains insurance of its accounts by the Federal Deposit Insurance Corporation; and

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(3) The bank receives the approval of the Commissioner of Financial Institutions of its appointment of a chief executive officer and gives the Bureau written notice of the date the bank will open for business. If the bank does not open for business within one (1) year from the date of this Order, the authority granted herein shall expire unless it is extended by the Commission.

**CASE NO. BAN20051356  
SEPTEMBER 30, 2005**

APPLICATION OF  
HOMETOWN BANK

For a certificate of authority to begin business as a bank at 202 South Jefferson Street, City of Roanoke, Virginia

**ORDER GRANTING AUTHORITY**

HomeTown Bank, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 2 of Title 6.1 of the Code of Virginia, for a certificate of authority to begin business as a bank at 202 South Jefferson Street, City of Roanoke, Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the investigation report of the Bureau, the Commission finds that the public interest will be served by additional banking facilities in the City of Roanoke where the applicant proposes to conduct business. The Commission also finds that: (1) all applicable 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 oaths of all directors have been taken and filed in accordance with § 6.1-48 of the Code of Virginia; (4) the applicant was formed in order to conduct a legitimate banking business; (5) 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 (6) the deposits of the bank are to be insured by the Federal Deposit Insurance Corporation.

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

- (1) Capital funds totaling \$25,000,000 are paid in to the bank and allocated as follows: \$12,500,000 to capital stock and \$12,500,000 to surplus;
- (2) The bank actually obtains insurance of its accounts by the Federal Deposit Insurance Corporation; and
- (3) The bank receives the approval of the Commissioner of Financial Institutions of its appointment of a chief executive officer and gives the Bureau written notice of the date the bank will open for business. If the bank does not open for business within one (1) year from the date of this Order, the authority granted herein shall expire unless it is extended by the Commission.

**CASE NO. BAN20051404  
JUNE 30, 2005**

APPLICATION OF  
ACE CASH EXPRESS, INC.

For authority to conduct the business of money transmission in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

ACE Cash Express, Inc. ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct the business of money transmission in the Company's payday lending offices. The Company is also licensed as a money transmitter under Chapter 12 of Title 6.1 of the Code of Virginia and is engaged in the check cashing business, as permitted by statute. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money transmission or check cashing services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to its money transmission and check cashing businesses.
3. The Company shall maintain its license pursuant to Chapter 12 of Title 6.1 of the Code.
4. The Company shall maintain books and records for its money transmission and check cashing businesses separate and apart from its payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and

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records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.

5. The Company should maintain a copy of this Order at each location where it conducts the money transmission business.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20051523  
SEPTEMBER 14, 2005**

APPLICATION OF  
VIRGINIA HERITAGE BANK

For a certificate of authority to begin business as a bank at 11166 Fairfax Boulevard, Suite 100, City of Fairfax, Virginia

**ORDER GRANTING AUTHORITY**

Virginia Heritage Bank, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 2 of Title 6.1 of the Code of Virginia, for a certificate of authority to begin business as a bank at 11166 Fairfax Boulevard, Suite 100, City of Fairfax, Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the investigation report of the Bureau, the Commission finds that the public interest will be served by additional banking facilities in the City of Fairfax, where the applicant proposes to conduct business. The Commission also finds that (1) all applicable 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 oaths of all directors have been taken and filed in accordance with § 6.1-48 of the Code of Virginia; (4) the applicant was formed in order to conduct a legitimate banking business; (5) 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 (6) the deposits of the bank are to be insured by the Federal Deposit Insurance Corporation.

IT IS THEREFORE ORDERED that a certificate of authority for Virginia Heritage Bank to engage in banking business at the specified location is GRANTED, provided the following conditions are met before the bank opens for business:

- (1) Capital funds totaling \$15,000,000 are paid in to the bank and allocated as follows: \$6,000,000 to capital stock and \$9,000,000 to surplus;
- (2) The bank actually obtains insurance of its accounts by the Federal Deposit Insurance Corporation; and
- (3) The bank receives the approval of the Commissioner of Financial Institutions of its appointment of a chief executive officer and gives the Bureau written notice of the date the bank will open for business. If the bank does not open for business within one (1) year from the date of this Order, the authority granted herein shall expire unless it is extended by the Commission.

**CASE NO. BAN20051582  
JULY 29, 2005**

APPLICATION OF  
CENTER FOR CHILD & FAMILY SERVICES, INC. D/B/A CONSUMER CREDIT COUNSELING SERVICE OF HAMPTON ROADS

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Center for Child & Family Services, Inc. d/b/a Consumer Credit Counseling Service of Hampton Roads, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at the following locations: (1) 2021 Cunningham Drive, Suite 400, Hampton, Virginia 23666; (2) 312 Waller Mill Road, Suite 500, Williamsburg, Virginia 23185; and (3) 110 Cybernetics Way, Yorktown, Virginia 23693. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within twenty (20) days thereafter.

**CASE NO. BAN20051767  
DECEMBER 15, 2005**

APPLICATION OF  
WRIGHTWAY FINANCIAL, INC.

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Wrightway Financial, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at the following locations: (1) 3406 Commonwealth Avenue, Alexandria, Virginia 22305; and (2) 570 23rd Street, Arlington, Virginia 22202. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20051892  
OCTOBER 13, 2005**

APPLICATION OF  
MB INTERIM BANK

For certificates of authority to begin business as a bank at 1265 Seminole Trail, Albemarle County, Virginia and to do a banking business following a merger with Albemarle First Bank and for authority to operate the authorized offices of the merging banks

**ORDER GRANTING AUTHORITY**

MB Interim Bank, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 2 of Title 6.1 of the Code of Virginia, for a certificate of authority to begin business as a bank at 1265 Seminole Trail, Albemarle County, Virginia. MB Interim Bank has also applied to the Commission, pursuant to § 6.1-44 of the Code of Virginia, for a certificate of authority to do a banking business following a merger with Albemarle First Bank, a Virginia state-chartered bank. MB Interim Bank proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of Albemarle First Bank. Albemarle First Bank will merge into MB Interim Bank and the resulting bank will be renamed "Albemarle First Bank." The combined application facilitates an acquisition of Albemarle First Bank by Millennium Bankshares Corporation, a Virginia bank holding company. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that: (1) all provisions of law have been complied with; (2) the stock of MB Interim Bank has been subscribed, and the capital of the resulting bank, which will include a capital injection of \$5,000,000 by Millennium Bankshares Corporation, will be sufficient to warrant successful operation; (3) the oaths of all directors have been taken and filed in accordance with the provisions of § 6.1-48 of the Code of Virginia; (4) MB Interim Bank was formed to conduct a legitimate banking business, and the resulting bank will conduct a legitimate banking business; (5) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of MB Interim Bank and the resulting bank are such as to command the confidence of the community; (6) the public interest will be served by banking facilities in the communities where the offices will be located; and (7) the deposits of MB Interim Bank and the resulting bank will be insured by the Federal Deposit Insurance Corporation.

THEREFORE, IT IS ORDERED THAT:

- (1) A certificate of authority to do a banking business is granted to MB Interim Bank.
- (2) A certificate of authority to do a banking business is also granted to MB Interim Bank, effective upon the issuance by the Clerk of the Commission of a certificate merging Albemarle First Bank into MB Interim Bank and a certificate changing the name of MB Interim Bank to "Albemarle First Bank." The resulting bank, which will have its main office at 1265 Seminole Trail, Albemarle County, Virginia, is authorized to maintain and operate branches at 100 5th Street, SE, City of Charlottesville, Virginia; and 8260 Seminole Trail, Ruckersville, Green County, Virginia.
- (3) The authority granted herein shall expire one (1) year from this date unless extended by Commission order prior to the expiration date.

**CASE NO. BAN20051893  
OCTOBER 13, 2005**

APPLICATION OF  
MILLENNIUM BANKSHARES CORPORATION

To acquire Albemarle First Bank

**ORDER OF APPROVAL**

Millennium Bankshares Corporation, a Virginia bank holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.1-383.1 of the Code of Virginia to acquire all of the voting shares of Albemarle First Bank, a Virginia state-chartered bank. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-383.2 of the Code of Virginia.

THEREFORE, the proposed acquisition of all of the voting shares of Albemarle First Bank by Millennium Bankshares Corporation is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20051907  
AUGUST 29, 2005**

APPLICATION OF  
CHRISTIAN FINANCIAL MINISTRIES, INC.

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Christian Financial Ministries, Inc., a California corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 850-B Old Piedmont Road, Marietta, Georgia 30066. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within twenty (20) days thereafter.

**CASE NO. BAN20051983  
NOVEMBER 21, 2005**

APPLICATION OF  
FAMILY LIFE SERVICES, INC. D/B/A FAMILY LIFE CREDIT SERVICES

For a license to engage in business as a credit counseling agency

**ORDER GRANTING A LICENSE**

Family Life Services, Inc. d/b/a Family Life Credit Services, a North Dakota corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 2345 Meadow Ridge Parkway, West Fargo, North Dakota 58078. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 10.2 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within twenty (20) days thereafter.

**CASE NO. BAN20052183  
OCTOBER 19, 2005**

APPLICATION OF  
SPEEDY CASH, INC.

For authority to conduct business as an agent of a money order seller/money transmitter in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Speedy Cash, Inc. ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to 10 VAC 5-200-100 and § 6.1-463 of the Code of Virginia, for authority to conduct business as an agent of a money order seller/money transmitter in the Company's payday lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the Bureau's report, the Commission finds that the proposed other business is financial in nature and the application should be approved.

THEREFORE, the authority requested in the application is GRANTED subject to the following conditions:

1. The Company shall not make a payday loan to a borrower to enable the borrower to purchase or pay a fee related to money order sales or money transmission services available at the Company's payday lending offices.
2. The Company shall comply with all federal and state laws and regulations applicable to its money order sales and money transmission businesses.
3. The Company shall be and remain a party to a written agreement to act as an agent for a person licensed to sell money orders and engage in the money transmission business under Chapter 12 of Title 6.1 of the Code of Virginia ("money order seller/money transmitter licensee"). The Company shall not engage in money order sales or money transmission services on its own behalf or on behalf of any person other than a money order seller/money transmitter licensee with whom it has a written agency agreement.
4. The Company shall maintain books and records for its money order sales and money transmission businesses separate and apart from its payday lending business and in a different location within the payday lending offices. The Bureau shall be given access to all such books and records and be furnished with such information and records as it may require in order to assure compliance with these conditions as well as all applicable laws and regulations.
5. The Company should maintain a copy of this Order at each location where it conducts business as an agent of a money order seller/money transmitter licensee.
6. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20052330  
SEPTEMBER 27, 2005**

APPLICATION OF  
CAPITAL ONE FINANCIAL CORPORATION

To acquire Hibernia Corporation and its bank subsidiary, Hibernia National Bank

**ORDER OF APPROVAL**

Capital One Financial Corporation ("Capital One"), a Virginia bank holding company, filed with the State Corporation Commission ("Commission") the notice required by § 6.1-406 of the Code of Virginia of its proposed acquisition of Hibernia Corporation, a Louisiana bank holding company, and its bank subsidiary, Hibernia National Bank. The Bureau of Financial Institutions ("Bureau") investigated the proposed transaction.

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 Capital One.

THEREFORE, the proposed acquisition of Hibernia Corporation by Capital One Financial Corporation is APPROVED provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20052345  
NOVEMBER 22, 2005**

APPLICATION OF  
MIDDLEBURG INVESTMENT GROUP, INC.

To acquire Tredegar Trust Company

**ORDER OF APPROVAL**

Middleburg Investment Group, Inc., a subsidiary of Middleburg Financial Corporation, a Virginia bank holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.1-383.1 of the Code of Virginia to acquire all of the voting shares of Tredegar Trust Company. The Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-383.2 of the Code of Virginia.

THEREFORE, the proposed acquisition of all of the voting shares of Tredegar Trust Company by Middleburg Investment Group, Inc. is APPROVED, provided the acquisition takes place within one (1) year from this date and the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20052797  
DECEMBER 22, 2005**

APPLICATION OF  
C M A FINANCIAL SERVICES LLC D/B/A C M A CHECK CASHING AND PAY DAY ADVANCE LOAN

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

C M A Financial Services LLC d/b/a C M A Check Cashing and Pay Day Advance Loan, a Virginia limited liability company, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 309 South Main Street, Danville, Virginia 24541. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in Chapter 18 of Title 6.1 of the Code of Virginia.

THEREFORE, the license requested in the application is GRANTED provided that the applicant begins business within one (1) year from this date and the applicant gives written notice to the Bureau stating the date business was begun within ten (10) days thereafter.

**CASE NO. BAN20052922  
DECEMBER 21, 2005**

APPLICATION OF  
DIAMOND CASTLE PARTNERS IV, L.P.

To acquire 56 percent of the ownership of Buckeye Check Cashing of Virginia, Inc. d/b/a Check\$mart

**ORDER OF APPROVAL**

Diamond Castle Partners IV, L.P., has applied to the State Corporation Commission ("Commission") to acquire 56 percent of the ownership of Buckeye Check Cashing of Virginia, Inc. d/b/a Check\$mart, a licensed payday lender under Chapter 18 of Title 6.1 of the Code of Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau")

Having considered the application and the report of the Bureau, the Commission finds that the application meets the criteria in § 6.1-452 of the Code of Virginia.

THEREFORE, the acquisition of Buckeye Check Cashing of Virginia, Inc. d/b/a Check\$mart by Diamond Castle Partners IV, L.P., is APPROVED provided the acquisition takes place within one (1) year from this date and the applicant gives written notice to the Bureau stating the date the acquisition occurred within ten (10) days thereafter.

**CASE NO. BFI-2002-00030  
MARCH 4, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

HOUSEHOLD INTERNATIONAL, INC., a Delaware Corporation  
Defendant

**ORDER AMENDING SETTLEMENT ORDER**

On December 19, 2002, the State Corporation Commission ("Commission") entered a Settlement Order in this case ("Settlement Order") which provided, among other things, that the Commission retain jurisdiction to enforce its terms and conditions and that it could be modified by further Commission order. Pursuant to such provision, an Order Amending Settlement Order was entered by the Commission on November 4, 2003, amending the Settlement Order retroactive to April 1, 2003 ("First Amendment"). Among other things, the First Amendment maximized the amount of restitution to be distributed to eligible consumers and made ministerial changes to the language of borrower releases. Now the Commissioner of Financial Institutions and HSBC Finance Corporation, formerly known as Household International, Inc. ("Household"), seek to amend the Settlement Order retroactive to December 19, 2002, for the purpose of conforming certain language on pages 9 and 10 of the Settlement Order to the language in the Consent Judgment entered into on December 23, 2002, between the Virginia Attorney General and Household in the case pending in the Circuit Court of Henrico County, Virginia, Chancery No. CH-02-1409. In a document attached hereto and marked as Exhibit A, both parties to this case indicate their acceptance of the amendment hereof. Upon consideration thereof,

IT IS ORDERED THAT the Settlement Order be further amended retroactive to December 19, 2002, as follows:

1. The paragraph beginning on Page 9 of the Settlement Order under the caption Injunctive Relief, is hereby amended to read in its entirety as follows:

Household is hereby enjoined, pursuant to § 12.1-13 of the Code of Virginia, solely in connection with the real estate secured retail branch-based operations of its consumer lending business of its subsidiaries, Household Finance Corporation and Beneficial Corporation operating under the brand names HFC and Beneficial, or any successor names or corporations or other successor business entities, or its future acquired or established corporations or other business entities engaged in similar real estate secured retail branch-based consumer lending activities (allowing reasonable time to conform such acquired business to the terms of this Injunctive Relief) as follows:

IT IS FURTHER ORDERED THAT provisions of the Settlement Order, as amended by the First Amendment and not amended hereby, shall remain the same and in full force and effect; and this Order shall not be interpreted as amending such provisions.

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

**CASE NO. BFI-2004-00108  
APRIL 8, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

Ex Parte: In re: proposed regulation relating to exemption from loan-to-value limitation for interest-only equity lines

**DISMISSAL ORDER**

By Order entered in this case on September 1, 2004, the State Corporation Commission ("Commission") directed that notice be given of its proposal, acting pursuant to § 6.1-63 of the Virginia Banking Act, Chapter 2 of Title 6.1 of the Code of Virginia, to promulgate a regulation that would exempt state-chartered banks from the 50% loan-to-value limitation in § 6.1-63 A when extending credit under certain interest-only equity lines secured by residential property. Interested parties were afforded the opportunity to file written comments or request a hearing on or before October 15, 2004. The Virginia Bankers Association and Union Bankshares Corporation both submitted comments indicating that the proposed regulation falls short of creating a level playing field for state-chartered banks relative to national banks.

Thereafter, the 2005 General Assembly enacted Chapter 263, which completely eliminates the 50% loan-to-value limitation in § 6.1-63 A. This legislation will become effective on July 1, 2005.

Having considered Chapter 263 of the 2005 Acts of Assembly, the written comments filed, and Staff recommendations, the Commission finds that the General Assembly has addressed the issues involved in this case and that no further action should be taken in this matter. The Commission further finds that no purpose is served by keeping this matter pending on the active docket until the legislation becomes effective on July 1, 2005.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2004-00139  
MARCH 15, 2005**

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

v.

U.S. TOUR & REMITTANCE INC.,  
Defendant

**DISMISSAL ORDER**

On January 12, 2005, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against U.S. Tour & Remittance Inc. ("Defendant"), requiring it to show cause why its license to engage in business as a money transmitter under Chapter 12 of Title 6.1 of the Code of Virginia should not be revoked. The Rule was issued based upon allegations by the Bureau of Financial Institutions ("Bureau") that the Defendant had failed to maintain a lawful surety bond since September 19, 2004, in violation of § 6.1-372 of the Code of Virginia and Rule 10 VAC 5-120-20, and that various administrative orders were recently entered against the Defendant in Texas and California for violation of applicable state laws. The case was referred to a hearing examiner for further proceedings under Rule 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure.

On March 4, 2005, the Bureau filed a Motion to Dismiss the Rule based on the Defendant having surrendered its money transmitter license. On March 7, 2005, the Hearing Examiner filed his Report recommending that the Commission enter a final order dismissing the Rule without prejudice.

Accordingly, IT IS ORDERED THAT:

- (1) The Rule is dismissed without prejudice.
- (2) This case is stricken from the Commission's docket of active cases.
- (3) The papers filed herein shall be placed among the ended causes.

**CASE NO. BFI-2005-00011  
MARCH 9, 2005**

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

v.

INTEGRITY MORTGAGE, LLC,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Integrity Mortgage, LLC ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on January 15, 2005; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 18, 2005, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 18, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before February 8, 2005; and that no new bond or written request for hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

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

**CASE NO. BFI-2005-00012  
FEBRUARY 11, 2005**

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

Ex Parte: In re: proposed mortgage lender and mortgage broker regulations

**ORDER TO TAKE NOTICE**

WHEREAS, § 6.1-421 of the Mortgage Lender and Broker Act (the "Act") authorizes the State Corporation Commission ("Commission") to adopt such rules and regulations as it deems appropriate to effect the purposes of the Act;

WHEREAS, § 6.1-424 of the Act prohibits a mortgage lender or mortgage broker required to be licensed under the Act from using or causing to be published an advertisement that contains any false, misleading, or deceptive statement or representation;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

WHEREAS, § 6.1-411 of the Act exempts various persons from licensing and other provisions of the Act, including subsidiaries and affiliates of a lender authorized to engage in business as a bank, savings institution, or credit union, provided such subsidiaries and affiliates are subject to the general supervision or regulation of, or subject to audit or examination by, a regulatory body or agency of the United States, any state or territory of the United States, or the District of Columbia;

WHEREAS, § 6.1-425.2 of the Act requires licensed mortgage lenders and mortgage brokers to file a written report with the Commissioner of Financial Institutions within 15 days of becoming aware of the occurrence of any event listed in such statute, as well as any other event as may be identified by rule;

WHEREAS, on December 13, 2004, the Commission entered a Final Order in Case No. BFI-2004-00013 (Petition of Calusa Investments, LLC) and such Final Order required the Bureau of Financial Institutions (the "Bureau") to propose regulations that address, at a minimum: (i) the use of the term "pre-approved" or similar terms in advertising and marketing materials used by mortgage lenders and mortgage brokers; (ii) the definitions of "subsidiary" and "affiliate" under the Act; and (iii) reporting requirements regarding the surrender of a license in another state by a Virginia-licensed mortgage lender or mortgage broker;

WHEREAS, the Bureau has proposed regulations that establish restrictions, guidelines, and recordkeeping requirements for advertisements used by mortgage lenders and mortgage brokers, limit the use of the words "approved" and "preapproved," define several terms, and impose written reporting requirements in connection with the occurrence of various events; and

WHEREAS, the Bureau has also proposed to make technical changes to several existing definitions, and to modify and supplement the Commission's regulation concerning operating rules, 10 VAC 5-160-20, and its regulation applicable to lock-in agreements, 10 VAC 5-160-30;

IT IS THEREFORE ORDERED THAT:

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

(2) Comments or requests for 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 April 15, 2005. Requests for 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-2005-00012. 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/caseinfo.htm>.

(3) The proposed regulations shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

NOTE: A copy of Attachment A entitled "Rules Governing Mortgage Lenders and 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-2005-00030  
JULY 11, 2005**

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

v.

BEST MORTGAGE AND FINANCIAL SERVICES, INC.,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

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

**CASE NO. BFI-2005-00031  
JULY 11, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

CHARLES C. FREY d/b/a APPROVED 1ST MORTGAGE,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file his annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of his license unless the annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file his annual report required by law, and

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

**CASE NO. BFI-2005-00032  
JULY 11, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

C H MORTGAGE SERVICES LLC,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

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

**CASE NO. BFI-2005-00032  
JULY 29, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

C H MORTGAGE SERVICES LLC,  
Defendant

**VACATING AND SETTLEMENT ORDER**

On July 11, 2005, the State Corporation Commission ("Commission") entered an Order in this case revoking the license previously granted to C H Mortgage Services LLC ("Defendant") to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia. The Defendant's license was revoked on the basis that it failed to file its annual report with the Commission's Bureau of Financial Institutions ("Bureau"), as required by § 6.1-418 of the Code of Virginia. Thereafter, the Staff reported to the Commission that the Defendant is seeking reinstatement of its license on the basis that it allegedly mailed its annual report to the Bureau in April 2005, but that it was not received by the Bureau until the Defendant sent it by facsimile on July 13, 2005. The Staff further reported that the Defendant offered to settle this case by payment of a fine in the sum of one thousand five hundred dollars (\$1,500), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission vacate its July 11, 2005, Order and accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Upon consideration thereof, IT IS ORDERED THAT:

(1) The July 11, 2005, Order Revoking a License is vacated effective on that date.

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

**CASE NO. BFI-2005-00034  
JULY 11, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COAST TO COAST HOME EQUITY CORP.,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

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

**CASE NO. BFI-2005-00039  
JULY 11, 2005**

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

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

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

**CASE NO. BFI-2005-00040  
JULY 11, 2005**

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

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of its license unless the

annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

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

**CASE NO. BFI-2005-00041  
MAY 17, 2005**

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

v.

UNITED CAPITAL, INC. D/B/A UNITED CAPITAL MORTGAGE,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that United Capital, Inc. d/b/a United Capital Mortgage ("Defendant"), is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that on April 1, 2004, the Commission's Bureau of Financial Institutions ("Bureau") examined the Defendant and found that it had violated § 6.1-422 B 4 of the Code of Virginia on numerous occasions; that the Defendant offered to settle this case by refunding, in accordance with an agreed schedule, one hundred nineteen thousand three hundred ninety-one dollars and ninety-five cents (\$119,391.95) in fees that were identified by the Bureau as having been collected in violation of § 6.1-422 B 4 and abiding by the provisions of this Order, and waived its right to a hearing in this case; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant shall refund the fees that were identified by the Bureau in accordance with the agreed schedule. The revocation, suspension, or surrender of the Defendant's license prior to June 1, 2007, shall not affect the Defendant's obligation to refund the fees in accordance with the agreed schedule.

(3) Within ninety (90) days of making each refund, the Defendant shall provide the Bureau with a copy of its cancelled check or other written evidence demonstrating that the borrower has received the refund. If the Defendant is unable to provide such evidence, the Defendant shall furnish the Bureau with a written explanation within the same time period.

(4) This case is continued generally on the Commission's docket.

**CASE NO. BFI-2005-00042  
JULY 11, 2005**

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

v.

HOME LOANS DIRECT, INC.,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

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

**CASE NO. BFI-2005-00047  
JULY 11, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
THE MORTGAGE EDGE, INC.,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

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

**CASE NO. BFI-2005-00051  
JULY 11, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
PREMIER MORTGAGE GROUP, LLC,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

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

**CASE NO. BFI-2005-00054  
JULY 11, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
USLOANS.NET, INC.,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2005, as required by § 6.1-418 of the Code of Virginia; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on April 22, 2005, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 23, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk of the Commission on or before May 13, 2005; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant has failed to file the annual report required by law, and

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

**CASE NO. BFI-2005-00057  
SEPTEMBER 2, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
SUNSET MORTGAGE COMPANY, L.P.,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Sunset Mortgage Company, L.P. ("Defendant"), is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that on October 8, 2004, the Commission's Bureau of Financial Institutions examined the Defendant and found that it had violated various laws and regulations applicable to the conduct of its licensed business; that the Defendant offered to settle this case, without admitting or denying the Staff's allegations or making any declaration against interest, by payment of a fine in the sum of fifteen thousand dollars (\$15,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) 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-2005-00058  
AUGUST 5, 2005**

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

**SETTLEMENT ORDER**

ON A FORMER DAY the Staff reported to the State Corporation Commission ("Commission") that the Defendant, Premier Mortgage Funding, Inc., is licensed to engage in business under Chapter 16 of Title 6.1 of the Code of Virginia; that it was found, during examination of its records, the Defendant violated various laws applicable to the conduct of its licensed business; that upon being informed the Bureau of Financial Institutions intended to recommend the imposition of a fine, the Defendant offered to settle this case by payment of a fine 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; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) 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-2005-00061  
AUGUST 5, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
JERRY CUGNO,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Premier Mortgage Funding, Inc. (the "Company"), is licensed to engage in business under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant, Jerry Cugno, acquired more than twenty-five (25) percent of the stock of the Company without applying for and obtaining Commission approval, in violation of § 6.1-416.1 of the Code of Virginia; that upon being informed that the Commissioner of Financial Institutions ("Commissioner") intended to recommend the imposition of a fine, the

Defendant offered to settle this case by payment of a fine in the sum of five thousand dollars (\$5,000), tendered said sum to the Commonwealth of Virginia, and waived his right to a hearing in the case; and the Commissioner recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) 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-2005-00062  
AUGUST 5, 2005**

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

**SETTLEMENT ORDER**

ON A FORMER DAY the Staff reported to the State Corporation Commission ("Commission") that the Defendant, TransLand Financial Services, Inc., is licensed to engage in business under Chapter 16 of Title 6.1 of the Code of Virginia; that it was found, during examination of its records, the Defendant violated various laws and regulations applicable to the conduct of its licensed business; that upon being informed the Bureau of Financial Institutions intended to recommend the imposition of a fine, the Defendant offered to settle this case by payment of a fine in the sum of twenty thousand dollars (\$20,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) 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-2005-00067  
NOVEMBER 2, 2005**

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

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that NovaStar Home Mortgage, Inc. ("Defendant"), is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that on March 24, 2004, the Commission's Bureau of Financial Institutions ("Bureau") examined the Defendant and alleged that it had violated various laws and regulations applicable to the conduct of its licensed business; that the Defendant offered to settle this case by making a voluntary payment in the sum of thirty thousand dollars (\$30,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Defendant's offer in settlement of this case is accepted.
- (2) Provided the Defendant complies with the requirements in § 6.1-416 B of the Code of Virginia, the Bureau shall accept for processing five (5) Applications for an Additional Office or Relocation of an Existing Office (identified on Exhibit A, which is attached hereto and incorporated herein by reference), one of which was previously submitted to and denied by the Bureau.
- (3) This case is dismissed.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2005-00072  
OCTOBER 25, 2005**

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

v.

LIM HOLDINGS, INC.,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that LIM Holdings, Inc. ("Defendant") acquired more than twenty-five percent of the ownership of LowerMyBills, Inc., a licensed mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia, without prior Commission approval in violation of § 6.1-416.1 of the Code of Virginia; that the Defendant offered to settle this case by payment of a fine in the sum of five thousand dollars (\$5,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) 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-2005-00075  
JUNE 21, 2005**

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

Ex Parte: In re: proposed regulation governing the conversion of mutual associations to stock associations

**ORDER TO TAKE NOTICE**

WHEREAS, § 6.1-194.32 of the Virginia Savings Institutions Act of 1985 ("Act"), § 6.1-194.1 *et seq.* of the Code of Virginia, authorizes state-chartered mutual associations to convert to stock associations;

WHEREAS, § 6.1-194.32 of the Act also authorizes the State Corporation Commission ("Commission") to adopt regulations governing the conversion of state-chartered mutual associations to stock associations;

WHEREAS, by Order dated November 22, 1977, the Commission adopted a regulation entitled "Regulation 4-77 – Conversion to Stock Association" ("Regulation 4-77") pursuant to former § 6.1-195.57 of the Code of Virginia, which was the predecessor statute to § 6.1-194.32 of the Act;

WHEREAS, subsequent changes to various federal and state laws have rendered certain provisions and references in Regulation 4-77 obsolete or inaccurate; and

WHEREAS, the Bureau of Financial Institutions has proposed that Regulation 4-77 be renumbered and modified to conform to current law;

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The proposed regulation, entitled "Conversion of Mutual to Stock Association," is appended hereto and made a part of the record herein.
- (2) Comments or requests for hearing on the proposed regulation 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 July 28, 2005. Requests for 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-2005-00075. 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/caseinfo.htm>.
- (3) The proposed regulation shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

NOTE: A copy of Attachment A entitled "Conversion of Mutual to Stock Association" is on file and may be 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-2005-00075  
SEPTEMBER 21, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

Ex Parte: In re: Proposed regulation governing the conversion of mutual associations to stock associations

**ORDER ADOPTING A REGULATION**

On June 21, 2005, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposed regulation governing the conversion of state mutual savings associations to state stock associations. The Order and proposed regulation were published in the Virginia Register on July 11, 2005. The Order directed interested parties to file written comments or requests for a hearing on the proposed regulation on or before July 28, 2005, and the proposed regulation was posted on the Commission's website. No comments or requests for hearing were filed.

NOW THE COMMISSION, having considered the record and the proposed regulation, concludes that the proposed regulation is a proper exercise of our authority under § 6.1-194.32 of the Code of Virginia and should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed regulation, 10 VAC 5-20-50, attached hereto is adopted effective September 30, 2005.
- (2) The regulation shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.
- (3) An attested copy hereof, together with a copy of the regulation, shall be sent to the Registrar of Regulations for publication in the Virginia Register.
- (4) This case is dismissed from the Commission's docket of active matters.

NOTE: A copy of Attachment A entitled "Conversion of Mutual to Stock Association" is on file and may be 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-2005-00078  
SEPTEMBER 2, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
LOANS AND MORTGAGES, LLC,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Loans and Mortgages, LLC ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that on November 2, 2004, the Commission's Bureau of Financial Institutions examined the Defendant and found that it had violated various laws and regulations applicable to the conduct of its licensed business; that the Defendant offered to settle this case by payment of a fine in the sum of seven thousand five hundred dollars (\$7,500), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) 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-2005-00081  
SEPTEMBER 13, 2005**

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

v.

COUNTRYSIDE MORTGAGE SERVICES, INC.,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Countryside Mortgage Services, Inc. ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the Commission's Bureau of Financial Institutions ("Bureau") received numerous complaints from Virginia consumers about the Defendant's business practices and found that the Defendant repeatedly failed to perform written agreements with borrowers and respond to the Bureau's written requests; that the Defendant offered to settle this case by agreeing to the entry of an order suspending its license for a period of six (6) months and requiring the Defendant to respond to all outstanding consumer complaints within thirty (30) days and waived its right to a hearing in the case; and the Commissioner of Financial Institutions recommended that the Commission accept Defendant's offer of settlement pursuant to authority granted under § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's license to engage in business as a mortgage broker in the Commonwealth of Virginia is hereby suspended for a period of six (6) months from the date of this Order.
- (2) During the six (6) month period, the Defendant shall not solicit or receive any new applications for mortgage loans to be secured by residential property located in the Commonwealth of Virginia; however, the Defendant may continue to process any existing applications that were received prior to the date of this Order.
- (3) The Defendant shall provide the Bureau with a complete written response, including supporting documentation, to all outstanding consumer complaints within thirty (30) days from the date of this Order.
- (4) This case is continued generally pending further order of the Commission.

**CASE NO. BFI-2005-00081  
OCTOBER 25, 2005**

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

v.

COUNTRYSIDE MORTGAGE SERVICES, INC.,  
Defendant

**DISMISSAL ORDER**

On September 13, 2005, the State Corporation Commission ("Commission") entered an Order against Countryside Mortgage Services, Inc. ("Defendant") suspending its license to engage in business as a mortgage broker in the Commonwealth of Virginia for a period of six (6) months and requiring it to provide the Bureau of Financial Institutions ("Bureau") with a complete written response to all outstanding consumer complaints by October 13, 2005. On October 12, 2005, the Bureau received written notice from the Defendant that it was surrendering its mortgage broker license, and the Bureau accepted the surrender. On October 21, 2005, the Defendant's corporate existence was terminated. Accordingly, Staff has recommended that the Commission dismiss this case without prejudice.

THEREFORE, IT IS ORDERED THAT:

- (1) This case is dismissed without prejudice.
- (2) This case is stricken from the Commission's docket of active cases.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2005-00115  
OCTOBER 17, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

Ex Parte: In re: proposed amendments to payday lending pamphlet

**ORDER TO TAKE NOTICE**

WHEREAS, 10 VAC 5-200-80 of the Virginia Administrative Code prescribes the contents of the pamphlet that persons licensed under the Payday Loan Act (the "Act"), § 6.1-444 et seq. of the Code of Virginia, must furnish to borrowers before entering into a payday loan;

WHEREAS, Chapter 295 of the 2004 Acts of Assembly and Chapter 571 of the 2005 Acts of Assembly modified certain provisions of the Act and added certain requirements and prohibitions;

WHEREAS, the Bureau of Financial Institutions (the "Bureau") has proposed amending 10 VAC 5-200-80 to reflect the changes made to the Act; and

WHEREAS, the Bureau has recommended that the Commission delay the effective date of any amendments to 10 VAC 5-200-80 to allow licensees a reasonable period of time to modify the contents of their pamphlets;

IT IS THEREFORE ORDERED THAT:

- (1) The proposed regulation is appended hereto and made a part of the record herein.
- (2) Comments or requests for hearing on the proposed regulation must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before December 16, 2005. Requests for 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-2005-00115. 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/caseinfo.htm>.
- (3) The proposed regulation shall be posted on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

NOTE: A copy of Attachment A entitled "Chapter 200. Payday Lending" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BFI-2005-00118  
DECEMBER 21, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
LOW COST LENDING, INC. D/B/A LOANWEB,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Low Cost Lending, Inc. d/b/a Loanweb ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on November 1, 2005; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on November 7, 2005, (1) of his intention to recommend revocation of its license unless a new bond was filed by December 7, 2005, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before November 28, 2005; and that no new bond or written request for hearing was received or filed.

Accordingly, the Commission finds that the Defendant has failed to maintain its bond in force as required by law, and

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

**CLERK'S OFFICE****CASE NO. CLK-2004-00013  
MARCH 4, 2005**

JOHN F. DEAL  
and  
THOMAS E. LACHENEY,  
Petitioners,  
v.  
SONA INTERNATIONAL CORPORATION,  
Defendant

**DISMISSAL ORDER**

On November 3, 2004, John F. Deal and Thomas E. Lacheny ("Petitioners") filed a Petition in this case seeking vacation of a certificate of merger issued by the State Corporation Commission ("Commission") on July 29, 2004, merging Sona Merger Corporation and Sona International Corporation ("Defendant"). Thereafter, pursuant to a Preliminary Order issued by the Commission on November 8, 2004, the Defendant and the Clerk of the Commission filed responses to the Petition denying that Petitioners were entitled to the relief sought.

On January 13, 2005, Petitioners filed a Motion to Dismiss ("Motion"), in which they seek to withdraw their Petition and move that the case be dismissed. No opposition to the Motion was filed, and the Chief Hearing Examiner has filed her Report recommending that, among other things, the Motion be granted. Upon consideration thereof,

IT IS ORDERED THAT:

- (1) Petitioners' Motion to Dismiss is granted.
- (2) This case is dismissed from the Commission docket, and the papers herein shall be placed among the ended causes.

**CASE NO. CLK-2005-00003  
MARCH 4, 2005**

VINCENT R. SMITH, SR.  
and  
A. CORWIN TAYLOR,  
Petitioners  
v.  
JOEL H. PECK, CLERK,  
Respondent

**ORDER DENYING MOTIONS**

On December 10, 2004, Vincent R. Smith, Sr., and A. Corwin Taylor ("Petitioners") filed a Motion to Vacate Order in Case No. CLK-2004-00012 ("the Dissolution Case") seeking vacation of a Dissolution Order entered by the State Corporation Commission ("Commission"), which involuntarily dissolved D.T.T. Incorporated, a Virginia corporation, pursuant to § 13.1-749 A of the Code of Virginia. The Dissolution Order was entered after the Clerk of the Circuit Court of Chesterfield County, Virginia, delivered to the Commission a certified copy of a decree of that court dissolving the corporation pursuant to the cited statute. Pursuant to an Order entered in the Dissolution Case, the Clerk of the Commission has transferred the Motion to Vacate Order and all papers subsequently filed in that case to the file in this case.

The Commission will treat the Motion to Vacate Order as if it was a Petition filed on December 10, 2004, under Rule 5 VAC 5-20-100 B of the Commission's Rules of Practice and Procedure. The Commission will also treat all responses, replies, and motions filed in the Dissolution Case as if they were timely filed in this case on the dates they were filed in the Dissolution Case.

The Commission concludes that it lacks jurisdiction to investigate the matters alleged in the Motion to Vacate Order and that, upon receipt of a certified copy of a decree entered by a circuit court dissolving a Virginia corporation, the Commission's entry of a like Order is mandatory under § 13.1-749 A of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) The Motion to Vacate Order and all relief requested therein are denied.
- (2) All other motions filed by the Petitioners, or either of them, are denied as moot.
- (3) This case is dismissed.
- (4) The papers herein shall be placed in the file for ended causes.

**CASE NO. CLK-2005-00004  
AUGUST 26, 2005**

FIRST COVENANT GROUP, LLC,  
Petitioner,  
v.  
JOHN FISHER,  
Defendant

**FINAL ORDER**

On February 28, 2005, First Covenant Group, LLC ("First Covenant" or "Petitioner"), filed a Petition with the State Corporation Commission ("Commission"), pursuant to Rule 5 VAC 5-20-100 B of the Commission's Rules of Practice and Procedure ("Rules"), to vacate and nullify fraudulent records and transactions associated with Dartmouth Solutions, L.L.C. ("Dartmouth"). On April 24, 2005, First Covenant filed an Amended Petition ("Amended Petition") requesting that the Commission expunge and declare void fraudulent documents filed in the Office of the Clerk ("Clerk") on behalf of the Petitioner. According to the Petitioner, John Fisher, the Defendant, who had no affiliation with Covenant Group, L.L.C. ("Covenant Group"), fraudulently reinstated Covenant Group after termination of its existence in 2000, and unlawfully changed the name of the entity to Dartmouth Solutions, L.L.C. In 2002, the Commission terminated the existence of Dartmouth for failure to pay annual fees. Because the Defendant changed the name of the entity and "Covenant Group, L.L.C." was no longer available, Petitioner's principals reinstated the entity under the name First Covenant Group, LLC, in February 2005.

First Covenant claims in the Amended Petition it has been damaged by the Defendant's allegedly fraudulent activity because (1) it must now assume any liabilities associated with Dartmouth, and (2) First Covenant has incurred additional expenses in changing the name of the entity to First Covenant. The Petitioner asks the Commission to expunge and declare void *ab initio* any and all documents filed by the Defendant, John Fisher, on behalf of Covenant Group and Dartmouth. The Petition and Amended Petition were served upon the Defendant, pursuant to § 12.1-19.1 D 4 of the Code of Virginia, by mailing to his last address of record with the Commission together with a Preliminary Order entered by the Commission on May 7, 2005, permitting the Defendant to file a responsive pleading within 21 days.

The Defendant did not make any response to the Petition or Amended Petition. The Clerk filed a response to the Amended Petition on June 24, 2005, pursuant to the aforementioned Preliminary Order. The Clerk in his response, while maintaining that the Petitioner was partly the author of its difficulties due to its failure to pay required annual fees and challenging the applicability of the fraud theory advanced by the Petitioner, expressed the view that expungement of filings made by the Defendant could do no harm. On July 22, 2005, the Petitioner filed a Motion for Summary Judgment again seeking expungement of the allegedly fraudulent documents filed by the Defendant, to which motion the Defendant made no response.

NOW THE COMMISSION, having considered the Amended Petition, the Clerk's response thereto, the Motion for Summary Judgment, and all applicable law, concludes that Petitioner's Motion for Summary Judgment should be granted to the extent it seeks expungement from records in the Office of the Clerk of filings made by the Defendant on behalf of the Petitioner. No allegation or evidence has been made or offered to counter the Petitioner's assertion that the Defendant lacked authority to act on its behalf. Although the Petitioner has been remiss in payment of the annual registration fees required under § 13.1-1062 of the Code of Virginia, the Commission concludes that under the circumstances of this case expungement of the foregoing records is unlikely to do any harm.

Accordingly, IT IS ORDERED THAT:

- (1) Petitioner's Motion for Summary Judgment is granted.
- (2) The Office of the Clerk shall immediately expunge from its records (a) an undated letter from John Fisher to the Clerk received June 8, 2001, requesting reinstatement of Covenant Group, LLC, and (b) Articles of Amendment signed by John P. Fisher on June 14, 2001, changing the name of Covenant Group, LLC, to Dartmouth Solutions, LLC.
- (3) Neither this Order nor the Clerk's execution of the terms of the preceding paragraph shall have any effect on the status or existence of the Petitioner at any time.
- (4) This case is dismissed from the Commission's docket of active cases.

**BUREAU OF INSURANCE**

**CASE NO. INS-1991-00068  
NOVEMBER 21, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION,  
Plaintiff

v.

FIDELITY BANKERS LIFE INSURANCE COMPANY,  
Defendant

**ORDER APPROVING THIRD AMENDMENT OF AGREEMENT AND DECLARATION OF TRUST**

ON A FORMER DAY CAME the Deputy Receiver of First Dominion Mutual Life Insurance Company (formerly Fidelity Bankers Life Insurance Company), in Receivership for Conservation and Rehabilitation (the "Company") and filed with the Clerk of the State Corporation Commission ("Commission") an Application for Order Approving Third Amendment of Agreement and Declaration of Trust ("Application"), seeking an order from the Commission that approves a third amendment of the Agreement and Declaration of Trust ("Agreement") by which the Company formed a grantor Trust, and extends the term of the Trust until December 31, 2007.

AND THE COMMISSION, having considered the Application, finds that the Deputy Receiver's Application is, in all things, well taken and that it should be, and it is hereby, granted. Accordingly, the Commission now finds that the "Amendment Number Three to Agreement and Declaration of Trust for Fidelity Bankers Life Insurance Company Trust Between the Deputy Receiver of First Dominion Mutual Life Insurance Company (formerly Fidelity Bankers Life Insurance Company), in Receivership for Conservation and Rehabilitation, and the Trustee of Fidelity Bankers Life Insurance Company Trust" attached to the Deputy Receiver's Application as Exhibit "A," should be, and it is hereby, approved as being in conformance with the Agreement and the plan for the rehabilitation of the Company approved by this Commission on September 29, 1992 ("Rehabilitation Plan"). The Commission finds that the extension of the term of the Trust until December 31, 2007, is in the best interest of policyholders, other creditors, and the public.

THEREFORE, IT IS ORDERED that the Application for Order Approving Third Amendment of Agreement and Declaration of Trust be, and it is hereby, granted in conformance with the Agreement and the Rehabilitation Plan, and the Trust be, and it is hereby, extended until December 31, 2007.

**CASE NO. INS-1994-00218  
JUNE 13, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION,  
Applicant,

v.

HOW INSURANCE COMPANY, A RISK RETENTION GROUP,  
HOME WARRANTY CORPORATION,  
and  
HOME OWNERS WARRANTY CORPORATION,  
Respondents

**ORDER APPROVING PLANS OF LIQUIDATION**

On October 14, 1994, the Circuit Court for the City of Richmond entered its Final Order Appointing Receiver for Rehabilitation or Liquidation (the "Receivership Order"), which appointed the State Corporation Commission (the "Commission") as Receiver, Steven T. Foster, the Commissioner of Insurance, as Deputy Receiver, and Patrick H. Cantilo as Special Deputy Receiver, and authorized and directed them to administer the business and affairs of HOW Insurance Company, a Risk Retention Group ("HOWIC"), Home Owners Warranty Corporation ("HOW"), and Home Warranty Corporation ("HWC") (collectively, the "HOW Companies"), and to do all acts necessary or appropriate for the rehabilitation or liquidation of the HOW Companies. On May 1, 1996, by Order of this Commission, Alfred W. Gross succeeded Steven T. Foster as Commissioner of Insurance and Deputy Receiver of the HOW Companies. As a result of the receivership, the affairs and business of HWC are administered by the Receiver, the Deputy Receiver, and the special Deputy Receiver, who are vested with all the powers and authority expressed or implied under the provisions of Title 38.2, Chapter 15 of the Code of Virginia.

On November 30, 2004, Alfred W. Gross, as Deputy Receiver of the HOW Companies, filed with the Clerk of the Commission his Application for Orders Setting Hearing on Plans of Liquidation of HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation, and Home Warranty Corporation, Establishing Response Date, Approving Plans of Liquidation, Approving Claims Bar Date, and Related Matters (the "Application"), seeking a hearing for the Commission's review and approval of plans of liquidation for the HOW Companies (the "Plans of Liquidation") and matters related thereto.

In the Application, the Deputy Receiver discusses the financial condition of the HOW Companies and the Plans of Liquidation, including the current and anticipated liabilities, the disposition of remaining assets including the costs of administration, the return of capital contributions, and the distribution of residual assets. The Deputy Receiver also requests an order declaring that the rights, interests, and contingent claims of all builders, policyholders, certificate holders, and creditors of the HOW Companies be fixed as of the date of the entry of the liquidation order, declaring that the only

former members of HWC who are entitled to any refund of capital contributions are those described in the Application, and declaring that those persons entitled to any residual assets are builders with active insurance policies as of the date of the Receivership Order. He further requests authority to establish a deadline for filing all claims ("Bar Date") and approval of the proposed notice procedures related to the claims Bar Date. Finally, he requests approval to terminate the receivership proceedings without the necessity for further order of the Commission upon completion of the liquidation and dissolution of the HOW Companies pursuant to the Plans of Liquidation.

On December 27, 2004, the Commission entered an Order Setting Hearing on Plans of Liquidation for HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation, and Home Warranty Corporation, Establishing Response Date, Approving Plans of Liquidation, Approving Claims Bar Date, and Related Matters ("Order Setting Hearing"). The Order Setting Hearing scheduled a hearing for May 17, 2005, to determine whether further efforts to rehabilitate the HOW Companies would be useless such that the Plans of Liquidation should be approved. The Order Setting Hearing also required the Deputy Receiver to send notice and a copy of the Order Setting Hearing to all builders who at one time were members of HWC, to the owners of all homes that are currently enrolled in the HOW Program, and to known creditors of the HOW Companies. The Notice was also to be published in the Richmond Times-Dispatch, the Wall Street Journal, and USA Today. We also directed the Deputy Receiver to file with the Commission prepared testimony and exhibits of each witness expecting to present direct testimony in support of the Application. The Order Setting Hearing also directed the filing of Notices of Participation by Respondents and Respondent Testimony, and provided an opportunity for rebuttal testimony by the Deputy Receiver.

On February 25, 2005, the Deputy Receiver prefiled the testimony and exhibits of Alfred W. Gross, Mike R. Parker and Theodore J. Zubulake. On March 15, 2005, the Deputy Receiver filed his First Supplement to his prefiled direct testimony in which he withdrew certain exhibits previously filed and submitted supplemental exhibits in support of the application.

By March 25, 2005, the Commission had received Notices of Participation from Paul Hollinger, Stephan Levine and M.D.C. Holdings, Inc. ("MDC"). Mr. Hollinger and Mr. Levine indicated that they did not plan to appear at the hearing but both seek relief from the HOW Companies for roofing problems with their homes. Mitchell and Lori Langsner also filed a letter in the case noting that they have an outstanding claim and seek a settlement.<sup>1</sup>

In MDC's Notice of Participation, it urges the Commission to eliminate the "fixed component" proposed by the Deputy Receiver for allocation and distribution of 50% of the residual assets of HWC, as described in Exhibit A.1 to the Plans of Liquidation. In the Application, the Deputy Receiver proposes to distribute 50% of any residual assets among all Builder Distributees<sup>2</sup> on a per capita basis (the "fixed component"). The remaining 50% of any residual assets would be distributed among the Builder Distributees in accordance with their relative contributions to the presumed profitability of the HOW Companies (the "variable component"). MDC requests that all of the residual assets be allocated and distributed among the Builder Distributees in accordance with the "profitability contribution" formula, or variable component.

On April 21, 2005, MDC filed a letter with the Clerk stating that it did not intend to present witness testimony or exhibits at the hearing, but reserved the right to cross-examine the testimony and exhibits of the Commission staff and other parties and present oral argument at the hearing.

On April 29, 2005, Centex Homes ("Centex") filed a Motion for Late Filing of Notice of Participation ("Motion") and Notice of Participation as Respondent. We granted Centex's Motion by Order dated May 6, 2005, and accepted the late Notice of Participation. Like MDC, Centex objects to the "fixed component" of the residual asset allocation and requests that all residual assets be allocated according to a variable component. Centex is represented by the same counsel as MDC, and stated that it did not intend to present testimony at the hearing, but reserved the right to cross-examine testimony and present oral argument.

The hearing convened as scheduled on May 17, 2005. Patrick H. Cantilo, Esquire, and Howard W. Dobbins, Esquire, appeared on behalf of the Deputy Receiver, Peter B. Smith, Esquire, appeared on behalf of the Bureau of Insurance, and Patricia E. Bruce, Esquire, and Scott D. Albertson, Esquire, appeared on behalf of MDC and Centex. At the hearing, the Commission received evidence in support of the Plans of Liquidation from the Deputy Receiver through its three witnesses. Counsel for MDC and Centex cross-examined the Deputy Receiver's witnesses regarding the proposed allocation methodology for residual assets. At the conclusion of the hearing, counsel for the Deputy Receiver and Centex and MDC presented closing arguments in lieu of briefs.

NOW THE COMMISSION, having considered the record and the evidence presented at the hearing in this case, finds that further efforts to rehabilitate the HOW Companies would be useless, and that the HOW Companies should be liquidated pursuant to the Plans of Liquidation, subject to a modification of the percentage allocation of residual assets to Builder Distributees as discussed herein. We will also authorize the Deputy Receiver, in his reasonable discretion, to establish by directive a period for filing proofs of claims against the HOW Companies, such filing period to end on the Bar Date. Finally, we will direct the Deputy Receiver, upon completion of the liquidation and dissolution of HOW, HOWIC, and HWC pursuant to the Plans of Liquidation, to file a request with the Commission for approval to terminate and close this receivership proceeding.

Regarding the distribution of residual assets to Builder Distributees, we believe that a more reasonable allocation of residual assets is 25% on a per capita basis, or fixed component, and 75% based on the profitability contribution, or variable component. At the hearing, the Deputy Receiver testified that since he could not find a prescribed method of allocation for the residual assets in a risk retention group, he analogized these transactions to the demutualization of mutual insurance companies in which there is generally both a fixed and variable component.<sup>3</sup> He stated that he had no reason to weigh

<sup>1</sup> The Commission addressed this claim in an Order in Case No. INS-1995-00218 issued on April 27, 2005, which found that the Langsners had been fully compensated as to their direct and indirect claims. The Order further noted that any payment of interest compensation deemed owed to the Langsners may be considered by the Commission in a subsequent case or addressed in this proceeding. The Deputy Receiver's Plans of Liquidation do address payment of interest.

<sup>2</sup> The Deputy Receiver believes that the builders with active insurance policies as of the date of this Order are considered HWC's owners, and the builders with active insurance policies as of the date of the Receivership Order should be deemed owners of HWC. These builders are referred to in the Application as "Builder Distributees."

<sup>3</sup> Transcript at 37 (Tr.).

one component more than the other, so he proposed a 50/50 split of the assets between the two components.<sup>4</sup> The Deputy Receiver explained that the purpose of the fixed component is to provide some compensation for voting rights and other rights of membership.<sup>5</sup>

Theodore J. Zubulake, a consulting actuary for the HOW receivership, testified as to the fairness of the proposed methodology for distributing the residual assets to the builder distributees. Mr. Zubulake believes that the 50/50 allocation is fair because at the time the HOW Companies were put into receivership, there was no value attributable to the companies.<sup>6</sup> It was only through the efforts of the Deputy Receiver, he stated, that the HOW Companies ended up with a positive surplus in 2004.<sup>7</sup> However, on cross examination, Mr. Zubulake stated that in his experience with mutual company demutualizations, the fixed component for distribution has ranged from 15 to 26 percent.<sup>8</sup> He admitted that he was not familiar with any demutualizations where the fixed component was higher than 26 percent.<sup>9</sup>

Although we do not regard this liquidation proceeding as perfectly analogous to the demutualization context, we find that an acceptable allocation falls within the range to which the Deputy Receiver's expert testified. According to Mr. Zubulake, in demutualizations in which he has been involved, a fixed component generally ranges from 15 to 26 percent.<sup>10</sup> We are also persuaded by the "fairness argument" raised by MDC and Centex—namely, that those builders who caused the HOW Companies to suffer losses should not be able to share equally in the distribution of residual assets via the fixed component. We therefore find that a reasonable and fair allocation of assets to Builder Distributees is 25% on a per capita basis, or fixed component, and 75% based on the profitability contribution, or variable component.

Accordingly, IT IS ORDERED THAT:

(1) Further efforts to rehabilitate the HOW Companies would be useless, and the HOW Companies should be liquidated pursuant to the Plans of Liquidation, as modified herein and discussed in Ordering Paragraph (2) below.

(2) With regard to the Distribution of Residual Assets to Builder Distributees, the Deputy Receiver shall modify the Plans of Liquidation to allocate 25% of the assets on a per capita basis, or fixed component, and 75% of the assets based on the profitability contribution, or variable component.

(3) We hereby authorize the Deputy Receiver to adopt a directive implementing the HOWIC Plan of Liquidation, described in Exhibit A to the application as modified herein, if and when he files a written report with the Commission advising that he has received an actuarial projection that HOWIC has sufficient assets to satisfy its liabilities and to declare a dividend to HWC sufficient for HWC to satisfy its liabilities, including the refund of all vested capital contributions.

(4) If the Deputy Receiver does not issue a directive adopting the HOWIC Plan of Liquidation within three years of this Order, he shall return to the Commission for further instruction.

(5) Once the Deputy Receiver adopts the HOWIC Plan of Liquidation and completes the actual liquidating distributions from HOWIC to HWC pursuant thereto, he shall issue a second directive adopting the HOW/HWC Plan of Liquidation, described in Exhibit A to the application, as modified herein.

(6) The rights, interests, and contingent claims of all builders, policyholders, certificate holders, and creditors of the HOW Companies are fixed as of the date of the entry of this Order.

(7) The only former members of HWC who are entitled to any refund of capital contributions pursuant to the Builder Agreements are those whose capital contributions vested pursuant to the terms of the Builder Agreements and who either: (i) after the inception of the receivership, had their Builder Agreements automatically terminated during 1994 and 1995 upon expiration of their Builder Agreements' one-year terms; (ii) voluntarily terminated their Builder Agreements either before inception of the receivership or prior to the date that such Builder Agreements would have terminated automatically during 1994 or 1995 upon expiration of their one-year terms, and who at the time of termination had been members in good standing for at least five consecutive years (collectively, "Eligible Builders"); (iii) were Member Builders in good standing as of October 14, 1994, but who had not been members in good standing for at least five consecutive years as of the date their Builder Agreements were terminated automatically for non-renewal because of the receivership; or (iv) were Member Builders who were terminated only for filing bankruptcy prior to the receivership, since their terminations were pursuant to so-called *ipso facto* clauses which federal bankruptcy courts have held are void as a matter of law.

(8) The HOW Companies' owners, who are entitled to any Residual Assets upon dissolution, are those persons who were HOWIC insureds as of the date of the Receivership Order (regardless of whether those persons are also Eligible Builders). Each such Builder Distributee shall receive a share of any Residual Assets pursuant to the Plans of Liquidation as modified herein by Ordering Paragraph (2).

(9) The Deputy Receiver, in his reasonable discretion, shall establish by directive a period for filing proofs of claims against the HOW Companies, such filing period to end on the Bar Date (such Bar Date to be no less than 180 days, nor more than 365 days, following the date of the Deputy Receiver's issuance of the directive). All claims (including contingent claims, claims of Eligible Builders for refunds of capital contributions, and claims for increased percentage payments on previously approved claims) against the HOW Companies would be required to be filed before the Bar Date except that

<sup>4</sup> Id.

<sup>5</sup> Tr. at 38.

<sup>6</sup> Tr. at 132.

<sup>7</sup> Id.

<sup>8</sup> Tr. at 129.

<sup>9</sup> Id.

<sup>10</sup> Id.

the following claims would not be subject to the Bar Date: (i) claims of any kind that have already been submitted properly to the Deputy Receiver, whether general creditor claims, claims for repairs of Major Structural Defects, claims for payment of builder defense costs, claims for breach of warranty, or any other claims, except that, to the extent that a claimant has not submitted the affidavit required to perfect a claim for an increased percentage payment of an approved claim pursuant to a Distribution Notification, such claim for an increased percentage payment of a previously approved claim shall be subject to the Bar Date, (ii) proper administrative expense claims (i.e., claims for payment of services rendered, or goods supplied, to the HOW Companies at the request of the Deputy Receiver after October 14, 1994), (iii) claims covered by HOW Companies' policies and certificates for the repair of covered Major Structural Defects that have not yet manifested themselves as of the Bar Date, (iv) claims by builders for refund of Loss Reserve Deposits, or release of letters of credit, and (v) claims by Builder Distributees to a share of the Residual Assets. Claims submitted after the Bar Date, if approved, would be subordinated in payment to all timely filed claims, with the exception of the claims described in categories (i) through (v) above, which would not be subject to the Bar Date. All claims of whatsoever nature would be permanently barred from sharing in the assets of the HOW Companies if such claims were not submitted to the Deputy Receiver before closure of the receivership, with the exception of claims described in category (v) above, which would be governed by the unclaimed property laws.

(10) Disputes concerning any claims against the assets of the HOW Companies shall be resolved in accordance with the Receivership Appeal Procedure adopted by the Circuit Court in the Receivership Order.

(11) The Deputy Receiver may, in his reasonable discretion as part of the Plans of Liquidation, extend the initial Bar Date by directive to a date no more than 365 days following the date of the directive establishing the initial Bar Date, if the initial Bar Date results in a filing period of less than 365 days.

(12) We hereby approve the Deputy Receiver's proposal to provide written notice of the Bar Date (and any extension thereof) and proof of claim instructions, by first-class United States mail to all known claimants, creditors, and former Member-Builders at their last known address disclosed in the books and records of the HOW Companies, in a form reasonably calculated to provide interested persons with notice of the proposed Bar Date (and any extension thereof), and the consequences of failing to timely file claims against the HOW Companies, except that the Deputy Receiver is not required to mail a notice if he reasonably believes that the last known address is no longer valid.

(13) We hereby approve the Deputy Receiver's proposal to publish notice of the Bar Date (and any extension thereof) and proof of claim instructions for one day each week for two consecutive weeks in the Richmond Times-Dispatch, The Wall Street Journal, and USA Today. The public notice should be of a form reasonably calculated to provide sufficient notice to any claimant, creditor, or former Member-Builder who does not receive direct notice by first-class United States mail of the Bar Date (and any extension thereof) and proof of claim instructions.

(14) Upon completion of the liquidation and dissolution of HOW, HOWIC, and HWC pursuant to the Plans of Liquidation, the Deputy Receiver shall file a request with the Commission for approval to terminate and close this receivership proceeding.

(15) This matter is continued generally.

**CASE NO. INS-1995-00218  
APRIL 27, 2005**

PETITION OF  
MITCHELL AND LORI LANGSNER

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

**ORDER**

On November 13, 1995, Mitchell and Lori Langsner ("Petitioners" or "Langsners") filed a Petition for Review ("Petition") with the State Corporation Commission ("Commission") contesting a Determination of Appeal in Claim No. 4098348 issued by the Deputy Receiver of the HOW Insurance Company, Home Warranty Corporation, and Home Owners Warranty Corporation ("collectively, "HOW Companies"), which denied the Petitioners' claim for coverage defects under their homeowners warranty policy.

On March 11, 1997, the Commission entered an order which, among other things, awarded the Petitioners \$5,000 for attorney's fees and \$1,823 for advances and expenses as indirect claims against the receivership estate. The Commission retained jurisdiction of the matter to determine whether any additional attorney's fees or expenses should be paid due to subsequent repairs being done to the Petitioners' home.

On April 29, 1999, the Petitioners, by counsel, filed a Motion for Leave to Supplement Exhibit Out of Time ("Motion"). Attached to the Motion was a revised affidavit ("Affidavit") of attorney's fees and costs of time.<sup>1</sup>

By Order of April 29, 1999, the Commission granted the Petitioners' Motion and accepted the revised Affidavit of attorney's fees and costs of time for filing. Additionally, the Commission retained jurisdiction of this matter.

On May 5, 2000, the Petitioners executed a Release Agreement with the Deputy Receiver of the HOW Companies. Therein, the Petitioners: (i) released and forever discharged the HOW Companies from all claims, demands, and causes of action with respect to claims asserted in the instant proceeding; (ii) acknowledged that no further payments were owed to the Petitioners by the HOW Companies on direct claims (in excess of the 70% already paid) unless it was determined by the Deputy Receiver that there were sufficient assets in the Receiver Estate to make such additional payments; and

<sup>1</sup> Attorney's fees and expenses subsequent to the March 11, 1997 Order were calculated as \$5,103.95. Motion at 7.

(iii) retained a claim for attorney's fees incurred in the amount of \$7,000. Furthermore, the Petitioners agreed that this matter, Case No. INS-1995-00218, should be dismissed with prejudice to any further action, and removed from the jurisdiction of the Commission.<sup>2</sup>

On March 23, 2005, the Petitioners filed a document with the Clerk of the Commission referencing the HOW Liquidation docket.<sup>3</sup> Therein, the Petitioners acknowledged that they have been paid an amount equal to their aggregate claim of \$56,486.61 and are now seeking only interest compensation on that claim.<sup>4</sup>

NOW THE COMMISSION, having considered the filings submitted herein, is of the opinion, and finds, that the Petitioners have been fully compensated as to their direct and indirect claims as established under the instant case. Any payment of interest compensation deemed owed to the Petitioners, as established by findings made in the instant proceeding and the Fifth Directive of the Deputy Receiver, may be considered by the Commission in a subsequent case or addressed in the Liquidation Proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is dismissed with prejudice and removed from the Commission docket of active cases; and
- (2) The papers herein are passed to the file for ended causes.

<sup>2</sup> Release Agreement at 2.

<sup>3</sup> Plans of Liquidation for HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation, and Home Warranty Corporation, Case No. INS-1994-00218.

<sup>4</sup> On July 16, 1999, the Deputy Receiver of the HOW Companies approved the payment of 8% per annum simple interest of all deferred direct claim amounts accrued since October 14, 1994, to be paid only after full satisfaction of all other claims of higher priority. Fifth Directive of Deputy Receiver, Case No. INS-1994-00218 (November 14, 2000).

**CASE NO. INS-2002-00084  
MARCH 4, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

STATE CAPITAL INSURANCE COMPANY,  
Defendant

**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-1040 A 3 of the Code of Virginia, the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth.

State Capital Insurance Company, a foreign corporation domiciled in the State of North Carolina ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on August 16, 1956.

By order entered herein August 12, 2002, Defendant's license to transact the business of insurance in the Commonwealth of Virginia was suspended due to financial regulatory concerns.

Pursuant to § 38.2-1040 A 7 of the Code of Virginia, the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia if the company has had its corporate existence dissolved or its certificate of authority revoked in the state in which it was organized or in this Commonwealth, and pursuant to § 38.2-1040 A 8 of the Code, the Commission may suspend or revoke the company's license if the company has been found insolvent by a court of any other state and has been prohibited from doing business in that state.

On June 21, 2004, by an Order of Liquidation and Injunctive Relief, the Superior Court of Wake County, North Carolina, found Defendant to be insolvent and appointed James E. Long, North Carolina Commissioner of Insurance, as Liquidator of Defendant, authorizing the Liquidator to do all acts necessary or appropriate to accomplish the liquidation of Defendant.

Defendant's Virginia Certificate of Authority was revoked on November 30, 2004.

The Bureau of Insurance has recommended that Defendant's license to transact the business of insurance in the Commonwealth of Virginia be revoked.

IT IS THEREFORE ORDERED that Defendant TAKE NOTICE that the Commission shall enter an order subsequent to March 18, 2005, revoking the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 18, 2005, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of Defendant's license.

**CASE NO. INS-2002-00084  
MARCH 23, 2005**

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

**ORDER REVOKING LICENSE**

In an Order entered herein on March 4, 2005, State Capital Insurance Company ("Defendant") was ordered to take notice that the State Corporation Commission ("Commission") would enter an Order subsequent to March 18, 2005, revoking the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 18, 2005, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed revocation of Defendant's license.

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

THEREFORE, IT IS ORDERED THAT:

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

**CASE NO. INS-2002-00111  
MARCH 23, 2005**

PETITION OF  
J. W. FINNIE

For review of Allstate Insurance Company's claims handling practices

**FINAL ORDER**

On April 16, 2002, J.W. Finnie (the "Petitioner") filed with the State Corporation Commission ("Commission") a Petition requesting that the Bureau of Insurance ("Bureau") investigate and take disciplinary action against Allstate Insurance Company ("Allstate"). Specifically, the Petition requested that the Bureau undertake a market conduct examination of Allstate, levy additional sanctions and fines, and suspend Allstate's license to conduct business within the Commonwealth of Virginia until it ceases actions cited by the Bureau in prior market conduct examinations. On April 23, 2002, the Commission issued its Order Docketing Case, Appointing Hearing Examiner, and Setting Date for Filing Answer, which among other things, directed the Bureau to file on or before May 13, 2002, an Answer or other responsive pleading to the Petition.

On May 13, 2002, the Bureau filed a Motion for Summary Judgment. In its motion, the Bureau argued that its decision regarding disciplinary action taken against an insurer should be entitled to substantial deference; that the facts of this case demonstrate the Bureau's continued vigilance in regards to Allstate, including completion of the third market conduct examination within the last seven years; and that the Petitioner failed to provide sufficient information with regard to his and other claims.

On May 23, 2002, the Petitioner filed a response to the Bureau's Motion for Summary Judgment, in which, among other things, he asked that the motion be denied and that the case be assigned "Class Status" or "Class Action Status." The Petitioner further supplemented his petition with additional information and exhibits on May 28, 2002, May 30, 2002, June 10, 2002, and June 25, 2002.

In a Hearing Examiner's Ruling dated August 2, 2002, the Bureau's Motion for Summary Judgment was denied; Allstate was joined as a necessary party; the Petitioner's request for "Class Action Status" was denied; and the Bureau and Allstate were directed to file Answers to the Petition on or before August 23, 2002. The Petitioner further supplemented his Petition with additional information and exhibits on August 14, 2002, and August 20, 2002.

On August 23, 2002, Allstate filed a Motion for Summary Judgment, and the Bureau filed its Answer and Motion to Dismiss. In its Motion for Summary Judgment, Allstate argued that the four insurance claims filed by the Petitioner with Allstate fail to support the existence of any violation of the unfair claim settlement practices law ("Unfair Claims Act") set forth in § 38.2-510 of the Code of Virginia. In its Motion to Dismiss, the Bureau questioned the evidence supporting certain allegations made by the Petitioner.

On September 4, 2002, the Petitioner submitted a responsive pleading and further amended his Petition. A Hearing Examiner's Ruling dated September 20, 2002, denied Allstate's Motion for Summary Judgment and the Bureau's Motion to Dismiss, and set a hearing in this matter for November 7, 2002.

On September 30, 2002, the Petitioner filed a Motion for Continuance to permit him the time to pursue a claim against Allstate in circuit court. A Hearing Examiner's Ruling dated October 10, 2002, granted the Petitioner's motion.

On June 1, 2004, the Petitioner filed a letter requesting, among other things: (i) that his case be reactivated; and (ii) that summary judgment by default be entered against Allstate for failing to file an answer on or before August 23, 2002.

By Hearing Examiner's Ruling dated June 28, 2004, the Petitioner's motion for summary judgment by default against Allstate was denied, and the Petitioner was directed to file the settlement document referenced in his June 1, 2004, letter and a letter stating his clear desire to have a procedural schedule established in this matter.

On July 12, 2004, the Petitioner filed a letter indicating his desire to reactivate his case and attached a copy of a settlement with Allstate dated February 20, 2004. In a Hearing Examiner's Ruling dated July 15, 2004, the matter was set for hearing for October 18, 2004. The Petitioner further supplemented his Petition with additional information and exhibits on December 6, 2002, and November 20, 2003.

The Petitioner filed supplements to his Petition on September 2, 2004, and additional motions on September 10, 2004, and October 4, 2004.

On October 18, 2004, the hearing was convened as scheduled. The Petitioner appeared *pro se*. Jan D. Forsyth, Esquire, represented Allstate. Scott A. White, Esquire, appeared on behalf of the Bureau.

The Petitioner complained of Allstate's treatment of his claims and of its general conduct of business in the Commonwealth. The Petitioner presented information regarding four insurance claims he filed with Allstate. The Petitioner also referred to three market conduct examinations conducted by the Bureau on Allstate dating back to 1995, and argued that Allstate failed to cease actions deemed by the Bureau to be violations of the Unfair Claims Act. In addition, the Petitioner referred to complaints received by the Bureau concerning Allstate. Specifically, the Petitioner stated that the Bureau's Property & Casualty Division reported hundreds of complaints between the years 1998 through 2002. Finally, the Petitioner reported on claims problems that other persons have experienced with Allstate.

Allstate offered the testimony of Timothy Hagen, senior staff claim service representative for Allstate. Mr. Hagen addressed the claims filed by the Petitioner and offered comments on behalf of Allstate. According to Mr. Hagen, Allstate paid all amounts it owed in one of the claims. In fact, this claim was voluntarily settled by the two parties. Two of the claims were denied on the grounds that they were outside the scope of coverage provided by the policy. The Petitioner filed suit on one of these claims, and it was dismissed in Allstate's favor. With respect to the fourth claim, which led to the company improperly surcharging his policy because of the accident, Mr. Hagen testified that the company had previously admitted the error and adjusted the premium accordingly.

The Bureau called two witnesses during the hearing: Richard B. Wright, senior insurance market examiner for the Bureau, and Kathryn C. Johnson, supervisor of the Property & Casualty Market Conduct Section of the Bureau.

Mr. Wright explained that under the Unfair Claims Act, the Bureau cannot force an insurance company to pay a claim or increase a settlement offer, as the Petitioner was demanding it do. Mr. Wright also reiterated that in the absence of finding a general business practice, the Bureau is unable to sanction an insurance company for violating the Unfair Claims Act. Mr. Wright noted that this was essentially the explanation he gave the Petitioner when he filed his original complaint with the Bureau over Allstate's refusal to pay the Petitioner what he felt he was owed on his personal injury claim. The Petitioner did not file complaints with the Bureau on the other three claims. Nevertheless, Mr. Wright testified that based on his review of these claims, the Bureau would not have cited the company for violating the Unfair Claims Act or any other insurance law.

Ms. Johnson testified that the Petitioner's reliance on the Bureau's market conduct examination reports to support his case was inappropriate for several reasons. She noted that the Petitioner's claims occurred during the time period of the Bureau's examinations of Allstate. This is relevant because some of the practices complained of by the Petitioner were the subject of the Bureau's reports and had already been addressed in the settlements entered into by the Commission and Allstate. She also testified that Allstate's claims handling practices had improved over the time period covered by the three examinations. Finally, she testified that based on the information presented by the Petitioner, if the Bureau had examined any of his claims during one of its market conduct examinations, it would not have cited Allstate for violations of the Unfair Claims Act.

On February 11, 2005, the Hearing Examiner issued his Report, in which he made the following findings and recommendations:

(1) Allstate's handling of the Petitioner's four insurance claims did not violate the Unfair Claims Act or any cease and desist orders entered by the Commission.

(2) The Petitioner failed to show that any of his claims or complaints touch upon a practice addressed in one of the market conduct examinations.

(3) The number of complaints against Allstate did not support a finding that Allstate violated the Unfair Claims Act in regards to the Petitioner's claims since there was nothing in the record that ties the subject matter of these complaints to the Petitioner's claims. There was also nothing in the record that establishes that the complaints are evidence of a violation of the Unfair Claims Act.

(4) The Petitioner failed to prove that Allstate violated the Unfair Claims Act.

(5) The Commission should dismiss the Petition.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Petitioner filed Comments to the Report on February 22, 2005, and February 24, 2005.<sup>1</sup>

Upon consideration of the record herein, the Report of the Hearing Examiner, and the Comments to the Report, the Commission is of the opinion, and so finds, that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition of J.W. Finnie be, and the same is hereby, DISMISSED; and
- (2) The papers herein be placed in the file for ended causes.

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<sup>1</sup> Three additional documents, "Brief I," "Brief II," and "Brief III," were filed by the Petitioner more than 21 days after the Hearing Examiner's Report. As such, they were not considered by the Commission in reaching its decision. However, even if the Commission considered such documents, it would not alter our decision to adopt the findings and recommendations of the Hearing Examiner's Report and dismiss the Petition.

**CASE NO. INS-2002-00133  
MARCH 8, 2005**

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

**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-1040 A 3 of the Code of Virginia, the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth.

State Capital Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on June 26, 1979.

By order entered herein June 27, 2002, Defendant's license to transact the business of insurance in the Commonwealth of Virginia was suspended due to financial regulatory concerns.

Pursuant to § 38.2-1040 A 7 of the Code of Virginia, the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia if the company has had its corporate existence dissolved or its certificate of authority revoked in the state in which it was organized or in this Commonwealth, and pursuant to § 38.2-1040 A 8 of the Code, the Commission may suspend or revoke the company's license if the company has been found insolvent by a court of any other state and has been prohibited from doing business in that state.

Defendant's Virginia Certificate of Authority was revoked on September 20, 2002.

On July 28, 2003, by an Order of Liquidation, the Commonwealth Court of Pennsylvania found Defendant to be insolvent and appointed M. Diane Koken, Pennsylvania Commissioner of Insurance, as Liquidator of Defendant, authorizing the Liquidator to do all acts necessary or appropriate to accomplish the liquidation of Defendant.

The Bureau of Insurance has recommended that Defendant's license to transact the business of insurance in the Commonwealth of Virginia be revoked.

IT IS THEREFORE ORDERED that Defendant TAKE NOTICE that the Commission shall enter an order subsequent to March 18, 2005, revoking the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 18, 2005, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of Defendant's license.

**CASE NO. INS-2002-00133  
MARCH 23, 2005**

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

**ORDER REVOKING LICENSE**

In an Order entered herein on March 8, 2005, Legion Insurance Company ("Defendant") was ordered to take notice that the State Corporation Commission ("Commission") would enter an Order subsequent to March 18, 2005, revoking the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 18, 2005, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed revocation of Defendant's license.

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

THEREFORE, IT IS ORDERED THAT:

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

**CASE NO. INS-2002-00134  
MARCH 4, 2005**

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

**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-1040 A 3 of the Code of Virginia, the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth.

Villanova Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on January 5, 1935.

By order entered herein June 27, 2002, Defendant's license to transact the business of insurance in the Commonwealth of Virginia was suspended due to financial regulatory concerns.

Pursuant to § 38.2-1040 A 7 of the Code of Virginia, the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia if the company has had its corporate existence dissolved or its certificate of authority revoked in the state in which it was organized or in this Commonwealth, and pursuant to § 38.2-1040 A 8 of the Code, the Commission may suspend or revoke the company's license if the company has been found insolvent by a court of any other state and has been prohibited from doing business in that state.

Defendant's Virginia Certificate of Authority was revoked on June 2, 2003.

On July 28, 2003, by an Order of Liquidation, the Commonwealth Court of Pennsylvania found Defendant to be insolvent and appointed M. Diane Koken, Pennsylvania Commissioner of Insurance, as Liquidator of Defendant, authorizing the Liquidator to do all acts necessary or appropriate to accomplish the liquidation of Defendant.

The Bureau of Insurance has recommended that Defendant's license to transact the business of insurance in the Commonwealth of Virginia be revoked.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS THEREFORE ORDERED that Defendant TAKE NOTICE that the Commission shall enter an order subsequent to March 18, 2005, revoking the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 18, 2005, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of Defendant's license.

**CASE NO. INS-2002-00134  
MARCH 23, 2005**

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

**ORDER REVOKING LICENSE**

In an Order entered herein on March 4, 2005, Villanova Insurance Company ("Defendant") was ordered to take notice that the State Corporation Commission ("Commission") would enter an Order subsequent to March 18, 2005, revoking the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 18, 2005, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed revocation of Defendant's license.

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

THEREFORE, IT IS ORDERED THAT:

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

**CASE NO. INS-2003-00167  
FEBRUARY 16, 2005**

PETITION OF  
WILLIAM AND ROSE HABERBERGER

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

**ORDER**

On July 31, 2003, William and Rose Haberberger ("Petitioners") filed a petition for review ("Petition") with the State Corporation Commission ("Commission") contesting the Deputy Receiver's ("Deputy Receiver") Determination of Appeal in Claim No. 421569 that was issued on February , 2003. The Determination of Appeal awarded Petitioners \$30,546.31, less the \$250 deductible for repair to the foundation underneath the home's master bedroom. Petitioners argue that there are defects in the entire foundation of their home that constitute Major Structural Defects ("MSDs")<sup>1</sup> covered under the HOW Insurance/Warranty document and are seeking \$271, 451, plus attorney's fees of \$7,500, for a total of \$278,951.

On August 13, 2003, the Commission docketed the Petition, assigned the matter to a Hearing Examiner ("Examiner" or "Hearing Examiner") for further proceedings, and established a procedural schedule that directed the Deputy Receiver to file a responsive pleading to the Petition by September 12, 2003.

<sup>1</sup> The HOW Insurance/Warranty Document defines a Major Structural Defect as actual physical damage to the following designated load-bearing portions of the home caused by a failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable: (1) Foundation systems and footings; (2) Beams; (3) Girders; (4) Lintels; (5) Columns; (6) Walls and Partitions; (7) Floor systems; and (8) Roof and framing systems.

On September 15, 2003, the Deputy Receiver filed an Answer to the Petition, in which he admitted that Petitioners' home suffers from an MSD in its foundation system, but averred that the MSD is limited to the foundation underneath the master bedroom, and that the reasonable cost to repair the MSD is \$30,546.31, less the \$250 deductible. The Deputy Receiver further denied any liability or responsibility for payment of attorney's fees incurred by Petitioners in prosecution of the claim.

By ruling of December 23, 2003, a telephonic hearing was scheduled for March 24, 2004. Appearing at the March 24, 2004, hearing were D. Brent Lemon, Esquire, as counsel to Petitioners, and Joseph N. West, Esquire, as counsel to the Deputy Receiver. Testifying on behalf of Petitioners were Michael L. Lester, Erik L. Nelson, Ph.D., Hani Ghorayeb, Rose Haberberger, John W. Freeman, Larry Hokaj, and Cheryl Lea Johnson. The Deputy Receiver presented testimony from David Thompson, Don Beadle, Marshall Addison, Ph.D., and Jim McNeme.

At the conclusion of the March 24, 2004, hearing, the Examiner directed counsel for Petitioners to obtain an itemized bid for repairs to Petitioners' home. On May 18, 2004, counsel for Petitioners filed the Supplemental Direct Testimony and Exhibits of Larry Hokaj, president and general manager of Paul Davis Restoration & Remodeling. Mr. Hokaj presented an itemized estimate totaling \$260,120.22 to repair Petitioners' home. An additional telephonic hearing was convened on September 9, 2004, to allow counsel for the Deputy Receiver an opportunity to cross examine Mr. Hokaj.

On October 21, 2004, the Examiner issued the Report of Howard P. Anderson, Jr., Hearing Examiner ("Hearing Examiner's Report"). Therein, the Examiner made the following findings and recommendations:

- (1) The evidence is sufficient to support Petitioners' claim that the MSD is not limited to the master bedroom area of the home, but extends throughout the entire foundation system.
- (2) The Hokaj Repair Estimate should be adopted in this case.
- (3) The HOW Companies should compensate Petitioners in the amount of \$260,120.22, less the \$250 deductible.
- (4) There is insufficient evidence to support Petitioners' claim of defective bracing causing a lateral shift in the structure.
- (5) Attorney's fees in the amount of \$7,500 should be awarded to Petitioners as an indirect claim.

On November 12, 2004, the Deputy Receiver filed comments to the Hearing Examiner's Report. Therein, the Deputy Receiver contends, among other things, that: (i) the MSD is limited to the foundation underneath the master bedroom; (ii) the Examiner erred in recommending the Hokaj Repair Estimate; and (iii) the Examiner erred in recommending payment of attorney's fees.

NOW THE COMMISSION, after consideration of the record herein, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted, in part, as discussed below.

The Commission finds, based on the evidence presented, that the MSD extends throughout the entire foundation system. The Commission also adopts the Examiner's recommendation to adopt the Hokaj Repair Estimate. However, we agree with the Deputy Receiver that certain items contained in the estimate should be eliminated or adjusted.

Specifically, the Deputy Receiver contests the following items in the Hokaj Repair Estimate:

- (1) Soil Stabilization.<sup>2</sup> The Hokaj Repair Estimate projects a cost of \$11,500 for chemical stabilization of a significant portion of the residential site, not just the driveway, as was recommended by Dr. Nelson and Mr. Freeman. Mr. Freeman's bid for chemical stabilization of the soil was \$550 for the driveway only.
- (2) Pier Installation.<sup>3</sup> The Hokaj Repair Estimate is based on 55 piers to be installed at a price of \$1,854.42 each. However, Dr. Nelson and Mr. Ghorayeb estimated that 41 and 49 piers would need to be installed, respectively.
- (3) Drainage System.<sup>4</sup> The Hokaj Repair Estimate called for the installation of a new French drain at a cost of \$6,348. Dr. Nelson recommended correcting the French drain with a sufficient slope to avoid retaining water. Mr. Freeman estimated a repair of the French drain would cost \$300.
- (4) Micro-lam Beam.<sup>5</sup> The Hokaj Repair Estimate called for the installation of a micro-lam beam in the kitchen/family room area at a cost of \$7,475. None of the engineering reports called for such repair. The Deputy Receiver also argues that this item relates to a defective bracing claim that was denied by the Hearing Examiner due to a lack of sufficient evidence to support the claim.
- (5) Vents and Rebrick.<sup>6</sup> The Hokaj Repair Estimate recommended the cutting of vents in the existing walls and rebrick at a cost of \$4,250. None of the engineering reports called for such repair, nor did the evidence suggest that a lack of ventilation contributed to the pier movement.

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<sup>2</sup> Item 5 of the Hokaj Repair Estimate.

<sup>3</sup> Item 8 of the Hokaj Repair Estimate.

<sup>4</sup> Item 12 of the Hokaj Repair Estimate.

<sup>5</sup> Items 32, 33, 34, and 120 of the Hokaj Repair Estimate.

<sup>6</sup> Item 106 of the Hokaj Repair Estimate.

The Commission agrees with the Deputy Receiver that MSD coverage does not extend to soil stabilization since it is excluded under the HOW Insurance/Warranty document.<sup>7</sup> Accordingly, we find the recommendation of soil stabilization to be improper. Also, the necessity of installing a new French drain, rather than correcting the existing one, is not reflected in the record; therefore, correcting the French drain at a cost of \$300 is appropriate. Finally, items four (micro-lam beam) and five (vents and rebrick) should be eliminated from the Hokaj Repair Estimate because the record does not reflect their need.

The Commission also agrees with the Deputy Receiver that neither Virginia law nor the contract itself provides a basis for awarding attorney's fees to Petitioners in this case.

Accordingly, IT IS ORDERED THAT:

(1) The Petition of Appeal of William and Rose Haberberger for review of the Deputy Receiver's Determination of Appeal in Claim No. 4215869 be, and the same is hereby, granted.

(2) The Commission adopts the Hokaj Repair Estimate in the amount \$260,120.22 as the cost of repair for Petitioners' home, minus: (i) insurance deductible (\$250); (ii) soil stabilization cost (\$11,500); (iii) French drain installation (\$6,048); (iv) Micro-lam Beam installation (\$7,475); and vents and rebrick (\$4,250), for a total of \$230,597.22.

(3) Petitioners' request for attorney's fees is denied.

(4) The case is dismissed from the Commission's active docket and the papers herein are passed to the file for ended causes.

<sup>7</sup> Ex. 7, Attachment 1, pg. 20, § IV A.

**CASE NO. INS-2003-00239  
AUGUST 24, 2005**

APPLICATION OF  
RECIPROCAL OF AMERICA  
and  
THE RECIPROCAL GROUP

For a Determination Whether Certain Workers' Compensation Insurance Policy Payments May be Made to Claimants Formerly Covered by SITs and GSIA's

**FINAL ORDER**

On July 11, 2003, the Deputy Receiver of Reciprocal of America<sup>1</sup> filed an 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 ("Application") in Case No. INS-2003-00024. Therein, the Deputy Receiver of ROA sought an order from the State Corporation Commission ("Commission") authorizing him to continue payment of medical and recurring partial or total disability payments for workers' compensation claims that were assumed by ROA through assumption reinsurance, or similar transactions, and denied or likely to be denied coverage by the applicable state guaranty associations.<sup>2</sup>

In the Application, the Deputy Receiver of ROA asserted that the guaranty associations of the applicable states have refused, or likely will refuse, to make certain workers' compensation insurance policy payments for workers' compensation claims that ROA assumed from Self-Insured Trusts ("SITs") in Alabama, Arkansas, Kentucky, and Missouri and Group Self-Insurance Associations ("GSIA's") in Mississippi, North Carolina, Tennessee, and Virginia (collectively referred to as the "Assumed Businesses") as a result of assumption reinsurance or similar transactions ("Assumed Claims").<sup>3</sup> The Deputy Receiver of ROA noted that the Assumed Claims likely will not be paid because the Assumed Businesses were not member insurers and/or the policies under which the claims arose were not ROA policies. The payments purportedly totaled approximately \$125,139 weekly.

The Deputy Receiver of ROA further contended that the insureds of the Assumed Businesses are direct insureds of ROA and, due to the necessity for continued payment by the recipients thereof, requested authorization from the Commission to continue making such payments.<sup>4</sup> The Deputy Receiver of ROA classified the Agreements as "assumption reinsurance."<sup>5</sup> The Deputy Receiver of ROA further asserted that the livelihood of many injured workers is dependent upon continued receipt of the payments and that a discontinuation of such payments would cause the recipients to suffer a substantial hardship.<sup>6</sup> Accordingly, the Deputy Receiver of ROA sought an order from the Commission authorizing the continued payment of workers' compensation insurance

<sup>1</sup> Reciprocal of America and The Reciprocal Group are collectively referred to herein as "ROA."

<sup>2</sup> Application at 1.

<sup>3</sup> Such Assumed Claims and assets of the Assumed Businesses were purportedly assumed by ROA through merger agreements or different forms of assumption agreements ("Agreements"). Application at 4.

<sup>4</sup> Id.

<sup>5</sup> Id. at 6-7.

<sup>6</sup> Id. at 9. The Deputy Receiver stated that payments to approximately 450 injured workers are at stake. Id. at 10.

policy claims assumed by ROA through assumption reinsurance or similar transactions and denied or likely to be denied coverage by the applicable state insurance guaranty associations.

On August 14, 2003, the Commission entered an Order Scheduling Hearing on Application, and on August 18, 2003, the Commission entered an Order Clarifying Previous Order ("Orders"). In the Orders, the Commission scheduled a hearing for September 17, 2003, to determine whether the insureds of the Assumed Businesses are direct insureds of ROA and therefore a direct responsibility of ROA or, if not, whether such insureds' claims should be treated as "hardship" claims. The Commission further ordered that the Deputy Receiver of ROA is not directed or authorized to make any workers' compensation insurance policy payments to claimants of the SITs or GSIA's until further order of the Commission.

A number of other parties, including the SDRs of the Tennessee Companies,<sup>7</sup> the Virginia Property and Casualty Insurance Guaranty Association ("VPCIGA"), the Indiana Insurance Guaranty Association, the Kansas Insurance Guaranty Association, the Mississippi Insurance Guaranty Association, the Tennessee Insurance Guaranty Association, and the Texas Property and Casualty Insurance Guaranty Association (collectively, "Guaranty Associations"),<sup>8</sup> the Coastal Region Board of Directors and the Alabama Subscribers it represents ("Coastal"), the Kentucky Hospitals,<sup>9</sup> and the Virginia Workers' Compensation Commission's Uninsured Employers' Fund ("UEF")<sup>10</sup> all joined this proceeding and have participated in some fashion, either in support of, or in opposition to, the Application.

The Commission held a hearing on this matter on September 17, 2003. Briefs were subsequently filed by the Deputy Receiver of ROA, the Guaranty Associations, the VPCIGA, Coastal, the Kentucky Hospitals, and the UEF.

On November 12, 2003, the Commission entered an Order, in which it directed the Deputy Receiver of ROA to pay the Assumed Claims insofar as they constitute indemnity and wage-replacement payments but did not authorize the payment of physician or hospital bills. In the same Order, the Commission assigned the determination of whether the SITs and GSIA's or employers thereof constitute "other policyholders arising out of insurance contracts" pursuant to § 38.2-1509 B 1 ii of the Code of Virginia<sup>11</sup> ("Code") to a hearing examiner and docketed the proceeding as Case No. INS-2003-00239.<sup>12</sup>

On January 8, 2004, the Commission entered an Order on Reconsideration, in which we denied the Guaranty Associations' request that we reverse our November 12, 2003 Order. The Commission also denied their request to suspend the execution of that Order pending an appeal. We reinstated our Order dated November 12, 2003, effective as of January 8, 2004.<sup>13</sup> Hence, the Deputy Receiver of ROA was authorized to pay the Assumed Claims insofar as they constitute indemnity and wage-replacement payments as of January 8, 2004.<sup>14</sup>

Subsequent to the referral of this case to a hearing examiner and without objection from any party, this proceeding was expanded to include, in addition to the nine agreements involving workers' compensation coverage, two agreements covering other liability coverage.<sup>15</sup> Unlike with the workers'

<sup>7</sup> The Special Deputy Receivers of Doctors Insurance Reciprocal ("DIR"), Risk Retention Group ("RRG"), American National Lawyers Insurance Reciprocal ("ANLIR"), RRG, and The Reciprocal Alliance ("TRA"), RRG are referred to herein as the "SDRs." DIR, ANLIR, and TRA are referred to herein collectively as the "Tennessee Companies."

<sup>8</sup> The Guaranty Associations no longer include the Texas Property and Casualty Insurance Guaranty Association, which was permitted to withdraw from this proceeding on April 27, 2004.

<sup>9</sup> The "Kentucky Hospitals" include Appalachian Regional Healthcare, Caverna Memorial Hospital, Clinton County Hospital, Crittenden Health System, Cumberland County Hospital, Gateway Regional Medical Center, Hardin Memorial Hospital, Highlands Regional Medical Center, Jane Todd Crawford Hospital, Lincoln Trail Hospital, Livingston Hospital & Healthcare Service, Marcum & Wallace Memorial Hospital, Marshall County Hospital, Monroe County Medical Center, Murray-Calloway County Hospital, Ohio County Hospital, Owensboro Mercy Health System, Pattie A. Clay Hospital, Pineville Community Hospital, Regional Medical Center/Trover Clinic Foundation, Rockcastle Hospital, St. Claire Medical Center, T.J. Samson Community Hospital, Twin Lakes Regional Medical Center, and Westlake Regional Hospital.

<sup>10</sup> On September 17, 2003, the Virginia Workers' Compensation Commission ("VWCC") filed a Motion to Intervene. Therein, the VWCC asserted that the UEF, which is administered by the VWCC, may become a significant creditor of ROA. On October 2, 2003, counsel for the VWCC and UEF filed a letter in which he stated that the VWCC's pleadings in this case were filed for the VWCC solely in its capacity as the administrator of the UEF, and not in its role as an adjudicative body. He stated his intention to submit future pleadings on behalf of the UEF, rather than the VWCC. The Commission granted the Motion to Intervene on October 16, 2003. For convenience of reference, the Commission will refer to the "UEF" in the remainder of this Order when discussing the "VWCC" or the "UEF."

<sup>11</sup> Statutory references are to the Code of Virginia.

<sup>12</sup> All three commissioners agreed with the decision to refer the underlying question involving § 38.2-1509 B 1 ii of the Code to a hearing examiner. One commissioner dissented from the decision to permit disbursements from the ROA estate to pay the Assumed Claims while such question was pending.

<sup>13</sup> By Order entered on December 2, 2003, the Commission prohibited the Deputy Receiver of ROA from making any payments pursuant to the November 12, 2003 Order until it had ruled on the Guaranty Associations' Petition for Rehearing or Reconsideration.

<sup>14</sup> One commissioner dissented from the January 8, 2004, Order permitting payments to be made from the ROA estate prior to a decision being rendered in the INS-2003-00239 case.

<sup>15</sup> See Amendment to 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 ("Amendment") filed by the Deputy Receiver of ROA on January 21, 2004; and Order entered on January 29, 2004, in which the Commission accepted the Amendment to the Application and directed the hearing examiner to also consider and make a determination as to whether or not the liability assumed claims of ROA constitute claims of "other policyholders arising out of insurance contracts," in accordance with § 38.2-1509 B 1 ii of the Code. "Assumed Claims" hereinafter will include both the liability assumed claims and the workers' compensation assumed claims.

compensation insurance policy payments, the Deputy Receiver of ROA did not seek to make any payment on the liability policy Assumed Claims but noted that there were approximately 128 such claims.<sup>16</sup> The assumed workers' compensation SITs were the Healthcare Workers Compensation Self-Insured Fund (Alabama) ("HWCF"), the Arkansas Hospital Association Workers' Compensation Self-Insured Trust ("AWCT"), Compensation Hospital Association Trust (Kentucky) ("C-HAT"), and MHA/MSA Compensation Trust (Missouri) ("MHA/MSA"). The assumed liability SITs were the Alabama Hospital Association Trust ("A-HAT") and the Kentucky Hospital Association Trust ("K-HAT"). The assumed workers' compensation GSAs were MHA Private Workers' Compensation Group (Mississippi) ("MHA Private"), MHA Public Workers' Compensation Group (Mississippi) ("MHA-Public"), SunHealth Self-Insurance Association of North Carolina ("SunHealth"), THA Workers' Compensation Group (Tennessee) ("THA"), and Virginia Healthcare Providers Group ("HPG").

The Guaranty Associations and the VPCIGA pursued an appeal of the November 12, 2003, and January 8, 2004, Orders to the Supreme Court of Virginia, which dismissed their appeal on July 9, 2004.<sup>17</sup> The litigation before the hearing examiner continued while such appeal was pending. An evidentiary hearing was convened on September 22, 2004, and continued for six days thereafter. The Deputy Receiver of ROA, the Guaranty Associations, the VPCIGA, the Kentucky Hospitals, Coastal, the SDRs of the Tennessee Companies, the UEF, the Children's Hospital of Alabama, the Bureau of Insurance, and Richard W.E. Bland all participated in the hearing in one form or another. Post-hearing briefs were filed by the Deputy Receiver of ROA, the Kentucky Hospitals, Coastal, the UEF, the VPCIGA, and the Guaranty Associations.

On April 21, 2005, the hearing examiner filed his report ("Report"). The 130-page Report contains an exhaustive summary of the record of this proceeding, as well as the hearing examiner's discussion of the legal issues involved in this case, along with his findings and recommendations. The hearing examiner made the following findings and recommendations:

- (1) Virginia substantive law should control in this case to avoid exposing the ROA receivership estate to a myriad of possible conflicting state laws, to provide for the equitable payment of claims and distribution of the assets of the ROA estate among creditors of the same class no matter where the creditors may reside, and to provide for the orderly administration and wind down of the ROA estate;
- (2) Virginia law recognizes that entities such as the SITs and GSAs transact the business of insurance, but are exempt from regulation as insurance companies under Title 38.2 of the Code of Virginia, except as specifically provided for in statutes adopted by the General Assembly;
- (3) The Commission is not bound by the erroneous legal conclusions of a member of the staff in the Bureau of Insurance;
- (4) There is no basis for judicially estopping ROA and the SITs and GSAs from arguing that they were self-insured trusts or group self-insurance associations that issued contracts of insurance providing coverage for their employer-members' liability or workers' compensation risks;
- (5) The employer-members of SITs and GSAs pooled their risk of loss for the purpose of transferring an individual employer-member's risk of loss to the group;
- (6) The SITs and GSAs were a type of reciprocal insurer in which the employer-members were both the insurer and the insured;
- (7) The arrangement in which HWCF provided its employer-members workers' compensation liability coverage was an insurance contract under Virginia law;
- (8) The arrangement in which A-HAT provided its employer-members medical professional liability, general liability, and personal injury liability coverage was an insurance contract under Virginia law;
- (9) The arrangement in which C-HAT provided its employer-members workers' compensation liability coverage was an insurance contract under Virginia law;
- (10) The arrangement in which K-HAT provided its employer-members hospital professional and general liability coverage was an insurance contract under Virginia law;
- (11) The arrangement in which MHA Public provided its employer-members workers' compensation liability coverage was an insurance contract under Virginia law;
- (12) The arrangement in which MHA Private provided its employer-members workers' compensation liability coverage was an insurance contract under Virginia law;
- (13) The arrangement in which THA provided its employer-members workers' compensation liability coverage was an insurance contract under Virginia law;
- (14) The arrangement in which HPG provided its employer-members workers' compensation liability coverage was an insurance contract under Virginia law;

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<sup>16</sup> Amendment at 6.

<sup>17</sup> The Supreme Court of Virginia found that the two aforesaid Orders were not final Orders and dismissed the appeals without prejudice. Indiana Ins. Guar. Ass'n v. Gross, 268 Va. 220 (2004).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (15) The arrangements in which AWCT and MHA/MSA provided their employer-members workers' compensation liability coverage were insurance contracts under Virginia law;
- (16) The fortuity and known loss doctrines are inapplicable in this case;
- (17) The Acquisition of Assets and Assumption of Liabilities and Merger Agreements effected an assumption reinsurance transaction in which ROA assumed the then existing insurance obligations of the SITs, GSAs, and their employer-members on the policies of insurance that had been written by the SITs and GSAs;
- (18) A novation occurred in which ROA was substituted as the insurer of the former insurance obligations of the SITs, GSAs, and their employer members;
- (19) The Assumed Claims are "claims of other policyholders arising out of insurance contracts" pursuant to § 38.2-1509 B 1 ii of the Code; and
- (20) The Deputy Receiver of ROA may pay the workers' compensation Assumed Claims at 100% without creating an unlawful preference.

The hearing examiner also concluded that the arrangement in which SunHealth provided its employer-members workers' compensation liability coverage was an insurance contract under Virginia law,<sup>18</sup> even though he omitted such conclusion from his list of findings and recommendations. We thus treat it as an additional finding for purposes of our analysis. The hearing examiner recommended that the Commission adopt his findings, direct the Deputy Receiver of ROA to pay the workers' compensation Assumed Claims at 100%, and direct the Deputy Receiver of ROA to pay the Liability Assumed Claims at the same percentage as the claims of the Guaranty Associations and the VPCIGA.<sup>19</sup>

On April 26, 2005, the VPCIGA filed a Consented to Joint Motion for Extension of Time to File Responses and Objections to Hearing Examiner's Report ("Joint Motion"). On April 28, 2005, the Commission entered an Order Extending Time for Filing Comments, in which it granted the Joint Motion and provided all parties with an extension to file comments on the Report until June 1, 2005.

Comments to the Report were filed by the VPCIGA, the Guaranty Associations, Coastal and the Kentucky Hospitals (comments filed jointly), and the Deputy Receiver of ROA. Generally, the VPCIGA and the Guaranty Associations requested that the hearing examiner's findings and recommendations be rejected, while the Kentucky Hospitals, Coastal, and the Deputy Receiver supported the hearing examiner's findings and recommendations. We have thoroughly considered the entire record in this proceeding.

NOW THE COMMISSION, having considered the evidence and arguments of the parties, the pleadings, the Report and the comments thereto, and the applicable law, finds as follows. We agree with the hearing examiner that the Assumed Claims, and thus the claims of the SITs and GSAs or employers thereof, constitute "claims of other policyholders arising out of insurance contracts," pursuant to § 38.2-1509 B 1 ii of the Code. We do not agree, however, that the Code permits us to pay the Assumed Claims at 100%. Unfortunately, we find that we are constrained by the law to pay the Assumed Claims, so that such payment is "apportioned without preference." Accordingly, the Assumed Claims may not be paid until such time as the payment percentage is finalized and approved in Case No. INS-2004-00244. If and when such payment percentage is approved by the Commission, the Assumed Claims may be paid a like percentage. Accordingly, we adopt findings 1, 5-15,<sup>20</sup> and 19. We reject finding 20, as we believe it to be inconsistent with applicable law. We take no action with respect to findings 2-4 and 16-18 as they are not necessary to our decision in this case.

#### Discussion

In our November 12, 2003, Order, we ordered that "[t]he determination of whether the SITs and GSAs or employers thereof constitute 'other policyholders arising out of insurance contracts' pursuant to § 38.2-1509 B 1 ii is hereby assigned to a Hearing Examiner and is assigned Case No. INS-2003-00239." Thus, we agree with the hearing examiner that "the issue of whether the Assumed Claims are 'covered claims' may be saved for another day," and do not decide such issue here.<sup>21</sup> The narrow question that we referred to the hearing examiner has spawned nearly two years of litigation before this Commission.

Section 38.2-1509 B 1 ii of the Code provides, in pertinent part, that "[t]he Commission shall disburse the assets of an insolvent insurer as they become available in the following manner: 1. Pay, after reserving for the payment of the costs and expenses of administration, according to the following priorities: . . . (ii) claims of the associations for "covered claims" and "contractual obligations" as defined in §§ 38.2-1603 and 38.2-1701 and *claims of other policyholders arising out of insurance contracts apportioned without preference.* . . ." (emphasis added). We must determine if the SITs and GSAs or employers thereof constitute "policyholders arising out of insurance contracts" to determine whether they fall within this category of the asset disbursement scheme for insolvent insurers crafted by the General Assembly.

<sup>18</sup> See Report at 116.

<sup>19</sup> Report at 130. On July 20, 2004, the Deputy Receiver of ROA filed his Application for Approval of Agreement to Stay Proceedings and Tolling Agreement, in which he requests, among other things, the Commission to approve payment by the Deputy Receiver of ROA of claims of ROA direct policyholders and insureds at a 17% percentage, subject to certain limitations, conditions, and exclusions. That case is currently before a hearing examiner. See *Application of Reciprocal of America and The Reciprocal Group For Approval of Agreement to Stay Proceedings and Tolling Agreement*, Case No. INS-2004-00244 ("Case No. INS-2004-00244").

<sup>20</sup> We also adopt the additional finding regarding SunHealth. See note 18 and accompanying text.

<sup>21</sup> Report at 127. We also do not decide here whether or not the Commission has jurisdiction to determine the "covered claims" issue.

We first determine whether the contracts between and among the SITs and GSIA's and employers thereof constitute "insurance contracts." Neither Chapter 15 nor Chapter 1 of Title 38.2 of the Code contains a definition for "policyholder" or "insurance contracts."<sup>22</sup> We find the hearing examiner's analysis employing the tests in American Surety Co. v. Commonwealth, 180 Va. 97 (1942) and Group Hospitalization Medical Service, Inc. v. Smith, 236 Va. 228 (1988), to be convincing. Both of those cases provide the essential terms of a contract of insurance. "The essential terms of a contract of insurance are (1) the subject matter to be insured; (2) the risk insured against; (3) the commencement and period of the risk undertaken by the insurer; (4) the amount of insurance; and (5) the premium and time at which it is to be paid." 180 Va. at 105, 236 Va. at 230-231. As aptly explained by the hearing examiner, each of the coverage documents issued by the SITs and the GSIA's to their member-employers satisfied the American Surety and Group Health tests.<sup>23</sup> Accordingly, we find that those agreements constituted "insurance contracts," as those words are used in § 38.2-1509 B 1 ii of the Code.

The VPCIGA and the Guaranty Associations contend, however, that, the Commission must first determine that insurance exists before it even gets to the American Surety and Group Hospitalization tests for determining whether an insurance contract exists.<sup>24</sup> We agree that there must be insurance for an insurance contract to exist. However, we disagree with the Guaranty Associations' and the VPCIGA's arguments that no insurance existed here.

Section 38.2-100 of the Code provides a definition for insurance:

'Insurance' means the business of transferring risk by contract wherein a person, for a consideration, undertakes (i) to indemnify another person, (ii) to pay or provide a specified or ascertainable amount of money, or (iii) to provide a benefit or service upon the occurrence of a determinable risk contingency. . . . 'Insurance' shall not include any activity involving an extended service contract that is subject to regulation pursuant to Chapter 34 (§ 59.1-435 et seq.) of Title 59.1 or a warranty made by a manufacturer, seller, lessor, or builder of a product or service.

Unlike the exclusion of warranties from this definition, the General Assembly chose not to exclude specifically any of the types of contracts at issue in this case.

The essence of the definition is a contract by a *person* to indemnify or pay another upon the occurrence of a determinable risk contingency. We believe it important that the General Assembly chose to use the word "person" here, rather than "insurer." Thus, we do not take a position on whether the SITs or GSIA's were "insurers" under any provision of the Code, as it is unnecessary for us to do so to find that "insurance" existed here.<sup>25</sup> An "insurer" is not a necessary party to an "insurance contract" under § 38.2-1509 B 1 ii of the Code.

What is required is a transfer or shifting of the risk. See Lawyers Title Ins. Corp. v. Norwest Corp., 254 Va. 388, 390, 392 (1997) (Supreme Court of Virginia affirmed Commission's determination that Title Option Plus was not insurance and stated that a "shifting of the risk is the essence of insurance."); Hilb, Rogal and Hamilton Co. v. DePew, 247 Va. 240, 248 (1994) ("Such shifting of the risk is the essence of insurance."). We find that such a risk transfer or shift took place here.

We do not believe that the existence of joint and several liability served to nullify any risk transfer that occurred among the members' pooling of their liabilities. Nor does the fact that the members could have been assessed under their policies nullify the transfer or shifting of risk. We find the hearing examiner's discussion to be persuasive in this regard. While we decline to adopt *in toto* the reasoning of the Supreme Court of South Carolina or the Supreme Court of Iowa, we agree that, in Virginia, insureds may be assessed under an insurance policy without altering the policy's essential nature as an insurance contract.

We find further support for our decision in the Court of Appeals of Maryland's decision in Maryland Motor Truck Ass'n Workers' Compensation Self-Insurance Group v. Property & Cas. Ins. Guar. Corp., 871 A.2d 590 (Md. 2005), a decision filed after the hearing examiner filed his report, but before the deadline for filing comments in this case.

In Maryland Motor Truck, the Court of Appeals of Maryland, its highest court, was faced with the question of whether the Maryland Motor Truck Association Workers' Compensation Self-Insurance Group ("MMTA") was an "insurer" under Maryland law. If the MMTA was an "insurer," the Property and Casualty Insurance Guaranty Corporation ("PCIGC") was not responsible for paying the claims of the members of the MMTA, which had an excess

<sup>22</sup> Section 38.2-100 of the Code does provide that "[w]ithout otherwise limiting the meaning of or defining the following terms, 'insurance contracts' or 'insurance policies' shall include contracts of fidelity, indemnity, guaranty and suretyship." Because of the language "[w]ithout otherwise limiting the meaning of or defining," we must search elsewhere in order to define "insurance contracts" in the context of § 38.2-1509 B 1 ii of the Code.

<sup>23</sup> See Report at 114-117.

<sup>24</sup> See, e.g., Response and Objections of VPCIGA to Report of Hearing Examiner, at 14.

<sup>25</sup> We have reviewed a number of cases in reaching our conclusion, including authorities cited by the parties. We read the Iowa Supreme Court's decision in Iowa Contractors Workers' Compensation Group v. Iowa Ins. Guar. Ass'n, 437 N.W.2d 909 (Iowa 1989) to be inapposite to our conclusion. There, the Supreme Court of Iowa found, among other things, that a self-insured group was not an "insurer" under Iowa law. The result of such finding, of course, was that the Iowa Insurance Guaranty Association was liable for certain claims. 437 N.W.2d at 916. We decline to adopt the Supreme Court of Iowa's reasoning to the extent the court determined that no risk is transferred unless all of the risk is transferred. See, 437 N.W.2d at 917.

Similarly, in South Carolina Property and Cas. Ins. Guar. Ass'n v. Carolinas Roofing and Sheet Metal Contractors Self-Insurance Fund, 446 S.E.2d 422 (S.C. 1994), the Supreme Court of South Carolina found that the self-insured roofers' fund was an "insurer" under that state's law. The court's analysis differed from the Iowa court's in that the Supreme Court of South Carolina found that the members of the group self-insurer did transfer a portion of their risk. 446 S.E.2d at 425.

In California Plant Protection, Inc. v. Zayre Corp., 659 N.E.2d 1202 (Mass. App. Ct. 1996), the court found that the self-insured group was not an "insurer" and was therefore entitled to guaranty fund protection. Id. at 1205. We are not required to decide in this case whether the SITs or GSIA's constitute an "insurer" under our law.

insurance policy with Reliance National Indemnity Company, an insurance company declared insolvent by a Pennsylvania court. The members of the MMTA were each jointly and severally liable for the workers' compensation obligations of the group and its members that were incurred during their period of membership.<sup>26</sup>

In discussing differences between self-insurance with only one entity insuring itself, and group self-insurance, with multiple members, the Maryland Court of Appeals stated,

[i]n reality, because in that situation there is no spreading of the risk for that part of a loss that is either within a deductible or over the policy limit, the policyholder is more likely *non*-insured for that segment. As we shall explain later, that is not necessarily the case with group self-insurance. There, the retained risk is transferred from the individual (member) to the group and is spread throughout the group. The member may share with the other members joint and several liability for the overall, aggregate combinations of the group, but is relieved of any direct obligation for payment of particular claims made against it. That is much more akin to the nature and concept of insurance than to that of non-insurance.

871 A.2d at 596 (emphasis in original). The Maryland Court of Appeals continued by analyzing the contract and concluded that "[t]he mere fact that the members retain joint and several liability for any remaining obligations of the [self-insured] Group does not suffice to preclude the Agreement from constituting an insurance contract. . . . Such an arrangement—joint and several liability for a deficiency and the right to recover part of the surplus funds in the form of dividends—is a traditional characteristic of assessment mutual insurance companies." *Id.* at 598.

The Court of Appeals of Maryland found that, because the contracts were insurance contracts, the self-insured group was an "insurer," and the PCIGC was not responsible for the claims under Maryland law. While we are not determining the precise question of whether the SITs or GSIAAs constitute an "insurer," and specifically decline to do so here, we find the reasoning of the Court of Appeals of Maryland persuasive as it relates to the determination that the underlying contracts were insurance contracts. Simply put, we do not believe that the existence of joint and several liability, when analyzed in the context of the remainder of the contracts among the members and the SITs and GSIAAs, nullifies the fact that risk was shifted or transferred. The VPCIGA argues that "[t]his agreement by each member to assume an obligation it did not otherwise have and to pay and discharge the liability of every other member cannot be characterized as a transfer of risk."<sup>27</sup> We think the opposite is true. Each member assumed an obligation it did not otherwise have (accepted risk) and agreed to pay and discharge the liability of every other member (accepted risk). By the same token, each member transferred a portion of its risk to the group, while retaining or receiving back a portion of, or possibly all, of such risk upon the occurrence of certain contingencies. Nothing in the definition of "insurance" in the Code, or case law from the Supreme Court of Virginia, supports the notion that, without a complete transfer or shift of all the risk, no risk is transferred at all. We think, to the contrary, that sufficient indicia of risk transfer or shift was present here for the contracts to be insurance contracts.

Having determined that risk was transferred or shifted and shared or pooled among and between the members and the SITs and GSIAAs, we then apply the American Surety and Group Hospitalization tests to determine whether the contracts were insurance contracts under Virginia law. In this regard, we agree with the hearing examiner's analysis and findings that all 11 of the SITs' and GSIAAs' coverage documents constituted "insurance contracts."<sup>28</sup> Finally, we believe that the Assumed Claims are those of "policyholders." In this regard, while the "policyholders" may have been the employers-members of the SITs and GSIAAs rather than a third-party claimant or employee, we believe the language "arising out of" is broad enough to encompass the Assumed Claims.<sup>29</sup> Having found that the contracts between and among the SITs and GSIAAs and their employers-members were "insurance contracts," and that the Assumed Claims constituted claims of "policyholders arising out of insurance contracts," we find it unnecessary to decide whether the Agreements constituted assumption reinsurance or whether a novation occurred. Accordingly, it is also unnecessary for us to decide whether ROA assumed "known losses" through the Agreements.

#### *Apportioned without preference*

The remaining pertinent language is that the Commission must pay "the claims of other policyholders arising out of insurance contracts *apportioned without preference*." Section 38.2-1509 B 1 ii of the Code (emphasis added). We cannot agree with the hearing examiner here that we have the authority to pay the Assumed Claims at 100%. Hence, the Assumed Claims may not be paid until a decision is rendered in the INS-2004-00244 case and then only at the percentage arrived at in such case.<sup>30</sup>

<sup>26</sup> 871 A.2d at 592.

<sup>27</sup> Response and Objections of VPCIGA to Report of Hearing Examiner, at 20.

<sup>28</sup> Report at 114 -117, 128-129 (findings and recommendations 7-15). See also Report at 116 and note 18 and accompanying text, *supra*, regarding SunHealth.

<sup>29</sup> The parties did not spend much, if any, time disputing whether the employers-members were "policyholders" under § 38.2-1509 B 1 ii of the Code. While the employers-members were technically the "policyholders" under the contracts, see Atkinson v. Penske Logistics, LLC, 268 Va. 129, 135 (2004) ("... 'named insured' is the policyholder."), we think it is patently obvious, and the parties apparently agreed, that the employees thereof were also "policyholders" as they were the beneficiaries of the contracts. The language "arising out of" appears to be broad enough to include such claimants as "policyholders." See Trex Co., Inc. v. ExxonMobil Oil Corp., 234 F. Supp. 2d 572, 576 (E.D. Va. 2002) ("In the insurance context 'arising out of' is broader than 'caused by,' and ordinarily means 'originating from,' 'having its origin in,' 'growing out of,' 'flowing from,' or 'incident to or having connection with.'"); St. Paul Fire and Marine Ins. Co. v. Insurance Co. of North America, 501 F. Supp. 136, 138 (W.D. Va. 1980) (same, applying Virginia law).

<sup>30</sup> We recognize, and are not unmindful of the fact, that the injured workers may suffer a serious hardship as a result of our decision. We also recognize the apparent inequity in certain workers' compensation claimants receiving 100% of their claim (those that are eventually deemed "covered claims" under § 38.2-1606 A 1 a i of the Code) while others (for example, those impacted by our decision today) receive a substantially smaller percentage. Without deciding the "covered claim" issue, we note that the priority scheme for workers' compensation claimants in Chapter 16 of Title 38.2 of the Code could have been utilized in the disbursement scheme in Chapter 15 of Title 38.2 of the Code. The General Assembly, however, for whatever reason, chose not to do so.

The hearing examiner concluded that the General Assembly's preference for paying the full amount of a workers' compensation claim that is a "covered claim" under § 38.2-1606 A 1 a i of the Code indicates that the General Assembly "never intended that one group of workers' compensation policyholders of an insolvent insurer should receive 100% payment of their claims; while an identical group of workers' compensation policyholders from the same insolvent insurer might receive less than 100% payment of their claims."<sup>31</sup> We do not agree with the hearing examiner's *in para materia* analysis, however, as we believe that Chapters 15 and 16 of Title 38.2 of the Code, while related, pertain to different matters.

Section 38.2-1509 of the Code is part of a carefully crafted scheme for handling the disbursements of the assets of an insolvent insurer's estate, while § 38.2-1606 deals with the duties and powers of the Virginia Property and Casualty Insurance Guaranty Association. Section 38.2-1509 B of the Code controls the manner in which the Commission will pay claims out of the estate of the insolvent insurer. See Swiss Re Life Co. America v. Gross, 253 Va. 139, 146 (1997). That statute does not provide for the payment of one class of policyholders at 100%, while another policyholder receives whatever percentage may be paid by the estate as "available." Instead, it provides that all policyholder claims are to be "apportioned without preference."

The General Assembly has enumerated the order in which claimants of the insolvent insurer's assets may be paid, and we may not deviate from such legislative scheme. "When a legislative enactment limits the manner in which something may be done, the enactment also evinces the intent that it shall not be done another way." Grigg v. Commonwealth, 224 Va. 356, 364 (1982). We are not permitted to exercise our discretion here to override the General Assembly's priority scheme, because of the General Assembly's policy judgment set forth in an entirely different chapter of Title 38.2 of the Code.<sup>32</sup> Had the General Assembly wanted to incorporate a super-priority for workers' compensation policyholders in Chapter 15 of the Code, it could have done so.<sup>33</sup> The legislature's determination instead that the assets are to be paid to satisfy the "claims of other policyholders apportioned without preference" is a clear command not to create exceptions for certain policyholders.

#### Conclusion

We find that the Assumed Claims are "claims of other policyholders arising out of insurance contracts." We also conclude that such claims must be "apportioned without preference" in accordance with the priority scheme established by the General Assembly set forth in § 38.2-1509 of the Code. Hence, we adopt findings 1, 5-15,<sup>34</sup> and 19 of the Report. We reject finding 20, as we believe it to be inconsistent with applicable law. We take no action with respect to findings 2-4 and 16-18 as they are not necessary to our decision in this case.

Accordingly, IT IS ORDERED THAT:

- (1) The Application of the Deputy Receiver of ROA is APPROVED, except as modified herein.
- (2) The Assumed Claims constitute "claims of other policyholders arising out of insurance contracts" pursuant to § 38.2-1509 B 1 ii of the Code.
- (3) The Deputy Receiver may not pay the Assumed Claims until such time as a payment percentage is determined by the Commission in Case No. INS-2004-00244.
- (4) This matter is closed and the papers herein be passed to the file for ended causes.

<sup>31</sup> Report at 127.

<sup>32</sup> If we ultimately determine that the Assumed Claims are "covered claims," as have the North Carolina Industrial Commission and the North Carolina Court of Appeals, see, Bowles v. BCJ Trucking Services, Inc., I.C. No. 821763 (North Carolina Ind. Comm'n, July 17, 2003) (Opinion of Douglas Berger, Deputy Commissioner), *aff'd*, Bowles v. BCJ Trucking Services, Inc., I.C. No. 821763 (North Carolina Indus. Comm'n, April 16, 2004) (2-1 decision by full commission), *aff'd*, Bowles v. BCJ Trucking Services, Inc., 615 S.E.2d 724 (N.C. Ct. App. 2005); In re: SunHealth GSIA/The Reciprocal Group, I.C. Nos. 402156, 467439, 822818, 734242, 902560, 426774, 705360, 616611, 734300 & 944966 (N.C. Indus. Comm'n, July 19, 2004), then the injured employees ultimately may receive 100%. We make no such determination today as the question of whether the "Assumed Claims" are "covered claims" is not before us.

<sup>33</sup> The General Assembly created such a super-priority for workers' compensation claimants in § 38.2-1606 of the Code.

<sup>34</sup> We also adopt the additional finding regarding SunHealth. See note 18 and accompanying text.

### CASE NO. INS-2004-00113 JANUARY 6, 2005

PETITION OF  
NANCY A. WALKER

For a review of a decision by the Virginia Property Insurance Association pursuant to § 38.2-2712 of the Code of Virginia

#### ORDER

On May 18, 2004, Nancy A. Walker ("Petitioner" or "Walker") filed a petition with the State Corporation Commission ("Commission") seeking a review of a decision by the Virginia Property Insurance Association ("VPIA") pursuant to § 38.2-2712 of the Code of Virginia.<sup>1</sup> In her petition, Walker specifically appeals the decision by the VPIA to deny personal liability insurance on her residence located at 7411 Albemarle Drive, Manassas, Virginia, on

<sup>1</sup> Section 38.2-2712 states, in relevant part, "Any person aggrieved by any action or decision of an inspection service, the residual market facility, or the joint underwriting association may appeal to the Commission within thirty days from the action or the decision."

the grounds that she was engaged in "business pursuits" on her property. In the petition, Walker acknowledges that she has a small in-home office for a remodeling business, but that no customers ever come to her home.

On May 26, 2004, the Commission docketed the petition; assigned the matter to a hearing examiner for further proceedings; and established a procedural schedule, which called for the filing of a responsive pleading by VPIA on or before June 30, 2004, and the convening of an evidentiary hearing on July 27, 2004.

On June 30, 2004, VPIA filed a timely answer. Therein, VPIA contends, among other things, that it properly denied liability coverage to Walker. VPIA further asserts that its has reasonable underwriting standards that were approved by the Bureau of Insurance ("Bureau"), and one of the eligibility conditions for liability insurance set forth in those standards is that the applicant must conduct no business pursuits on or from the property to be insured. Petitioner's application indicated that a remodeling business operates from the location for which coverage was sought.

On September 16, 2004, a hearing on the petition was convened. Petitioner appeared pro se; Scott A. White, Esquire, appeared as counsel to the Bureau; and Kevin W. Mottley, Esquire, appeared as counsel to VPIA.<sup>2</sup>

On November 1, 2004, Deborah V. Ellenberg, Chief Hearing Examiner, issued her report. Therein, the Examiner determined that resolution of this matter turns on two issues. The first is whether Walker's work from her home office is properly characterized as a business pursuit. With regards to this issue, the Examiner noted that VPIA underwriting standards do not define "business pursuits," but the VPIA standard personal liability coverage policy contains definitions that are instructive. The VPIA policy defines "business" as:

[A] trade, a profession or an occupation including farming, all weather full or part time....  
 Business includes services regularly provided by an insured for the care of others and for which an insured is compensated.  
 A mutual exchange of like services is not considered compensation.  
 Business does not include: a. the incidental activities that are usually performed by minors; or  
 b. activities that are related to business, but are usually viewed as non-business in nature.

The Examiner further determined that the definition of business is consistent with the definition of business pursuits as applied by courts in numerous jurisdictions and other legal authorities.<sup>3</sup> In fact, Virginia case law is clear on this point and recognizes the Couch interpretation of the term.<sup>4</sup>

Based upon the forgoing, the Examiner determined that the Walker remodeling business is a trade, profession or occupation that falls within the definition of business contained in the VPIA liability policy form. She further determined that Walker's business meets both parts of the test applied by Hagy and other courts.<sup>5</sup> Consequently, she found that Walker is conducting a business pursuit.

The second issue addressed by the Examiner is whether the activity conducted by Walker in her home office is non-business in nature. VPIA's policy form excludes from the definition of business "activities that are related to the business, but are usually viewed as non-business in nature." Examiner Ellenberg noted that Virginia law recognizes the "non-business in nature" exception.<sup>6</sup> However, in applying Virginia case law, Examiner Ellenberg determined that Walker's work from the home office cannot be characterized as only casually connected or "non-business" in nature since it is related to the business and is an essential activity to the business's operation.<sup>7</sup> Consequently, she found that Walker's work fell within the definition of "business pursuit" and that VPIA properly denied coverage under the stringent standards contained in its Manual of Operational Procedures and approved by the Bureau.<sup>8</sup> Examiner Ellenberg further found that the Bureau should investigate the basis for the strict prohibition in the existing underwriting standards and recommend appropriate changes. The Examiner recommended that the Commission enter an order adopting her findings, dismissing the case from the Commission's docket of active cases, and passing the papers therein to the file for ended causes.

NOW THE COMMISSION, upon consideration of the record herein and the applicable law, is of the opinion that the findings and recommendations of the Examiner should be adopted.

<sup>2</sup> On September 22, 2004, post-hearing memorandum was filed by VPIA.

<sup>3</sup> For example, Couch on Insurance 3d advises that "[t]he phrase 'business pursuits' refers to activities which are conducted on a regular or continuous basis, for the purpose of earning income, profit, or as a means of livelihood." Couch further reports that "many courts have adopted a two-part test which requires that an activity, in order to be characterized as a business pursuit, have both (i) a continuity or recurrent character, and (ii) a profit motive. Couch on Insurance 3d § 128:13, at pages 128-17 through 128-18 (1997).

<sup>4</sup> Virginia Mutual Insurance Co. v. Hagy, 232 Va. 472, 475 (1987). In Hagy, the Virginia Supreme Court found that in order for an action to constitute a defined business pursuit, "[t]here must be two elements: first, continuity, and, secondly, the profit motive...."

<sup>5</sup> The business is of a continuous or recurrent character and a profit motive underlies the activity. The Walkers have operated the business for ten years and receive payment for remodeling work.

<sup>6</sup> Virginia courts have taken a broader view than courts in other jurisdictions when interpreting the "non-business in nature" exception, reasoning that the exclusionary language clearly recognizes that coverage will be extended to some liabilities which have arisen in the course of the insured business and are casually connected thereto. Couch on Insurance 3d, § 128.25, 128-37 (1997).

<sup>7</sup> See, Floyd v. Northern Neck Insurance Co., 245 Va. 153 (1993).

<sup>8</sup> Mr. Price, who is the Assistant Manager of VPIA, noted in his testimony that the most risk-free and minimal of activities could constitute a "business pursuit" and result in denial of personal liability coverage by the VPIA. He further testified that an applicant could be denied coverage if he or she typed an occasional college paper for a fee. Transcript at pp. 36-37.

Accordingly, IT IS ORDERED THAT:

- (1) The petition of Nancy A. Walker for review of a decision by the Virginia Property Insurance Association pursuant to § 38.2-2712 of the Code of Virginia be, and the same is hereby, denied;
- (2) The Bureau should confer with VPIA and consider the basis for the business pursuit exclusion contained in the existing underwriting standards and recommend appropriate changes; and
- (3) The case is dismissed from the Commission's docket of active cases and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2004-00123  
JUNE 23, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Repealing and Restating the Rules Governing Health Maintenance Organizations

**ORDER REPEALING AND ADOPTING RULES**

By order entered herein August 16, 2004, all interested persons were ordered to take notice that subsequent to November 15, 2004, the Commission would consider the entry of an order repealing Ch. 210 of Title 14 of the Virginia Administrative Code entitled Rules Governing Health Maintenance Organizations, and adopting new Rules proposed by the Bureau of Insurance ("Bureau") set forth in Chapter 211 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Health Maintenance Organizations, unless on or before November 15, 2004, any person objecting to the adoption of the proposed Rules filed a request for hearing with the Clerk of the Commission (the "Clerk").

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the repeal of and the proposed new Rules on or before November 15, 2004.

Four companies or organizations - The Virginia Association of Health Plans ("VAHP"), Piedmont Community Healthcare, Inc. ("Piedmont"), Southern Health Services, Inc. ("Southern Health"), and the Alliance of Virginia Dental Plans ("Alliance") - all filed comments to the proposed new Rules with the Clerk on November 15, 2004, and all requested a hearing.

On November 22, 2004, the Commission issued a Scheduling Order, setting the hearing for May 3, 2005, and also directing the Bureau to meet with those persons who submitted comments prior to the hearing and attempt to narrow the issues to be addressed at the hearing.

The Bureau invited all such parties to three meetings, and numerous changes were made to the proposed Rules as a result.

On April 13, 2005, the Bureau filed a new draft of the proposed Rules incorporating changes made as a result of meetings and its Statements of Position in response to the comments filed by VAHP, Piedmont, Southern Health and the Alliance with the Clerk.

On April 19, 2005, Piedmont filed a Notice of Intent to Appear ("Notice") at the public hearing. Piedmont's Notice stated its intent to be heard on three of the Bureau's proposed Rules: (1) 14 VAC 5-211-160 (obstetrical services), (2) 14 VAC 5-211-90 (copayments), and (3) 14 VAC 5-211-160 (lifetime maximum benefits and annual benefits limits).

Regarding proposed Rule 14 VAC 5-211-160 on coverage for obstetrical services, the Bureau's position is that all medically necessary obstetrical services fall under the definition of "basic health care services" in § 38.2-4300 and current Rule 14 VAC 5-210-90, and therefore these services may not be excluded for any particular condition. Piedmont objects to mandated coverage for obstetrical services, and states that there is no mention of "obstetrical services" in § 38.2-4300 or 14 VAC 5-210-90. Piedmont contends that no reasonable inference can be drawn that the Virginia General Assembly intended for obstetrical services to be included within the definition of basic health care services.

Regarding proposed Rule 14 VAC 5-211-90 on copayments, the Bureau is of the opinion that it is properly interpreting §§ 38.2-4302 A 2, 38.2-4303 A 8 and 38.2-4306 A 4 b of the Code to limit the contribution an enrollee may make for a specific health care service to one form of copayment (a dollar amount or a percentage of cost) and a deductible. The Bureau believes that these Code sections require that a specific health care service may only be subject to one form of copayment and a deductible, but not to two or more forms of a copayment and a deductible (a total of three or more payments). Piedmont interprets the same Code sections as not prohibitive of the application of more than one form of copayment to a specific health care service. Piedmont argues that the decision to include different forms of copayments for specific services in a plan of coverage is the purchaser's or the HMO's decision.

Finally, regarding lifetime maximum benefits and annual benefit limits, the Bureau believes that a lifetime maximum coverage limitation would violate the definition of "health care plan" in § 38.2-4300 since once the lifetime maximum is reached, the health care plan is no longer providing or arranging for health care services. Piedmont argues that § 38.2-4300 does not prohibit the application of a lifetime maximum benefit or an annual benefit limit, and that the decision to include lifetime maximum benefits and annual benefit limits in a plan of coverage is the purchaser's or the HMO's decision.

On April 21, 2005, the Bureau, by its counsel, filed a Motion to Dispense with Hearing and Submit Written Briefs ("Motion"). The Bureau argued that Piedmont's notice of intent to appear at the hearing contains matters that are based solely on questions of law and no questions of fact are in dispute. The Bureau therefore requested that the Commission dispense with the hearing and direct the Bureau and Piedmont to submit briefs to the Commission on the three issues in Piedmont's notice. On April 26, 2005, Piedmont filed a Reply to the Bureau's Motion, and the Bureau filed its Response

on the same day. On April 27, 2005, Piedmont filed a Motion to Set Schedule for Submission of Briefs and Public Comments. The Commission issued an Order Denying Motion on April 28, 2005.

On April 26, 2005, VAHP withdrew its request for a hearing; on April 28, 2005, Southern Health withdrew its request for a hearing, and on April 29, 2005, the Alliance withdrew its request for a hearing.

On May 3, 2005, the Commission held a public hearing at the request of Piedmont on three issues contained in the proposed Rules: (1) obstetrical services at 14 VAC 5-211-160; (2) copayments at 14 VAC 5-211-90; and (3) lifetime maximum benefits and annual benefit limits at 14 VAC 5-211-160. Thomas E. Martenstein, Esquire, appeared on behalf of Piedmont, and Bonnie Salzman, Esquire, appeared on behalf of the Bureau of Insurance. At the hearing, the Commission received evidence on the proposed Rules through Bureau witness Jacqueline K. Cunningham and Piedmont witness Alan J. Wood. Reginald Jones appeared as a public witness on behalf of the VAHP.

Both the Bureau and Piedmont filed post-hearing briefs with the Commission on May 23, 2005.

NOW THE COMMISSION, having considered the request by the Bureau to repeal Chapter 210, and also having considered the proposed Rules at Chapter 211, the filed comments, the Bureau's response to and recommendation regarding the filed comments, the testimony given at the public hearing, and the briefs, is of the opinion that the attached Rules should be adopted, and Chapter 210 should be repealed.

We adopt the Rules as proposed by the Bureau in its April 13, 2005, filing with some modifications but without the additional language proposed by Piedmont and the Bureau. We believe the Bureau's proposed Rules continue to be a reasonable interpretation of § 38.2-4300 *et seq.*, but find that additional changes suggested by the Bureau are unnecessary and not required by statute.

We observe that proposed Rule 14 VAC 5-211-160 maintains the current rule's requirement that an HMO must provide, among other things, "medically necessary hospital and physician services." The words "medically necessary" have been defined to include, among other things, the care and treatment of a "pregnancy-related condition." See proposed Rule 14 VAC 5-211-20 and current Rule 14 VAC 5-210-40. We therefore believe that the Bureau's position constitutes a reasonable interpretation of the applicable laws and that the proposed Rules simply preserve that interpretation.

Regarding copayments, we believe the Bureau's interpretation of the applicable laws, including §§ 38.2-4302 A 2, 38.2-4303 A 8 and 38.2-4306 A 4 b of the Code, is reasonable, and we interpret these statutes to now permit (after the 2003 General Assembly amendments) both a copayment and a deductible, but not more than one copayment and deductible for the same health care service.

Regarding lifetime maximum benefits and annual benefits limits, we find the Bureau's interpretation of current law to be reasonable. We agree that, once such a maximum is reached, a HMO is no longer providing, arranging for, paying for, or reimbursing *any* part of the cost of any health care services. Accordingly, such maximums appear to run afoul of the definition of a "health care plan" in § 38.2-4300 of the Code. We believe that, if the General Assembly intended to permit a total exhaustion of health care services that might impact not just an enrollee, but also the enrollee's dependents, it would have more clearly indicated this objective in the statute.

We will, however, amend three sections of the Rules we discussed at the hearing that are unrelated to the issues raised by Piedmont. First, we amend the definition of "coinsurance" in 14 VAC 5-211-20 to make clear that it means a copayment expressed as a percentage of the allowable charge for a specific health care service. Next, we add language to 14 VAC 5-211-210 to ensure that enrollees receive an identification card within 15 days after the effective date of coverage or enrollment. Finally, we address our concern that health maintenance organizations could terminate a policy for an enrollee's failure to make a copayment by striking the words "or copayment" in 14 VAC 5-211-230 A 1. A copayment is owed by the enrollee to the health care provider, not to the health maintenance organization, and the health care provider has remedies for an enrollee's failure to pay the copayment which are not affected by this regulation.

Accordingly, IT IS ORDERED THAT:

(1) Chapter 210 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Health Maintenance Organizations" shall be REPEALED; and

(2) The proposed Rules with changes noted, designated as Chapter 211 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Health Maintenance Organizations" which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective July 1, 2005.

(3) AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Jacqueline K. Cunningham, Deputy Commissioner, Bureau of Insurance, State Corporation Commission who forthwith shall give further notice of the repeal of Chapter 210 and adoption of new Chapter 211 Rules by mailing a copy of this Order, including a clean copy of the attached final Rules, to all health maintenance organizations licensed by the Bureau of Insurance in the Commonwealth of Virginia, and certain interested parties designated by the Bureau of Insurance.

(4) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, including a copy of the attached Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations and shall make this Order and the attached rules available on the Commission's website, <http://www.state.va.us/scc/caseinfo.htm>.

(5) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements in paragraph (3) of this Order.

(6) This case is dismissed.

NOTE: A copy of Attachment A entitled "Rules Governing Health Maintenance Organizations" is on file and may be 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-2004-00133  
APRIL 14, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
ROBERTA L. GARCIA-GUAJARDO  
and  
THE GARCIA INSURANCE AGENCY, LTD.,  
Defendants

**ORDER DISMISSING CASE**

On July 8, 2004, the State Corporation Commission ("Commission") entered a Rule to Show Cause against the Defendants for alleged violations of §§ 38.2-1809, 38.2-1812.2, 38.2-1813, and 38.2-1831 of the Code of Virginia. Among other things, the Rule assigned the matter to a Hearing Examiner and scheduled a hearing on the Rule for October 5, 2004.

The hearing commenced as scheduled on October 5, 2004. Counsel for the Bureau of Insurance ("Bureau") informed the Hearing Examiner that even though the Defendants were not present, he had been in contact with them and requested that the matter be continued generally in order to give the Defendants additional time to obtain counsel. That request was granted.

On December 10, 2004, James S. Gilmore, III, and Nicole Oden of Kelley Drye & Warren LLP, notified the Commission of their representation of the Defendants. Counsel for the Defendants stated that they were engaged in settlement discussions with counsel for the Bureau.

In a Hearing Examiner's Ruling dated December 21, 2004, the Hearing Examiner directed counsel for either the Defendants or the Bureau to advise the Hearing Examiner's office of the status of settlement discussions and a mutually agreeable hearing date, if necessary.

On February 17, 2005, counsel for the Bureau advised the Hearing Examiner that the Bureau and the Defendants had been unable to reach a settlement. In a Hearing Examiner's Ruling dated February 18, 2005, this matter was scheduled for hearing on June 1, 2005.

On March 29, 2005, the Bureau moved to dismiss the Rule to Show Cause against the Defendants on the grounds that the Defendants, without admitting any violation of Virginia law, agreed to voluntarily surrender their insurance agent licenses.

By ruling issued on April 4, 2005, the Hearing Examiner found that the Bureau's Motion to Dismiss should be granted and recommended that the Commission enter a final order dismissing the Rule to Show Cause against the Defendants.

NOW THE COMMISSION, having considered the Bureau's Motion and the Hearing Examiner's Ruling, finds that the Hearing Examiner's recommendation should be adopted, and this case should be dismissed from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The Rule to Show Cause be, and it is hereby DISMISSED WITH PREJUDICE; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2004-00210  
JANUARY 10, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
ALLSTATE LIFE INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated § 38.2-610 of the Code of Virginia by failing to give to applicants for insurance written notice of an adverse underwriting decision in the form approved by the Commission.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) Defendant cease and desist from any conduct which constitutes a violation of § 38.2-610 of the Code of Virginia; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2004-00232  
JANUARY 7, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

LEGAL SERVICE PLANS OF VIRGINIA, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502 of the Code of Virginia and §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-503, 38.2-1318 C, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 D, 38.2-4412, 38.2-4415, and 38.2-4417 of the Code of Virginia.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of ninety-nine thousand dollars (\$99,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) Defendant cease and desist from any conduct which constitutes a violation of subsection 1 of § 38.2-502 of the Code of Virginia or §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-503, 38.2-1318 C, 38.2-4412, 38.2-4415, or 38.2-4417 of the Code of Virginia; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2004-00244  
DECEMBER 13, 2005**

APPLICATION OF  
RECIPROCAL OF AMERICA  
and  
THE RECIPROCAL GROUP

For Approval of Agreement to Stay Proceedings and Tolling Agreement

**FINAL ORDER**

On July 20, 2004, the Deputy Receiver of Reciprocal of America<sup>1</sup> filed with the State Corporation Commission ("Commission") an Application for Approval of Agreement to Stay Proceedings and Tolling Agreement ("Application") in Case No. INS-2003-00092.<sup>2</sup> Therein, the Deputy Receiver of ROA sought an Order from the Commission that: (i) approves the Tolling Agreement<sup>3</sup> entered into by the Deputy Receiver of ROA and the Receiver of the Tennessee RRGs; (ii) approves payment by the Deputy Receiver of ROA claims at 17%, the payment percentage mutually agreed upon by the Deputy Receiver of ROA and the Receiver of the Tennessee RRGs, regardless of whether the Tolling Agreement is subsequently terminated; (iii) approves that ROA's claim payments, as described in the Application, will not exceed approximately \$77,511,000, without further order of the Commission; (iv) affirms that the payments approved in the Application to guaranty associations be considered payments for early access in Case No. INS-2003-00267;<sup>4</sup> and (v) approves modification or cancellation of the Fifth Directive so as to allow the Deputy Receiver of ROA to proceed with partial payment of ROA claims.<sup>5</sup>

On July 30, 2004, the Kentucky Hospitals<sup>6</sup> and Coastal Region Board of Directors and Alabama Subscribers ("Coastal") filed the Intervenor's Partial Objection to the Deputy Receiver's Application for Approval of Agreement to Stay Proceedings and Tolling Agreement ("Partial Objection"). The Kentucky Hospitals and Coastal assert that they have previously filed objections to the Tolling Agreement to reserve their right to appeal to the Commission at the time the Commission considers any motion to approve the Tolling Agreement. The Kentucky Hospitals and Coastal further contend that "implementation of the [Tolling Agreement] without change will postpone indefinitely" the resolution of the issues underlying the Joint Petition. The Kentucky Hospitals and Coastal request that a hearing be scheduled as expeditiously as may be practicable in order to address the issues raised in the Partial Objection. Alternatively, the Kentucky Hospitals and Coastal request that the Hearing Examiner set a definite hearing date for the adjudication of the issues in the Joint Petition Proceeding.

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<sup>1</sup> Reciprocal of America and The Reciprocal Group are collectively referred to herein as "ROA."

<sup>2</sup> *In re: Joint Petition of Special Deputy Receivers of Doctors Insurance Reciprocal, Risk Retention Group, In Receivership, American National Lawyers Insurance Reciprocal, Risk Retention Group, In Receivership, and The Reciprocal Alliance, Risk Retention Group, In Receivership*, Case No. INS-2003-00092 (the "Joint Petition Proceeding"). In the Joint Petition Proceeding, the Special Deputy Receivers ("SDRs") of Doctors Insurance Reciprocal ("DIR"), Risk Retention Group ("RRG"), American National Lawyers Insurance Reciprocal ("ANLIR"), RRG, and The Reciprocal Alliance ("TRA"), RRG, (DIR, ANLIR, and TRA will collectively be referred to herein as the "Tennessee RRGs") filed a Joint Petition for Expedited Review of Claims and Deputy Receiver's Determination of Appeal and Brief in Support of Joint Petition ("Joint Petition") on April 24, 2003. The Joint Petition seeks, *inter alia*, to have the policyholders and claimants of the Tennessee RRGs treated with the same priority as ROA policyholders and claimants. On April 30, 2003, the Deputy Receiver of ROA issued his Fifth Directive Regarding a Discontinuance of Policy Payments and Discontinuance of Other Claim Payments ("Fifth Directive"), in which he directed the discontinuance of most payments, including those to policyholders, subscribers, and third-party claimants for claims under insurance policies of ROA. On June 10, 2003, the Commission entered an Order Cancelling Hearing, in which it, *inter alia*, directed that the Deputy Receiver of ROA not revoke, cancel, or amend the Fifth Directive without at first providing at least ten business days' written notice to certain entities. The Commission referred the Joint Petition Proceeding to a Hearing Examiner on July 14, 2003. The Agreement to Stay Proceedings and Tolling Agreement ("Tolling Agreement") between ROA and the Tennessee RRGs was filed on October 10, 2003, and the Hearing Examiner approved the Tolling Agreement the same day. The litigation in the Joint Petition Proceeding was suspended, so that the Deputy Receiver of ROA and the SDRs of the Tennessee RRGs could jointly pursue asset recovery litigation against third parties.

<sup>3</sup> The Tolling Agreement was amended on August 23, 2004. References to the Tolling Agreement herein shall include both the Tolling Agreement and the Amendment and Clarification of "Agreement to Stay Proceedings and Tolling Agreement." The Deputy Receiver of ROA filed a Notification of Amendment on September 1, 2004.

<sup>4</sup> *Application of Virginia Property and Casualty Insurance Guaranty Association, For Disbursement of Assets*, Case No. INS-2003-00267 (the "Early Access Proceeding"). On December 15, 2003, the Virginia Property and Casualty Insurance Guaranty Association ("VPCIGA") filed the Application of Virginia Property and Casualty Insurance Guaranty Association for Disbursement of Assets. VPCIGA seeks an early access distribution of available assets to guaranty associations, pursuant to § 38.2-1509 of the Code of Virginia. The VPCIGA Application requests that the Commission adopt a plan for disbursement of assets, direct the Deputy Receiver of ROA to enter into an early access agreement with multiple state guaranty associations and direct the Deputy Receiver of ROA to make distributions of ROA assets to the associations. On January 9, 2004, the Commission entered an Order Establishing Proceeding, in which it, *inter alia*, docketed the case, assigned it to a Hearing Examiner, and set a deadline for interested parties to file a notice of participation. The parties to the Early Access Proceeding have been unable to reach agreement on the terms of an early access distribution.

<sup>5</sup> Application at 10.

<sup>6</sup> The "Kentucky Hospitals" include Appalachian Regional Healthcare, Caverna Memorial Hospital, Clinton County Hospital, Crittenden Health System, Cumberland County Hospital, Gateway Regional Medical Center, Hardin Memorial Hospital, Highlands Regional Medical Center, Jane Todd Crawford Hospital, Livingston Hospital & Healthcare Service, Marcum & Wallace Memorial Hospital, Marshall County Hospital, Monroe County Medical Center, Murray-Calloway County Hospital, Ohio County Hospital, Owensboro Mercy Health System, Pattie A. Clay Hospital, Pineville Community Hospital, Regional Medical Center/Trover Clinic Foundation, Rockcastle Hospital, St. Claire Medical Center, T.J. Samson Community Hospital, Twin Lakes Regional Medical Center, and Westlake Regional Hospital.

On August 4, 2004, the Guaranty Associations<sup>7</sup> filed a Notice of Participation and the Guaranty Associations' Response to Deputy Receiver's Application for Approval of Agreement to Stay Proceedings and Tolling Agreement. Therein, the Guaranty Associations seek to ensure that no action taken in this proceeding, including but not limited to the Deputy Receiver of ROA's proposed 17% payment of ROA claims, prejudices or adversely affects the Guaranty Associations' rights to seek and obtain both early access disbursements and regular disbursements from the ROA estate as a policyholder-level claimant. The Guaranty Associations object to certain terms and conditions contained in the Application that the Deputy Receiver of ROA seeks to impose on his 17% payment of ROA claims. Among others, the Guaranty Associations object to treating the 17% payment to them as an early access payment under § 38.2-1509 of the Code of Virginia.<sup>8</sup> Instead, the Guaranty Associations maintain that the 17% payment requested in the Application should be considered an outright, interim distribution, not an early access payment. The Guaranty Associations further contend that certain issues are being determined in the Early Access Proceeding and should not be decided in this case. The Guaranty Associations also request that they be permitted sufficient time to conduct discovery and prepare for a hearing on this matter.

On August 16, 2004, the Deputy Receiver of ROA filed his Reply to Guaranty Associations' Response to Deputy Receiver's Application for Approval of Agreement to Stay Proceedings and Tolling Agreement. The Deputy Receiver of ROA objects to certain requests made by the Guaranty Associations and requests that they be denied by the Commission. The Deputy Receiver of ROA requests, *inter alia*, that the Commission overrule the objections asserted by the Guaranty Associations, direct that any matters regarding early access payments to the Guaranty Associations be presented in the Early Access Proceeding, deny the Guaranty Associations' request for discovery, and schedule a hearing on the Application.

The Commission entered an Order Establishing a Proceeding on August 26, 2004, in this case in which it docketed the Application, assigned the matter to a Hearing Examiner, directed the Deputy Receiver of ROA to serve a copy of the Application on certain persons, and required any person desiring to participate in this proceeding as a respondent to file a Notice of Participation on or before September 17, 2004.<sup>9</sup>

Notices of Participation were filed timely by PhyAmerica Physicians Group, Inc. and The Children's Hospital of Alabama, which, however, did not otherwise actively participate in this proceeding.

An evidentiary hearing was convened on February 23, 2005. The Deputy Receiver of ROA, the Guaranty Associations, the Kentucky Hospitals, the SDRs of the RRGs, Coastal, the VPCIGA, and the Bureau of Insurance all appeared at the hearing and participated in one form or another.

On September 23, 2005, the Hearing Examiner filed his report ("Report"). The Report contains a thorough summary of the record in this proceeding, as well as the Hearing Examiner's discussion of the legal issues involved in this case, along with his findings and recommendations. The Hearing Examiner made the following findings and recommendations:

- (1) The Tolling Agreement is in the best interests of the parties and should be approved by the Commission;
- (2) The Guaranty Associations' concerns about an unlawful preference relating to the amount of the 17% payment percentage distribution are unfounded;
- (3) The 17% payment percentage distribution is reasonable and will not result in a preference among similarly situated policyholder-level creditors of the ROA estate;
- (4) The Commission should cap the 17% payment percentage distribution from the ROA estate at \$77,511,000, and require the Deputy Receiver of ROA to file an application to make any further monetary distributions from the estate;
- (5) The 17% payment percentage distribution to guaranty associations should be characterized as a partial "covered claim" payment;
- (6) The 17% payment percentage distribution to the guaranty associations moots any requirement for an early access distribution; and
- (7) The Commission should authorize the Deputy Receiver of ROA to modify his Fifth Directive to permit the 17% payment percentage distribution to policyholder-level claimants.<sup>10</sup>

The Hearing Examiner recommends that the Commission adopt the findings of his Report and approve the Application as modified by his recommendations.

On October 12, 2005, Coastal and the Kentucky Hospitals filed comments on the Report. Therein, Coastal and the Kentucky Hospitals support findings (2), (3), (5), (6), and (7), but disagree with findings (1) and (4). Coastal and the Kentucky Hospitals assert that the proposed 17% payment could be increased to 40% if the \$107.7 million that the Deputy Receiver of ROA proposes to reserve for the Tennessee RRG claims is made available immediately for the payment of ROA policyholder claims. They further contend that if the payment percentage was increased from 17% to 40%, Coastal and the Kentucky Hospitals would receive \$17 million more than they will receive if the Hearing Examiner's findings and recommendations are adopted. Coastal

<sup>7</sup> The "Guaranty Associations" include the Alabama Insurance Guaranty Association, the Kansas Insurance Guaranty Association, the Indiana Insurance Guaranty Association, the Louisiana Insurance Guaranty Association, the Mississippi Insurance Guaranty Association, the Missouri Property & Casualty Insurance Guaranty Association, and the Tennessee Insurance Guaranty Association.

<sup>8</sup> All statutory references herein are to the Code of Virginia.

<sup>9</sup> The SDRs of the Tennessee RRGs, the Guaranty Associations, the Kentucky Hospitals, and Coastal were deemed parties to this proceeding.

<sup>10</sup> Report at 30.

and the Kentucky Hospitals thus request that the Commission provide them with some assurance that, notwithstanding the Tolling Agreement, they will be permitted to petition the Commission at some reasonable time in the future for a final decision in the Joint Petition Proceeding.

The Guaranty Associations filed the Objections and Responses of Certain Guaranty Associations to Report of Michael D. Thomas, Hearing Examiner, Dated September 23, 2005, on October 13, 2005. The Guaranty Associations do not object to a 17% distribution provided that the Commission confirms that all covered claims paid by guaranty associations are entitled to a 17% distribution and that a guaranty association cannot be required to return such distribution. Among other things, the Guaranty Associations object to the Hearing Examiner's determination that the 17% distribution moots the Early Access Proceeding. The Guaranty Associations request that the Commission adopt and approve the Hearing Examiner's ruling that § 38.2-1509 cannot be used in a manner such that a guaranty association would receive less on a percentage basis for its claims under § 38.2-1509 B 1 (ii) than other claimants having claims at such level.

The Deputy Receiver of ROA filed comments on October 14, 2005. Therein, the Deputy Receiver of ROA agrees with the majority of the Hearing Examiner's findings, including that the Tolling Agreement is in the best interest of the parties and that the Tolling Agreement and proposed 17% payout should be approved. The Deputy Receiver of ROA disagrees with the Hearing Examiner's observation that the only guaranty association claims entitled to priority status other than that of "other creditors" under § 38.2-1509 B 1 (v) are "covered claims."<sup>11</sup> Instead, the Deputy Receiver of ROA points out that § 38.2-1609 B provides that the expenses of the associations "incurred in handling claims" shall be accorded the same priority as the liquidator's expenses.<sup>12</sup> The Deputy Receiver of ROA also seeks certain clarifications as to early access disbursements and certain factual statements in the Report. The Deputy Receiver requests the Commission enter an Order that adopts findings 1-5 and 7 of the Report and clarifies finding 6 as described in his comments.

On October 14, 2005, the SDRs of the Tennessee RRGs submitted their comments on the Report. The SDRs of the Tennessee RRGs request that the Commission adopt the recommendations of the Report and proceed to allow modification of the Fifth Directive in accordance therewith.

NOW THE COMMISSION, having considered the evidence and arguments of the parties, the pleadings, the Report and the comments thereto, and the applicable law, finds as follows.

We agree with the majority of the Hearing Examiner's findings, recommendations and analysis. We accept with one modification finding (1), and we also accept findings (2), (3), (4), (5), and (7). We reject finding (6) and direct the Hearing Examiner to complete the Early Access Proceeding.

#### *Discussion*

Despite ordering the liquidation of ROA in June of 2003, very little money has so far been returned to policyholders. We are pleased to now be able to direct an initial distribution to ROA policyholders. We now address more specifically the Hearing Examiner's findings and recommendations.

#### *Tolling Agreement*

We agree that the Tolling Agreement should be approved. We incorporate one modification herein that will require the Deputy Receiver of ROA to file semi-annual reports<sup>13</sup> with the Commission that provide: (i) the status of the MDL Proceeding in the United States District Court for the Western District of Tennessee;<sup>14</sup> (ii) any projection by the Deputy Receiver of ROA as to when the MDL Proceeding shall conclude; and, (iii) the status of the bankruptcy proceeding pending before the Eastern District of Virginia.<sup>15</sup> We will permit any party to this case to submit within ten days following the Deputy Receiver of ROA's submittal of the aforementioned semi-annual report a response thereto, as well as the impact on such party from the continued stay of the Joint Petition Proceeding. The Deputy Receiver of ROA may file a reply thereto within seven (7) days.

We believe that, at this time, joint pursuit of asset recovery efforts by the SDRs of the Tennessee RRGs and the Deputy Receiver of ROA is preferable to forcing the parties to the Tolling Agreement to expend scarce resources litigating against each other at the Commission. However, we are also sympathetic to the plight of affected ROA policyholders, such as those represented by Coastal and the Kentucky Hospitals. We understand that the delay in resolving whether the RRG insureds are entitled to be treated as ROA insureds has a substantial impact on the amount of money that can be distributed from the ROA estate. Our required reporting from the Deputy Receiver of ROA will enable us to consider twice yearly whether it continues to be in the best interests of policyholders, creditors, and the public for the litigation to be stayed in the Joint Petition Proceeding. If we determine that the Tolling Agreement should be terminated as a result of these filings, we will notify the parties. Hence, we adopt Hearing Examiner finding (1) as modified herein.

#### *17% Distribution*

We also agree with the Hearing Examiner that the Guaranty Associations' concerns about an unlawful preference resulting from approval of the 17% payment percentage are unfounded.<sup>16</sup> We also find that the 17% payment percentage is reasonable and will not result in a preference among similarly situated policyholder-level creditors of the ROA estate. Thus, we also adopt Hearing Examiner findings (2) and (3).

<sup>11</sup> Report at 28-29.

<sup>12</sup> The Guaranty Associations agree with the Deputy Receiver of ROA as to this point.

<sup>13</sup> The reports shall be filed in this case and in Case No. INS-2003-00092 on or before January 1 and on or before July 1. The first report shall be filed on or before July 1, 2006.

<sup>14</sup> *In re: Reciprocal of America (ROA) Sales Practices Litigation*, Master File No. 04-MD-1551 (W.D. Tenn.) ("MDL Proceeding").

<sup>15</sup> *In re: Petition of Malcolm L. Butterfield and Michael W. Morrison as Joint Provisional Liquidators of First Virginia Reinsurance, Ltd. ("FVR")*, Case No. 03-40202 (DOT) (E.D. Va. Bankr.).

<sup>16</sup> The Guaranty Associations' chief concern in this case, that any disbursement to them be characterized as a partial liquidating distribution, rather than an early access payment subject to "claw-back" under § 38.2-1509 B 3, has apparently been satisfied by the Hearing Examiner's Report. Moreover, the Deputy Receiver of ROA apparently has abandoned his contention that any distribution to the Guaranty Associations in this case should be subject to a "claw-back" condition.

We further agree that the 17% payment percentage distribution from the ROA estate pursuant to the Application should be capped at \$77,511,000, and we will require the Deputy Receiver of ROA to file an application to make any further monetary distributions from the estate. Any such application shall be made in accordance with our Order Cancelling Hearing entered on June 10, 2003, in the Joint Petition Proceeding. We note that, at the time of the hearing in this matter, ROA had approximately \$706.2 million in total losses and only \$128.2 million in available assets.<sup>17</sup> We thus also adopt finding (4).

We agree with the Hearing Examiner that the 17% payment percentage distribution to guaranty associations should be characterized as a partial "covered claim" payment. Such distribution is not subject to any "claw-back" arrangement pursuant to § 38.2-1509 B 3. Hence, we also adopt finding (5).

#### *Early Access Proceeding*

We disagree with the Hearing Examiner that the Early Access Proceeding is mooted by our approval of the Tolling Agreement and 17% distribution in this case. The Hearing Examiner found that the "17% Payment Percentage distribution in this case moots any requirement for an early access distribution from the ROA estate. Simply stated, § 38.2-1509 of the Code of Virginia requires an early access distribution only when there are "available assets." The record in this case established that once the \$77,511,000 has been distributed, there are no other assets in the ROA estate available at this time for distribution to anyone."<sup>18</sup> We cannot accept this finding, as it appears possible that there are additional assets available for distribution.<sup>19</sup> Other issues raised by the parties in this matter should be decided in the Early Access Proceeding.<sup>20</sup> Accordingly, we reject finding (6).

#### *Fifth Directive*

We agree with the Hearing Examiner that the Deputy Receiver of ROA should be authorized to modify his Fifth Directive to permit the 17% payment percentage distribution to policyholder-level claimants. Thus, we adopt finding (7) and, in accordance with the Order Cancelling Hearing dated June 10, 2003, in Case No. INS-2003-00092, hereby authorize the Deputy Receiver of ROA to modify the Fifth Directive to make the 17% payment authorized herein.

#### *Conclusion*

We adopt the Hearing Examiner's findings as follows: we accept with one modification finding (1), and we also accept findings (2), (3), (4), (5), and (7). We reject finding (6) and direct the Hearing Examiner to complete the Early Access Proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The Application of the Deputy Receiver of ROA is APPROVED, except as modified herein.
- (2) The Tolling Agreement is APPROVED, subject to the reporting requirements required herein.
- (3) The 17% payment percentage distribution from the ROA estate, capped at \$77,511,000 in this proceeding, is hereby APPROVED.
- (4) The 17% payment percentage distribution to ROA policyholders and the appropriate guaranty associations constitutes a partial liquidating distribution and is not subject to any "claw-back" arrangement pursuant to § 38.2-1509 B 3.
- (5) The Hearing Examiner shall proceed with the Early Access Proceeding.
- (6) The Deputy Receiver of ROA is hereby authorized to modify the Fifth Directive to permit the 17% payment percentage distribution to policyholder-level claimants.
- (7) This matter is closed and the papers herein be passed to the file for ended causes.

<sup>17</sup> Of this amount, the Hearing Examiner found, based on the evidence, that \$427,059,000 constitute ROA policyholder losses and \$279,117,000 constitute losses of Tennessee RRG policyholders. Based on this approximately 60% to 40% allocation of losses between the ROA policyholders and the Tennessee RRG policyholders, the Deputy Receiver of ROA proposed to pay not more than \$77,511,000 to ROA policyholders and he would reserve approximately \$50,661,000 for the Tennessee RRG policyholder claims. Report at 25.

<sup>18</sup> Report at 30.

<sup>19</sup> For example, the Hearing Examiner acknowledges that our decision in Case No. INS-2003-00239, *Application of Reciprocal of America and The Reciprocal Group, For a Determination Whether Certain Workers' Compensation Insurance Policy Payments May be Made to Claimants Formerly Covered by SITs and GSAs*, in which a Final Order was entered on August 24, 2005, may free up approximately \$29 million for distribution. Report at 25. Additionally, not all of the \$77,511,000 is proposed to be immediately distributed. This also may add to the list of "available assets." We do not decide those issues here, but direct the Hearing Examiner to proceed with the Early Access Proceeding.

<sup>20</sup> Those issues include, but are not limited to, the proper interpretation of § 38.2-1509 C pertaining to "payments made or to be made," the priority levels of guaranty association expenses, the use of the "claw-back" arrangement for any asset distribution in that case, and any other issues yet to be determined in that proceeding.

**CASE NO. INS-2004-00264  
OCTOBER 18, 2005**

PETITION OF  
STANLEY AND THERESA WELSH

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

**ORDER**

On October 14, 1994, the Circuit Court of the City of Richmond, Virginia, entered an Order appointing the State Corporation Commission ("Commission") the Receiver of HOW Insurance Company ("HOWIC"), Home Warranty Corporation ("HWC"), and Home Owners Warranty Corporation ("HOW") (collectively, "HOW Companies" or "HOW"). The receivership order granted the Commission the authority to proceed with the rehabilitation or liquidation of the HOW Companies and established a receivership appeal procedure ("RAP") to govern appeals and challenges to decisions rendered by the Receiver or the Receiver's duly authorized representatives.

On September 7, 2004, Stanley and Theresa Welsh ("Petitioners") filed a Petition for Review ("Petition") with the Clerk of the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 1448 to deny the Petitioners' coverage under their homeowners warranty insurance policy.

By Order dated March 18, 2005, the Commission docketed the Petition, assigned the matter to a Hearing Examiner, and directed the Deputy Receiver to file an Answer or other responsive pleading to the Petition on or before April 29, 2005.

On April 29, 2005, the Deputy Receiver filed a Demurrer and Answer to Petition for Review in which he argues, among other things, that the Petitioners' claims are time-barred pursuant to the express terms of the homeowners warranty insurance policy. Specifically, the HOW Insurance Warranty Document states that claims must be reported not more than 30 days after the expiration of the applicable coverage term.<sup>1</sup> In this case, the Petitioners home in Tinton Falls, New Jersey was enrolled in the HOW program by the Builder, Hovbilt ("Builder") on October 26, 1984. Therefore, all HOW Program coverage, including the thirty (30) day grace period, expired on November 25, 1994. The Petitioners' filed this instant claim on April 13, 2004. Thus, the claim was reported to the HOW Companies more than nine (9) years after all coverage and the applicable grace period had expired.

The Deputy Receiver further argues that even if any coverage did remain in effect, the Petitioners' allegations are insufficient to support a claim for major structural defect coverage because the defect claimed is specifically excluded.

On June 24, 2005, the Petitioners filed their response. The Petitioners assert that their claim is not time-barred since it originated in claims that were filed in 1989 and 1993. The Petitioners state that in both instances the Builder was unresponsive and no notice of denial issued by the Deputy Receiver was received by the Petitioners.

On July 8, 2005, the Deputy Receiver filed a Reply Memorandum in Support of Demurrer and Answer to Petition for Review in which he characterizes the instant claim as "reiterations of claims submitted, investigated and denied in 1989 and again in 1993." The Deputy Receiver also argues that the Petitioners' reasons for why they failed to file the claim earlier provides no basis for extending the expiration of the coverage term.

On August 1, 2005, Howard P. Anderson, Jr. issued his Report and made the following findings and recommendations:

1. The Petitioners' claim was reported more than nine (9) years after all HOW Program coverage, including the applicable grace period, had expired, and therefore is time barred under the terms of the policy.
2. The Petitioners' assertion that they did not receive certain correspondence from the Deputy Receiver, thus precluding the opportunity to file a timely response in support of their claim, does not extend the expiration of the coverage date.
3. The Petitioners' assertion that the Builder failed to respond to their request to remedy defects to their home is not relevant for purposes of whether the claim was timely filed with the HOW Companies.
4. The Deputy Receiver's Demurrer should be granted.

The Petitioners filed comments to the Report on August 15, 2005.

Upon consideration of the record herein, the Report of the Hearing Examiner, and the Comments to the Report, the Commission is of the opinion, and so finds, that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The Petition of Stanley and Theresa Welsh for review of the Deputy Receiver's Determination of Appeal is hereby DENIED;
2. The Determination of Appeal in Claim No. 1448 issued by the Deputy Receiver on August 16, 2004 is hereby AFFIRMED; and
3. The case is dismissed, and the papers herein are passed to the file for ended causes.

<sup>1</sup> HOW Insurance/Warranty Document, Section VIII B., pg. 10

**CASE NO. INS-2004-00282  
JANUARY 10, 2005**

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

**ORDER TO TAKE NOTICE**

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

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

By order entered herein September 28, 2004, Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer on or before December 28, 2004.

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

IT IS THEREFORE ORDERED THAT Defendant TAKE NOTICE that the Commission shall enter an order subsequent to January 26, 2005, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before January 26, 2005, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of Defendant's license.

**CASE NO. INS-2004-00282  
FEBRUARY 1, 2005**

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

**ORDER SUSPENDING LICENSE**

In an order entered herein January 10, 2005, Defendant was ordered to take notice that the Commission would enter an order subsequent to January 26, 2005, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before January 26, 2005, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of Defendant's license.

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

THEREFORE, IT IS ORDERED THAT:

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

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

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

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

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

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

**CASE NO. INS-2004-00295  
FEBRUARY 18, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
GENERAL SECURITY NATIONAL INSURANCE COMPANY,  
Defendant

**CONSENT ORDER**

By letter dated January 31, 2005, and filed with the Clerk of the State Corporation Commission (the "Commission") on February 16, 2005, General Security National Insurance Company ("Defendant"), a corporation domiciled in the State of New York and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia agreed not to write any new or renewal insurance policies or contracts in the Commonwealth of Virginia without the prior approval of the Commissioner of Insurance.

THEREFORE, IT IS ORDERED THAT Defendant shall not issue any new contracts or policies of insurance and shall not renew any contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission.

**CASE NO. INS-2004-00317  
JANUARY 10, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
TAYLOR MARSHALL, III,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-310, 38.2-1809, and 38.2-1813 of the Code of Virginia by charging or collecting fees for the procurement of insurance that were not included in the premium or stated in the policy, by failing to make records available promptly upon request for examination by the Commission or its employees, and by failing to hold all premiums, return premiums, or other funds received by Defendant in a fiduciary capacity.

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations.

Defendant has been advised of his right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has waived his right to a hearing and agreed to the entry by the Commission of a cease and desist order.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
  - (2) Defendant cease and desist from any conduct which constitutes a violation of §§ 38.2-310, 38.2-1809, or 38.2-1813 of the Code of Virginia;
- and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2004-00319  
JANUARY 7, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 C, 38.2-502 (1), 38.2-503, 38.2-510 A 4, 38.2-510 A 5, 38.2-510 A 6, 38.2-510 A 14, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-3407.4 A, 38.2-3407.14, 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, 38.2-3542 C, 38.2-4306 A 2, 38.2-4306 B 1, 38.2-4306.1, 38.2-4312 A, 38.2-5805 C, 38.2-5805 C 1, 38.2-5805 C 9, and 38.2-5805 C 10 of the Code of Virginia, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-60 B 1, 14 VAC 5-90-90 C, 14 VAC 5-90-160, 14 VAC 5-210-60 H 2, 14 VAC 5-210-70 B, 14 VAC 5-210-100 B 17, 14 VAC 5-210-110 A, and 14 VAC 5-210-110 B.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of forty-five thousand dollars (\$45,000) and waived its right to a hearing.

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

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2004-00328  
JANUARY 6, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JERRY'S INCORPORATED D/B/A GRAND FURNITURE DISCOUNT STORES,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1822 and 38.2-1833 of the Code of Virginia by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission, by receiving commissions from an insurer without being properly appointed, and by continuing to solicit insurance on behalf of an insurer to which Defendant was not validly appointed without having received an acknowledgment from the Commission of its appointment within forty-five days from the date of execution of the first application submitted to the insurer.

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations.

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of seven thousand five hundred dollars (\$7,500) and waived its right to a hearing.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2004-00337  
JANUARY 10, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
NATIONWIDE MUTUAL INSURANCE COMPANY,  
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY,  
and  
NATIONWIDE PROPERTY & CASUALTY INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct investigation performed by the Bureau of Insurance, it is alleged that Defendants, each of which is duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 D of the Code of Virginia by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for Defendants.

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

Defendants have been advised of their right to a hearing in this matter, whereupon Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein Defendants have agreed to: (i) refund incorrectly overcharged premiums for hired and non-owned coverage in their Simplified Commercial Automobile Program as set forth in the corrective action plan Defendants submitted to the Bureau; and (ii) develop a procedure to ensure that future rate changes are checked for accuracy prior to implementation. Defendants have also waived their right to a hearing in this matter.

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

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2004-00340  
SEPTEMBER 29, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
JAMES A. KELLEY,  
Defendant

**ORDER DISMISSING CASE**

On May 25, 2005, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against the Defendant. Among other things, the Rule: (i) summarized allegations of the Bureau of Insurance ("Bureau") that the Defendant obtained a surety bail bondsman license and a property and casualty license based upon false information; (ii) assigned the matter to a Hearing Examiner; and (iii) scheduled a hearing on the Rule for July 14, 2005.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On July 7, 2005, the Bureau filed a Motion for Continuance in which it stated that the Defendant and the Bureau had been engaged in settlement negotiations in an effort to settle this matter and required additional time. In a Hearing Examiner's Ruling dated July 12, 2005, the hearing scheduled for July 14, 2005, was canceled and the matter was continued generally.

On September 15, 2005, the Bureau moved to dismiss the Rule against the Defendant on the grounds that the Defendant had voluntarily surrendered his insurance agent license.

By ruling issued on September 26, 2005, the Hearing Examiner found that the Bureau's Motion to Dismiss should be granted and recommended that the Commission enter a final order dismissing, without prejudice, the Rule to Show Cause against the Defendant.

NOW THE COMMISSION, having considered the Bureau's Motion and the Hearing Examiner's Report, finds that the Hearing Examiner's recommendation should be adopted, and this case should be dismissed from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The Rule to Show Cause be, and it is hereby DISMISSED WITHOUT PREJUDICE; and
- (2) The papers herein be placed in the file for ended causes

**CASE NO. INS-2004-00341  
JANUARY 3, 2005**

UNUM LIFE INSURANCE COMPANY OF AMERICA  
THE PAUL REVERE LIFE INSURANCE COMPANY  
PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY

Ex Parte, In re: Approval of multi-state regulatory settlement agreements by and between Unum Life Insurance Company of America, The Paul Revere Life Insurance Company, Provident Life and Accident Insurance Company and the Maine Bureau of Insurance, the Massachusetts Division of Insurance and the Tennessee Department of Commerce and Insurance, for and on behalf of the States of Maine and Tennessee, the Commonwealth of Massachusetts, the Virginia Bureau of Insurance and the Insurance Regulators of all States in the United States and the District of Columbia and American Samoa

**ORDER APPROVING SETTLEMENT AGREEMENT**

ON THIS DAY came the Bureau of Insurance ("the Bureau"), by counsel, and requested (i) Commission approval and acceptance of certain multi-state Regulatory Settlement Agreements dated November 18, 2004 ("the Regulatory Settlement Agreements"), copies of which are attached hereto and made a part hereof, by and between the Superintendent for the Maine Bureau of Insurance, the Commissioner of Insurance for the Commonwealth of Massachusetts and the Commissioner of the Tennessee Department of Commerce and Insurance, for and on behalf of the States of Maine and Tennessee and the Commonwealth of Massachusetts, the Bureau, and the Insurance Regulators of each of the fifty states in the United States and the District of Columbia and American Samoa, and Unum Life Insurance Company of America, a foreign insurer domiciled in the State of Maine, The Paul Revere Life Insurance Company, a foreign insurer domiciled in the Commonwealth of Massachusetts and Provident Life and Accident Insurance Company, a foreign insurer domiciled in the State of Tennessee (collectively, the "Companies"), all of which are licensed to transact the business of insurance in the Commonwealth of Virginia, and (ii) authority to execute any documents attendant to the Regulatory Settlement Agreements necessary to evidence the Commission's acceptance of the Regulatory Settlement Agreements;

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

NOTE: Copies of the Attachments 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. INS-2004-00356  
FEBRUARY 16, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
BRANDI NOELLE FISHER,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4806 D of the Code of Virginia by failing to file timely with the Commission the quarterly report summarizing the business transacted by Defendant for the third quarter of 2004.

## 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated January 11, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated § 38.2-4806 D of the Code of Virginia by failing to file timely with the Commission the quarterly report summarizing the business transacted by Defendant for the third quarter of 2004.

## IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent or a surplus lines broker in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent or a surplus lines broker in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2004-00361  
JANUARY 3, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-231, 38.2-304, 38.2-305, 38.2-510 C, 38.2-511, 38.2-512 A, 38.2-610, 38.2-1318, 38.2-1812, 38.2-1822, 38.2-1833, 38.2-1904, 38.2-1905 A, 38.2-1906 D, 38.2-2014, 38.2-2113, 38.2-2114, 38.2-2118, 38.2-2119, 38.2-2125, 38.2-2202, 38.2-2206 A, 38.2-2208, 38.2-2212, 38.2-2220, and 38.2-2230 of the Code of Virginia, as well as 14 VAC 5-400-40 A and 14 VAC 5-400-70 D.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of forty-four thousand dollars (\$44,000) and waived its right to a hearing.

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

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

## IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2004-00364  
FEBRUARY 17, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-510 A 14, 38.2-3407.4 A, 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, 38.2-4306.1, 38.2-5805 C 1, 38.2-5805 C 9, and 38.2-5805 C 10 of the Code of Virginia, as well as 14 VAC 5-210-60 H 2 and 14 VAC 5-210-90 B 1 b (2).

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of fifteen thousand dollars (\$15,000) and waived its right to a hearing.

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

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2004-00365  
MARCH 9, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, subsection 1 of § 38.2-502, 38.2-503, 38.2-510 A 5, 38.2-510 A 10, 38.2-510 A 14, 38.2-510 A 15, 38.2-1318 C, 38.2-1812 A, 38.2-1833 A 1, 38.2-3407.4, 38.2-3407.14, 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 C, 38.2-3431 C 3, 38.2-3431 C 6, 38.2-4306 A 2, 38.2-4306.1, 38.2-4306 B 1, 38.2-4312 A, 38.2-5804 A, 38.2-5805 B, 38.2-5805 C, 38.2-5805 C 1, and 38.2-5805 C 8 of the Code of Virginia, as well as 14 VAC 5-90-50 B, 14 VAC 5-90-170 A, 14 VAC 5-210-70 C, 14 VAC 5-210-110 A, 14 VAC 5-210-110 B, 14 VAC 5-215-20 B, and 14 VAC 5-215-50 I.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of one hundred sixty-five thousand dollars (\$165,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) Defendant cease and desist from the conduct described in the market conduct examination which constitutes a violation of §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, subsection 1 of § 38.2-502, 38.2-503, 38.2-510 A 5, 38.2-510 A 10, 38.2-510 A 14, 38.2-510 A 15, 38.2-1318 C, 38.2-1812 A, 38.2-1833 A 1, 38.2-3407.4, 38.2-3407.14, 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 C, 38.2-3431 C 3, 38.2-3431 C 6, 38.2-4306 A 2, 38.2-4306.1, 38.2-4306 B 1, 38.2-4312 A, 38.2-5804 A, 38.2-5805 B, 38.2-5805 C, 38.2-5805 C 1, or 38.2-5805 C 8 of the Code of Virginia or 14 VAC 5-90-50 B, 14 VAC 5-90-170 A, 14 VAC 5-210-70 C, 14 VAC 5-210-110 A, 14 VAC 5-210-110 B, 14 VAC 5-215-20 B or 14 VAC 5-215-50 I; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00001  
JANUARY 12, 2005**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Church Life Insurance Corporation, an insurance company domiciled in the State of New York ("Defendant"), in certain instances, violated § 38.2-1024 of the Code of Virginia by transacting the business of insurance in the Commonwealth of Virginia without first obtaining an insurance company license from the State Corporation Commission (the "Commission").

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of forty-seven thousand five hundred seventy-six dollars and twenty-eight cents (\$47,576.28), which amount represents the premium license tax owed on business conducted by Defendant in the Commonwealth for the years 2001, 2002, and 2003, and waived its right to a hearing.

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

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00002  
JANUARY 12, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
DEBORA ANN SCHUETZ,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Alabama.

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated November 29, 2004, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Alabama.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00007  
OCTOBER 19, 2005**

PETITION OF  
COVERAGE OPTION ASSOCIATES,  
KENTUCKY HOSPITAL ASSOCIATION,  
and  
LISA HYMAN

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

**ORDER**

On January 29, 2003, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of The Reciprocal Group ("TRG") and Reciprocal of America ("ROA") (collectively, the "Reciprocal Companies"). In addition, that Order appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver and Melvin J. Dillon as Special Deputy Receiver of the Reciprocal Companies, in accordance with Title 38.2, Chapters 12 and 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Sixth Directive established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver or Special Deputy Receiver with respect to claims against the Reciprocal Companies.

On December 9, 2004, Coverage Option Associates ("COA"), Kentucky Hospital Association ("KHA"), and Lisa Hyman (collectively, the "Petitioners"), filed a Petition for Review with the Commission, contesting the Deputy Receiver's Determination of Appeal in Claim No. 65000-003. The Petitioners seek a review of the Deputy Receiver's decision denying any duty to defend them in a lawsuit in which they were joined with the Reciprocal Companies.

The Petitioners' claim for defense originates from a medical malpractice lawsuit that was brought against Beckley Appalachian Regional Healthcare, Inc. ("BARH") on August 12, 1998. BARH was sued for an incident involving the care provided by one of its nurses, Lloyd Michael Noland. As a result, BARH filed a Third Party Complaint against Noland on May 24, 2000, seeking contribution from him for the percentage of fault in the lawsuit attributed to BARH as a result of his acts.

BARH was insured under a policy of medical malpractice insurance issued by the Reciprocal Companies. Noland also claimed he was entitled to defense under the policy because of his employment with BARH. On July 13, 2000, Lisa Hyman, claims manager for COA, on behalf of the Reciprocal Companies, advised Noland that the Reciprocal Companies had no duty to defend him. Consequently, Noland filed suit against the Reciprocal Companies on July 25, 2001. On July 14, 2004, Noland amended the complaint to include the Petitioners. KHA was made a part of the lawsuit because it is the sole member of Kentucky Hospital Service Company of Kentucky, LLC d/b/a COA and owns a controlling interest in COA.

The Petitioners' claim for defense is based on an Agreement entered into between the Reciprocal Companies and COA's corporate predecessor, Kentucky Hospital Service Corporation, on November 1, 1997. Specifically, they rely on the following language set forth in Paragraph 10 of the Agreement:

Each party shall defend and indemnify the other and its directors, officers, employees and agents and hold it and them harmless against all claims, losses, debts, obligations, damages, judgments, fines and other amounts (including attorneys' fees) arising from or incurred in connection with a breach by such indemnifying party or parties hereto or the obligations hereunder of any such party or parties.

On February 18, 2005, the Deputy Receiver filed a Demurrer and Answer to Petition for Review, and Memorandum in Support of Demurrer and Answer to Petition for Review. In its Demurrer, the Deputy Receiver argues that Paragraph 10 provides a right to defense only when the claim arises from or is incurred in connection with: (i) a breach by the indemnifying party to the Agreement; or (ii) the obligations the Agreement imposes on such indemnifying party or parties. The Petitioners are asking the Reciprocal Companies to indemnify them as to Noland's claims. Therefore, the Deputy Receiver argues that they are entitled to defense and indemnification only if Noland's claims arose from a breach of the Agreement by the Reciprocal Companies or from their obligations under the Agreement. The Reciprocal Companies' obligations under the Agreement are to pay the Petitioners for their services rendered. Because the Petitioners have not alleged that Noland's claims arose from a breach of these obligations, they are not entitled to defense from the Reciprocal Companies. The Deputy Receiver further contends that KHA is not entitled to defense because it has no rights under the Agreement.

On March 3, 2005, the Petitioners filed their Response to the Deputy Receiver's Demurrer. The Petitioners interpret Paragraph 10 as requiring the Reciprocal Companies to provide them with a defense for any claims against them that arise out of or in connection with *their* obligations under the Agreement. Because Noland's claims against them arose out of and in connection with the services they provided to the Reciprocal Companies under the Agreement, this entitles them to a defense from the Reciprocal Companies. The Petitioners also take the position that KHA, as the sole member of the COA limited liability company, is analogous to director or officer or a corporation, and thus entitled to a defense.

On May 23, 2005, telephonic oral argument was convened. J. Derifield, Esquire, appeared on behalf of the Petitioners. Pierre J. Riou, Esquire, appeared as counsel for the Deputy Receiver. The parties had previously filed a Stipulated Statements of Facts on May 16, 2005.

On June 29, 2005, the Hearing Examiner ("Examiner") issued the Report of Alexander F. Skirpan, Jr. Therein, the Examiner made the following findings and recommendations:

1. The Deputy Receiver correctly interprets Paragraph 10 of the Agreement as requiring the Reciprocal Companies to defend and indemnify the Petitioners for claims arising from or incurred in connection with a breach by the Reciprocal Companies or their failure to perform any obligations.
2. However, nothing in the Agreement limits a breach to the Agreement and thus, in the case of the Reciprocal Companies, to the consequences of their nonpayment to the Petitioners for services rendered under the Agreement. Consequently, COA and Lisa Hyman are entitled to a defense and indemnification because they were sued in regards to a matter arising from or incurred in connection with an alleged breach by the Reciprocal Companies to Noland- i.e., their refusal to provide him with a defense.
3. Paragraph 12, which provides that the Agreement constitutes the entire agreement between the parties, cannot be interpreted as altering or limiting the scope of Paragraph 10 so as to apply only to the consequences of the Reciprocal Companies' nonpayment to the Petitioners for their services rendered.<sup>1</sup>
4. Pursuant to Paragraph 10, KHA is entitled to defense and indemnification if it is an agent of COA. Members of an LLC are considered agents of the LLC under both Virginia and Kentucky law except when the LLC is managed by a manager or managers.<sup>2</sup> Because KHA is a manager of COA according to the articles of incorporation, it cannot be considered its agent. Therefore, it is not entitled to defense and indemnification from the Reciprocal Companies.

NOW THE COMMISSION, after consideration of the record herein and the Report of the Hearing Examiner, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Determination of Appeal in Claim No. 65000-003 is reversed with respect to COA and Lisa Hyman;
2. The Deputy Receiver's Determination of Appeal in Claim No. 65000-003 is affirmed with respect to KHA; and
3. The papers herein are passed to the file for ended causes.

<sup>1</sup> The relevance of Paragraph 12 to the issue of coverage was discussed by the parties during oral arguments.

<sup>2</sup> The Petitioners and the Deputy Receiver disagreed as to whether Virginia or Kentucky law applied to the interpretation of the Agreement. However, during oral arguments, counsel for both parties agreed that it was unnecessary to address choice of law issues because there were no material differences between the applicable principles of contract interpretation under Kentucky and Virginia law.

**CASE NO. INS-2005-00014  
JANUARY 18, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
LEE BRUCE NOLE,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated December 3, 2004, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which he is appointed a change in his residence address.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00015  
JANUARY 21, 2005**

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

**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-1040 of the Code of Virginia (the "Code"), the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company has violated any law of this Commonwealth.

Family Life Insurance Company, a foreign corporation domiciled in the State of Texas ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on December 5, 1966.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Pursuant to § 38.2-1301 of the Code and 14 VAC 5-270-50, all licensed foreign insurance companies are required to file an annual Audited Financial Report with the Commission on or before June 30 of each year. Defendant was required to file its 2003 Audited Financial Report with the Commission on or before June 30, 2004; however, as of the date of this Order, Defendant has failed to file such report.

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

THEREFORE, IT IS ORDERED that Defendant TAKE NOTICE that the Commission shall enter an order subsequent to February 4, 2005, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before February 4, 2005, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for hearing before the Commission with respect to the proposed suspension of Defendant's license.

**CASE NO. INS-2005-00015  
JUNE 23, 2005**

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

**FINAL ORDER**

In an order entered herein January 21, 2005, Family Life Insurance Company, a foreign corporation domiciled in the State of Texas ("Defendant"), and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to February 4, 2005, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia due to the Defendant's failure to file its 2003 annual Audited Financial Report, which was due on or before June 30, 2004, unless on or before February 4, 2005, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

Based upon discussions with the Defendant and with the Texas Department of Insurance, the domiciliary regulator of the Defendant, the Bureau of Insurance ("Bureau") agreed to postpone taking action against the Defendant.

On March 9, 2005, the Defendant filed its 2003 annual Audited Financial Report with the Bureau.

In light of the foregoing, the Bureau has recommended that the Order to Take Notice entered by the Commission be vacated and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Order to Take Notice entered by the Commission should be vacated.

THEREFORE, IT IS ORDERED THAT:

- (1) The Order to Take Notice entered by the Commission is hereby VACATED;
- (2) This case is hereby dismissed; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00016  
JANUARY 21, 2005**

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

**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-1040 of the Code of Virginia (the "Code"), the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company has violated any law of this Commonwealth.

Investors Life Insurance Company of North America, a foreign corporation domiciled in the State of Texas ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on September 17, 1969.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Pursuant to § 38.2-1301 of the Code and 14 VAC 5-270-50, all licensed foreign insurance companies are required to file an annual Audited Financial Report with the Commission on or before June 30 of each year. Defendant was required to file its 2003 Audited Financial Report with the Commission on or before June 30, 2004; however, as of the date of this Order, Defendant has failed to file such report.

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

THEREFORE, IT IS ORDERED that Defendant TAKE NOTICE that the Commission shall enter an order subsequent to February 4, 2005, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before February 4, 2005, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for hearing before the Commission with respect to the proposed suspension of Defendant's license.

**CASE NO. INS-2005-00016  
JUNE 23, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

INVESTORS LIFE INSURANCE COMPANY OF NORTH AMERICA,  
Defendant

**FINAL ORDER**

In an order entered herein January 21, 2005, Investors Life Insurance Company of North America, a foreign corporation domiciled in the State of Texas ("Defendant"), and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to February 4, 2005, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia due to the Defendant's failure to file its 2003 annual Audited Financial Report, which was due on or before June 30, 2004, unless on or before February 4, 2005, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

Based upon discussions with the Defendant and with the Texas Department of Insurance, the domiciliary regulator of the Defendant, the Bureau of Insurance ("Bureau") agreed to postpone taking action against the Defendant.

On May 18, 2005, the Defendant filed its 2003 annual Audited Financial Report with the Bureau.

In light of the foregoing, the Bureau has recommended that the Order to Take Notice entered by the Commission be vacated and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Order to Take Notice entered by the Commission should be vacated.

THEREFORE, IT IS ORDERED THAT:

- (1) The Order to Take Notice entered by the Commission is hereby VACATED;
- (2) This case is hereby dismissed; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00017  
JANUARY 21, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

EDITH LORRAINE HUGHES,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated §§ 38.2-512, 38.2-1812.2, and 38.2-1813 of the Code of Virginia by making false statements or representations on or relative to an application or any document or communication relating to the business of insurance for the purpose of obtaining a fee, commission, or other benefit, 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 failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

premium finance company or agent entitled to the payment, by failing to maintain an accurate record and itemization of funds deposited into a separate fiduciary account, and by failing to hold all premiums, return premiums, or other funds received by Defendant in a fiduciary capacity.

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations.

Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated December 16, 2004, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated §§ 38.2-512, 38.2-1812.2, and 38.2-1813 of the Code of Virginia by making false statements or representations on or relative to an application or any document or communication relating to the business of insurance for the purpose of obtaining a fee, commission, or other benefit, 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 failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment, by failing to maintain an accurate record and itemization of funds deposited into a separate fiduciary account, and by failing to hold all premiums, return premiums, or other funds received by Defendant in a fiduciary capacity.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00018  
FEBRUARY 2, 2005**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1906 D and 38.2-2220 of the Code of Virginia by making or issuing an insurance contract or policy not in accordance with the rate and supplementary rate information filings in effect for Defendant, and by using a form which did not contain the precise language of the standard form filed and adopted by the Commission.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of six thousand dollars (\$6,000), agreed to comply with the procedures set forth in its letter dated December 16, 2004, and waived its right to a hearing.

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

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00019  
JANUARY 27, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

AMERICAN INTERSTATE INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

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

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of twenty-five thousand dollars (\$25,000), agreed to comply with procedures set forth in its Corrective Action Plan dated December 30, 2004, and waived its right to a hearing.

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

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00024  
APRIL 7, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

DENTAQUEST VIRGINIA, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed as a health maintenance organization in the Commonwealth of Virginia during the examination period, and currently licensed by the State Corporation Commission ("Commission") to transact the business of a dental plan organization, in certain instances, has violated §§ 38.2-316 B, 38.2-316 C, subsection 1 of § 38.2-502, 38.2-1812 A, 38.2-1833 A 1, 38.2-3407.4 A, 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, 38.2-4306 B 1, 38.2-5804 A, and 38.2-5805 C of the Code of Virginia, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-130 A, and 14 VAC 5-210-110 B, as well as the Cease and Desist Order entered by the Commission in Case No. INS-2000-00052.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of twenty-five thousand dollars (\$25,000) and waived its right to a hearing.

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

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00030  
MARCH 1, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

LIBERTY MUTUAL INSURANCE COMPANY,  
LIBERTY MUTUAL FIRE INSURANCE COMPANY,  
LIBERTY INSURANCE CORPORATION,  
and  
LM INSURANCE CORPORATION,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendants, each of which is duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, violated the Code of Virginia and the Virginia Administrative Code as follows: Liberty Mutual Insurance Company violated §§ 38.2-305, 38.2-1822, 38.2-2014, 38.2-2202, 38.2-2206 A, and 38.2-2220 of the Code of Virginia, as well as 14 VAC 5-390-40 D, 14 VAC 5-400-30, 14 VAC 5-400-40 A, and 14 VAC 5-400-70 A; Liberty Mutual Fire Insurance Company violated §§ 38.2-1822 and 38.2-2014 of the Code of Virginia, as well as 14 VAC 5-390-40 D; Liberty Insurance Corporation violated §§ 38.2-1822 and 38.2-2014 of the Code of Virginia; and LM Insurance Corporation violated §§ 38.2-502, 38.2-1822, and 38.2-2014 of the Code of Virginia, as well as 14 VAC 5-390-40 D.

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

Defendants have been advised of their right to a hearing in this matter, whereupon Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein Defendants have tendered to the Commonwealth of Virginia the sum of thirty thousand dollars (\$30,000), waived their right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) Liberty Mutual Insurance Company cease and desist from any conduct that constitutes a violation of §§ 38.2-305, 38.2-1822, 38.2-2014, 38.2-2202, 38.2-2206 A or 38.2-2220 of the Code of Virginia, or 14 VAC 5-390-40 D, 14 VAC 5-400-30, 14 VAC 5-400-40 A, or 14 VAC 5-400-70 A; Liberty Mutual Fire Insurance Company cease and desist from any conduct that constitutes a violation of § 38.2-1822 or § 38.2-2014 of the Code of Virginia, or 14 VAC 5-390-40 D; Liberty Insurance Corporation cease and desist from any conduct that constitutes a violation of § 38.2-1822 or § 38.2-2014 of the Code of Virginia; and LM Insurance Corporation cease and desist from any conduct that constitutes a violation of §§ 38.2-502, 38.2-1822 or 38.2-2014 of the Code of Virginia, or 14 VAC 5-390-40 D; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00033  
FEBRUARY 18, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

ROGER DALE CROOKE,  
Defendant

**ORDER REVOKING LICENSE**

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

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 18, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00034  
FEBRUARY 18, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

JESSE JOHN WATKINS,  
Defendant

**ORDER REVOKING LICENSE**

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

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 18, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00034  
MARCH 4, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JESSE JOHN WATKINS,  
Defendant

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Revoking License entered herein February 18, 2005, is hereby vacated.

**CASE NO. INS-2005-00035  
APRIL 13, 2005**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated § 38.2-3407.14 of the Code of Virginia by failing to provide in conjunction with the proposed renewal of certain of its policies sixty (60) days' written notice to affected policyholders of its intent to increase by more than thirty-five percent (35%) the annual premium charged for coverage under such policies.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of fifteen thousand dollars (\$15,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order. Further, Defendant agrees to send a check in

the amount of \$59,113.71 to the Virginia Division of Unclaimed Property which represents an estimate of the amount of renewal premium increases in excess of 35% imposed on policyholders without 60-day advance notification for the period from July 1, 1999, to December 31, 2000.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) Defendant make payment to the Virginia Division of Unclaimed Property in accordance with the aforesaid terms of the settlement;
- (3) Defendant cease and desist from conduct which constitutes a violation of § 38.2-3407.14 of the Code of Virginia;
- (4) Defendant notify the Bureau of Insurance in writing that payment was made within thirty (30) days of the mailing of such payment; and
- (5) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00038  
MARCH 1, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ASIM IJAZ AWAN,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 3, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which he is appointed a change in his residence address.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00039  
MARCH 1, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JAMES CARL CLIFTON,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 3, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which he is appointed a change in his residence address.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00040  
MARCH 1, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ISAIAS H. VASQUEZ,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 3, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission and to every insurer for which he is appointed a change in his residence address.

## IT IS THEREFORE ORDERED THAT:

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

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

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

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

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

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

**CASE NO. INS-2005-00041  
APRIL 5, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CUNA MUTUAL INSURANCE SOCIETY,

Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 B, 38.2-316 C, 38.2-502, 38.2-503, 38.2-509 A 2, 38.2-610, 38.2-1318 C, subsection 4 of § 38.2-1831, 38.2-3319.1, 38.2-3522.1, subsection 1 of § 38.2-3717, subsection 2 of § 38.2-3717, 38.2-3724, 38.2-3732, and 38.2-3737 B 1 of the Code of Virginia, as well as 14 VAC 5-40-40 A 3, 14 VAC 5-40-40 A 5, 14 VAC 5-40-40 A 6, 14 VAC 5-40-40 B 1, 14 VAC 5-40-40 E 2, 14 VAC 5-90-60 A 2, and 14 VAC 5-90-90 C.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of forty thousand dollars (\$40,000) and waived its right to a hearing.

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

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

## IT IS THEREFORE ORDERED THAT:

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

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

**CASE NO. INS-2005-00042  
JULY 20, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance as a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, subsection 1 of § 38.2-502, 38.2-503, 38.2-510 A 1, 38.2-510 A 14, 38.2-511, 38.2-1834 D, 38.2-3405 B, 38.2-3407.4, 38.2-3407.15 B 1, 38.2-3407.15 B 3, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 8, 38.2-3407.15 C, 38.2-3412.1:01, 38.2-3542 C, 38.2-4306 A 2, 38.2-4306 B 1, 38.2-4306.1, 38.2-4312 A, 38.2-5804 A, 38.2-5804 A 1, 38.2-5804 A 2, 38.2-5805 C 1, 38.2-5805 C 8, and 38.2-5805 C 9 of the Code of Virginia, as well as 14 VAC 5-90-90 A, 14 VAC 5-90-90 C, 14 VAC 5-90-110, 14 VAC 5-210-70 C, 14 VAC 5-210-110 A, 14 VAC 5-210-110 B and 14 VAC 5-215-20 B.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of sixty-five thousand dollars (\$65,000) and waived its right to a hearing.

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

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00045  
MARCH 4, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
GRACE MEEKS BAKER,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated §§ 38.2-512 and 38.2-1813 of the Code of Virginia by making false or fraudulent statements or representations on or relative to an application or any document or communication relating to the business of insurance for the purpose of obtaining a fee, commission, money, or other benefit, and by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations.

Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated February 7, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

THE COMMISSION is of the opinion and finds that Defendant has violated §§ 38.2-512 and 38.2-1813 of the Code of Virginia by making false or fraudulent statements or representations on or relative to an application or any document or communication relating to the business of insurance for the purpose of obtaining a fee, commission, money, or other benefit, and by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00047  
MARCH 16, 2005**

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

**IMPAIRMENT ORDER**

AF&L Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania ("Defendant") and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum capital of \$1,000,000 and minimum surplus of \$3,000,000.

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

The Annual Statement of Defendant, dated December 31, 2004, and filed with the Commission's Bureau of Insurance, indicates capital of \$3,750,000 and surplus of negative \$4,478,622.

The Bureau of Insurance has recommended that, based on the foregoing, the Commission enter an impairment order against Defendant.

IT IS THEREFORE ORDERED THAT, on or before June 13, 2005, Defendant eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED THAT Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

**CASE NO. INS-2005-00047  
JUNE 24, 2005**

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

**ORDER SUSPENDING LICENSE**

In an Impairment Order entered herein March 16, 2005, AF&L Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania ("Defendant") and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

of Virginia, was ordered to eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before June 13, 2005.

By affidavit of James P. McDermott, President and Chief Executive Officer of the Defendant, dated May 27, 2005, and filed with the Bureau of Insurance (the "Bureau") on June 5, 2005, the Defendant voluntarily agreed to the entry of a Suspension Order of indefinite duration by the Commission due to the Defendant's inability to eliminate the impairment in its surplus by the deadline of June 13, 2005, set forth in the Impairment Order.

The Bureau filed the affidavit with the Clerk of the Commission on June 22, 2005

THEREFORE, IT IS ORDERED THAT:

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

**CASE NO. INS-2005-00048  
MARCH 16, 2005**

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

**IMPAIRMENT ORDER**

Senior American Life Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania ("Defendant") and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum capital of \$1,000,000 and minimum surplus of \$3,000,000.

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

The Annual Statement of Defendant, dated December 31, 2004, and filed with the Commission's Bureau of Insurance, indicates capital of \$1,500,224 and surplus of \$1,882,018.

The Bureau of Insurance has recommended that, based on the foregoing, the Commission enter an impairment order against Defendant.

IT IS THEREFORE ORDERED THAT, on or before June 13, 2005, Defendant eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED THAT Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

**CASE NO. INS-2005-00048  
JUNE 24, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

SENIOR AMERICAN LIFE INSURANCE COMPANY,  
Defendant

**ORDER SUSPENDING LICENSE**

In an Impairment Order entered herein March 16, 2005, Senior American Life Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania ("Defendant") and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before June 13, 2005.

By affidavit of James P. McDermott, President and Chief Executive Officer of the Defendant, dated May 27, 2005, and filed with the Bureau of Insurance (the "Bureau") on June 5, 2005, the Defendant voluntarily agreed to the entry of a Suspension Order of indefinite duration by the Commission due to the Defendant's inability to eliminate the impairment in its surplus by the deadline of June 13, 2005, set forth in the Impairment Order.

The Bureau filed the affidavit with the Clerk of the Commission on June 22, 2005.

THEREFORE, IT IS ORDERED THAT:

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

**CASE NO. INS-2005-00049  
MARCH 16, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

PROVIDENCE WASHINGTON INSURANCE COMPANY OF NEW YORK,  
Defendant

**IMPAIRMENT ORDER**

Providence Washington Insurance Company of New York, a foreign corporation domiciled in the State of New York ("Defendant") and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum capital of \$1,000,000 and minimum surplus of \$3,000,000.

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

The Annual Statement of Defendant, dated December 31, 2004, and filed with the Commission's Bureau of Insurance, indicates capital of \$3,000,000 and surplus of \$2,391,104.

The Bureau of Insurance has recommended that, based on the foregoing, the Commission enter an impairment order against Defendant.

IT IS THEREFORE ORDERED THAT, on or before June 13, 2005, Defendant eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS FURTHER ORDERED THAT Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

**CASE NO. INS-2005-00049**  
**JUNE 24, 2005**

COMMONWEALTH OF VIRGINIA  
 At the relation of the  
 STATE CORPORATION COMMISSION

v.  
 PROVIDENCE WASHINGTON INSURANCE COMPANY OF NEW YORK,  
 Defendant

**ORDER TO TAKE NOTICE**

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

Providence Washington Insurance Company of New York, a foreign corporation domiciled in the State of New York ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia.

By order entered herein March 16, 2005, the Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before June 13, 2005.

As of the date of this Order, the Defendant has failed to file an affidavit with the Commission which states that it has eliminated the impairment in its surplus.

In addition, the Defendant's Quarterly Financial Statement, dated as of March 31, 2005, and filed with the Bureau of Insurance, indicates that the surplus impairment has not been cured.

IT IS THEREFORE ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to July 6, 2005, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before July 6, 2005, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

**CASE NO. INS-2005-00049**  
**JULY 12, 2005**

COMMONWEALTH OF VIRGINIA  
 At the relation of the  
 STATE CORPORATION COMMISSION

v.  
 PROVIDENCE WASHINGTON INSURANCE COMPANY OF NEW YORK,  
 Defendant

**ORDER SUSPENDING LICENSE**

In an order entered herein June 24, 2005, the Defendant was ordered to take notice that the Commission would enter an order subsequent to July 6, 2005, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before July 6, 2005, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of Defendant's license.

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.

THEREFORE, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby SUSPENDED;
- (2) The Defendant shall issue no new contracts or policies of insurance or renew any contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;
- (3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby SUSPENDED;

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

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

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

**CASE NO. INS-2005-00050  
MARCH 16, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
KEVIN JAMES CUNNINGHAM,  
Defendant

**ORDER REVOKING LICENSE**

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

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 7, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

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

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

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

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

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

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

**CASE NO. INS-2005-00051  
APRIL 6, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
MEDICAL LIABILITY MUTUAL INSURANCE COMPANY,  
Defendant

**IMPAIRMENT ORDER**

Medical Liability Mutual Insurance Company, a foreign corporation domiciled in the State of New York ("Defendant") and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, pursuant to § 38.2-1030 of the Code of Virginia ("Code"), is required to maintain minimum surplus of \$4,000,000.

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

The Annual Statement of Defendant, dated December 31, 2004, and filed with the Commission's Bureau of Insurance, indicates surplus of \$478,124,467.

Defendant's reported surplus resulted from Defendant discounting loss and loss expense reserves on a nontabular basis in the amount of \$584,993,059, a practice that is not permitted under Virginia law.

Defendant's reported surplus therefore should be adjusted in the amount of such \$584,993,059, resulting in an adjusted surplus amount at December 31, 2004, of negative \$106,868,592.

The Bureau of Insurance has recommended that, based on the foregoing, the Commission enter an impairment order against Defendant.

IT IS THEREFORE ORDERED THAT, on or before July 5, 2005, Defendant eliminate the impairment in its surplus and restore the same to at least \$4,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED THAT Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

**CASE NO. INS-2005-00051  
JUNE 23, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
MEDICAL LIABILITY MUTUAL INSURANCE COMPANY,  
Defendant

**FINAL ORDER**

Medical Liability Mutual Insurance Company, a foreign corporation domiciled in the State of New York ("Defendant"), initially was licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia on April 1, 1999.

By impairment order entered herein April 6, 2005, the Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before July 5, 2005.

The Defendant also was ordered not to issue any new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of the Defendant's surplus exists and until further order of the Commission.

By letter of Daniel Canniff, Vice President of the Defendant, dated June 13, 2005, and filed with the Commission's Bureau of Insurance, the Commission was advised that the Defendant wishes to withdraw its license to transact the business of insurance in the Commonwealth of Virginia.

The withdrawal of the Defendant's license has been processed by the Bureau of Insurance, effective June 17, 2005.

The Bureau of Insurance has recommended that the Impairment Order entered by the Commission be vacated and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Impairment Order entered by the Commission should be vacated.

THEREFORE, IT IS ORDERED THAT:

- (1) The Impairment Order entered by the Commission should be, and it is hereby, VACATED;
- (2) This case is hereby DISMISSED; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00054  
MARCH 18, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

REAL ESTATE LOAN SERVICES OF TENNESSEE, INC.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation by the Bureau of Insurance, it appears that Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to provide the Commission with a copy of Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

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

Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated February 2, 2005 and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to provide the Commission with a copy of Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00057  
MARCH 24, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
RODERICK DOUGLAS HUBBARD,  
Defendant

**ORDER REVOKING LICENSE**

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

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 24, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby, REVOKED;
- (2) All appointments issued under said licenses are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00068  
MARCH 29, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
BRANDI MARIE FRYE,  
Defendant

**ORDER REVOKING LICENSE**

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

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated February 28, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Colorado.

## IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00069  
MARCH 29, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

BILL FRALIC INSURANCE SERVICES, INC.,  
Defendant**ORDER REVOKING LICENSE**

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

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 Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation.

Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated February 28, 2005, and mailed to Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against it by the State of Colorado.

## IT IS THEREFORE ORDERED THAT:

- (1) The licenses of Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia be, and they are hereby, REVOKED;
- (2) All appointments issued under said licenses be, and they are hereby, VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

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

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

**CASE NO. INS-2005-00072  
APRIL 28, 2005**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a dental plan organization in the Commonwealth of Virginia, in certain instance, violated §§ 38.2-1323 A and 38.2-1331 A 1 of the Code of Virginia in connection with the failure to file with the Commission an application for approval of the acquisition of control of the Defendant or a disclaimer of affiliation pursuant to § 38.2-1329 I of the Code of Virginia, and by failing to obtain the Commission's prior written approval of a material transaction with an affiliate.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1040, and 38.2-6113 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of six thousand dollars (\$6,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
  - (2) The Defendant cease and desist from any conduct which constitutes a violation of § 38.2-1323 A or § 38.2-1331 A 1 of the Code of Virginia;
- and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00073  
APRIL 14, 2005**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that Defendant, an alien insurer not authorized to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1024 and 38.2-1027 of the Code of Virginia.

The State Corporation Commission ("Commission") is authorized by §§ 38.2-218 and 38.2-1039 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and issue temporary or permanent injunctions upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid violations.

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has:

(1) Agreed to cease and desist from soliciting or issuing any new or renewal contracts of insurance in Virginia until such time as it obtains an insurance license and certificate of authority or receives the prior approval of the Commission to issue surplus lines insurance pursuant to Chapter 48 of Title 38.2;

(2) Agreed to provide ongoing medical malpractice coverage under policies issued to all Virginia insureds until the earlier of either: (i) the specific date that each insured's coverage ends; or (ii) the specific date that any replacement coverage secured by the insureds becomes effective;

(3) Agreed to pay all covered claims by any Virginia insureds during any applicable period of coverage and to fully defend all covered claims and pay all claims, losses, and costs related thereto pursuant to the applicable terms and conditions of each insured's policy;

(4) Agreed to refund to Virginia insureds all unearned premiums on a pro rata basis within thirty (30) days of the applicable date of cancellation;

(5) Agreed to provide all insureds with a copy of this Order together with a notice of the effective date of expiration of their coverage within twenty (20) days of the date of this Order;

(6) Provide evidence that each hospital requiring evidence of insurance coverage from Defendant's insureds has been notified that Defendant is not authorized to transact the business of insurance in Virginia;

(7) Tendered to the Commonwealth of Virginia the sum of ten thousand dollars (\$10,000);

(8) Waived their right to a hearing; and

(9) Agreed to file an affidavit with the Bureau of Insurance on or before January 31, 2006, confirming that Defendant has complied with the terms of this Order.

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

The Commission, having considered the record herein, the offer of settlement of Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

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

(2) Defendant shall fully comply with the aforesaid terms of the settlement; and

(3) The Commission shall retain jurisdiction in this matter pending receipt of the affidavit confirming that Defendant has complied with the terms of this Order.

**CASE NO. INS-2005-00075  
APRIL 29, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
SECURITY INSURANCE COMPANY, LTD.,  
Defendant

**CONSENT ORDER**

Security Insurance Company, Ltd., an insurer domiciled in Barbados and operating in the Commonwealth of Virginia, has voluntarily agreed, until further order of the Commission, to cease and desist from:

(i) transacting the business of an insurance company without first procuring from the Bureau of Insurance, State Corporation Commission, a license to do so pursuant to Chapter 10 of Title 38.2 of the Code of Virginia;

(ii) knowingly violating any provision of Chapter 10 of Title 38.2 of the Code of Virginia or any other related provision of such Title;

(iii) issuing any new insurance contracts to any new participants who are residents of the Commonwealth of Virginia; and

(iv) renewing any insurance contracts to any participants who are residents of the Commonwealth of Virginia.

THEREFORE, IT IS ORDERED THAT:

- (1) Defendant shall not transact the business of an insurance company without first procuring from the Bureau of Insurance, State Corporation Commission, a license to do so pursuant to Chapter 10 of Title 38.2 of the Code of Virginia;
- (2) Defendant shall not violate any provision of Chapter 10 of Title 38.2 of the Code of Virginia or any other related provision of such Title;
- (3) Defendant shall not issue any new insurance contracts to any new participants who are residents of the Commonwealth of Virginia; and
- (4) Defendant shall not renew any insurance contracts to any participants who are residents of the Commonwealth of Virginia.

**CASE NO. INS-2005-00077  
JUNE 30, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-510 A 15, 38.2-1812 A, 38.2-1822 A, 38.2-3407.4, 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 C, 38.2-4306.1, 38.2-4313, 38.2-5802 D, 38.2-5803 A, 38.2-5805 B, 38.2-5805 C, 38.2-5805 C 1, and 38.2-5805 C 8 of the Code of Virginia.

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

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of thirty-five thousand dollars (\$35,000) and waived its right to a hearing.

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

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00079  
JULY 13, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JOHN VICTOR WAGNER, JR.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia, violated §§ 38.2-4806 D, 38.2-4807 A, and 38.2-4809 A of the Code of Virginia by failing to file timely with the Commission the quarterly report summarizing the business transacted by the Defendant for the fourth quarter of 2004, by failing to file timely with the Commission a 2004 Annual Gross Premiums Tax Report, and by failing to pay the annual assessments, penalties and taxes for the Virginia surplus lines business written by the surplus lines broker.

## 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 April 20, 2005, May 13, 2005, and June 7, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-4806 D, 38.2-4807 A, and 38.2-4809 A of the Code of Virginia by failing to file timely with the Commission the quarterly report summarizing the business transacted by the Defendant for the fourth quarter of 2004, by failing to file timely with the Commission a 2004 Annual Gross Premiums Tax Report, and by failing to pay the annual assessments, penalties and taxes for the Virginia surplus lines business written by the surplus lines broker.

## IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent and a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent or a surplus lines broker;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or a surplus lines broker in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent or a surplus lines broker in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00085  
APRIL 20, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
STEVEN WAYNE DUFFIE,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated § 38.2-1813 of the Code of Virginia by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated March 15, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1813 of the Code of Virginia by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00086  
MAY 19, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-510 A 1, 38.2-510 A 14, 38.2-510 A 15, 38.2-511, 38.2-1834 D, 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, 38.2-4306 A 2, 38.2-4306 B 1, 38.2-4306.1, 38.2-5804 A, 38.2-5805 B, 38.2-5805 C, 38.2-5805 C 2, 38.2-5805 C 8, and 38.2-5805 C 9 of the Code of Virginia, as well as, 14 VAC 5-100-50, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 H 3, 14 VAC 5-210-110 A, and 14 VAC 5-210-110 B.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of forty-two thousand dollars (\$42,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00087  
JULY 29, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

MID-ATLANTIC VISION SERVICE PLAN, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 D, 38.2-3407.4, 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 8, 38.2-3407.15 B 9, and 38.2-5803 A 4 of the Code of Virginia.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of twenty-six thousand dollars (\$26,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00088  
APRIL 28, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

PHYSICIANS PLANNING SERVICE CORPORATION OF CONNECTICUT,  
Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated March 22, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against it by the State of Louisiana.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00089  
APRIL 28, 2005**

COMMONWEALTH OF VIRGINIA  
 At the relation of the  
 STATE CORPORATION COMMISSION  
 v.  
 DESMOND FREDERICK PRIMUS,  
 Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 23, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00090  
MAY 4, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

JENNIFER L. MALLOY,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia, violated §§ 38.2-1812.2 and 38.2-1826 A of the Code of Virginia 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, and by failing to report within thirty 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 March 25, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1812.2 and 38.2-1826 A of the Code of Virginia 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, and by failing to report within thirty days to the Commission and to every insurer for which she is appointed a change in her residence address.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00098  
MAY 4, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

ALAN J. SONNICHSEN,  
Defendant

**ORDER REVOKING LICENSE**

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

## 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 4, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

## IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

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

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

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

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

**CASE NO. INS-2005-00099  
JUNE 3, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-305, 38.2-510 A 10, 38.2-1318, 38.2-1812, 38.2-1833, 38.2-1906 D, 38.2-2113, 38.2-2114, 38.2-2120, and 38.2-2125.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of nine thousand dollars (\$9,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

## IT IS THEREFORE ORDERED THAT:

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

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

**CASE NO. INS-2005-00100  
JUNE 7, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Minimum Standards for Medicare Supplement Policies

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia provides that the Commission shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code of Virginia 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 of Virginia.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code of Virginia are set forth in Title 14 of the Virginia Administrative Code.

The Bureau of Insurance has submitted to the Commission proposed revisions to Chapter 170 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Minimum Standards for Medicare Supplement Policies," which amend the Rules at 14 VAC 5-170-20 through 14 VAC 5-170-105, 14 VAC 5-170-120 through 14 VAC 5-170-130, 14 VAC 5-170-150 through 14 VAC 5-170-160, and 14 VAC 5-170-180 through 14 VAC 5-170-190.

The proposed revisions to the rules are necessary as a result of the passage of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), which requires states to amend their Medicare Supplement regulations in order to maintain certification of their state regulatory programs. The MMA provides prescription drug coverage through Medicare Part D, and revisions were made to the Rules to incorporate these requirements.

The Commission is of the opinion that the proposed revisions to Ch. 170 of Title 14 of the Virginia Administrative Code should be considered for adoption.

THEREFORE, IT IS ORDERED THAT:

(1) The proposed revisions to the "Rules Governing Minimum Standards for Medicare Supplement Policies," which amend the Rules at 14 VAC 5-170-20 through 14 VAC 5-170-105, 14 VAC 5-170-120 through 14 VAC 5-170-130, 14 VAC 5-170-150 through 14 VAC 5-170-160, and 14 VAC 5-170-180 through 14 VAC 5-170-190, be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose the adoption of the proposed revisions shall file such comments or hearing request on or before July 8, 2005, in writing with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 and shall refer to Case No. INS-2005-00100.

(3) If no written request for a hearing on the proposed revisions is filed on or before July 8, 2005, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed revisions, may adopt the revisions proposed by the Bureau of Insurance.

(4) AN ATTESTED COPY hereof, together with a copy of the proposed revisions, shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham, who forthwith shall give further notice of the proposed adoption of the revisions by mailing a copy of this Order, together with the proposed revisions, to all insurers licensed by the Commission to write accident and sickness insurance in the Commonwealth of Virginia.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed revisions, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(6) On or before June 14, 2005, the Commission's Division of Information Resources shall make available this Order and the attached proposed rules on the Commission's website, <http://www.state.va.us/scc/caseinfo.htm>.

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

NOTE: A copy of Attachment A entitled "Rules Governing Minimum Standards for Medicare Supplement Policies" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2005-00100  
JULY 20, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Minimum Standards for Medicare Supplement Policies

**ORDER ADOPTING REVISIONS TO RULES**

By order entered herein June 7, 2005, all interested persons were ordered to take notice that subsequent to July 8, 2005, the Commission would consider the entry of an order adopting revisions proposed by the Bureau of Insurance to the Commission's Rules Governing Minimum Standards for Medicare Supplement Policies ("Rules"), set forth in Chapter 170 of Title 14 of the Virginia Administrative Code, unless on or before July 8, 2005, any person objecting to the adoption of the proposed revisions filed a request for hearing with the Clerk of the Commission (the "Clerk").

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed revisions on or before July 8, 2005.

America's Health Insurance Plans (AHIP) and Anthem Blue Cross and Blue Shield (Anthem) filed comments to the proposed revisions with the Clerk on July 8, 2005. AHIP and Anthem did not request a hearing.

UnitedHealth Group (UnitedHealth) filed comments to the proposed revisions with the Clerk on July 11, 2005. Although not timely, the Bureau considered the comments. UnitedHealth did not request a hearing.

The revisions to the Rules are necessary as a result of the passage of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), which requires states to amend their Medicare Supplement regulations in order to maintain certification of their state regulatory programs. The MMA provides prescription drug coverage through Medicare Part D, and revisions were made to the Rules to incorporate these requirements.

The Bureau has reviewed the comments and recommends that the proposed Rules be modified at 14 VAC 5-170-20 A 1, concerning the date which all Medicare supplement policies are required to comply with the Rules and 14 VAC 5-170-70 B 7 b, to eliminate redundant language. In addition, the Bureau recommends modification to 14 VAC 5-170-70 E 1 c, 14 VAC 5-170-80 F 2, the table in 14 VAC 5-170-150 D 4 and minor editorial changes as well.

The Bureau filed its Statements of Position in response to the comments filed by AHIP, Anthem and UnitedHealth on July 18, 2005.

THE COMMISSION, having considered the proposed revisions, the filed comments, and the Bureau's response to and recommendation regarding the filed comments, is of the opinion that the attached revisions to the Rules should be adopted.

THEREFORE IT IS ORDERED THAT:

(1) The revisions to Chapter 170 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Minimum Standards for Medicare Supplement Policies," amended at 14 VAC 5-170-20 through 14 VAC 5-170-105, 14 VAC 5-170-120, 14 VAC 5-170-130, 14 VAC 5-170-150, 14 VAC 5-170-160, 14 VAC 5-170-190, and Appendices A through D (14 VAC 5-170-180), which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective August 15, 2005.

(2) AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Jacqueline K. Cunningham, Deputy Commissioner, Bureau of Insurance, State Corporation Commission who forthwith shall give further notice of the adoption of the revisions to the Rules by mailing a copy of this Order, including a clean copy of the attached final revised Rules, to all insurers licensed by the Bureau of Insurance to transact the business of accident and sickness insurance in the Commonwealth of Virginia, and certain interested parties designated by the Bureau of Insurance.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, including a copy of the attached revised Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations and shall make this Order and the attached revisions to the Rules available on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

NOTE: A copy of Attachment A entitled "Rules Governing Minimum Standards for Medicare Supplement Policies" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2005-00101  
MAY 20, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

WAYNE JAY FORMAN,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2004 Annual Gross Premiums Tax Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 21, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to timely file a 2004 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said insurance agent license are hereby VOID;

(3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

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

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

**CASE NO. INS-2005-00102  
MAY 20, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

AON RISK SERVICES, INC. OF NORTHERN CA INS. SERVICES,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2004 Annual Gross Premiums Tax Report.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 20, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to timely file a 2004 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said insurance agent license are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00102  
SEPTEMBER 22, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
AON RISK SERVICES, INC. OF NORTHERN CA INS. SERVICES,  
Defendant

**FINAL ORDER**

By order entered May 20, 2005, the Defendant's licenses to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia were revoked due to the Defendant's failure to file timely with the State Corporation Commission ("Commission") a 2004 Annual Gross Premiums Tax Report as required by § 38.2-4807 A of the Code of Virginia.

On May 25, 2005, the Defendant made an offer of settlement to the Commission in connection with the alleged violation of § 38.2-4807 A of the Code of Virginia, wherein the Defendant filed its 2004 Annual Gross Premiums Tax Report with the Bureau of Insurance ("Bureau") and tendered to the Commonwealth of Virginia the sum of four thousand five hundred eighty dollars (\$4,580), which represents four thousand two hundred fifty dollars (\$4,250) as a penalty for the late filing of the annual report, and three hundred thirty dollars (\$330) for the payment of the Defendant's annual Bureau maintenance assessment.

In addition, by letter of Alfred R. Anderson, Director of Policy Maintenance for the Defendant, dated June 22, 2005, and filed with the Bureau, the Defendant requested that its licenses be reinstated.

The Bureau of Insurance has recommended that, in light of the foregoing, the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia, and that the Order Revoking License be vacated, the licenses of the Defendant be reinstated, and this case be closed.

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

THEREFORE, IT IS ORDERED THAT:

- (1) The Order Revoking License entered by the Commission should be, and it is hereby, VACATED;
- (2) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted;
- (3) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant, prior to the entry of the Order Revoking License, held an appointment to act as an insurance agent in the Commonwealth of Virginia and to which the Bureau of Insurance sent a copy of the Order Revoking License;

- (4) This case be, and it is hereby, DISMISSED; and
- (5) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00103  
MAY 20, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

CHRISTIE LOUISE REEVES,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2004 Annual Gross Premiums Tax Report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 20, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-4807 A of the Code of Virginia by failing to timely file a 2004 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said insurance agent license are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent or as a surplus lines broker;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent or as a surplus lines broker in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00103  
JUNE 13, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

CHRISTIE LOUISE REEVES,  
Defendant

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Revoking License entered herein May 20, 2005, is hereby vacated.

**CASE NO. INS-2005-00103  
AUGUST 8, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
CHRISTIE LOUISE REEVES,  
Defendant

**FINAL ORDER**

By Order Revoking License entered herein May 20, 2005, the State Corporation Commission ("Commission") revoked the Defendant's license to transact the business of insurance as an agent and a surplus lines broker in the Commonwealth of Virginia for an alleged violation of § 38.2-4807 A of the Code of Virginia for failing to file timely with the Commission a 2004 Annual Gross Premiums Tax Report.

By Vacating Order entered herein June 13, 2005, for good cause having been shown, the Order Revoking License was vacated.

The Defendant has made an offer of settlement to the Commission in connection with the alleged violation of § 38.2-4807 A of the Code of Virginia, wherein the Defendant has tendered to the Commonwealth of Virginia the sum of four thousand seven hundred dollars (\$4,700), which represents four thousand six hundred fifty dollars (\$4,650) as a fine due to the late filing, and fifty dollars (\$50) as a penalty due to the late payment of the annual maintenance assessment, waived her right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that, in light of the foregoing, the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia and that this case be closed.

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted;
- (2) The Defendant cease and desist from any conduct which constitutes a violation of § 38.2-4807 A of the Code of Virginia;
- (3) This case is hereby DISMISSED; and
- (4) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00104  
JUNE 14, 2005**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated § 38.2-3407.4 A and 38.2-3407.4 B of the Code of Virginia by failing to file for approval with the Commission its explanation of benefits forms, and by failing to accurately and clearly set forth the benefits payable under the explanation of benefit forms.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of five thousand dollars (\$5,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00106  
MAY 23, 2005**

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

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to provide the Commission with a copy of Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 27, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to provide the Commission with a copy of Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00106  
JUNE 10, 2005**

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

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Revoking License entered herein May 23, 2005, is hereby vacated.

**CASE NO. INS-2005-00110  
JUNE 10, 2005**

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

**IMPAIRMENT ORDER**

Family Life Insurance Company, a foreign corporation domiciled in the State of Texas ("Defendant") and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum capital of \$1,000,000 and minimum surplus of \$3,000,000.

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

The Quarterly Statement of Defendant, dated March 31, 2005, and filed with the Commission's Bureau of Insurance, indicates capital of \$17,692,300 and surplus of \$2,635,085.

The Bureau of Insurance has recommended that, based on the foregoing, the Commission enter an impairment order against Defendant.

IT IS THEREFORE ORDERED THAT, on or before September 9, 2005, Defendant eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED THAT Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

**CASE NO. INS-2005-00110  
JULY 8, 2005**

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

**FINAL ORDER**

Family Life Insurance Company, a foreign corporation domiciled in the State of Texas ("Defendant"), initially was licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia on September 24, 1992.

By impairment order entered herein June 10, 2005, the Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least \$3,000,000 and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before September 9, 2005.

The Defendant also was ordered not to issue any new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of the Defendant's surplus exists and until further order of the Commission.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

By affidavit of Defendant's Senior Vice President dated June 30, 2005, and filed with the Commission on July 1, 2005, the Commission was advised that Defendant has eliminated the impairment of surplus reported in its Quarterly Statement dated March 31, 2005

In light of the foregoing, the Bureau of Insurance has recommended that the Impairment Order entered by the Commission be vacated and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Impairment Order entered by the Commission should be vacated.

THEREFORE, IT IS ORDERED THAT:

- (1) The Impairment Order entered by the Commission is hereby VACATED;
- (2) This case is hereby DISMISSED; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00111  
OCTOBER 25, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

FORETHOUGHT LIFE INSURANCE COMPANY,

Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-301 A, 38.2-302 A, 38.2-305 C, 38.2-316 A, 38.2-316 C, subsection 1 of § 38.2-502, 38.2-503, subsection 6 of § 38.2-606, subsection 7 of § 38.2-606, subsection 8 of § 38.2-606, 38.2-610 A, 38.2-1812 A, 38.2-1822 A, 38.2-1834 D, and 38.2-3115 B of the Code of Virginia, as well as 14 VAC 5-40-40 A 4 and 14 VAC 5-400-50 A.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of nine thousand five hundred dollars (\$9,500) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00112  
JUNE 2, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
DORIANA VALENTINA ZINK,  
Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 May 9, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Florida.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00114  
JUNE 30, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 C, 38.2-502, 38.2-503, 38.2-510 A 1, 38.2-510 A 4, 38.2-510 A 5, 38.2-510 A 6, 38.2-510 A 14, 38.2-510 A 15, 38.2-1318 C, 38.2-1833 A 1, 38.2-1834 D, 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, 38.2-3412.1:01, 38.2-3418.13, 38.2-4306.1, 38.2-4306 A 2, 38.2-5804 A, 38.2-5805 B, 38.2-5805 C, 38.2-5805 C 1, 38.2-5805 C 8, and 38.2-5805 C 9 of the Code of Virginia, as well as 14 VAC 5-90-90 C, 14 VAC 5-100-50, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 H 3, and 14 VAC 5-210-110 A.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of thirty-four thousand dollars (\$34,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00115  
OCTOBER 12, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
PENNY SMALLWOOD,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-512 of the Code of Virginia by making false statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, or other benefit, and by affixing the signature of another person to any document pertaining to the business of insurance without the written authorization of such person.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 13, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-512 of the Code of Virginia by making false statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, or other benefit, and by affixing the signature of another person to any document pertaining to the business of insurance without the written authorization of such person.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00116  
JUNE 3, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
DANIEL GAJDOS,  
Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 17, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00121  
JULY 15, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ROCKINGHAM CASUALTY COMPANY  
and  
ROCKINGHAM MUTUAL INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendants, each of which is duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated the Code of Virginia and the Virginia Administrative Code as follows: Rockingham Casualty Company violated §§ 38.2-510 A 10, 38.2-1905, 38.2-1906 D, and 38.2-2212 of the Code of Virginia, as well as 14 VAC 5-400-30, 14 VAC 5-400 40 A, 14 VAC 5-400-50 C, 14 VAC 5-400-70 D, and 14 VAC 5-400 80 D; and Rockingham Mutual Insurance Company violated §§ 38.2-305, 38.2-510 A 10, 38.2-1905, 38.2-1906 D, 38.2-2113, and 38.2-2114 of the Code of Virginia, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, and 14 VAC 5-400-80 D.

## 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth of Virginia the sum of fourteen thousand seven hundred dollars (\$14,700) and waived their right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00139  
JULY 15, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

LINCOLN GENERAL INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-510 A 10, 38.2-1905, 38.2-1906 D, and 38.2-2212 of the Code of Virginia, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of fourteen thousand four hundred dollars (\$14,400) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00140  
JULY 8, 2005**

APPLICATION OF  
HARTFORD LIFE 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 June 28, 2005, Hartford Life Insurance Company, a Connecticut-domiciled insurer licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia ("HLIC"), requested approval of an assumption reinsurance agreement dated June 7, 2004, pursuant to § 38.2-136 C of the Code of Virginia, whereby on July 11, 2005, HLIC would assume certain Virginia universal life insurance policies from London Pacific Life & Annuity Company in Receivership, a North Carolina-domiciled insurer in delinquency proceedings ("London Pacific"), whose license to transact the business of insurance in the Commonwealth of Virginia was revoked by the Commission in Case No. INS-2002-00203 on September 8, 2003.

The assumption reinsurance agreement was approved by the Superior Court Division of the General Court of Justice of Wake County, North Carolina on July 9, 2004, and by the North Carolina Commissioner of Insurance on October 11, 2004. The Special Deputy Receiver of London Pacific has waived its right to a hearing.

The assumption reinsurance agreement was approved by the Connecticut Department of Insurance, the domiciliary regulator of HLIC, on May 20, 2005.

The Bureau of Insurance, having reviewed the application to ensure that Virginia policyholders will not lose any rights or claims afforded under their original contracts pursuant to Chapter 17 of Title 38.2 of the Code of Virginia, has recommended that the application be approved.

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.

THEREFORE, IT IS ORDERED THAT the application of Hartford Life Insurance Company for approval of the assumption reinsurance agreement with London Pacific Life & Annuity Company in Receivership, pursuant to § 38.2-136 C of the Code of Virginia be, and it is hereby, APPROVED.

**CASE NO. INS-2005-00141  
JULY 6, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
TIMOTHY W. NEWKIRK,  
Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED,

- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00142  
NOVEMBER 30, 2005**

PETITION OF  
JERRY WELLS

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

**ORDER**

On January 29, 2003, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of The Reciprocal Group ("TRG") and Reciprocal of America ("ROA") (collectively, the "Reciprocal Companies"). In addition, that Order appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver and Melvin J. Dillon as Special Deputy Receiver of the Reciprocal Companies, in accordance with Title 38.2, Chapters 12 and 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver or Special Deputy Receiver with respect to claims against the Reciprocal Companies.

On June 27, 2005, Jerry Wells ("Petitioner"), by counsel, filed a Petition for Review with the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. KHA02675. By Order dated July 8, 2005, the Commission docketed the Petition, assigned the case to a Hearing Examiner, and directed the Deputy Receiver to file an Answer or other responsive pleading to the Petition on or before August 17, 2005.

On August 17, 2005, the Deputy Receiver filed a Demurrer and Answer to Petition for Review, and Memorandum in Support of Demurrer and Answer to Petition for Review. In his Demurrer, the Deputy Receiver argued that the Petition failed to assert a claim for which relief under the Final Order might be granted and should be dismissed because the Petition was not timely filed according to the requirements set forth in the Amended Receivership Appeal Procedure ("ARAP").

The Petitioner filed no response to the Deputy Receiver's Demurrer.

On October 20, 2005, the Hearing Examiner ("Examiner") issued his Report in which he made the following findings and recommendations:

1. The filed pleadings indicated that the Deputy Receiver issued his Determination of Appeal on May 20, 2005.
2. Pursuant to the ARAP, the Petitioner had thirty (30) days from the date of the Deputy Receiver's Determination of Appeal in which to file a Petition with the Commission.
3. The Petitioner was therefore required to file his Petition with the Commission on or before June 19, 2005. Since June 19, 2005, fell on a Sunday, the Petitioner had until the close of business on Monday, June 20, 2005, to make his filing.
4. The Petition was dated June 20, 2005, and mailed to the Clerk of the Commission. However, the Petition was not received by the Clerk of the Commission until June 27, 2005.
5. The Petitioner failed to timely file his Petition, and his Petition is time-barred by the express provisions of the ARAP.
6. The Deputy Receiver's Demurrer should be granted.

NOW THE COMMISSION, after consideration of the record herein, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Demurrer is hereby GRANTED;
2. The Petition of Jerry Wells for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice;
3. The Deputy Receiver's Determination of Appeal in Claim No. KHA02675 is AFFIRMED; and
4. The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2005-00143  
DECEMBER 2, 2005**

PETITION OF  
JANET SIZEMORE

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

**ORDER**

On January 29, 2003, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of The Reciprocal Group ("TRG") and Reciprocal of America ("ROA") (collectively, the "Reciprocal Companies"). In addition, that Order appointed Alfred W. Gross, Commissioner of the Commission's Bureau of Insurance as Deputy Receiver and Melvin J. Dillon as Special Deputy Receiver of the Reciprocal Companies, in accordance with Title 38.2, Chapters 12 and 15 of the Code of Virginia. Pursuant to his grant of authority, the Deputy Receiver in his Sixth Directive of Deputy Receiver Adopting Amended Receivership Appeal Procedure established appeal procedures for appeals or challenges of any decision made by the Deputy Receiver or Special Deputy Receiver with respect to claims against the Reciprocal Companies.

On June 28, 2005, Janet Sizemore ("Petitioner"), by counsel, filed a Petition for Review with the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. KHA04974. By Order dated July 8, 2005, the Commission docketed the Petition, assigned the case to a Hearing Examiner, and directed the Deputy Receiver to file an Answer or other responsive pleading to the Petition on or before August 17, 2005.

On August 17, 2005, the Deputy Receiver filed a Demurrer and Answer to Petition for Review, and Memorandum in Support of Demurrer and Answer to Petition for Review. In his Demurrer, the Deputy Receiver argued that the Petition failed to assert a claim for which relief under the Final Order might be granted and should be dismissed because the Petition was not timely filed according to the requirements set forth in the Amended Receivership Appeal Procedure ("ARAP").

The Petitioner filed no response to the Deputy Receiver's Demurrer.

On October 20, 2005, the Hearing Examiner ("Examiner") issued his Report in which he made the following findings and recommendations:

1. The filed pleadings indicated that the Deputy Receiver issued his Determination of Appeal on May 26, 2005.
2. Pursuant to the ARAP, the Petitioner had thirty (30) days from the date of the Deputy Receiver's Determination of Appeal in which to file a Petition with the Commission.
3. The Petitioner was therefore required to file her Petition with the Commission on or before June 25, 2005. Since June 25, 2005, fell on a Saturday, the Petitioner had until the close of business on Monday, June 27, 2005, to make her filing.
4. The Petition was dated June 23, 2005, and mailed to the Clerk of the Commission. However, the Petition was not received by the Clerk of the Commission until June 28, 2005, one day late.
5. The Petitioner's claim is time-barred by the express terms of the ARAP.
6. The Deputy Receiver's Demurrer should be granted.

NOW THE COMMISSION, after consideration of the record herein, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The Deputy Receiver's Demurrer is hereby GRANTED;
2. The Petition of Janet Sizemore for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice;
3. The Deputy Receiver's Determination of Appeal in Claim No. KHA04974 is AFFIRMED; and
4. The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2005-00144  
AUGUST 3, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

CONSECO SENIOR HEALTH INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-510 A 5 and 38.2-3407.1 of the Code of Virginia, as well as 14 VAC 5-400-60 A by failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed, by failing to pay interest at the legal rate of interest from the date of fifteen (15) working days from the Defendant's receipt of proof of loss to the date that the claim was paid, and by failing to advise a first party claimant of the acceptance or denial of the claim by the Defendant within fifteen (15) working days after receipt by the insurer of properly executed proofs of loss.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of seven thousand five hundred dollars (\$7,500) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00147  
SEPTEMBER 13, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

CIGNA HEALTHCARE OF VIRGINIA, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-503, 38.2-510 A 10, 38.2-510 A 14, 38.2-1318 C, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 D, 38.2-3407.4, 38.2-3407.14, 38.2-3407.15 B 1, 38.2-3407.15 B 4, 38.2-3407.15 B 7, 38.2-3407.15 C, 38.2-3542 C, 38.2-4306 A 2, 38.2-4306 B 1, 38.2-4306.1, 38.2-4312 A, 38.2-4313, 38.2-5804 A, and 38.2-5805 C 8 of the Code of Virginia, as well as 14 VAC 5-90-50 B, 14 VAC 5-210-70 B 2, 14 VAC 5-210-90 B 1 b, 14 VAC 5-210-100 A, 14 VAC 5-210-110 A, and 14 VAC 5-210-110 B.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of ninety thousand dollars (\$90,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00150  
JULY 12, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
EDWARD MANUEL LOPEZ, JR.,  
Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 13, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00151  
JULY 28, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
KEVIN TAYLOR KITE,  
Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 13, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00152  
DECEMBER 1, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
WALTER R. HAWK, JR.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1831 of the Code of Virginia 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

## 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 letters dated September 19, 2005, and October 26, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00154  
AUGUST 22, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
DONALD R. O'ROARK,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-502 and 38.2-503 of the Code of Virginia, as well as 14 VAC 5-40-40 by misrepresenting the benefits, advantages, conditions or terms of an insurance policy, by making, publishing, disseminating, circulating, or placing before the public an advertisement, announcement or statement containing an assertion, representation or statement relating to the business of insurance which was untrue, deceptive or misleading, and by using illustrations that were misleading in showing excessive interest rates, guaranteed death benefits, and tax-free withdrawals.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of his right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of twenty thousand dollars (\$20,000), waived his right to a hearing, and agreed not to sell, solicit, or negotiate any variable life insurance policies from the date of entry of this Order, except to himself or his immediate family.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

(2) The Defendant shall not sell, solicit, or negotiate any variable life insurance policies from the date of entry of this Order, except to himself or his immediate family; and

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

**CASE NO. INS-2005-00155  
JULY 28, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
FAMILY LIFE 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 whenever the Commission finds that the company has violated any law of this Commonwealth.

Family Life Insurance Company, a foreign corporation domiciled in the State of Texas ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on December 5, 1966.

Pursuant to § 38.2-1301 of the Code and 14 VAC 5-270-50, all licensed foreign insurance companies are required to file an annual Audited Financial Report with the Commission on or before June 30 of each year. The Defendant was required to file its 2004 Audited Financial Report with the Commission on or before June 30, 2005; however, as of the date of this Order, the Defendant has failed to file such report.

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

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an Order subsequent to August 10, 2005, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before August 10, 2005, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for hearing before the Commission with respect to the proposed suspension of the Defendant's license.

**CASE NO. INS-2005-00155  
DECEMBER 21, 2005**

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

**FINAL ORDER**

In an order entered herein July 28, 2005, Family Life Insurance Company, a foreign corporation domiciled in the State of Texas ("Defendant"), and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to August 10, 2005, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia due to the Defendant's failure to file its 2004 annual Audited Financial Report, which was due on or before June 30, 2005, unless on or before August 10, 2005, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

Based upon discussions with the Defendant and with the Texas Department of Insurance, the domiciliary regulator of the Defendant, the Bureau of Insurance ("Bureau") has agreed not to pursue the suspension of the Defendant's license.

In light of the foregoing, the Bureau has recommended that the Order to Take Notice entered by the Commission be vacated and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Order to Take Notice entered by the Commission should be vacated.

THEREFORE, IT IS ORDERED THAT:

(1) The Order to Take Notice entered by the Commission is hereby VACATED;

- (2) This case is hereby dismissed; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00156  
JULY 28, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
INVESTORS LIFE INSURANCE COMPANY OF NORTH AMERICA,  
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 whenever the Commission finds that the company has violated any law of this Commonwealth.

Investors Life Insurance Company of North America, a foreign corporation domiciled in the State of Texas ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on September 17, 1969.

Pursuant to § 38.2-1301 of the Code and 14 VAC 5-270-50, all licensed foreign insurance companies are required to file an annual Audited Financial Report with the Commission on or before June 30 of each year. The Defendant was required to file its 2004 Audited Financial Report with the Commission on or before June 30, 2005; however, as of the date of this Order, the Defendant has failed to file such report.

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

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an Order subsequent to August 10, 2005, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before August 10, 2005, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for hearing before the Commission with respect to the proposed suspension of the Defendant's license.

**CASE NO. INS-2005-00156  
DECEMBER 21, 2005**

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

**FINAL ORDER**

In an order entered herein July 28, 2005, Investors Life Insurance Company of North America, a foreign corporation domiciled in the State of Texas ("Defendant"), and licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, was ordered to take notice that the Commission would enter an order subsequent to August 10, 2005, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia due to the Defendant's failure to file its 2004 annual Audited Financial Report, which was due on or before June 30, 2005, unless on or before August 10, 2005, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

Based upon discussions with the Defendant and with the Texas Department of Insurance, the domiciliary regulator of the Defendant, the Bureau of Insurance ("Bureau") has agreed not to pursue the suspension of the Defendant's license.

In light of the foregoing, the Bureau has recommended that the Order to Take Notice entered by the Commission be vacated and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Order to Take Notice entered by the Commission should be vacated.

THEREFORE, IT IS ORDERED THAT:

- (1) The Order to Take Notice entered by the Commission is hereby VACATED;

- (2) This case is hereby dismissed; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00159  
DECEMBER 28, 2005**

APPLICATION OF  
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

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

**FINAL ORDER**

The State Corporation Commission ("Commission") heard the application filed in this matter on November 9, 2005. At the hearing appeared the National Council on Compensation Insurance, Inc. ("NCCI"), the Division of Consumer Counsel of the Office of the Attorney General ("OAG"), the Bureau of Insurance of the State Corporation Commission ("Bureau"), and the Washington Construction Employers Associations and Iron Workers Employers Association ("Respondents"), by their respective counsel.

The Commission has considered the record in its entirety, including the application, the comments of the public witnesses, the pre-filed testimony and rebuttal testimony, the evidence and exhibits presented at the hearing, and the post-hearing memoranda.

Accordingly, IT IS ORDERED THAT:

(1) The methodologies approved by the Commission in its 2004 Final Order for use in determining loss costs, rates and rating values for voluntary and assigned risk workers' compensation insurance policies shall be employed, except as modified herein.

(2) The large loss procedure proposed by NCCI, which replaces the amount of actual reported individual claim losses in excess of a state-specific dollar threshold with an excess loss provision, be, and it is hereby, disapproved; and in lieu thereof, we adopt the Bureau's large loss adjustment for the calculation of the indicated change to assigned risk rates that: (i) uses the currently approved unlimited methodology to calculate the indicated change to voluntary loss costs; (ii) limits the impact of large claims on assigned risk rates in a systemic manner similar, but not identical, to NCCI's proposal; and (iii) distributes the impact of the loss limitation in the assigned risk market across the entire statewide market in a manner identical to the approach approved in Case No. INS-2001-00190 when the \$17 million claim in the assigned risk market emerged.

(3) The compromise proposed in NCCI's rebuttal testimony and recommended for adoption by the Bureau's witness that voluntary loss costs and assigned risk rates for the coal classes be set at the lower swing limit is accepted. This compromise results in approximately the same voluntary loss costs and assigned risk rates as those that would result if the Commission adopted the Bureau's recommendation on occupational disease claim frequency and the OAG's recommendation on accelerating recognition of data from a large, previously self-insured coal mine employer.

(4) NCCI shall revise its proposed voluntary loss costs and assigned risk rates as follows: (i) an increase of 9.9% in industrial class voluntary loss costs; (ii) a decrease of 7% in surface coal mines voluntary loss costs; (iii) a decrease of 7% in underground coal mines voluntary loss costs; (iv) a decrease of 2.9% in industrial class assigned risk rates; (v) a decrease of 20% in the surface coal mines assigned risk rates; and (vi) a decrease of 20% in the underground coal mines assigned risk rates.

(5) Except as otherwise ordered herein, the proposed revisions to voluntary loss costs, assigned risk rates, minimum premiums, rating values, rules, regulations and procedures for writing workers' compensation voluntary loss costs and assigned risk rates that have been filed by NCCI in this proceeding on behalf of its members and subscribers shall be, and they are hereby, APPROVED, for use with respect to new and renewal business on and after April 1, 2006.

(6) NCCI, the Bureau, OAG, and Respondents in this proceeding, shall endeavor to recommend jointly to the Commission on or before June 1, 2006, a proposed schedule for any year 2006 voluntary loss costs/assigned risk rate revision proceeding before the Commission. Such proposed schedule shall address: (i) "pre-filing" of any discovery requests by the Bureau, OAG, 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 pre-file such discovery request; (iv) the dates for the pre-filing of the direct testimony of the Bureau, OAG, and any respondents, and the rebuttal testimony of NCCI; and (v) the date of any proposed hearing before the Commission.

(7) The working group, consisting of representatives of NCCI, OAG, the Bureau, the Respondents, and any other interested party, should continue to consider the issues relating to former self-insured coal mine companies and investigate the relevancy of this data to rate making methods used for coal mine classes in Virginia. The working group may also continue to consider issues relating to the administration of the Virginia Contracting Classification Premium Adjustment Program as addressed in this proceeding, and any other relevant issues it deems appropriate.

(8) NCCI and any other persons participating in future voluntary loss costs and assigned risk rate applications 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 rates and/or assigned risk rate or rating values are based, shall be required to disclose the 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.

**CASE NO. INS-2005-00161  
AUGUST 23, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
FRANK R. DIETRICH,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-512, 38.2-619, 38.2-1804, and 38.2-1831 of the Code of Virginia, as well as 14 VAC 5-30-40.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of his right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000), waived his right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant cease and desist from any conduct which constitutes a violation of §§ 38.2-512, 38.2-619, 38.2-1804 or 38.2-1831 of the Code of Virginia or 14 VAC 5-30-40; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00162  
JULY 28, 2005**

W & R INSURANCE AGENCY, INC.

Ex Parte. In re: Approval of a consent order by and between W & R Insurance Agency, Inc., and the Commissioner of Insurance of the State of Kansas, for and on behalf of the State of Kansas, the Virginia Bureau of Insurance and the Insurance Regulators of the affected states in the United States and the District of Columbia

**ORDER APPROVING CONSENT ORDER**

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested (i) State Corporation Commission ("Commission") approval and acceptance of a certain multi-state regulatory Consent Order dated June 10, 2005 ("Consent Order"), a copy of which is attached hereto and made a part hereof, by and between the Commissioner of Insurance of the State of Kansas, for and on behalf of the State of Kansas, the Commissioner of the Minnesota Department of Commerce, for and on behalf of the State of Minnesota, the Bureau, and the Insurance Regulators of each of the affected states in the United States and the District of Columbia, and Waddell & Reed, a foreign corporation licensed as a variable contract agent in the Commonwealth of Virginia, and (ii) authority to execute any documents attendant to the Consent Order necessary to evidence the Commission's acceptance of the Consent Order;

AND THE COMMISSION, having considered the terms of the Consent Order together with the recommendation of the Bureau that the Commission approve and accept the Consent Order, is of the opinion, finds, and ORDERS that (i) the Consent Order 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 Consent Order.

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

**CASE NO. INS-2005-00163  
OCTOBER 17, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

WILLIAM DAVID FESS  
and

WILLIAM H. FESS INSURANCE AGENCY, INC.,  
Defendants

**FINAL ORDER**

On August 11, 2005, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against the Defendants for alleged violations of §§ 38.2-1809, 38.2-1813, and 38.2-1831 of the Code of Virginia. Among other things, the Rule assigned the matter to a Hearing Examiner, scheduled a hearing on the Rule for October 27, 2005, and ordered the Defendants to file a responsive pleading to the allegations contained in the Rule by September 6, 2005.

On September 1, 2005, William David Fess ("Fess") license was terminated pursuant to § 38.2-1869 of the Code of Virginia for his failure to comply with the mandatory continuing education requirements.

On September 7, 2005, Fess, unaware that his license had been terminated, filed a response with the Commission wherein he denied the allegations set forth in the Rule and stated that he intended to appear on the scheduled hearing date.

On September 23, 2005, after discussions with the Bureau and its counsel, Fess agreed to sell the agency within sixty (60) days of that date and not to sell, solicit, or negotiate any insurance during that time period. Fess also agreed in writing to the voluntary surrender of the agency's license, effective November 28, 2005.

On October 11, 2005, the Bureau of Insurance ("Bureau"), by counsel, filed a Motion to Dismiss based on the above-mentioned facts.

On October 11, 2005, the Hearing Examiner issued her Report and found that the Bureau's Motion to Dismiss should be granted and recommended that the Commission enter a Final Order dismissing the Rule to Show Cause against the Defendants.

NOW THE COMMISSION, having considered the Bureau's Motion and the Hearing Examiner's Report, finds that the Hearing Examiner's recommendation should be adopted, and this case should be dismissed from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The Rule to Show Cause is hereby DISMISSED WITHOUT PREJUDICE; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00165  
AUGUST 18, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

LANCE MICHAEL KESSLER,  
Defendant

**ORDER REVOKING LICENSE**

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

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 21, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00166  
AUGUST 23, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
SHAILESH S. CHOKSHI,  
Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 21, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00167  
JULY 29, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
FAST BREAK BAIL BONDS, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1809, 38.2-1813, and 38.2-1822 of the Code of Virginia by failing to retain all records relative to insurance transactions for the three previous calendar years, by failing to hold all premiums, return premiums, or other funds received by the Defendant in a fiduciary capacity, by failing to maintain an accurate record and itemization of funds deposited into a separate fiduciary account, and by knowingly permitting an unlicensed agency to act as an agent of an insurer.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived its right to a hearing and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

- (1) The Defendant cease and desist from any conduct which constitutes a violation of §§ 38.2-1809, 38.2-1813, or 38.2-1822 of the Code of Virginia; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00170  
OCTOBER 31, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
GINNA L. SALDIVAR,  
Defendant

**ORDER REVOKING LICENSE**

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

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 letters dated September 20, 2005 and August 23, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00171  
DECEMBER 2, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
RONALD CARLOS OWENS,  
Defendant

**FINAL ORDER**

On August 18, 2005, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against the Defendant alleging violations of §§ 38.2-1804 and 38.2-1813 of the Code of Virginia. The Defendant was ordered to appear at a hearing scheduled for November 30, 2005, and show cause, if any, why the Commission should not, in addition to a penalty pursuant to § 38.2-218 of the Code of Virginia, revoke the Defendant's insurance agent license pursuant to § 38.2-1831 of the Code of Virginia.

On November 29, 2005, the Bureau of Insurance ("Bureau"), by counsel, filed a Motion to Dismiss the above proceeding. In the Motion, the Bureau stated that the Defendant surrendered his insurance agent license, making the hearing moot. The Bureau requested that the Rule be dismissed with prejudice.

In his Report issued on November 29, 2005, the Hearing Examiner granted the Bureau's Motion to Dismiss.

THE COMMISSION, having considered the Bureau's Motion to Dismiss and the Hearing Examiner's Report, is of the opinion that this matter should be dismissed.

IT IS THEREFORE ORDERED THAT:

- (1) The Rule to Show Cause entered herein is hereby DISMISSED with prejudice; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00175  
SEPTEMBER 12, 2005**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a health maintenance organization in the Commonwealth of Virginia, in a certain instance, has violated § 38.2-3407.12 B of the Code of Virginia by failing to provide a point-of-service benefit in conjunction with the Defendant's health care plan as an additional benefit at the option of the enrollee.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 the Commonwealth of Virginia the sum of seven thousand five hundred dollars (\$7,500) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00176  
AUGUST 15, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
EVAN ANDREW LIST,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission a change in his residence address.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 7, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 A of the Code of Virginia by failing to report within thirty days to the Commission a change in his residence address.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00177  
AUGUST 15, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
REGINA MARIANNE MARTINO,  
Defendant

**ORDER REVOKING LICENSE**

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

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated June 30, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of California.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00179  
SEPTEMBER 2, 2005**

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

**SETTLEMENT ORDER**

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

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 the Commonwealth of Virginia the sum of five thousand dollars (\$5,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00180  
AUGUST 23, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

PETER C. HASTINGS, JR.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 B of the Code of Virginia by failing to report to the Commission within thirty days the facts and circumstances regarding a criminal conviction.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 B of the Code of Virginia by failing to report to the Commission within thirty days the facts and circumstances regarding a criminal conviction.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00181  
SEPTEMBER 26, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-502, 38.2-503, 38.2-510 A 1, 38.2-510 A 5, 38.2-510 A 14, 38.2-510 A 15, 38.2-1834 D, 38.2-3407.12, 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, 38.2-3418.1:1, 38.2-3431 C 3, 38.2-3431 C 6, 38.2-4306.1, 38.2-4306 A 3, 38.2-4306 A 4 f, 38.2-5804 A, 38.2-5805 B, 38.2-5805 C 3, 38.2-5805 C 6, 38.2-5805 C 8, 38.2-5805 C 9, and 38.2-5805 C 10 of the Code of Virginia, as well as 14 VAC 5-90-170 A, 14 VAC 5-210-60 H 2, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 E, 14 VAC 5-210-70 H, and 14 VAC 5-210-100 B 8 A.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of fifty thousand dollars (\$50,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

(2) The Defendant cease and desist from conduct cited in the market conduct report which constitutes a violation of §§ 38.2-502, 38.2-503, 38.2-510 A 1, 38.2-510 A 5, 38.2-510 A 14, 38.2-510 A 15, 38.2-1834 D, 38.2-3407.12, 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, 38.2-3418.1:1, 38.2-3431 C 3, 38.2-3431 C 6, 38.2-4306.1, 38.2-4306 A 3, 38.2-4306 A 4 f, 38.2-5804 A, 38.2-5805 B, 38.2-5805 C 3, 38.2-5805 C 6, 38.2-5805 C 8, 38.2-5805 C 9 or 38.2-5805 C 10 of the Code of Virginia or 14 VAC 5-90-170 A, 14 VAC 5-210-60 H 2, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 E, 14 VAC 5-210-70 H or 14 VAC 5-210-100 B 8 A; and

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

**CASE NO. INS-2005-000181  
OCTOBER 18, 2005**

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

**CORRECTING ORDER**

In the Settlement Order ("Order") entered herein September 26, 2005, in line 11 of the first paragraph set forth on page 1 of the Order, as well as line 9 of ordering paragraph (2) set forth on page 2 of the Order, there is a reference to "14 VAC 5-210-100 B 8 A." The correct reference, however, should be 14 VAC 5-210-100 B 8.

IT IS THEREFORE ORDERED THAT:

(1) The reference in line 11 of the first paragraph set forth on page 1 of the Order, as well as line 9 of ordering paragraph (2) set forth on page 2 of the Order entered September 26, 2005, shall be corrected to read "14 VAC 5-210-100 B 8."

(2) All other provisions of the Settlement Order entered September 26, 2005, shall remain in full force and effect.

**CASE NO. INS-2005-00189  
SEPTEMBER 26, 2005**

IN THE MATTER OF  
NORTH CAROLINA MUTUAL LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Voluntary Settlement Agreement between the North Carolina Mutual Life Insurance Company and the Commissioners of Insurance for the State of North Carolina and the Commonwealth of Virginia

**ORDER APPROVING SETTLEMENT AGREEMENT**

ON THIS DAY came the Bureau of Insurance (the "Bureau") of the State Corporation Commission ("Commission"), by counsel, and requested (i) Commission approval and acceptance of a Voluntary Settlement Agreement dated August 18, 2005 (the "Agreement"), a copy of which is attached hereto and made a part hereof, by and between the Commissioner of Insurance for the Bureau, the Commissioner of Insurance for the North Carolina Department of Insurance, and the North Carolina Mutual Life Insurance Company (the "Company"), a foreign insurer domiciled in the State of North Carolina, which is 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;

AND 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 be, and it is hereby, APPROVED AND ACCEPTED and (ii) the Commissioner of Insurance be, and he is hereby, authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

NOTE: A copy of Attachment A entitled "Voluntary 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-2005-00193  
SEPTEMBER 9, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
ANSS-MD, LLC,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation by the Bureau of Insurance, it appears that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 et seq.) of Title 6.1 of the Code of Virginia.

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

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated July 8, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

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

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

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

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

**CASE NO. INS-2005-00201  
SEPTEMBER 20, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JAMES BRAINARD HATCH, JR.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 23, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

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

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

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

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

**CASE NO. INS-2005-00203  
SEPTEMBER 26, 2005**

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

**ORDER TO TAKE NOTICE**

Pursuant to § 13.1-400.5 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may suspend, revoke, or refuse to renew the license of an automobile club whenever the Commission finds that it has violated any law of this Commonwealth.

Section 13.1-400.3 of the Code provides that the license of an automobile club shall expire each June 30 and that a licensed automobile club may renew its license effective July 1 of each year by paying an annual license renewal fee of \$200. In addition to paying the license renewal fee, an automobile club renewing its license is required to file certain documentation with the Commission's Bureau of Insurance ("Bureau").

Lifetime Security, Inc., a corporation domiciled in the Commonwealth of Virginia ("Defendant"), initially was licensed by the Commission to transact the business of an automobile club in the Commonwealth of Virginia on February 13, 2002.

On June 30, 2003, the Defendant's Virginia Certificate of Authority was revoked for failure to pay its annual registration fee.

The Defendant has failed to pay the annual license renewal fee for the year July 1, 2005, through June 30, 2006, and to file the required documentation with the Bureau.

As of the date of this Order, the Defendant also has failed to respond to repeated telephone calls and correspondence by the Bureau and has not otherwise communicated with the Bureau.

The Bureau has recommended that the Defendant's license be suspended.

IT IS THEREFORE ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to October 7, 2005, suspending the license of the Defendant to transact the business of an automobile club in the Commonwealth of Virginia unless on or before October 7, 2005, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

**CASE NO. INS-2005-00203  
OCTOBER 21, 2005**

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

**ORDER SUSPENDING LICENSE**

In an order entered herein September 26, 2005, the Defendant was ordered to take notice that the State Corporation Commission ("Commission") would enter an order subsequent to October 7, 2005, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before October 7, 2005, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of the Defendant's license.

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.

THEREFORE, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-400.5 of the Code of Virginia, the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia is hereby **SUSPENDED**;
- (2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;
- (3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth of Virginia are hereby **SUSPENDED**;
- (4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth of Virginia until further order of the Commission;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

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

**CASE NO. INS-2005-00207  
SEPTEMBER 22, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
YONG CHAN OH T/A YONG CHAN OH INSURANCE AGENCY,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1809, 38.2-1813, and 38.2-1826 of the Code of Virginia by failing to retain all records relative to insurance transactions for the three previous calendar years, by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to hold all premiums, return premiums, or other funds received by the Defendant in a fiduciary capacity, by failing to maintain an accurate record and itemization of funds deposited into a separate fiduciary account, by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment, by commingling business or personal funds with funds required to be maintained in a separate fiduciary account, and by failing to report within thirty days to the Commission and to every insurer for which he is appointed any change in his residence or name.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 25, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809, 38.2-1813, and 38.2-1826 of the Code of Virginia by failing to retain all records relative to insurance transactions for the three previous calendar years, by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to hold all premiums, return premiums, or other funds received by the Defendant in a fiduciary capacity, by failing to maintain an accurate record and itemization of funds deposited into a separate fiduciary account, by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment, by commingling business or personal funds with funds required to be maintained in a separate fiduciary account, and by failing to report within thirty days to the Commission and to every insurer for which he is appointed any change in his residence or name.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

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

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

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

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

**CASE NO. INS-2005-00208  
SEPTEMBER 29, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JOSEPH A. MAURER, III,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1809 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 25, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 by failing to make records available promptly upon request for examination by the Commission or its employees.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds appointments to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00208  
OCTOBER 18, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JOSEPH A. MAURER, III,  
Defendant

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Revoking License entered herein September 29, 2005, is hereby vacated.

**CASE NO. INS-2005-00209  
NOVEMBER 4, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502, 38.2-503, subsection 8 of § 38.2-606, 38.2-610, 38.2-1834 D, 38.2-3115 B, 38.2-3725 A, 38.2-3735 A, 38.2-3735 A 2, and 38.2-3737 A of the Code of Virginia, as well as 14 VAC 5-40-40 A 6, 14 VAC 5-40-40 E 2, 14 VAC 5-40-60 B, 14 VAC 5-90-60 A 1, 14 VAC 5-90-90 C, and 14 VAC 5-90-170 A.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of eight thousand dollars (\$8,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00211  
SEPTEMBER 29, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
AMERICAN AMICABLE LIFE INSURANCE COMPANY  
PIONEER AMERICAN INSURANCE COMPANY  
PIONEER SECURITY LIFE INSURANCE COMPANY,  
Defendants

**CEASE AND DESIST SETTLEMENT ORDER**

By letter filed with the Bureau of Insurance (the "Bureau"), American Amicable Life Insurance Company, Pioneer American Life Insurance Company, and Pioneer Security Life Insurance Company (the "Defendants," hereafter referred to as "the Companies"), foreign corporations domiciled in the State of Texas and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, informed the Bureau that, as of September 16, 2005, the Companies have voluntarily ceased all sales in the Commonwealth of Virginia of the forms identified in the Companies' letter.

As a result of this notification, the Bureau requests that an order be issued directing the Companies that, effective September 16, 2005, they cease and desist from selling and issuing in the Commonwealth of Virginia all insurance products, policies, or contracts identified individually in the Companies' letter by each identifying form number and associated company. The Companies have agreed to such an order.

THEREFORE, IT IS ORDERED THAT:

- (1) The Companies shall cease and desist from selling or issuing in the Commonwealth of Virginia new contracts or policies of insurance which include any one of the following forms or any combination thereof:

American Amicable Life Insurance Company

Annuity Accumulation Fund Rider – AA8831-94

Endorsement – AA8904

Pioneer American Insurance Company

Annuity Accumulation Fund Rider –PA8831

Endorsement – PA8904

Pioneer Security Life Insurance Company

Annuity Accumulation Fund Rider – PS8831

Endorsement – PS8904

- (2) The foregoing undertaking will be effective as of September 16, 2005;
- (3) The Bureau shall not be precluded from taking further regulatory action in this matter as a result of any pending investigation; and
- (4) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00219  
OCTOBER 7, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
LAND TITLE & ESCROW, LLC,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 6.1-2.21 of the Code of Virginia by failing to provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated September 7, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 6.1-2.21 of the Code of Virginia by failing to provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;

- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00219  
OCTOBER 19, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
LAND TITLE & ESCROW, LLC,  
Defendant

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Revoking License entered herein October 7, 2005, is hereby vacated.

**CASE NO. INS-2005-00234  
NOVEMBER 10, 2005**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, in a certain instance, violated §§ 38.2-1024 and 38.2-4901 of the Code of Virginia by contracting to transact the business of insurance in the Commonwealth of Virginia without first obtaining a license from the State Corporation Commission ("Commission"), and by operating a continuing care facility in this Commonwealth without first registering with and receiving approval from the Commission as a continuing care provider.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-4915, and 38.2-4916 of the Code of Virginia to impose certain monetary penalties and issue cease and desist orders upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived its right to a hearing and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant cease and desist from any conduct which constitutes a violation of §§ 38.2-1024 or 38.2-4901 of the Code of Virginia; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00237  
DECEMBER 20, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
THE NELCO COMPANIES,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly registered with the State Corporation Commission ("Commission") as a fully insured multiple employer welfare arrangement in the Commonwealth of Virginia, in a certain instance, violated 14 VAC 5-410-40 D by failing to file timely with the Commission its 2005 annual proof of coverage and notice of any changes in information.

The Commission is authorized by §§ 38.2-218 and 38.2-219 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 waived its right to a hearing and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant cease and desist from any conduct which constitutes a violation of 14 VAC 5-410-40 D; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00238  
NOVEMBER 30, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances, has violated subsection 1 of § 38.2-502 and §§ 38.2-503, 38.2-3115 B, 38.2-3725 A, 38.2-3731 A, 38.2-3735 A 2, 38.2-3735 C 2, and 38.2-3737 A of the Code of Virginia, as well as 14 VAC 5-90-60 B 1, 14 VAC 5-90-130 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, and 14 VAC 5-400-70 D.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of seven thousand dollars (\$7,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00242  
OCTOBER 21, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
STEPHANIE ANN SIMON,  
Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated September 23, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code of Virginia by failing to report to the Commission within thirty days an administrative action that was taken against her by the State of Alabama.

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00243  
OCTOBER 21, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
TAMIE LINETTE POLLARD,  
Defendant

**ORDER REVOKING LICENSE**

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

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated September 22, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00253  
NOVEMBER 22, 2005**

WESTERN AND SOUTHERN LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a settlement Consent Order between Western and Southern Life Insurance Company and the Superintendent of Insurance for the State of Ohio, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the affected States in the United States

**ORDER APPROVING SETTLEMENT CONSENT ORDER**

ON THIS DAY came the Bureau of Insurance (the "Bureau"), by counsel, and requested: (i) Commission approval and acceptance of a settlement Consent Order dated August 24, 2005, (the "Consent Order"), a copy of which is attached hereto and made a part hereof, by and between the Superintendent of Insurance for the State of Ohio Department of Insurance and the Western and Southern Life Insurance Company (the "Company"), a foreign insurer domiciled in the State of Ohio, which is licensed to transact the business of insurance in the Commonwealth of Virginia, and (ii) authority to execute any documents attendant to the Consent Order necessary to evidence the Commission's acceptance of the Consent Order;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

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

**CASE NO. INS-2005-00255  
NOVEMBER 22, 2005**

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Settlement Agreement between The Lincoln National Life Insurance Company and the Commissioner of Insurance for the State of Indiana, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the affected States of the United States

**ORDER APPROVING SETTLEMENT AGREEMENT**

ON THIS DAY came the Bureau of Insurance ("the Bureau"), by counsel, and requested (i) Commission approval and acceptance of a Settlement Agreement and Order dated October 4, 2005 ("the Agreement"), a copy of which is attached hereto and made a part hereof, by and between the Commissioner of Insurance for the State of Indiana Department of Insurance and The Lincoln National Life Insurance Company ("the Company"), a foreign insurer domiciled in the State of Indiana, which is 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;

AND 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 be, and it is hereby, APPROVED AND ACCEPTED and (ii) the Commissioner of Insurance be, and he is hereby authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

NOTE: A copy of Attachment A entitled "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-2005-00256  
OCTOBER 31, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
KRISTOFFER MATTHEW BERTSCH,  
Defendant

**ORDER REVOKING LICENSE**

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

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 26, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

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

IT IS THEREFORE ORDERED THAT:

- (1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;
- (2) All appointments issued under said licenses are hereby VOID;
- (3) The Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;
- (5) The Bureau of Insurance shall cause a copy of this Order to be sent to every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00277  
DECEMBER 22, 2005**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

CENTRAL PROCESSING CENTER, LLC,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 6.1-2.23 A 2, 6.1-2.23 B, 38.2-1812, and 38.2-1813 of the Code of Virginia by failing to handle funds deposited in connection with an escrow, settlement or closing in a fiduciary capacity, by failing to apply funds in accordance with the terms of the individual instructions or agreements under which the funds were accepted, by failing to disburse funds in accordance with § 6.1-2.13 of the Code of Virginia, by failing to deposit such funds into the account by the close of the second business day, by directly or indirectly sharing commissions with a person not licensed and appointed, and by failing to pay funds in the ordinary course of business to the insured or his assignee, insurer, insurance premium finance company or agent entitled to the payment.

The Commission is authorized by § 6.1-2.27 of the Code of Virginia to impose certain monetary penalties and to suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations of Chapter 1.3 (§ 6.1-2.19 *et seq.*) of Title 6.1 of the Code of Virginia.

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 the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of five thousand dollars (\$5,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00279  
DECEMBER 22, 2005**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1318 C and 38.2-1906 D of the Code of Virginia by failing to provide to the Commission in the course of an examination convenient access to all relevant books and records relating to the business and affairs of the Defendant, and by making or issuing an insurance contract or policy not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 of Virginia the sum of eight thousand dollars (\$8,000) and waived its right to a hearing.

The Bureau of Insurance 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 of Virginia.

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

IT IS THEREFORE ORDERED THAT:

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

**CASE NO. INS-2005-00294  
DECEMBER 22, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
DAVID R. EMERY T/A DAVID R. EMERY INSURANCE AGENCY,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1809 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 of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the 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 October 26, 2005, and mailed to the Defendant's address shown in the records of the Bureau of Insurance.

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 of Insurance.

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

THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1809 by failing to make records available promptly upon request for examination by the Commission or its employees.

IT IS THEREFORE ORDERED THAT:

(1) The licenses of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia are hereby REVOKED;

(2) All appointments issued under said licenses are hereby VOID;

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

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

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

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

**DIVISION OF PUBLIC SERVICE TAXATION****CASE NO. PST-2002-00045  
OCTOBER 20, 2005**

APPLICATION OF  
CABLE & WIRELESS USA OF VIRGINIA, INC.

Application for review and correction of assessment of the value of property subject to local taxation-Tax Year 2002

**DISMISSAL ORDER**

Before the State Corporation Commission ("Commission") is the application of Cable & Wireless USA of Virginia, Inc. ("Cable & Wireless" or "Company"), for review and correction of the tax year 2002 assessment of the value of its property. On October 19, 2005, Deborah V. Ellenberg, Chief Hearing Examiner, recommended in her Report that the Commission dismiss the application. As noted in the Report, the Company filed on October 18, 2005, its Motion to Withdraw Application by Cable and Wireless USA of Virginia, Inc. (hereinafter "Motion").

In its Motion, Cable & Wireless waived the opportunity provided by State Corporation Commission Rules of Practice and Procedure 5 VAC 5-120 C to file a response to a hearing examiner's final report. Thus, the Commission will now consider the Report. We will adopt the recommendation to dismiss the application.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Motion to Withdraw Application by Cable and Wireless USA of Virginia, Inc., be granted.
- (2) Case No. PST-2002-00045 be dismissed from the Commission's docket and shall be placed in closed status in the records maintained by the Commission Clerk.

**CASE NO. PST-2003-00056  
OCTOBER 19, 2005**

APPLICATION OF  
GORDONSVILLE ENERGY, L.P.

For review and correction of assessment of the value of property subject to local taxation - Tax Year 2003

**DISMISSAL ORDER**

Before the State Corporation Commission ("Commission") is the Application for Review and Correction of Assessment of the Value of Property Subject to Local Taxation-Tax Year 2003 (hereinafter "Application") filed by Gordonsville Energy, L.P. ("Gordonsville Energy" or the "Company"). On September 26, 2005, Deborah V. Ellenberg, Chief Hearing Examiner, recommended in her Report that the Commission grant the Company's motion to dismiss the Application. No responses to the Report were filed.

Upon consideration of the Report, the Commission will grant the motion.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Motion for Voluntary Dismissal of the Application of September 26, 2005, be granted.
- (2) This case be dismissed from the Commission's docket and shall be placed in closed status in the records maintained by the Commission Clerk.

**CASE NO. PST-2003-00070  
OCTOBER 20, 2005**

APPLICATION OF  
CABLE & WIRELESS USA OF VIRGINIA, INC.

Application for review and correction of assessment of the value of property subject to local taxation-Tax Year 2003

**DISMISSAL ORDER**

Before the State Corporation Commission ("Commission") is the application of Cable & Wireless USA of Virginia, Inc. ("Cable & Wireless" or "Company"), for review and correction of the tax year 2003 assessment of the value of its property. On October 18, 2005, Cable & Wireless filed its Motion

to Withdraw Application by Cable and Wireless USA of Virginia, Inc. The Company stated in its motion that neither respondent Arlington County nor the Commission Staff objected to dismissal.

In the absence of any known objection by a participant in the proceeding, the Commission finds no need to await any response to the motion. We will grant the relief requested.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Motion to Withdraw Application by Cable and Wireless USA of Virginia, Inc., be granted.
- (2) This case be dismissed from the Commission's docket and be placed in closed status in the records maintained by the Commission Clerk.

**CASE NO. PST-2004-00023  
MARCH 18, 2005**

PETITION OF  
AT&T CORP.,  
AT&T COMMUNICATIONS OF VIRGINIA, LLC,  
and  
TCG VIRGINIA, INC.

For Refund of Late Payment Penalties

**FINAL ORDER**

Before the State Corporation Commission ("Commission") is the Report of Howard P. Anderson, Jr., Hearing Examiner, of January 5, 2005. In his Report, Hearing Examiner Anderson recommended that the Commission enter an order adopting a settlement between AT&T Corp., AT&T Communications of Virginia, LLC, and TCG Virginia, Inc. ("AT&T Companies"), and the Commission Staff, which provides for partial refunds of late payment penalties of the special regulatory revenue taxes paid in the amount of \$59,063.43 on July 8, 2004. Upon consideration of the Report and the settlement offered by the AT&T Companies and the Staff, the Commission will adopt Hearing Examiner Anderson's recommendation and order a partial refund of penalties.

Accordingly, IT IS ORDERED THAT:

- (1) As provided by § 12.1-15 of the Code of Virginia ("Code") the petition shall be granted to the extent provided in this Order and otherwise shall be denied.
- (2) The penalty of \$13,553.39 assessed against AT&T Corp. as provided by § 58.1-2611 of the Code and set out in Notice of Delinquent State Taxes for the Year 2004 of June 9, 2004, be reduced to \$6,884.16.
- (3) A refund of \$6,669.23 in penalty paid on July 9, 2004, by AT&T Corp., SCC Company Identification No. 6010, Federal Tax Identification No. E-136097387, shall be certified to the Comptroller of the Commonwealth.
- (4) The penalty of \$44,322.19 assessed against AT&T Communications of Virginia, LLC, as provided by § 58.1-2611 of the Code and set out in Notice of Delinquent State Taxes for the Year 2004 of June 9, 2004, shall be reduced to \$22,512.50.
- (5) A refund of \$21,809.69 in penalty paid on July 9, 2004, by AT&T Communications of Virginia, LLC, SCC Company No. 6000, Federal Tax Identification No. E-222473199, shall be certified to the Comptroller of the Commonwealth.
- (6) The penalty of \$1,187.85 assessed against TCG Virginia, Inc., as provided by § 58.1-2611 of the Code and set out in Notice of Delinquent State Taxes for the Year 2004 of June 9, 2004, shall be reduced to \$603.34.
- (7) A refund of \$584.51 in penalty paid on July 9, 2004, by TCG Virginia, Inc., SCC Company Identification No. 6235, Federal Tax Identification No. E-132929670, shall be certified to the Comptroller of the Commonwealth.
- (8) The refunds certified in Ordering Paragraphs (3), (5), and (7) shall be made without interest.
- (9) The Commission's Division of Public Service Taxation and Comptroller of the Commission shall promptly prepare required documents and provide necessary information to the Comptroller of the Commonwealth for payment of the refunds certified in Ordering Paragraphs (3), (5), and (7). All refunds shall be sent to Jim DiFerdinando, Tax Director for AT&T Corp., AT&T Communications of Virginia, LLC, and TCG Virginia, Inc., P.O. Box 7207, Bedminster, New Jersey 07921.
- (10) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Commission Clerk.

**CASE NO. PST-2004-00042  
SEPTEMBER 30, 2005**

APPLICATION OF  
MIRANT POTOMAC RIVER, LLC

For review and correction of assessment of the value of property subject to local taxation - Tax Year 2004

**DISMISSAL ORDER**

Before the State Corporation Commission ("Commission") is the Petition for Review and Correction of Mirant Potomac River, LLC ("Mirant" or "Company"). By Order for Hearing and Notice of March 11, 2005, the Commission assigned this application for review and correction of the Commission's assessment of the value, as of January 1, 2004, of its property subject to local taxation to a hearing examiner and established a schedule for further proceedings. On September 7, 2005, the Report of Michael D. Thomas, Hearing Examiner ("Report"), was filed with the Commission Clerk. In the Report, Hearing Examiner Thomas related that Mirant had moved to dismiss its application, and he recommended that the Commission dismiss this matter. No responses to the Report were filed.

Upon consideration of the Report, the Commission will dismiss the application for review and correction.

Accordingly, IT IS ORDERED THAT:

(1) The Company's application for review and correction of the assessment of the value of its property for tax year 2004 as made by In re: The assessment of Water, Heat, Light, and Power Corporations, Electric Suppliers, and the Gas and Pipeline Distribution Corporations for the 2004 Tax Year, Matter No. PST-2004-00021, Assessment Order of September 15, 2004, be dismissed.

(2) Case No. PST-2004-00042 be dismissed from the Commission's Docket and be placed in closed case status in the records maintained by the Commission Clerk.

**CASE NO. PST-2004-00043  
JULY 8, 2005**

APPLICATION OF  
COMCAST PHONE OF VIRGINIA, INC.

Application for review and correction of assessment of the value of property subject to local taxation – Tax Year 2004

**DISMISSAL ORDER**

On December 15, 2004, Comcast Phone of Virginia, Inc. ("Comcast" or the "Company"), filed an application with the State Corporation Commission ("Commission") for review and correction of certain tangible personal property assessments for tax year 2004. Specifically, the application requested a review and correction of the assessed value of the Company's switching equipment, network interface units, network electronics, and other network distribution components and equipment located in the City of Richmond, Henrico County, Hanover County, and the Town of Ashland, Virginia.

On May 6, 2005, the Commission issued an Order for Notice and Hearing that assigned the case to a Hearing Examiner to conduct all further proceedings on behalf of the Commission, concluding with the filing of a final report with the Commission; scheduled a public hearing on Comcast's application for September 8, 2005; directed Comcast to provide public notice of its application and the public hearing scheduled thereon by the Commission; and established a procedural schedule for the filing of pleadings, prepared testimony, and exhibits.

On June 23, 2005, Comcast, by counsel, filed a Motion to Withdraw Application. The Motion further stated that counsel for the Respondents and Commission Staff have no objection to Comcast's request to withdraw its application.

On June 24, 2005, a Report was issued by the Commission's Chief Hearing Examiner canceling the September 8, 2005, hearing on Comcast's application and recommending that the Commission enter an order granting the Company's Motion to Withdraw Application and dismissing the case. No comments were filed to the Report.

NOW THE COMMISSION, having considered the Chief Hearing Examiner's Report, is of the opinion and finds that the findings and recommendations of the Chief Hearing Examiner should be adopted; that Comcast's Motion to Withdraw Application should be granted; and that this case should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Chief Hearing Examiner's Report issued on June 24, 2005, are adopted.
- (2) Comcast's Motion to Withdraw Application is granted.
- (3) This proceeding be dismissed and the papers herein passed to the Commission's file for ended causes.

**DIVISION OF PUBLIC UTILITY ACCOUNTING****CASE NO. PUA-2000-00076  
MAY 23, 2005**

APPLICATION OF  
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For authority to dispose of utility assets

**DISMISSAL ORDER**

By Order Granting Authority dated December 14, 2000, the State Corporation Commission ("Commission") granted authority for The Potomac Edison Company d/b/a Allegheny Power ("Allegheny Power") to sell certain utility assets, specifically its Kent Street Substation, to the City of Winchester, Virginia. In the Order, the Commission required Allegheny Power to submit a report of action to the Commission's Director of Public Utility Accounting providing the date of the transaction, the sales price, and the actual accounting entries reflecting the transaction. Allegheny Power has filed the required report of action as well as a revised report to more accurately describe the transaction.

NOW THE COMMISSION, upon consideration of the filed reports and having been advised by its Staff, is of the opinion and finds that there appearing nothing further to be done, this matter should be dismissed.

Accordingly, IT IS ORDERED THAT there appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUA-2000-00085  
DECEMBER 21, 2005**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.  
and  
SEQUENT ENERGY MANAGEMENT, LP f/k/a AGL ENERGY SERVICES, INC.

For approval of an Energy Services Agreement under Chapter 4, of Title 56 of the Code of Virginia

**ORDER CLOSING CASE**

On November 30, 2000, the State Corporation Commission ("Commission") entered an Order Granting Approval of a Gas Supply Asset and Assignment Agreement ("Agreement") between Virginia Natural Gas, Inc. ("VNG"), and AGL Energy Services, Inc. (now known as "Sequent Energy Management, LP" or "Sequent"). On March 4, 2005, the Commission entered an Order Granting Joint Motion that extended the term of the Agreement for an additional one-year term ending October 31, 2006, pending further Order of the Commission.

On October 31, 2005, the Commission entered an Order Approving Affiliate Agreements and Closing Investigation in Case No. PUE-2004-00111.<sup>1</sup> The new agreements approved in Case No. PUE-2004-00111 replace the Agreement approved in the captioned case, and the new agreements will govern all asset management and gas procurement activities conducted by Sequent on VNG's behalf effective November 1, 2005.

NOW THE COMMISSION, being sufficiently advised, finds there is nothing further to be acted upon in the instant case wherein the Commission approved the Agreement between the parties named in the caption and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUA-2000-00085 is hereby closed.

<sup>1</sup> Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In Re: Investigation of gas supply asset assignment and agency agreement between Virginia Natural Gas, Inc., and Sequent Energy Management, L.P., f/k/a AGL Energy Services, Inc., Case No. PUE-2004-00111, Doc. Con. Cen. No. 051020291 (October 31, 2005, Order Approving Affiliate Agreements and Closing Investigation).

## DIVISION OF COMMUNICATIONS

### CASE NO. PUC-1997-00047 FEBRUARY 4, 2005

APPLICATION OF  
VYVX OF VIRGINIA, INC.

For a certificate of public convenience and necessity to provide interchange telecommunications services and to have its rates determined competitively

#### ORDER

On October 8, 1998, the State Corporation Commission ("Commission") entered its Order on Request for Certificate and for Rule to Show Cause ("Order") in the above-captioned case. Among its terms, the Order imposed a fine on Vyvx of Virginia, Inc. ("Vyvx"), but suspended the bulk of said fine "conditioned upon [Vyvx] not violating any order or rule of the Commission or any statutes of the Commonwealth of Virginia for a period of five years" from the entry date of the Order. That period has passed without violation. Accordingly, the Commission is of the opinion that this matter should be, and hereby is, **DISMISSED** and the papers transferred to the file for ended causes.

### CASE NOS. PUC-1997-00135 and PUC-2003-00167 FEBRUARY 9, 2005

COMMONWEALTH OF VIRGINIA, ex rel.  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In re: Implementation of Requirements of § 214 (e) of the Telecommunications Act of 1996

APPLICATION OF  
COX VIRGINIA TELCOM, INC.

For designation as an eligible telecommunications carrier under 47 U.S.C. § 214 (e) (2)

#### ORDER

On January 10, 2005, Cox Virginia Telcom, Inc. ("Cox Telcom" or "Company"), filed an application with the State Corporation Commission ("Commission") requesting an order permitting Cox Telcom to relinquish its designation as an Eligible Telecommunications Carrier ("ETC") pursuant to 47 U.S.C. § 214 (e). The Commission granted the application of Cox Telcom for designation as an ETC by Order dated January 13, 2004, in Case Nos. PUC-1997-00135 and PUC-2003-00167.

In the application, Cox Telcom states that the areas for which Cox Telcom has ETC designation will continue to be served by other designated ETCs, namely Verizon Virginia Inc. and Verizon South Inc. Cox Telcom further states that it will continue to offer Lifeline and Link-up services in the same manner as it does presently upon the granting of this request to relinquish ETC status.

NOW THE COMMISSION, having considered the application and applicable law, is of the opinion and finds as follows. The application of Cox Telcom for permission to relinquish its designation as an ETC pursuant 47 U.S.C. § 214 (e) should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) The application of Cox Telcom for permission to relinquish its designation as an ETC pursuant 47 U.S.C. § 214 (e) is granted.
- (2) Case No. PUC-1997-00135 is continued pending further order of the Commission.
- (3) There being nothing further to be done in Case No. PUC-2003-00167, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NOS. PUC-1997-00149, PUC-1998-00064, PUC-1999-00190,  
PUC-1999-00192, PUC-2000-00170, and PUC-2000-00299  
MARCH 30, 2005**

IN THE MATTER OF  
VERIZON VIRGINIA INC.  
and  
ATLANTIC TELECOM INC.

For approval of interconnection agreement

VERIZON VIRGINIA INC.  
and  
INTERACTIVE COMMUNICATIONS INC.

For approval of interconnection agreement

VERIZON VIRGINIA INC.  
and  
ESSENTIAL. COM OF VIRGINIA INC.

For approval of interconnection agreement

VERIZON VIRGINIA INC.  
and  
SMART BEEP, INC.

For approval of interconnection agreement

VERIZON VIRGINIA INC.  
and  
SERVISENSE. COM, INC.

For approval of interconnection agreement

VERIZON VIRGINIA INC.  
and  
BROADRIVER COMMUNICATIONS OF VIRGINIA CORPORATION F/K/A PUREPACKET COMMUNICATIONS OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASES**

On February 15, 2005, in Case No. PUC-1997-00149, Verizon Virginia Inc. ("Verizon") submitted a Notification of Termination of Interconnection Agreement with Verizon and Atlantic Telecom, Inc. The notification states that Atlantic Telecom, Inc., has had no business activity with Verizon; has no active billing accounts; has not ordered any services; does not have any balance activity with Verizon under the Agreement; and has had its certificate to provide local exchange telecommunication services canceled by the Commission.

On February 15, 2005, in Case No. PUC-1998-00064, Verizon submitted a Notification of Termination of Interconnection Agreement with Verizon and Interactive Communications Inc. The notification states Interactive Communications Inc. has had no business activity with Verizon. Interactive Communications Inc. does not hold a local certificate to provide local exchange telecommunications services in Virginia.

On February 15, 2005, in Case No. PUC-1999-00190, Verizon submitted a Notification of Termination of Interconnection Agreement with Verizon and essential.com of Virginia, inc. The notification states essential.com of Virginia, inc. has had no business activity with Verizon; has no active billing accounts; has not ordered any services; and does not have any balance activity with Verizon under the Agreement. The local certificate issued to essential.com of Virginia, inc. was being canceled in Case No. PUC-2005-00038.

On February 15, 2005, in Case No. PUC-1999-00192, Verizon submitted a Notification of Termination of Interconnection Agreement with Verizon and Smart Beep, Inc. The notification states Smart Beep, Inc., has had no business activity with Verizon; has no active billing accounts; has not ordered any services; and does not have any balance activity with Verizon under the Agreement. Smart Beep, Inc., does not hold a local certificate to provide local exchange telecommunications services in Virginia.

On December 15, 2004, in Case No. PUC-2000-00170, Verizon submitted a Notification of Termination of Interconnection Agreement with Verizon and ServiSense.com, Inc. The notification states ServiSense.com, Inc., has had a Bankruptcy Disposition resulting from a termination per Bankruptcy Court Order. ServiSense.com of Virginia, Inc.'s, local certificate to provide local exchange telecommunications services was canceled on January 12, 2005, in Case No. PUC-2004-00160.

On February 15, 2005, in Case No. PUC-2000-00299, Verizon submitted a Notification of Termination of Interconnection Agreement with Verizon and BroadRiver Communications of Virginia Corporation f/k/a PurePacket Communications of Virginia, Inc. The notification states that BroadRiver Communications of Virginia Corporation f/k/a PurePacket Communications of Virginia, Inc., has had no business activity with Verizon; does not have any active billing accounts; has not ordered any services; and does not have any balance activity with Verizon under the Agreement. BroadRiver

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Communications of Virginia Corporation's certificate to provide local exchange telecommunications services was canceled November 20, 2003, in case No. PUC-2003-00154.

NOW THE COMMISSION, having considered the pleadings and applicable law, finds that there is nothing further to be acted upon in Case Nos. PUC-1997-00149, PUC-1998-00064, PUC-1999-00190, PUC-1999-00192, PUC-2000-00170, and PUC-2000-00299, and that all of the aforementioned cases should be closed.

Accordingly, IT IS ORDERED THAT Case Nos. PUC-1997-00149, PUC-1998-00064, PUC-1999-00190, PUC-1999-00192, PUC-2000-00170, and PUC-2000-00299 are hereby closed.

**CASE NO. PUC-1997-00156  
MAY 23, 2005**

APPLICATION OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
STICKDOG TELECOM, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered August 12, 2004, in Case No. PUC-2003-00008, the State Corporation Commission ("Commission") authorized the exit from the competitive marketplace for local exchange telecommunications, which had been requested by Stickdog Telecom, Inc. ("Stickdog" or "Company"), as well as the cancellation of its certificate of public convenience and necessity. The Company advised that it had provided appropriate, timely disconnection of service to its customers. As a result of the foregoing, Stickdog is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1997-00156 is hereby closed.

**CASE NO. PUC-1997-00165  
APRIL 8, 2005**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
TELIGENT OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered March 18, 2005, in Case No. PUC-2005-00038, the State Corporation Commission ("Commission") canceled certificates of public convenience and necessity previously issued to Teligent of Virginia, Inc. ("Teligent" or "Company"), at the Company's request. Accordingly, Teligent is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1997-00165 is hereby closed.

**CASE NO. PUC-1997-00183  
APRIL 8, 2005**

IN THE MATTER OF  
VERIZON SOUTH INC.  
and  
TELIGENT OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered March 18, 2005, in Case No. PUC-2005-00038, the State Corporation Commission ("Commission") canceled certificates of public convenience and necessity previously issued to Teligent of Virginia, Inc. ("Teligent" or "Company"), at the Company's request. Accordingly, Teligent is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1997-00183 is hereby closed.

**CASE NO. PUC-1998-00076  
APRIL 13, 2005**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
CRG INTERNATIONAL, INC. d/b/a NETWORK ONE

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered May 14, 2003, in Case No. PUC-2002-00087, the State Corporation Commission ("Commission") granted a motion filed by the Commission Staff and thereby cancelled certificates of public convenience and necessity previously issued to CRG International of Virginia, Inc. d/b/a Network One ("Network One" or "Company"). By previous order, the Commission had granted the Company's request to discontinue its services in Virginia. Network One did not, however, timely respond to the Commission's inquiry regarding the status of its certificate, prompting Staff's motion. As a result of the foregoing, Network One is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1998-00076 is hereby closed.

**CASE NO. PUC-1998-00090  
APRIL 13, 2005**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
ACCESS VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered November 18, 1999, in Case No. PUC-1999-00206, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to Access Virginia, Inc. ("Access" or "Company"), at the Company's request. Accordingly, Access is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1998-00090 is hereby closed.

**CASE NO. PUC-1998-00126  
SEPTEMBER 19, 2005**

APPLICATION OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
TELEPHONE COMPANY OF CENTRAL FLORIDA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered September 19, 2005, in Case No. PUC-2005-00122, the State Corporation Commission ("Commission") cancelled Certificate of Public Convenience and Necessity No. T-398 previously issued to Telephone Company of Central Florida, Inc. ("TCCF" or "Company"), for failure of the Company to pay statutory fees. As a result of the foregoing, TCCF is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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 and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1998-00126 is hereby closed.

**CASE NO. PUC-1998-00144  
APRIL 13, 2005**

IN THE MATTER OF  
GTE SOUTH INCORPORATED.  
and  
CRG INTERNATIONAL, INC. d/b/a NETWORK ONE

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered May 14, 2003, in Case No. PUC-2002-00087, the State Corporation Commission ("Commission") granted a motion filed by the Commission Staff and thereby cancelled certificates of public convenience and necessity previously issued to CRG International of Virginia, Inc. d/b/a Network One ("Network One" or "Company"). By previous order, the Commission had granted the Company's request to discontinue its services in Virginia. Network One did not, however, timely respond to the Commission's inquiry regarding the status of its certificate, prompting Staff's motion. As a result of the foregoing, Network One is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1998-00144 is hereby closed.

**CASE NO. PUC-1998-00195  
AUGUST 26, 2005**

APPLICATION OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
FOCAL COMMUNICATIONS CORPORATION OF VIRGINIA

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered May 20, 2005, in Case No. PUC-2004-00107, the State Corporation Commission ("Commission") granted an application filed by Corvis Corporation and its subsidiary, Focal Communications Corporation of Virginia ("Focal" or "Company") requesting authority to discontinue telecommunications services and cancellation of its certificates of public convenience and necessity. This action was taken following a corporate restructuring by Corvis Corporation and various of its subsidiaries. As a result of the foregoing, Focal is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1998-00195 is hereby closed.

**CASE NO. PUC-1999-00016  
MAY 20, 2005**

APPLICATION OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
PRISM VIRGINIA OPERATIONS, LLC f/k/a TRANSWIRE OPERATIONS, LLC

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered October 8, 2003, in Case No. PUC-2003-00148, the State Corporation Commission ("Commission") granted an application filed by Prism Virginia Operations, LLC ("Prism" or "Company"), requesting cancellation of its certificates of public convenience and necessity. As a result of the foregoing, Prism is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00016 is hereby closed.

**CASE NO. PUC-1999-00062  
AUGUST 26, 2005**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
FIRST REGIONAL TELECOM, LLC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered August 4, 2005, in Case No. PUC-2005-00095, the State Corporation Commission ("Commission") cancelled a certificate of public convenience and necessity previously issued to First Regional TeleCOM, LLC ("First Regional" or "Company"), as a result of the termination of the Company's existence as a limited liability company. As a result, First Regional is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00062 is hereby closed.

**CASE NO. PUC-1999-00083  
MAY 20, 2005**

APPLICATION OF  
PHONE RECONNECT OF AMERICA, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER CLOSING CASE**

By Order entered February 20, 2004, in Case No. PUC-2004-00018, the State Corporation Commission ("Commission") granted an application filed by Phone Reconnect of America, LLC ("PRA" or "Company"), requesting the cancellation of its certificate of public convenience and necessity. The Company advised that it had never provided telecommunications services to customers in Virginia. As a result of the foregoing, PRA is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case, wherein the Commission granted the certificate subsequently cancelled in Case No. PUC-2004-00018 and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00083 is hereby closed.

**CASE NO. PUC-1999-00139  
MAY 20, 2005**

APPLICATION OF  
GTE SOUTH INCORPORATED  
and  
PHONE RECONNECT OF AMERICA, LLC

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered February 20, 2004, in Case No. PUC-2004-00018, the State Corporation Commission ("Commission") granted an application filed by Phone Reconnect of America, LLC ("PRA" or "Company"), requesting the cancellation of its certificate of public convenience and necessity. The Company advised that it had never provided telecommunications services to customers in Virginia. As a result of the foregoing, PRA is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00139 is hereby closed.

**CASE NO. PUC-1999-00143  
APRIL 28, 2005**

IN THE MATTER OF  
GTE SOUTH INCORPORATED  
and  
QUANTREX COMMUNICATIONS, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered August 1, 2003, in Case No. PUC-2003-00117, the State Corporation Commission ("Commission") granted an application filed by Quantrex Communications, Inc. ("Quantrex" or "Company"), requesting cancellation of its certificate of public convenience and necessity. As a result of the foregoing, Quantrex is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-1999-00143 is hereby closed.

**CASE NOS. PUC-1999-00185 and PUC-1999-00182  
AUGUST 4, 2005**

APPLICATIONS OF  
UNITED TELEPHONE-SOUTHEAST, INC.  
and  
MAX-TEL COMMUNICATIONS INC.

CENTRAL TELEPHONE COMPANY OF VIRGINIA  
and  
MAX-TEL COMMUNICATIONS INC.

For approvals of interconnection agreement

**ORDER CLOSING CASES**

By Order entered March 13, 2001, in Case No. PUC-2001-00012, the State Corporation Commission ("Commission") approved an interconnection agreement entered into between United Telephone-Southeast Inc. and Central Telephone Company of Virginia and MAX-Tel Communications, Inc. The agreement approved therein replaced and cancelled the agreements previously executed by the parties and approved in the instant cases.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant cases, wherein the Commission approved interconnection agreements between the parties named in the captions, and that the cases should be closed.

Accordingly, IT IS ORDERED THAT Case Nos. PUC-1999-00185 and PUC-1999-00182 are hereby closed.

**CASE NO. PUC-2000-00023  
JULY 15, 2005**

IN THE MATTER OF  
VERIZON SOUTH INC.  
and  
EZ TALK COMMUNICATIONS, L. L. C.

For approval of Interconnection agreement

**ORDER CLOSING CASE**

On February 15, 2005, Verizon South Inc. ("Verizon") submitted a Notification of Termination of Interconnection Agreement with Verizon and EZ Talk Communications, L.L.C. The notification states EZ Talk Communications, L.L.C., has had no business activity with Verizon; has no active billing accounts; has not ordered any services; and does not have any balance activity with Verizon under the Agreement.

NOW THE COMMISSION, having considered the pleadings and applicable law, finds that there is nothing further to be acted upon in Case No. PUC-2000-00023, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00023 is hereby closed.

**CASE NO. PUC-2000-00029  
APRIL 28, 2005**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
2nd CENTURY COMMUNICATIONS OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered August 28, 2001, in Case No. PUC-2001-00160, the State Corporation Commission ("Commission") granted an application filed by 2nd Century Communications of Virginia, Inc. ("2nd Century" or "Company"), requesting the cancellation of its certificate of public convenience and necessity. The Company advised that it was in bankruptcy proceedings and had provided appropriate, timely notice to its customers of its impending disconnection of service. As a result of the foregoing, 2nd Century is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00029 is hereby closed.

**CASE NO. PUC-2000-00050  
MAY 4, 2005**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
QUANTREX COMMUNICATIONS, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered August 1, 2003, in Case No. PUC-2003-00117, the State Corporation Commission ("Commission") granted an application filed by Quantrex Communications, Inc. ("Quantrex" or "Company"), requesting cancellation of its certificate of public convenience and necessity. As a result of the foregoing, Quantrex is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00050 is hereby closed.

**CASE NO. PUC-2000-00051  
MAY 20, 2005**

APPLICATION OF  
BELL ATLANTIC-VIRGINIA INC.  
and  
BROADSLATE NETWORKS OF VIRGINIA, INC. f/k/a CARDINAL COMMUNICATIONS OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered February 21, 2002, in Case No. PUC-2002-00016, the State Corporation Commission ("Commission") granted an application filed by Broadslate Networks of Virginia, Inc. ("Broadslate" or "Company"), requesting cancellation of its certificates of public convenience and necessity. As a result of the foregoing, Broadslate is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00051 is hereby closed.

**CASE NO. PUC-2000-00070  
MAY 20, 2005**

APPLICATION OF  
GTE SOUTH INCORPORATED  
and  
PRISM VIRGINIA OPERATIONS, LLC

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered October 8, 2003, in Case No. PUC-2003-00148, the State Corporation Commission ("Commission") granted an application filed by Prism Virginia Operations, LLC ("Prism" or "Company") requesting cancellation of its certificates of public convenience and necessity. As a result of the foregoing, Prism is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00070 is hereby closed.

**CASE NO. PUC-2000-00071  
APRIL 28, 2005**

IN THE MATTER OF  
GTE SOUTH INCORPORATED  
and  
2nd CENTURY COMMUNICATIONS OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered August 28, 2001, in Case No. PUC-2001-00160, the State Corporation Commission ("Commission") granted an application filed by 2nd Century Communications of Virginia, Inc. ("2nd Century" or "Company"), requesting the cancellation of its certificate of public convenience and necessity. The Company advised that it was in bankruptcy proceedings and had provided appropriate, timely notice to its customers of its impending disconnection of service. As a result of the foregoing, 2nd Century is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00071 is hereby closed.

**CASE NO. PUC-2000-00125  
NOVEMBER 7, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
HOOKS COMMUNICATIONS GROUP, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

**ORDER CLOSING CASE**

On June 15, 2000, the State Corporation Commission ("Commission") approved an interconnection agreement between Hook Communications Group, Inc. ("Hooks"), and Bell Atlantic-Virginia, Inc., pursuant to §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252. Bell Atlantic-Virginia, Inc., is now known as Verizon Virginia Inc. ("Verizon").

On March 14, 2005, Verizon filed a Notification of Termination of Interconnection Agreement pursuant to paragraph 6 of 20 VAC 5-419-20 of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252. As grounds for terminating the interconnection agreement, Verizon states that Hooks has no business activity with Verizon, including no active billing accounts, no ordering of any services, and no balance activity with Verizon under the interconnection agreement.

NOW THE COMMISSION, being sufficiently advised, finds that there is nothing further to be acted upon in the instant case and that the case should be closed.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Case No. PUC-2000-00125 is hereby closed.

(2) There being nothing further to come before the Commission, this case shall be removed from the docket, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2000-00139  
FEBRUARY 18, 2005**

APPLICATION OF  
360° COMMUNICATIONS COMPANY OF CHARLOTTESVILLE D/B/A ALLTEL  
and  
CENTRAL TELEPHONE COMPANY OF VIRGINIA  
AND UNITED TELEPHONE-SOUTHEAST, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

**DISMISSAL ORDER**

On May 10, 2000, 360° Communications Company of Charlottesville d/b/a Alltel<sup>1</sup> and Central Telephone Company of Virginia and United Telephone-Southeast, Inc. (collectively, "Sprint"), filed an interconnection agreement, entered under §§ 251 and 252 of the Telecommunications Act of 1996 (the "Act"), 47 U.S.C. §§ 251 and 252, for State Corporation Commission ("Commission") approval pursuant to § 252(e) of the Act, 47 U.S.C. § 252(e). The Commission approved the interconnection agreement in its August 1, 2000, Order Approving Agreement entered in this case.

On September 20, 2004, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Sprint and ALLTEL filed a negotiated Commercial Mobile Radio Services Interconnection Agreement ("CMRS Agreement") with the Commission. The CMRS Agreement was assigned Case No. PUC-2004-00119. Sprint and ALLTEL indicated that the CMRS Agreement replaces the original agreement approved by the Commission on August 1, 2000. The CMRS Agreement became effective on December 20, 2004.

NOW THE COMMISSION finds that the CMRS Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2000-00139 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

<sup>1</sup> 360° Communications Company of Charlottesville d/b/a Alltel is now known as ALLTEL Communications of Virginia, Inc. ("ALLTEL").

**CASE NO. PUC-2000-00142  
MAY 20, 2005**

APPLICATION OF  
GTE SOUTH INCORPORATED  
and  
BROADSLATE NETWORKS OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered February 21, 2002, in Case No. PUC-2002-00016, the State Corporation Commission ("Commission") granted an application filed by Broadslate Networks of Virginia, Inc. ("Broadslate" or "Company") requesting authority to discontinue telecommunications services and cancellation of its certificates of public convenience and necessity. As a result of the foregoing, Broadslate is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00142 is hereby closed.

**CASE NO. PUC-2000-00146  
APRIL 28, 2005**

IN THE MATTER OF  
VERIZON SOUTH INC. f/k/a GTE SOUTH INCORPORATED  
and  
AFFINITY NETWORK INCORPORATED

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered September 6, 2002, in Case No. PUC-2002-00164, the State Corporation Commission ("Commission") granted an application filed by Affinity Network Incorporated ("Affinity" or "Company"), requesting the cancellation of its certificate of public convenience and necessity. The Company advised that it did not currently provide telecommunications services within Virginia, nor had any further plans to do so. As a result of the foregoing, Affinity is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00146 is hereby closed.

**CASE NO. PUC-2000-00187  
APRIL 28, 2005**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
AFFINITY NETWORK INCORPORATED

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered September 6, 2002, in Case No. PUC-2002-00164, the State Corporation Commission ("Commission") granted an application filed by Affinity Network Incorporated ("Affinity" or "Company"), requesting the cancellation of its certificate of public convenience and necessity. The Company advised that it did not currently provide telecommunications services within Virginia, nor had any further plans to do so. As a result of the foregoing, Affinity is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00187 is hereby closed.

**CASE NO. PUC-2000-00188  
MAY 20, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC. f/k/a BELL ATLANTIC-VIRGINIA, INC.  
and  
MPOWER COMMUNICATIONS OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered December 19, 2001, in Case No. PUC-2001-00247, the State Corporation Commission ("Commission") granted an application filed by Mpower Communications of Virginia, Inc. ("Mpower" or "Company"), requesting the cancellation of its certificate of public convenience and necessity. The Company advised that it had decided to discontinue its local exchange telecommunications services in Virginia and had no customers. As a result of the foregoing, Mpower is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00188 is hereby closed.

**CASE NO. PUC-2000-00323  
MAY 20, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
PHONE RECONNECT OF AMERICA, LLC

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered February 20, 2004, in Case No. PUC-2004-00018, the State Corporation Commission ("Commission") granted an application filed by Phone Reconnect of America, LLC ("PRA" or "Company"), requesting the cancellation of its certificate of public convenience and necessity. The Company advised that it had never provided telecommunications services to customers in Virginia. As a result of the foregoing, PRA is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2000-00323 is hereby closed.

**CASE NO. PUC-2001-00045  
MARCH 25, 2005**

APPLICATION OF  
MASSACHUSETTS LOCAL TELEPHONE COMPANY, INC.  
and  
VERIZON VIRGINIA INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

**DISMISSAL ORDER**

On February 28, 2001, Massachusetts Local Telephone Company, Inc. ("MLTC"), and Verizon Virginia Inc. ("Verizon") filed an interconnection agreement, entered under §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, for State Corporation Commission ("Commission") approval pursuant to § 252(e) of the Act, 47 U.S.C. § 252(e). The Commission approved the interconnection agreement in its April 10, 2001, Order Approving Agreement entered in Case No. PUC-2001-00045.

On December 15, 2004, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, MLTC and Verizon filed an Amended, Extended and Restated Interconnection Agreement ("Agreement") with the Commission. The Agreement was assigned Case No. PUC-2004-00153. MLTC and Verizon indicated that the Agreement replaces the original agreement approved by the Commission on April 10, 2001. The Agreement became effective on March 15, 2005.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION finds that the Agreement supersedes the agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2001-00045 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

**CASE NO. PUC-2001-00099  
AUGUST 26, 2005**

APPLICATION OF  
UNITED TELEPHONE-SOUTHEAST, INC. AND  
CENTRAL TELEPHONE COMPANY OF VIRGINIA  
and  
ZEPHION NETWORKS COMMUNICATIONS, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered August 4, 2005, in Case No. PUC-2005-00097, the State Corporation Commission ("Commission") entered an order canceling the certificates of public convenience and necessity previously issued to Zephion Networks Communications, Inc. ("Zephion" or "Company"), as a result of the Company's voluntary termination of its corporate existence. As a result of the foregoing, Zephion is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00099 is hereby closed.

**CASE NO. PUC-2001-00105  
SEPTEMBER 19, 2005**

APPLICATION OF  
VERIZON SOUTH INC.  
and  
TELEPHONE COMPANY OF CENTRAL FLORIDA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered September 19, 2005, in Case No. PUC-2005-00122, the State Corporation Commission ("Commission") cancelled Certificate of Public Convenience and Necessity No. T-398 previously issued to Telephone Company of Central Florida, Inc. ("TCCF" or "Company"), for failure of the Company to pay statutory fees. As a result of the foregoing, TCCF is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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 and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00105 is hereby closed.

**CASE NO. PUC-2001-00141  
MAY 20, 2005**

APPLICATION OF  
CENTRAL TELEPHONE COMPANY OF VIRGINIA  
UNITED TELEPHONE-SOUTHEAST, INC.  
and  
BROADSLATE NETWORKS OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered February 21, 2002, in Case No. PUC-2002-00016, the State Corporation Commission ("Commission") granted an application filed by Broadslate Networks of Virginia, Inc. ("Broadslate" or "Company"), requesting authority to discontinue telecommunications services and

cancellation of its certificates of public convenience and necessity. As a result of the foregoing, Broadslate is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00141 is hereby closed.

**CASE NO. PUC-2001-00205  
MAY 23, 2005**

APPLICATION OF  
VERIZON SOUTH INC.  
and  
IDS TELCOM, LLC

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered August 11, 2004, in Case No. PUC-2004-00096, the State Corporation Commission ("Commission") granted an application filed by IDS Telcom, LLC ("IDS" or "Company"), requesting authority to discontinue telecommunications services and cancellation of its certificates of public convenience and necessity. As a result of the foregoing, IDS is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00205 is hereby closed.

**CASE NO. PUC-2001-00209  
SEPTEMBER 19, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
TELEPHONE COMPANY OF CENTRAL FLORIDA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered September 19, 2005, in Case No. PUC-2005-00122, the State Corporation Commission ("Commission") cancelled Certificate of Public Convenience and Necessity No. T-398 previously issued to Telephone Company of Central Florida, Inc. ("TCCF" or "Company"), for failure of the Company to pay statutory fees. As a result of the foregoing, TCCF is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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 and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00209 is hereby closed.

**CASE NO. PUC-2001-00215  
MAY 23, 2005**

APPLICATION OF  
VERIZON SOUTH INC.  
and  
STICKDOG TELECOM, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered August 12, 2004, in Case No. PUC-2003-00008, the State Corporation Commission ("Commission") authorized the exit from the competitive marketplace for local exchange telecommunications, which had been requested by Stickdog Telecom, Inc. ("Stickdog" or "Company"), as

well as the cancellation of its certificate of public convenience and necessity. The Company advised that it had provided appropriate, timely disconnection of service to its customers. As a result of the foregoing, Stickdog is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00215 is hereby closed.

**CASE NO. PUC-2001-00224  
MAY 23, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
IDS TELCOM, LLC

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered August 11, 2004, in Case No. PUC-2004-00096, the State Corporation Commission ("Commission") granted an application filed by IDS Telcom, LLC ("IDS" or "Company"), requesting authority to discontinue telecommunications services and cancellation of its certificates of public convenience and necessity. As a result of the foregoing, IDS is no longer authorized to provide local exchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00224 is hereby closed.

**CASE NO. PUC-2001-00226  
AUGUST 8, 2005**

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

Ex Parte: Establishment of a Performance Assurance Plan for Verizon Virginia Inc.

**ORDER DISMISSING PROPOSED REVISIONS  
TO THE PERFORMANCE ASSURANCE PLAN**

On May 19, 2005, Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon"), filed proposed revisions to the Performance Assurance Plan for Verizon Virginia Inc. and Verizon South Inc. ("revised VA PAP") for consideration by the State Corporation Commission ("Commission") in accordance with Section II.K.2 of the VA PAP. The revised VA PAP is intended to conform the VA PAP to the April 2005 "Performance Assurance Plan Verizon New York Inc." ("NY PAP") reflecting changes adopted by the New York Public Service Commission ("NYPSC") on March 17, 2005. The March 17, 2005, ordered revisions were filed with the NYPSC on April 19, 2005.

On June 1, 2005, a Procedural Order for Comments on the Proposed Revisions to the Performance Assurance Plan ("Procedural Order") was issued. Pursuant to the Procedural Order, Cavalier Telephone, LLC ("Cavalier") filed Comments on June 28, 2005. Cavalier requests that Verizon's proposed revisions to the VA PAP be rejected, that the revised VA PAP be maintained in its current form, and that the Commission open a proceeding to re-evaluate the entire revised VA PAP fund allocation "in light of the recent sea changes in the telecommunications industry."<sup>1</sup>

On July 15, 2005, pursuant to the Procedural Order, Verizon filed Reply Comments on the May 19, 2005, Revised VA Performance Assurance Plan ("Reply Comments"). Verizon's Reply Comments assert that the NY PSC "is now engaged in just such comprehensive review of the PAP as Cavalier has proposed."<sup>2</sup> Verizon does not object to this Commission delaying consideration of the NY PAP revisions until after the pending comprehensive NY PAP review is completed and the results of that review are presented to this Commission pursuant to Section II.K.2 of the VA PAP.<sup>3</sup>

NOW THE COMMISSION, upon consideration of Cavalier's Comments and Verizon's Reply Comments, the provisions of the VA PAP, and applicable law, is of the opinion that judicial economy will be served by declining at this time to give consideration to inclusion of the March 17, 2005 ordered revisions in the VA PAP, as proposed by Verizon's filing on May 19, 2005. Such revisions as may remain after the NY PSC's pending

<sup>1</sup> Cavalier comments at 1.

<sup>2</sup> Reply Comments at 2.

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

comprehensive NY PAP review is completed and the results of that review are presented by Verizon to this Commission should be given consideration then, pursuant to Section II.K.2 of the VA PAP.

The Commission further declines to open a proceeding to re-evaluate the entire revised VA PAP fund allocation, as requested in Cavalier's Comments.

Accordingly, IT IS ORDERED THAT:

(1) The Commission hereby dismisses, without prejudice, the proposed May 19, 2005, VA PAP revisions to the VA PAP and their proposed implementation consistent with the findings above.

(2) Cavalier's request that the Commission open a proceeding to re-evaluate the entire revised VA PAP fund allocation is hereby denied.

(3) This case is continued.

**CASE NO. PUC-2001-00226  
SEPTEMBER 22, 2005**

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

Ex Parte: Establishment of a Performance Assurance Plan for Verizon Virginia Inc.

**ORDER APPROVING REVISIONS TO  
THE AUDIT PROVISIONS OF THE  
VIRGINIA PERFORMANCE ASSURANCE PLAN**

On August 2, 2005, Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon") filed proposed revisions to the Performance Assurance Plan for Verizon Virginia Inc. and Verizon South Inc. ("revised VA PAP") for consideration by the State Corporation Commission ("Commission") in accordance with Section II.K.3 of the VA PAP.<sup>1</sup>

Verizon proposes to change future audits of Verizon's implementation of the VA PAP by revising Section II.K.4 of the revised VA PAP which currently provides:

Each year the Commission will audit Combined-Verizon's data and reporting, with the first audit beginning 6 months after Verizon VA enters the Long Distance market in Virginia. The audits shall be performed, at the Commission's discretion, by either the Commission Staff or an independent auditor, selected by the Commission and paid for by Combined-Verizon. The first audit will include an examination of data reliability issues. Subsequent audits will include an examination of data reliability issues at the Commission's discretion. For at least the first six months after the Virginia PAP first becomes effective, the Commission Staff will replicate Combined-Verizon's performance reports to assure that the data in the reports accurately reflects the service quality being provided to the CLECs. The Commission may elect to continue the replication for as long as it deems necessary. (footnotes omitted)

Verizon proposes that Section II.K.4 be revised to read:

The Commission, at its discretion, may audit Combined-Verizon's data and reporting. Such audits may be initiated only once in any two year period. The audits shall be performed, at the Commission's discretion, by either the Commission Staff or an independent auditor, selected by the Commission and paid for by Combined-Verizon. Audits may include an examination of data reliability issues at the Commission's discretion. For at least the first six months after the Virginia PAP first becomes effective, the Commission Staff will replicate Combined-Verizon's performance reports to assure that the data in the reports accurately reflects the service quality being provided to the CLECs. The Commission may elect to continue the replication for as long as it deems necessary. (footnotes omitted)

The implementation and effective date of the revised VA PAP is proposed by Verizon to be the first day of the first calendar month after the calendar month in which the Commission issues an order approving the proposed revisions. Verizon notes that because the proposed revisions do not affect the measurements or the calculation of incentive bill credits under the VA PAP, there will be no need to delay the effectiveness of the proposed revisions.

On August 17, 2005, the Commission issued a Procedural Order for Comments on the Proposed Revisions to the Audit Provisions of the Virginia Performance Assurance Plan ("August 17, 2005, Order"), which provided for any comments to be filed by September 12, 2005, and reply comments to be filed by September 26, 2005. No comments have been filed.

<sup>1</sup> Pursuant to Section II.K.3 of the VA PAP, Verizon and any other interested person may at any time submit proposed changes to the revised VA PAP to the Commission for its consideration. After Verizon and all interested persons have had an opportunity to submit comments to the Commission on whether the proposed changes should be included in the VA PAP, changes will only be included upon the Commission's approval.

Accordingly, IT IS ORDERED THAT:

- (1) Verizon's proposed revisions to the revised VA PAP filed August 2, 2005, are hereby approved, effective October 1, 2005.
- (2) This case is continued.

**CASE NO. PUC-2002-00102  
MAY 10, 2005**

PETITION OF  
AMERICAN FIBER NETWORK OF VIRGINIA, INC.

For an extension of time by which audited financial statements are to be provided

**DISMISSAL ORDER**

On June 23, 2000, the State Corporation Commission ("Commission") granted American Fiber Network of Virginia, Inc. ("AFN" or the "Company"), a certificate of public convenience and necessity to provide local exchange telecommunications services subject to the condition that the Company provide to the Division of Economics and Finance ("Division") audited financial statements.<sup>1</sup> On June 24, 2002, AFN was granted an extension of time through and including May 6, 2003, within which to provide audited financial statements for the year ending December 31, 2002, to the Division. On June 24, 2003, the Commission granted the Company's request to waive the requirement to file audited financial statements and ordered the Company instead to submit to the Division a continuous performance or surety bond in the amount of \$50,000.

The Commission is informed by the Division that AFN has complied with the Commission's bond requirement and remains in compliance.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed from the Commission's docket of active cases and the papers herein placed in the file for ended causes.

<sup>1</sup> Application of American Fiber Network of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services, Case No. PUC-1999-00221, Final Order, Ordering Paragraph (4) (June 23, 2000). The initial tariff became effective February 23, 2001.

**CASE NO. PUC-2002-00226  
SEPTEMBER 19, 2005**

APPLICATION OF  
CENTRAL TELEPHONE COMPANY OF VIRGINIA  
and  
MAXCESS OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered September 16, 2005, in Case No. PUC-2005-00125, the State Corporation Commission ("Commission") cancelled certificates of public convenience and necessity, Nos. T-499 and TT-103A, previously issued to Maxcess of Virginia, Inc., ("Maxcess" or "Company") for the failure of the Company to pay statutory fees. As a result of the foregoing, Maxcess is no longer authorized to provide local exchange or interexchange telecommunications services within the Commonwealth of Virginia.

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, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2002-00226 is hereby closed.

**CASE NO. PUC-2002-00231  
FEBRUARY 25, 2005**

PETITION OF  
UNITED TELEPHONE-SOUTHEAST, INC.

For Declaratory Judgment Interpreting Various Sections of the Code of Virginia, For Injunction Prohibiting the City of Bristol from Providing Telecommunications Services in Violation of State Law, and For Other Relief

**FINAL ORDER**

On December 12, 2002, United Telephone-Southeast, Inc. ("Sprint"), filed a petition with the State Corporation Commission ("Commission") for Declaratory Judgment Interpreting Various Sections of the Code of Virginia, For Injunction Prohibiting the City of Bristol from Providing Telecommunications Services in Violation of State Law, and For Other Relief ("Petition"). Specifically, Sprint requested that: (1) its complaint against the City of Bristol d/b/a Bristol Virginia Utilities Board ("Bristol" or "BVU") be upheld; (2) the Commission determine that Bristol has failed to comply with Virginia law and that Bristol be required to come into compliance with applicable law; (3) the Commission declare that Bristol is in violation of §§ 15.2-2160 A and D, 56-241.1, and 56-265.4:4 of the Code of Virginia ("Code"); (4) the Commission issue an injunction against Bristol prohibiting it from providing telecommunications services to the public until it has complied with the conditions set forth in Virginia law regarding the offering of telecommunications services by electric municipalities; (5) Bristol's proposed tariff be rejected, or in the alternative, be suspended by the Commission until the tariff is compliant; and (6) the Commission grant such other relief as is just and proper.

Bristol is an operating division of the City of Bristol, Virginia, offering electric power, water, waste water, Internet, cable television, and telecommunications services.<sup>1</sup> Bristol provides Internet, cable television, and telecommunications services through the OptiNet Division ("OptiNet").<sup>2</sup> OptiNet operates a state of the art fiber to the premise technology.<sup>3</sup> The offering of telecommunications services by Bristol, which are the subject of this case, was authorized by the Commission on November 26, 2002.

Bristol filed a response to the Petition on December 18, 2002. On December 19, 2002, the Commission issued an Order that: (1) denied Sprint's request for injunctive relief; (2) rejected Bristol's tariff submitted on November 27, 2002; (3) ordered Bristol to file a revised tariff on or before December 26, 2002; (4) assigned this matter to a Hearing Examiner; (5) directed the Commission's Staff ("Staff") to participate in this case; and (6) ordered Bristol to file a cost study to support the prices for its basic local exchange telephone service on or before January 31, 2003.

On January 13, 2003, Bristol filed a Motion for Extension of Time to File the Cost Study on Basic Local Exchange Service. Hearing Examiner Alexander F. Skirpan, Jr., convened a prehearing conference on January 24, 2003. During the prehearing conference, the parties agreed to (1) negotiate the specific methodology to be used to complete the required cost study, and (2) to advise the Hearing Examiner on the agreed-upon cost study methodology and on any areas of disagreement on or before March 10, 2003. In addition, the parties agreed that Bristol's cost study should be filed ninety calendar days after the parties reached agreement on the cost study methodology or the Hearing Examiner ruled on any areas of disagreement. Finally, the parties agreed to a general outline of a procedural schedule for the remainder of this case.

On March 10, 2003, Sprint and Bristol filed a Joint Statement of the Parties indicating that they agreed to a set of guidelines for the cost studies to be filed in this proceeding and had no areas of disagreement to report. Sprint and Bristol also stated that agreement to the guidelines "shall not be interpreted as a waiver on the part of either Sprint or [Bristol] of any factual or legal position, argument, or objection (including objections with respect to the compliance or non-compliance of the cost studies with the guidelines. . .) supported by the record of this proceeding as it may develop; nor shall it be interpreted as a waiver of any right to discovery of either Sprint or [Bristol] in this proceeding."<sup>4</sup>

In a Hearing Examiner's Ruling dated March 12, 2003, this matter was set for hearing on September 9, 2003, and a procedural schedule was adopted. On March 26, 2003, Sprint filed a Motion for an Extension of Time to file its rebuttal testimony. By a Hearing Examiner's Ruling dated April 4, 2003, Sprint was provided with additional time to file rebuttal testimony, and the hearing was rescheduled from September 9, 2003, to September 29, 2003.

On May 23, 2003, Bristol moved for an extension of time until August 15, 2003, to file its cost studies. Bristol's request for additional time was granted by a Hearing Examiner's Ruling dated June 2, 2003; and a revised procedural schedule was adopted that, among other things, rescheduled the hearing from September 29, 2003, to December 1, 2003.

Bristol filed its cost studies on August 15, 2003, and provided additional information on August 22, 27, and 28, 2003. On September 2, 2003, Sprint filed a Motion to Require Compliance with Commission Order and Agreed Guidelines and for an Extension of Time in which it requested: (1) a finding that the cost study materials submitted by Bristol were not in accordance with the Commission's Order of December 19, 2002, or with the agreed guidelines filed on March 10, 2003; (2) a ruling requiring production by Bristol of complete cost studies; (3) an extension of time to prepare its testimony; and (4) a declaration that information marked as competitively sensitive by Bristol is not competitively sensitive. On September 8, 2003, the Hearing Examiner convened an informal conference in the Richmond office of Technical Associates, Inc. ("TAI"), the consultant that prepared the cost study on behalf of Bristol. During the conference, representatives of TAI provided an overview of the cost study and explained that the parties have had a complete copy of the underlying model since August 27, 2003.<sup>5</sup> Moreover, Bristol explained that it had made its consultant available to answer any further questions

<sup>1</sup> Ex. 8 at 2.

<sup>2</sup> *Id.* at 1, Attachment WRR-IV.

<sup>3</sup> *Id.* at 5.

<sup>4</sup> Joint Statement of the Parties at ¶ 2.

<sup>5</sup> Hearing Examiner's Report at 4.

from Sprint representatives regarding the cost study and the underlying model.<sup>6</sup> On September 10, 2003, Sprint filed a reply in which it continued to complain that information needed to evaluate the cost study had not been provided and asked that copies of the cost study be made available to authorized support personnel.

On September 12, 2003, the Hearing Examiner denied Sprint's request for a finding that the cost study materials supplied by Bristol were not in accordance with the Commission's Order of December 19, 2002, or with the agreed guidelines filed on March 10, 2003. In addition, the Hearing Examiner suspended the date for the filing of Sprint's testimony and designated Bristol's cost study as competitively sensitive but subject to review pursuant to revised safeguards.

On October 17, 2003, counsel for Bristol filed a letter with the Clerk of the Commission, which outlined proposed revisions to the procedural schedule agreed to by all of the parties. Among other things, the parties sought to reschedule the evidentiary hearing in this matter from December 1, 2003, to April 14, 2004. The proposed revised procedural schedule was adopted in a Hearing Examiner's Ruling dated October 20, 2003.

On April 8, 2004, the Staff filed a Motion to Continue Hearing and for Ruling Directing United Telephone-Southeast, Inc., to Produce Incremental Cost Data Required Under Alternative Regulatory Plan. The Staff requested that the hearing in this matter be postponed and that Sprint be required to file cost studies in compliance with section M 3 of its Alternative Regulatory Plan. In the alternative, the Staff asked that the record be held open in this case to receive such cost studies. In a Ruling dated April 12, 2004, the Hearing Examiner denied the Staff's request for a continuance of the hearing. In addition, the Hearing Examiner directed Sprint to file copies of the requested cost studies on or before May 12, 2004, and gave the parties until May 19, 2004, to request an additional hearing on such studies.

The evidentiary hearing in this matter was held on April 14 and 15, 2004. Anthony Gambardella, Esquire, appeared on behalf of Sprint. JoAnne L. Nolte, Esquire, Kiva Bland Pierce, Esquire, and J. D. Bowie, Esquire, appeared on behalf of Bristol. Don R. Mueller, Esquire, appeared on behalf of the Staff. On May 4, 2004, Sprint filed the cost studies previously required by the Hearing Examiner. On May 19, 2004, Bristol filed a motion stating that it would not request an additional hearing on Sprint's cost studies. Sprint, Bristol, and the Staff filed post-hearing briefs on July 12, 2004.

In a Ruling dated August 26, 2004, the Hearing Examiner directed Bristol to provide the results of total service long-run incremental cost ("TSLRIC") Studies I and III to reflect various alternative inputs and assumptions to augment the record in this case. The Hearing Examiner gave Sprint and the Staff an opportunity to review Bristol's calculations for accuracy and to request further hearing on the mechanics of incorporating the specified alternative inputs and assumptions into such studies. On September 16, 2004, Bristol filed the additional cost studies, and on September 28, 2004, Bristol updated the requested information to correct for a modeling error. On October 7, 2004, Sprint filed a response in which it did not raise any issues regarding the mechanics of the alternative calculations of TSLRIC Studies I and III. Sprint also did not request a hearing on the recalculated amounts. In a Ruling dated October 12, 2004, the Hearing Examiner admitted the additional cost studies and corrections into the record.

On November 30, 2004, the Hearing Examiner entered a Report that included, among other things, a detailed procedural history of this proceeding, a summary of the record, and the following findings:

(1) Sprint, as the petitioner, has the burden of proving its allegation that Bristol's telephone service is subsidized; thus, "Sprint has the burden of proving any adjustments to the methodology or inputs used in the models to generate Bristol's cost studies;"<sup>7</sup>

(2) Bristol's stand-alone basic telephone service is priced below cost; thus, "Bristol should be directed to file new rates and a supporting cost study that demonstrate that its stand-alone basic local telephone service rates are priced above cost;"<sup>8</sup>

(3) Bristol's TSLRIC Studies I and III, as adjusted by the Hearing Examiner, "provide the information required to determine if Bristol's local telephone service, in the aggregate, meets the requirements of §§ 15.2-2160 A and D, 56-241.1, and 56-265.4:4" of the Code;<sup>9</sup> and

(4) Bristol's TSLRIC Studies I and III, as adjusted by the Hearing Examiner, "demonstrate that in the aggregate [BVU] does not subsidize local telephone services provided via its OptiNet System."<sup>10</sup>

On December 17, 2004, the Commission issued an Order granting Sprint's unopposed motion to extend the deadline for filing comments on the Hearing Examiner's Report.

On January 7, 2005, Sprint filed a response to the Hearing Examiner's Report ("Sprint's Response"). Sprint states that it "agrees with many conclusions" in the Report, "especially the methodology and legal issues raised in the briefs regarding allocation of shared costs, imputation of a competitive provider's cost of capital, application of safeguards to all telephone services and not just basic telephone services, and the finding that BVU's stand-alone resold basic telephone service is below cost."<sup>11</sup> In addition, Sprint asserts that the "Commission should adopt the Report's ultimate conclusion that shared

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 40.

<sup>8</sup> *Id.* at 57.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> Sprint's Response at 3-4 (footnotes omitted).

costs should be allocated and specifically adopt BVU's cost allocation method."<sup>12</sup> However, Sprint contends that the "Hearing Examiner Report is erroneous in its failure to adopt the Sprint recommendations. . . ."<sup>13</sup> Specifically, Sprint argues that the Hearing Examiner:

made adjustments to BVU's revenues based upon BVU's actual experience, but the Report errs in its refusal to adjust BVU's total investments based upon the same actual experience of BVU. The Hearing Examiner Report also erroneously fails to address a significant depreciation calculation error in BVU's cost study. The Report is also incorrect in its findings that Sprint fails to carry its burden regarding BVU's inputs for depreciation rates as well as Sprint's methodology modifications regarding investment retirement and reinvestments and inflation/deflation rates.<sup>14</sup>

Thus, Sprint requests that the Commission: (1) "adopt the Examiner's Report, except to require BVU to reflect its actual total investments in its cost study and correct the significant calculation error in the cost study regarding depreciation;"<sup>15</sup> and (2) "adopt Sprint's recommendations concerning BVU's cost study's depreciation lives, retirements and reinvestments and inflation/deflation rates because they are supported by the preponderance of the evidence in this proceeding."<sup>16</sup> Finally, Sprint states that the "Commission should otherwise do everything within its authority to ensure that all of BVU's OptiNet services are priced above cost in compliance with the competitive safeguards contained in Virginia's statutes."<sup>17</sup>

On January 7, 2005, Bristol filed comments in support of the Hearing Examiner's findings ("Bristol's Comments"). Bristol states that the "Hearing Examiner appropriately turned his attention to the various TSLRIC Study input values applicable to OptiNet in finding that BVU is not engaged in unlawful cross-subsidization."<sup>18</sup> Bristol "agrees with the Hearing Examiner's findings that the record shows that BVU's local telephone services, even after severe adjustments, are not subsidized, and further agrees with the Hearing Examiner that such services are fully compliant with the statutory requirements."<sup>19</sup> Bristol also "urges the Commission to adopt the findings of the Hearing Examiner . . . on a going forward basis as a template with respect to BVU's fulfillment of the Commission's annual filing requirements" and to give Bristol "the flexibility to fit the sensitivity test analytical framework to actual circumstances that it may confront in the future" when it makes such annual filings.<sup>20</sup> In addition, if the Commission adopts the Hearing Examiner's recommendation regarding BVU's stand-alone service, then Bristol requests clarification from the Commission on certain related matters. In sum, Bristol requests that the Commission: (1) "adopt the Hearing Examiner's Report and all of its recommendations for this proceeding;"<sup>21</sup> (2) "adopt the Hearing Examiner's methodology and analytical framework, with clarifications as discussed [in Bristol's Comments];"<sup>22</sup> (3) "offer guidance as to the method, if any, that BVU should use to update its tariff as to its stand-alone telephone service, . . . or in the alternative to clarify that BVU can withdraw its stand-alone basic telephone service tariff and the corresponding stand-alone telephone service and only offer its OptiNet service through its remaining OptiNet tariff;"<sup>23</sup> and (4) "grant BVU a waiver from the price ceiling requirements, if appropriate, after the Commission responds to the requested clarifications stated herein."<sup>24</sup>

NOW THE COMMISSION, having considered the Hearing Examiner's Report, the record, the pleadings, and the applicable law, is of the opinion and finds as follows. We deny the Petition and dismiss this matter as discussed below.

#### Statutory Requirements

Sprint argues that Bristol's telecommunications services are being subsidized in violation of §§ 15.2-2160 and 56-265.4:4 of the Code. In this regard, § 15.2-2160 D states as follows:

The prices charged and the revenue received by a locality for providing telecommunications services shall not be *cross-subsidized* by other revenues of the locality or affiliated entities, except (i) in areas where no offers exist from for-profit providers of such telecommunications services, or (ii) as permitted by the provisions of subdivision B 5 of § 56-265.4:4. (Emphasis added.)

<sup>12</sup> *Id.* at 3.

<sup>13</sup> *Id.* at 4.

<sup>14</sup> *Id.* (footnotes omitted).

<sup>15</sup> *Id.* at 4-5.

<sup>16</sup> *Id.* at 5.

<sup>17</sup> *Id.* at 19.

<sup>18</sup> Bristol's Comments at 3 (footnote omitted).

<sup>19</sup> *Id.* at 4.

<sup>20</sup> *Id.* at 5, 7 (footnote omitted). See 20 VAC 5-417-40 A.

<sup>21</sup> Bristol's Comments at 13.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at 14.

<sup>24</sup> *Id.*

In addition, subdivision B 5 of § 56-265.4:4 includes, among other things, the following requirements:

Upon the Commission's granting of a certificate to a county, city or town under this section, such county, city, or town . . . (iii) shall separately account for the revenues, expenses, property, and source of investment dollars associated with the provision of such services, and (iv) to ensure that there is no unreasonable advantage gained from a government agency's taxing authority and control of government-owned land, shall charge an amount for such services that (a) does not include any *subsidies*, unless approved by the Commission, and (b) takes into account, by imputation or allocation, equivalent charges for all taxes, pole rentals, rights of way, licenses, and similar costs incurred by for-profit providers. (Emphasis added.)

As explained below, we find that Bristol has not violated these statutory provisions prohibiting cross-subsidization.

#### Burden of Proof

The Hearing Examiner correctly explained that "[i]n this case, Sprint is the petitioner with the burden of proving its allegation that Bristol's telephone service is subsidized."<sup>25</sup> Sprint does not disagree with this finding. However, Sprint argues that "[i]n this case, the Hearing Examiner Report has allowed Sprint's ultimate burden of persuasion to become a presumption that BVU's evidence is correct, even where Sprint has produced contrary evidence."<sup>26</sup> Contrary to Sprint's contentions, our evaluation of the record in this case has not started with a presumption that Bristol's evidence is correct and has not given greater weight to Bristol's evidence simply because Sprint has the ultimate burden of persuasion. Rather, we have evaluated the evidence provided by both parties and conclude that Sprint has not proved its case by a preponderance of the evidence.

#### Stand-Alone Basic Local Telephone Service

We find that Bristol is not subsidizing its stand-alone basic local telephone service. Bristol offers stand-alone service by reselling Sprint's service, and Bristol's tariffed rate for such service is the same as Sprint's tariffed rate. If Bristol purchases stand-alone service from Sprint for resale, Bristol would pay Sprint's tariffed rate less a 10.41% resale discount.<sup>27</sup> Bristol also would have to pay Sprint the federal subscriber line charge ("SLC").<sup>28</sup> The Examiner found that Bristol's tariff does not cover the total cost it pays to purchase the service from Sprint. Therefore, the Examiner concluded that Bristol should be directed to file new rates and a cost study supporting that those rates cover the cost of service resold from Sprint. However, Bristol commits that it will pass on to its stand-alone resale customers any charges that it has to pay Sprint for resale service – including the federal SLC.<sup>29</sup> No party suggests that Bristol will not follow this commitment.<sup>30</sup> The retail price that Bristol will charge for stand-alone basic service (*i.e.*, Sprint's tariffed rate plus the federal SLC) is greater than the wholesale price that Bristol will pay Sprint for such service (*i.e.*, 10.41% off Sprint's tariffed rate plus the federal SLC). Thus, we find that Bristol will not charge stand-alone basic local service customers a rate that is less than Bristol's cost to provide such service. Accordingly, we conclude that Bristol is not in violation of §§ 15.2-2160, 56-241.1, or 56-265.4:4 of the Code.

#### Bundled Services

The Hearing Examiner found "that the focus of this case should remain on whether Bristol's telecommunications services, in the aggregate, are being subsidized."<sup>31</sup> We agree with the Hearing Examiner that "focusing on Bristol's aggregate telecommunications services is supported further by Bristol's offering of telecommunications services via OptiNet only as part of a *bundle* of services."<sup>32</sup> Bristol prepared the following six TSLRIC studies covering various combinations of services in order to show that its telecommunications services, in the aggregate, are not being subsidized.

<sup>25</sup> Hearing Examiner's Report at 40 (citing *CVEC v. State Corp. Comm'n*, 221 Va. 807 (1981); *Commonwealth of Virginia, ex rel., Barbara H. Linden, Petitioner v. Shenandoah Valley Elec. Coop., Respondent*, Case No. PUE-1993-00004, Report of Glenn P. Richardson, Senior Hearing Examiner, at 3 (Nov. 10, 1993), *adopted* 1994 S.C.C. Ann. Rep. 347, 348.

<sup>26</sup> Sprint's Response at 6. Sprint states that the burden of proof involves the burden of producing evidence and the burden of persuasion and that the party with the burden of persuasion must prove its case by a preponderance of the evidence. *Id.* at 5. Sprint asserts that the preponderance of the evidence test "can confuse the issues and cause legal error" – and that the Hearing Examiner confuses the issue because he "implies that greater weight should be given to BVU's evidence simply because Sprint has the ultimate burden of persuasion." *Id.* at 6 n.18.

<sup>27</sup> Hearing Examiner's Report at 42.

<sup>28</sup> *Id.*

<sup>29</sup> *See, e.g.*, Bristol's Comments at 9-11.

<sup>30</sup> This discussion remains theoretical, as Bristol has no customers that take stand-alone basic local service on a resale basis. Hearing Examiner's Report at 42.

<sup>31</sup> *Id.* at 41.

<sup>32</sup> *Id.* (emphasis added).

TSLRIC Study	Description of Services
I	All Jointly-Supplied Basic and Enhanced Services
II	Jointly-Supplied Basic Telephone, Data, and Cable Services
III	Jointly-Supplied Basic and Enhanced Telephone Services
IV	Jointly-Supplied Basic and Enhanced Data Services
V	Jointly-Supplied Basic and Enhanced Cable Services
VI	Separately-Supplied Basic Data Services

In addition, Bristol provided several sensitivity analyses for TSLRIC Studies I and III. We adopt the Hearing Examiner's finding that TSLRIC Studies I and III, as adjusted by the Hearing Examiner, provide the information required to determine if Bristol's local telephone service offered via OptiNet, in the aggregate, meets the requirements of §§ 15.2-2160 and 56-265.4:4 of the Code.<sup>33</sup>

Furthermore, we adopt the Hearing Examiner's decision to use internal rate of return on equity ("IRRE") to evaluate whether Bristol, in the aggregate, subsidizes the telephone services provided via OptiNet. In this regard, we adopt the Hearing Examiner's 11% cost of equity imputed to Bristol.<sup>34</sup> The Hearing Examiner found that TSLRIC Study I, which covers OptiNet services as a whole (*i.e.*, Internet, cable television, and telecommunications), produces an IRRE of 4.2% when adjusted to reflect the changes discussed by the Hearing Examiner.<sup>35</sup> This IRRE is below the 11% imputed above, which is an indication that Bristol is not covering the incremental costs of, and not earning its cost of capital on, the jointly-provided telephone, data, and cable television services offered via OptiNet. However, since TSLRIC Study I encompasses OptiNet as a whole, the IRRE of 4.2% does not establish that telephone services, specifically, are being subsidized. Rather, we agree with the Hearing Examiner that "[b]ecause the [IRRE] for TSLRIC Study I is below Bristol's imputed 11% cost of equity, there is an increased possibility that Bristol's telephone services may be subsidized."<sup>36</sup>

Accordingly, the Hearing Examiner then turned to TSLRIC Study III, which is limited to telephone services. Although all of Bristol's sensitivity analyses for TSLRIC Study III produced an IRRE greater than 11%,<sup>37</sup> the Hearing Examiner explained that "in order to gain higher assurance that Bristol's telephone services are subsidy free, shared costs should be assigned to telephone operations" in TSLRIC Study III.<sup>38</sup> The Hearing Examiner used the following two methods to assign shared costs to telephone operations: (1) capacity utilization method; and (2) cost allocation manual method. We adopt the Hearing Examiner's finding that the IRRE produced by these two methods, respectively, for TSLRIC Study III when adjusted to reflect the changes discussed by the Hearing Examiner are (1) 76.1%, and (2) 14.6%.<sup>39</sup> Thus, TSLRIC Study III again results in an IRRE greater than 11%, which we find sufficient to conclude that Bristol is covering the incremental costs of, and earning its cost of capital on, its telephone operations provided via OptiNet. In sum, we agree with the Hearing Examiner's explanation that "because TSLRIC Study III has an [IRRE] in excess of its imputed cost of 11%, even where shared costs are allocated to telephone operations based on the number of customers, as prescribed in its cost allocation manual for financial reporting purposes, I find that Bristol has demonstrated that in the aggregate it does not subsidize telephone services provided via its OptiNet System."<sup>40</sup>

#### Modifications Requested by Sprint

Sprint contends that the Hearing Examiner erred by not incorporating certain modifications in TSLRIC Study III. Sprint further asserts that such modifications would result in an IRRE that is lower than the 11% threshold.<sup>41</sup> We address below each modification requested by Sprint.

#### *Total Investment*

Sprint argues that TSLRIC Study III understates Bristol's total investment and that the Commission should correct the study to account for actual investments.<sup>42</sup> However, the Hearing Examiner explained that "Sprint did not offer adjustments to the level of investments in the Bristol cost studies. Rather, Sprint uses the questions it raises as warnings regarding the reliability of the results of the Bristol cost studies."<sup>43</sup> In addition, the Hearing Examiner found that although several alternative estimates were given regarding the level of investment per customer for fiber and for Optical Network Terminal, no documentary evidence was introduced related to the actual costs incurred by Bristol.<sup>44</sup> We find that the calculations offered by Bristol based on information

<sup>33</sup> *Id.* at 57.

<sup>34</sup> *Id.* at 50-55.

<sup>35</sup> *Id.* at 57.

<sup>36</sup> *Id.*

<sup>37</sup> *See, e.g.*, Hearing Examiner's Report at 23.

<sup>38</sup> Hearing Examiner's Report at 57.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

<sup>41</sup> Sprint's Response at 2.

<sup>42</sup> *Id.* at 7-9.

<sup>43</sup> Hearing Examiner's Report at 45 (footnote omitted).

<sup>44</sup> *Id.* at 46.

in the record support our finding that the level of investments included in the cost studies is reasonable.<sup>45</sup> We also agree with the Hearing Examiner that "[b]ased on the record ... Bristol's arguments adequately support the reasonableness of the net investment per access line reflected in the Bristol cost studies."<sup>46</sup>

#### *Depreciation*

Sprint argues that the Commission should adopt Sprint's recommended depreciation lives, "[b]ecause they are clearly supported by the greater weight of the evidence."<sup>47</sup> Sprint asserts that many of the depreciation lives used by Bristol are unreasonably long and that the Hearing Examiner's rejection of Sprint's proposed depreciation lives "illustrates the Hearing Examiner Report's erroneous application of the burden of proof standard."<sup>48</sup> We disagree and find that the depreciation lives used by Bristol are reasonable for purposes of the cost studies. Bristol's cost studies "reflect 'discounted present value techniques [applied] to annual cash outflows and inflows associated with anticipated [Bristol] operations over the 20-year [economic planning horizon].'"<sup>49</sup> The cost studies reasonably assume that all plant is replaced at the end of its depreciable life, and "[b]ecause the Bristol cost studies reflect a twenty-year period, assets with depreciable lives longer than twenty years will have little if any impact on results."<sup>50</sup>

The Hearing Examiner further explained that the cost studies use "the same depreciation lives used by Bristol for accounting and financial reporting purposes" and that "these depreciation lives are the same lives used in Bristol's business plans and budgets to forecast when investment expenditures for replacements and upgrades would be required given the state of the art nature of the OptiNet network."<sup>51</sup> Sprint, on the other hand, argues that the depreciation lives should be based on economic lives as proposed by Sprint. We again disagree. Rather, we adopt the Hearing Examiner's finding that "until there is more experience with the specific technologies and assets deployed by Bristol, . . . the depreciation lives used in its business plans and for accounting purposes provide the best gauge of when investment expenditures for replacements should be reflected in the Bristol cost studies."<sup>52</sup>

Sprint also argues that the cost studies include a significant calculation error regarding the depreciation life for account 101233 (Fiber-To-The-Home Headend Equipment), which represents BVU's single largest class of plant.<sup>53</sup> We disagree and find that there was no calculation error in this regard. We find that the cost studies sponsored by Bristol's expert witness reflect a reasonable depreciation life for this account, *i.e.*, twenty years.<sup>54</sup> Furthermore, the cost studies reflect a one-time software upgrade for this account in year six, and Bristol's witness Dawson explained during the hearing that the one-time upgrade and the depreciation life are based on "the reasonable expectations of the engineers in this case."<sup>55</sup>

#### *Investment Retirements and Reinvestments*

Sprint objects to the assumption in the cost studies that all plant is retired and replaced at the end of its depreciable life. Sprint proposes to apply retirement frequency curves to Bristol's twenty-year cash flow study and concludes that its "approach to this issue is supported by the far greater weight of the evidence and should be incorporated into the BVU cost study."<sup>56</sup> We disagree and find that it is reasonable for the cost studies to assume that plant is retired and replaced at the end of its depreciable life. We conclude that such assumption is more accurate than incorporating projected interim retirements based on retirement frequency curves. In addition, we do not find that the retirement frequency curves proposed by Sprint are reasonably applicable to Bristol's OptiNet.<sup>57</sup> Moreover, we agree with Bristol that retirement frequency curves should be limited to established utilities with extensive service territories and multiple vintages of plant – which does not describe BVU or OptiNet.<sup>58</sup> Finally, we find that Bristol's cost studies appropriately account for minor annual replacements as maintenance expense,<sup>59</sup> and as explained by the Hearing Examiner, "because Bristol's cost studies treat minor replacements as expenses, . . . Bristol's methodology is likely to produce reasonable cash flow results."<sup>60</sup>

<sup>45</sup> See, *e.g.*, *id.* at 45.

<sup>46</sup> *Id.* at 46.

<sup>47</sup> Sprint's Response at 14.

<sup>48</sup> *Id.* at 11.

<sup>49</sup> Hearing Examiner's Report at 46 (quoting Ex. 17 at i).

<sup>50</sup> *Id.* at 46-47 (citing Ex. C2 at 35).

<sup>51</sup> *Id.* at 47 (citing Bright, Tr. 73-74, 84; Ex. 15 at 16).

<sup>52</sup> *Id.* at 48. We also concur with the Hearing Examiner that "given the difference in technology, Sprint's own experience offers little guidance in this case." *Id.*

<sup>53</sup> Sprint's Response at 9-11.

<sup>54</sup> See, *e.g.*, Ex. C2 at 32.

<sup>55</sup> Dawson, Tr. 114.

<sup>56</sup> Sprint's Response at 14-17; Hearing Examiner's Report at 43.

<sup>57</sup> See, *e.g.*, Hearing Examiner's Report at 44.

<sup>58</sup> Hearing Examiner's Report at 43 (citing Ex. 19 at 33).

<sup>59</sup> *Id.* at 43 (citing Dawson, Tr. 101).

<sup>60</sup> *Id.* at 43.

### *Inflation/Deflation Rates*

Sprint asserts that the cost studies should incorporate a five-year trend in prices reflected by the C.A. Turner Telephone Plant Index.<sup>61</sup> The Hearing Examiner rejected Sprint's proposal and found that "Sprint has failed to demonstrate the relevance of a general industry index to the future investments included in the Bristol cost studies."<sup>62</sup> Sprint asserts that Bristol's proposed inflation/deflation rates are "totally undocumented" and contends that the "Hearing Examiner Report's conclusion cannot be upheld given its failure to properly assess the greater weight of the evidence presented."<sup>63</sup> We find that the inflation/deflation rates included in the cost studies are reasonable. The inflation/deflation rates were sponsored by Bristol's expert witness, Dr. Ileo, who explained how investment costs are evaluated in the cost studies:

Original costs of plant and equipment installed by [Bristol] as of BOFY 2004 (July 1, 2003) are evaluated as to year of placement and subsequently restated, when applicable, at current costs levels as of BOFY 2004. Inflation and deflation factors are utilized to convert original costs to current costs. Similar cost trend factors are also employed to project future costs of [Bristol's] new and replacement investment.<sup>64</sup>

We find this process, and the inflation/deflation rates sponsored by this expert witness, to be reasonable. In addition, we agree with Dr. Ileo that the general industry index proposed by Sprint is "not applicable to a totally new fiber-based network employing cutting-edge technologies to produce jointly-supplied telephone, data, and cable services in a localized market."<sup>65</sup> Further in this regard, as stated by the Staff: "In any event, we do not agree that using the most recent five-year trend is necessarily a good indicator of future price changes in this instance" and "a considerable amount of BVU's plant is not 'typical' telephone plant."<sup>66</sup>

### Cable Television and High-Speed Data

Sprint argues that "the BVU cost study reveals OptiNet as a whole does not generate enough cash flow to cover even its common costs."<sup>67</sup> Thus, Sprint asserts that "[i]f OptiNet as a whole is being subsidized but OptiNet's telephone service is not, then by definition OptiNet's cable television and/or high-speed data must be priced below cost."<sup>68</sup> Sprint states that § 15.2-2108.11 of the Code prohibits localities from offering cable television services below cost and requests the Commission to "do everything within its authority to ensure that all of BVU's OptiNet services are priced above cost in compliance with the competitive safeguards contained in Virginia's statutes."<sup>69</sup> However, the Commission has no authority to enforce § 15.2-2108.11 of the Code, and Sprint does not show where the Commission is given any authority over pricing standards applicable to cable television and/or high-speed data. Accordingly, we will not address these claims.

### Future Regulatory Filings

Finally, Bristol urges the Commission to adopt the recommendations of the Hearing Examiner not only for purposes of the current case, but for purposes of future annual filings required by 20 VAC 5-417-40 A. However, we make no finding – as part of this case – regarding the implementation of future filing requirements. The instant case was initiated via Petition filed by Sprint against Bristol. This case was not established to issue a declaratory ruling as to the future implementation of any Commission regulation; and, as a result, the procedural requirements instituted for this case were not established to make such a generic, declaratory finding. Indeed, the Hearing Examiner's Report does not include a recommendation on this question, and we find that Bristol's request is outside the scope of this proceeding.

Accordingly, IT IS HEREBY ORDERED THAT Sprint's Petition is denied for the reasons stated in this Final Order and that this matter is dismissed.

<sup>61</sup> Sprint's Response at 17-18. The Hearing Examiner notes that "Sprint witness Farrar acknowledged that, as filed, reinvestment inflation/deflation rates have minor consequences on the Bristol cost studies." Hearing Examiner's Report at 44 (citing Ex. 1 at 37-38). Nonetheless, the Hearing Examiner concludes that "the treatment of reinvestments as proposed by Sprint would make the use of such rates more important." *Id.* at 44.

<sup>62</sup> Hearing Examiner's Report at 45.

<sup>63</sup> Sprint's Response at 18.

<sup>64</sup> Ex. 19 at 52.

<sup>65</sup> *Id.* at 53.

<sup>66</sup> Ex. 21 at 38 and n.71.

<sup>67</sup> Sprint's Response at 18 and Attachment H.

<sup>68</sup> *Id.* at 2.

<sup>69</sup> *Id.* at 2 n.4, 19.

**CASE NO. PUC-2003-00038  
SEPTEMBER 13, 2005**

NTELOS INC.,  
NTELOS TELEPHONE COMPANY  
and  
ROANOKE & BOTETOURT TELEPHONE COMPANY

For authority to guarantee obligations and execute security agreements

**DISMISSAL ORDER**

By State Corporation Commission ("Commission") Order dated April 10, 2003 ("April 10 Order"), NTELOS Inc. ("NTELOS"); NTELOS Telephone Inc.<sup>1</sup> ("NTELOS Telephone"); Roanoke & Botetourt Telephone Company ("R&B" and collectively with NTELOS Telephone, "the Telephone Companies"), received authority under Chapters 3 and 4 of Title 56 of the Code of Virginia for the Telephone Companies to guarantee \$35 million of Debtor-In-Possession ("DIP") obligations of NTELOS while NTELOS was operating during bankruptcy. NTELOS and the Telephone Companies were required to file various reports of action.

The reports of action were filed in accordance with the April 10 Order. Counsel for NTELOS and the Telephone Companies also filed a letter with the Commission on August 5, 2005 ("August 5 Letter"), summarizing numerous financing activities of NTELOS since the April 10 Order was issued. According to the August 5 Letter, NTELOS has emerged from bankruptcy and the \$35 million DIP obligation is no longer effective. Therefore the Telephone Companies are no longer guarantors on any debt of NTELOS.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the actions of NTELOS and the Telephone Companies appear to be in accordance with the authority granted herein.

Accordingly, IT IS ORDERED THAT, there being nothing further to be done herein, this case is hereby dismissed, and the papers filed herein shall be filed in the Commission's files for ended causes.

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<sup>1</sup> Formerly CFW Telephone Inc.

**CASE NO. PUC-2003-00091  
FEBRUARY 9, 2005**

PETITION OF  
AT&T COMMUNICATIONS OF VIRGINIA, LLC

For reductions in the intrastate carrier access rates of Verizon Virginia Inc. and Verizon South Inc.

**FINAL ORDER**

On May 8, 2003, AT&T Communications of Virginia, LLC ("AT&T"), filed a Petition with the State Corporation Commission ("Commission") seeking a reduction in the intrastate carrier access rates charged by Verizon Virginia Inc. ("Verizon Virginia") and Verizon South Inc. ("Verizon South") (collectively, "Verizon"). On June 6, 2003, Verizon filed a Motion to Dismiss, Answer and Affirmative Defenses. On June 17, 2003, AT&T filed a Response, and on June 27, 2003, Verizon filed a Reply.

On July 24, 2003, the Commission issued an Order Requesting Additional Filings, which noted that in their pleadings both AT&T and Verizon discussed the prior two settlement agreements approved by the Commission regarding intrastate access service prices.<sup>1</sup> In that Order, we directed the Commission's Staff ("Staff") to file a report on the results that have been achieved through implementing the settlement agreements adopted in Case Nos. PUC-2000-00242 and PUC-2000-00283 and gave the parties an opportunity to file comments subsequent to the Staff's report. The Staff filed its report on September 22, 2003. On October 3, 2003, comments were filed by AT&T, Verizon, and MCI WorldCom Communications of Virginia, Inc. ("MCI").

On December 19, 2003, the Commission issued an Order Establishing Investigation in which we: (1) denied Verizon's Motion to Dismiss; (2) granted the Petition of AT&T for purposes of establishing an investigation to determine the proper level of intrastate access charges for Verizon; and (3) assigned this matter to a Hearing Examiner for further proceedings. The following parties participated in the proceedings before the Hearing Examiner: AT&T; Verizon; MCI; Qwest Communications Corporation of Virginia ("Qwest"); the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"); and the Staff.

On June 14, 2004, Hearing Examiner Alexander F. Skirpan, Jr., entered a Report in which he discussed the pleadings presented in this case and presented the following findings:

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<sup>1</sup> *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In re: Investigation of the appropriate level of intrastate access service prices of Verizon Virginia Inc.*, Case No. PUC-2000-00242, 2000 S.C.C. Ann. Rep. 361; *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In re: Investigation of the appropriate level of intrastate access service prices of Verizon South Inc.*, Case No. PUC-2000-00283, 2000 S.C.C. Ann. Rep. 368.

(1) Intrastate access charges, since established in response to the *Modified Final Judgment*,<sup>2</sup> have been designed to collect a subsidy for local exchange service from interexchange carriers;

(2) Interexchange carriers face growing competition from wireless and computer technologies that have the competitive advantage of not being required to provide the same level of subsidy for local exchange service;

(3) Competition from wireless and computer technologies, and the emergence of competition for local exchange service, have resulted in a precipitous drop in switched minutes of use ("MOU");

(4) The intrastate access charges put into effect by the settlements adopted by the Commission in Case Nos. PUC-2000-00242 and PUC-2000-00283 have failed to provide the anticipated level of intrastate access revenues and have failed to produce the anticipated reductions in the average access revenues per minute;

(5) The General Assembly, by enacting § 56-235.5:1 of the Code of Virginia ("Code"), has established a pro-competitive, anti-subsidy public policy for the Commonwealth;

(6) Verizon should be given the opportunity to redesign its rates or regulatory plan to reflect the requirements of § 56-235.5:1 of the Code and to reflect reduced intrastate access revenues;

(7) On January 1, 2006, Verizon's intrastate access charges should be reduced to cost;

(8) The cost of intrastate access should be based on a per minute rate for originating end office local switching of \$0.002643 and a per minute rate for terminating end office local switching of \$0.001331; and

(9) Consistent with the requirements of § 56-235.5:1 of the Code, the Commission should establish a proceeding to examine the intrastate access charges of all local exchange carriers in the Commonwealth.

On July 6, 2004, AT&T filed comments on the Hearing Examiner's Report. AT&T states that the Hearing Examiner is entirely correct that Verizon's high access rates are precluding AT&T and other interexchange carriers from competing against wireless carriers and computer technologies that are not saddled with access subsidies. AT&T concludes that the Commission should adopt the Hearing Examiner's recommendation that access rates be reduced to cost as serving the best interests of Virginia consumers. However, AT&T argues that the Commission should not wait until January 1, 2006, to reduce access rates to cost; rather, AT&T asserts that the Commission should require such access charge reductions to become effective at the same time as Verizon's new alternative regulatory plan. In addition, AT&T states that the Commission should direct that all competitive local exchange carriers ("CLECs") competing in Verizon's territory either match Verizon's new access rates or show cause why they should be permitted higher rates. Furthermore, AT&T asserts that, thereafter, the Commission can solicit comments from interested parties regarding the best way to address the access charges of Virginia's non-Verizon incumbent local exchange carriers ("ILECs").

On July 6, 2004, Qwest filed comments on the Hearing Examiner's Report. Qwest supports the Hearing Examiner's recommendation to reduce not only Verizon's intrastate access rates but also the intrastate access rates of all Virginia local exchange companies. Qwest also urges the Commission to review and make any necessary access charge reductions for all local exchange companies in Virginia by January 1, 2006. Furthermore, Qwest requests that the Commission clarify that under no circumstances will the reductions to Verizon's access charges be delayed beyond January 1, 2006.

On July 6, 2004, Verizon filed a response to the Hearing Examiner's Report. Verizon states that the Hearing Examiner correctly outlines how intrastate access charges have always been designed to provide a subsidy to local exchange service rates. Verizon also asserts that the Hearing Examiner correctly explains why the traditional approach to access charge policy is no longer sustainable in the competitive market that has developed in Virginia. However, Verizon states that the Hearing Examiner goes too far in recommending that access charges be reduced to cost; Verizon argues that it is not a non-profit corporation and should be allowed to recover direct costs, shared and common costs, and a reasonable profit. In addition, Verizon contends that the costs the Hearing Examiner recommends as the basis for access charges – Verizon Virginia's unbundled network element rates for end office switching – are not the appropriate costs on which to base carrier access service prices. Furthermore, Verizon states that it is premature to set a fixed date for access revenue reductions until the Commission has quantified and considered the impact that a reduction would have on retail rates. Specifically, Verizon argues that the Commission should not set a date for access charge reductions until the magnitude of the reduction has been measured and the corresponding increases in retail rates have been considered and approved.

NOW THE COMMISSION, having considered the Hearing Examiner's Report, the record, the pleadings, and the applicable law, is of the opinion and finds as follows.

As found by the Hearing Examiner, intrastate access charges have been designed to collect a subsidy for local exchange service from interexchange carriers. We agree with Verizon that "[t]he Examiner also correctly explained why the traditional approach to access charge policy is no longer sustainable in the competitive market that has developed in Virginia."<sup>3</sup> Indeed, the Hearing Examiner observed that "[m]ost of the parties offered alternative recommendations designed to end or reduce the subsidies provided by intrastate access."<sup>4</sup>

We find that Verizon's intrastate access charges should be decreased toward cost to reduce the amount of subsidies included in such charges. In this regard, we conclude that it is reasonable to reduce Verizon's intrastate access rates by removing the Carrier Common Line ("CCL") component currently included in such rates. Specifically, we find that this reduction should occur in two stages, as follows:

<sup>2</sup> *United States v. American Tel. and Tel. Co.*, 552 F. Supp. 131, 165 (D.D.C. 1982) ("*Modified Final Judgment*").

<sup>3</sup> Verizon's July 6, 2004, Response at 1.

<sup>4</sup> Hearing Examiner's Report at 21.

- 1) On or before August 1, 2005, 50% of the CCL component included in Verizon's intrastate access rates as of the date of this Final Order shall be removed from such rates; and
- 2) On or before February 1, 2006, the remainder of the CCL component shall be removed from Verizon's intrastate access rates.

In addition, to effectuate the elimination of the CCL component, we find that it is reasonable to adopt the Staff's proposal to change the CCL recovery mechanism back to a monthly per line rate.<sup>5</sup> Therefore, we find that Verizon should revise its tariffs for switched access service, effective on June 1, 2005, to reflect the CCL component as a per line rate. The monthly CCL per line rate for Verizon Virginia and Verizon South shall be based on the current fixed CCL revenue amounts and the most recently available number of access lines for each respective company.<sup>6</sup> The resulting monthly CCL rates, which will be effective on June 1, 2005, will remain in effect until August 1, 2005, at which time such monthly rates will be reduced by 50% as required herein.<sup>7</sup>

The access rate reductions that we require herein do not result in a specific cost-based rate and may not eliminate all of the subsidies currently built into Verizon's access charges. We find, however, that such reductions represent a reasonable decrease based on the record in this proceeding. Moreover, if Verizon believes that any of these reductions result in intrastate access rates that do not permit Verizon to recover its costs, Verizon may file an application pursuant to the Commission's Rules of Practice and Procedure requesting specific cost-based intrastate access rates.<sup>8</sup> In addition, we recognize that the settlements approved in 2000 set access charges for Verizon through 2005. We find that it is reasonable to modify those settlement rates as required herein based on the record in this proceeding and, as referenced below, based on the fact that Verizon's alternative regulatory plan in effect at the time of such settlements has been replaced effective February 1, 2005.

The Hearing Examiner recommended that Verizon be given the opportunity to redesign its rates or regulatory plan in conjunction with a change in intrastate access charges. Subsequent to the Hearing Examiner's Report, Verizon filed an application with the Commission for approval of a new alternative regulatory plan ("Plan").<sup>9</sup> On January 5, 2005, the Commission issued a Final Order in that case approving the Plan as modified by such Final Order, to become effective February 1, 2005, should Verizon elect to adopt it. On January 26, 2005, Verizon filed notice with the Commission electing to adopt such Plan. The Plan gives Verizon new flexibility in its pricing for local exchange services and, among other things, allows Verizon to increase local exchange rates. The Plan also permits Verizon to seek revenue-neutral price changes for local exchange and switched access services.<sup>10</sup> As a result, the new Plan gives Verizon reasonable tools with which to address the access charge reductions required herein if it so chooses. Further in this regard, we also note that Verizon has not established that it currently needs above-cost access charges in order to subsidize other services. That is, as stated by Consumer Counsel, "[i]t has not been shown that the present rates for local telephone services are insufficient to recover the costs of providing such services."<sup>11</sup>

In addition, we find that reducing the subsidies built into access charges is consistent with subsection (ii) of the local competition policy set forth in § 56-235.5:1 of the Code, which states that the Commission, "in resolving issues and cases concerning local exchange telephone service ... shall ... consider it in the public interest to, as appropriate ... (ii) promote competitive product offerings, investments, and innovations from all providers of local exchange telephone services in all areas of the Commonwealth...." The Hearing Examiner found that interexchange carriers face growing competition from wireless and computer technologies that have the competitive advantage of not being required to provide the same level of subsidy for local exchange service, and that competition from wireless and computer technologies, and the emergence of competition for local exchange service, have resulted in a precipitous drop in switched MOU.<sup>12</sup> Thus, lowering intrastate access charges by reducing the amount of subsidies included therein should provide interexchange carriers an opportunity to advance their competitive offerings.

Finally, the local competition policy set forth in § 56-235.5:1 of the Code also states that the Commission, "in resolving issues and cases concerning local exchange telephone service ... shall ... consider it in the public interest to, as appropriate ... (i) treat all providers of local exchange telephone services in an equitable fashion and without undue discrimination...." For example, Verizon argues in this regard that "nothing has been done to date to address CLECs' high access rates, even though CLECs are not even serving the very customers that the margin in the access rates was intended to

<sup>5</sup> Reducing and/or eliminating the CCL, and reverting it to a monthly per line rate, are some of the options discussed in the March 31, 2004, Staff Comments. As explained by the Staff, as part of the settlements in 2000, the CCL recovery mechanism was changed from a monthly per line rate to a fixed recovery amount. We find that reverting the CCL recovery mechanism back to a monthly per line rate will result in a reasonable implementation of the access rate reductions required herein.

<sup>6</sup> Verizon Virginia and Verizon South shall use the same assessment procedure for applying the monthly CCL rate to interexchange carriers that was in place prior to the settlement agreements adopted in Case Nos. PUC-2000-00242 and PUC-2000-00283.

<sup>7</sup> The monthly CCL rates subsequently will be eliminated on February 1, 2006.

<sup>8</sup> In its July 6, 2004, Response, Verizon discusses specific components that it believes should be included in a cost-based rate. We will not rule on such issues as part of the instant proceeding. Rather, questions regarding the specific components of any particular cost-based rate should be addressed in any subsequent proceeding seeking to implement a cost-based rate.

<sup>9</sup> *Application of Verizon Virginia Inc. and Verizon South Inc. For Approval of a Plan for Alternative Regulation*, Case No. PUC-2004-00092.

<sup>10</sup> As set forth in the Plan, the Commission may refuse to approve such filing if we find that it is not in the public interest or otherwise fails to comply with the Plan.

<sup>11</sup> Consumer Counsel's March 31, 2004, Comments at 3. Moreover, although Verizon asserted in Case No. PUC-2004-00092 that the prices for certain local exchange telecommunications services do not cover the cost of those services, Verizon provided no cost studies in that case to support such proposition.

<sup>12</sup> Hearing Examiner's Report at 24. Indeed, as noted above, Verizon agrees that "the traditional approach to access charge policy is no longer sustainable in the competitive market that has developed in Virginia." Verizon's July 6, 2004, Response at 1.

benefit."<sup>13</sup> Similarly, Qwest supports the reduction of intrastate access rates for all local exchange companies in Virginia.<sup>14</sup> However, we make no finding – as part of this case – regarding the intrastate access rates assessed by CLECs and by non-Verizon ILECs. The instant case was initiated via a petition filed by AT&T against one defendant, Verizon. This is not a generic proceeding encompassing all CLECs and ILECs. We note, however, that AT&T "commits that its CLEC access charges will be no higher than Verizon's rates."<sup>15</sup> Furthermore, although this proceeding does not establish intrastate long distance rates for interexchange carriers such as AT&T, there is no evidence in this case to conclude that AT&T will not follow through on its assertion that a reduction in Verizon's intrastate access rates will result in "reductions in long distance calling rates."<sup>16</sup>

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Verizon shall reduce its intrastate access charges as required in this Final Order.
- (2) On or before May 1, 2005, Verizon shall file revised tariffs with the Division of Communications for its switched access services, to be effective on June 1, 2005, which reflect the CCL component as a monthly per line rate as required by this Final Order.
- (3) At least thirty days' prior to any intrastate access rate reduction required by this Final Order, Verizon shall file revised tariffs with the Division of Communications for its switched access services to be effective as of the date of such required reduction.
- (4) This matter is dismissed.

<sup>13</sup> Verizon's March 31, 2004, Comments at 15-16.

<sup>14</sup> Qwest's July 6, 2004, Comments at 2.

<sup>15</sup> AT&T's July 6, 2004, Comments at 6.

<sup>16</sup> AT&T's March 31, 2004, Comments at 8 n.12.

**CASE NO. PUC-2003-00091  
MARCH 2, 2005**

PETITION OF  
AT&T COMMUNICATIONS OF VIRGINIA, LLC

For reductions in the intrastate carrier access rates of Verizon Virginia Inc. and Verizon South Inc.

**ORDER DENYING RECONSIDERATION**

On May 8, 2003, AT&T Communications of Virginia, LLC ("AT&T"), filed a petition with the State Corporation Commission ("Commission") seeking a reduction in the intrastate carrier access rates charged by Verizon Virginia Inc. ("Verizon Virginia") and Verizon South Inc. ("Verizon South") (collectively, "Verizon").

On February 9, 2005, the Commission issued a Final Order that, among other things: (1) found that Verizon's intrastate access rates should be decreased toward cost to reduce the amount of subsidies included in such charges; (2) concluded that it is reasonable to reduce Verizon's intrastate access rates by removing the Carrier Common Line ("CCL") component currently included in such rates; and (3) found that to effectuate the elimination of the CCL component, Verizon should revise its tariffs for switched access service to reflect the CCL component as a per line rate effective June 1, 2005. In addition, we found that Verizon's intrastate access rate reduction should occur in two stages, as follows:

- a) On or before August 1, 2005, 50% of the CCL component included in Verizon's intrastate access rates as of the date of the Final Order shall be removed from such rates; and
- b) On or before February 1, 2006, the remainder of the CCL component shall be removed from Verizon's intrastate access rates.

On February 25, 2005, Qwest Communications Corporation of Virginia ("Qwest") filed a Petition for Reconsideration of Final Order and Motion to Partially Suspend Final Order ("Petition"). Qwest "urges the Commission to reconsider the perpetuation of the implicit subsidy provided to Verizon in the Final Order, and require 100% elimination of the CCL by August 2005, followed by a reduction to interstate parity by January 2006."<sup>1</sup> Qwest also "respectfully requests that the Commission issue a partial stay of the Final Order pending its reconsideration of the Final Order, though directing Verizon to continue its efforts for making the tariff filing on June 1, 2005."<sup>2</sup> Finally, Qwest "further requests that the Commission take such other action as may be appropriate."<sup>3</sup>

NOW THE COMMISSION, having considered the Petition, is of the opinion and finds as follows. The Petition is denied. As explained in the Final Order, we have found that it is reasonable to reduce Verizon's intrastate access rates by removing the CCL component currently included in such rates.

<sup>1</sup> Petition at 5.

<sup>2</sup> *Id.* at 6.

<sup>3</sup> *Id.*

We noted that settlements approved by the Commission in 2000 set access rates for Verizon through 2005. However, we found that it is reasonable to modify those settlement rates as required in the Final Order based on the record in this case and based on the fact that Verizon's alternative regulatory plan in effect at the time of such settlements has been replaced effective February 1, 2005. In addition, we recognized that the access rate reductions required by the Final Order do not result in a specific cost-based rate and may not eliminate all of the subsidies currently built into Verizon's intrastate access rates. We found, however, that such reductions represent a reasonable decrease based on the record in this proceeding.

Qwest argues that the Commission erred by not adopting the Hearing Examiner's recommendation to "reduce Verizon's access charges to cost" and by "decid[ing] on an approach, which not only had not been litigated in this proceeding, but was essentially an unsubstantiated windfall for Verizon."<sup>4</sup> Qwest further suggests that the access rate reductions required by the Final Order do not represent "a reasoned alternative based on the record."<sup>5</sup> In addition, Qwest contends that "[n]ot only did the Commission ignore the negative effect that its decision would have on competition in Virginia, the Commission overlooked the serious impact its decision to not remove the implicit subsidies from Verizon's intrastate access charge will have on its consumers."<sup>6</sup> Qwest also complains that the Final Order establishes "extraordinarily lengthy timeframes by which Verizon would have to comply with the elimination of its CCL."<sup>7</sup> In sum, Qwest renews arguments it made during this proceeding and requests that the CCL be eliminated by August 2005 and that intrastate access rates be reduced to interstate levels by January 2006.

First, although the Hearing Examiner recommended that Verizon's access rates be reduced to cost, this case did not include evidentiary procedures to determine specific cost-based rates for Verizon Virginia and Verizon South. Accordingly, the Commission explained in the Final Order that "questions regarding the specific components of any particular cost-based rate should be addressed in any subsequent proceeding seeking to implement a cost-based rate."<sup>8</sup> Next, Qwest's assertion that the Final Order requires rate reductions that have not been litigated in this proceeding and that are not based on the record is even more puzzling. The Final Order explicitly explains that "[r]educing and/or eliminating the CCL, and reverting it to a monthly per line rate, are some of the options discussed in the March 31, 2004, Staff Comments."<sup>9</sup> Indeed, Qwest similarly notes that its renewed request to reduce intrastate access rates to interstate levels is discussed in its March 31, 2004, Comments. Next, Qwest objects to the "extraordinarily lengthy timeframes" adopted by the Commission to reduce Verizon's access rates. However, while the Hearing Examiner recommended that access rates not be reduced until January 2006, the Final Order begins access rate reductions in August 2005. Finally, Qwest also is mistaken when it assumes that the Commission, by not adopting Qwest's position, "ignore[d]" and "overlooked" the arguments made by Qwest in this proceeding. The Final Order explicitly states that the Commission considered, among other things, the record and the pleadings in this case. The fact that the Commission did not adopt the position of a particular party does not mean that the Commission somehow ignored or overlooked that party's arguments.

Accordingly, IT IS HEREBY ORDERED THAT the Petition filed by Qwest is denied and that this matter is dismissed.

<sup>4</sup> *Id.* at 2.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 4.

<sup>7</sup> *Id.* at 5.

<sup>8</sup> Final Order at 6 n.8.

<sup>9</sup> *Id.* at 6 n.5.

**CASE NO. PUC-2003-00091  
MARCH 10, 2005**

PETITION OF  
AT&T COMMUNICATIONS OF VIRGINIA, LLC

For reductions in the intrastate carrier access rates of Verizon Virginia Inc. and Verizon South Inc.

**ORDER DENYING MOTION**

On February 25, 2005, Qwest Communications Corporation of Virginia ("Qwest") filed a Petition for Reconsideration of Final Order and Motion to Partially Suspend Final Order ("Petition for Reconsideration"). On March 2, 2005, the Commission issued an Order Denying Reconsideration ("Order").

On March 9, 2005, Qwest filed a Motion to Clarify Order Denying Reconsideration ("Motion"). Qwest asserts that one sentence in the Order seems to have been misinterpreted by others "to misconstrue that Qwest in its Petition for Reconsideration sought access charge reductions to cost, despite repeated explanations in its Petition and in the Commission's Order."<sup>1</sup> Rather, Qwest states that "[t]hroughout this proceeding Qwest has consistently advocated reductions to interstate parity on a revenue neutral and competitively neutral basis."<sup>2</sup> Qwest "respectfully requests that the Commission clarify the Order by making clear in an Order Clarifying its Order Denying Reconsideration that Qwest's position is that intrastate access rates should be reduced to interstate levels."<sup>3</sup>

<sup>1</sup> Motion at 1.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.* at 1-2.

NOW THE COMMISSION, having considered the Motion, is of the opinion and finds that no clarification is needed to the Order. The Order does not state that Qwest sought to reduce intrastate access rates to cost. Rather, the Order accurately explains that Qwest, in its pleadings in this case, argued that intrastate access rates should be reduced to interstate levels. Indeed, the Order repeatedly states Qwest's position as such at pages 2, 3, and 4

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Case No. PUC-2003-00091 be restored to the Commission's docket and be placed in active status in the records of the Clerk of the Commission to receive Qwest's Motion and this Order Denying Motion.

(2) This matter is dismissed.

**CASE NO. PUC-2003-00100  
JANUARY 4, 2005**

APPLICATION AND PETITION OF  
NTELOS INC., DEBTOR IN POSSESSION, A VIRGINIA CORPORATION,  
NTELOS TELEPHONE INC.,  
ROANOKE & BOTETOURT TELEPHONE COMPANY,  
NTELOS SUBSIDIARIES,  
CAPITAL RESEARCH AND MANAGEMENT COMPANY,  
and  
MORGAN STANLEY & CO. INCORPORATED

For authority under Chapters 3, 4, and 5 of Title 56 of the Code of Virginia

**ORDER APPROVING AMENDMENT**

By State Corporation Commission ("Commission") Order dated August 8, 2003 ("August 8 Order"), NTELOS Inc. ("NTELOS"); NTELOS Telephone Inc.<sup>1</sup> ("NTELOS Telephone"); Roanoke & Botetourt Telephone Company ("R&B" and collectively with NTELOS Telephone, "the Telephone Companies"); certain other subsidiaries<sup>2</sup> of NTELOS ("NTELOS Subsidiaries") (collectively, the "NTELOS Entities"); Capital Research and Management Company ("Capital Research"); and Morgan Stanley & Co. Incorporated ("Morgan Stanley") received authority, among other things, under Chapters 3, 4, and 5 of Title 56 of the Code of Virginia ("the Code") to enter into a Credit and Guaranty Agreement, which became effective on September 9, 2003, upon NTELOS' emergence from bankruptcy.

On December 9, 2004, the NTELOS Entities filed an application requesting approval of Amendment No. 1 to the Credit and Guaranty Agreement. The proposed amendments to the Credit and Guaranty Agreement will permit NTELOS to: i) repay an existing Federal Communications Commission loan in an amount not exceeding \$500,000; (ii) delay repayment of asset sales proceeds until the required prepayment amount exceeds \$250,000; and (iii) make certain minor additional assets available for sale. In support of the proposed amendments, NTELOS states that the changes will allow NTELOS flexibility in administering the Credit and Guaranty Agreement, and the changes will not materially affect the terms and conditions approved by the Commission in our August 8 Order.

THE COMMISSION, upon consideration of the application, is of the opinion and finds that approval of Amendment No. 1 to the Credit and Guaranty Agreement will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

1) Amendment No. 1 to the Credit and Guaranty Agreement dated September 9, 2003, shall be approved for the purposes and under the terms and conditions set forth in the application.

2) All other terms, conditions, and limitations contained in our August 8 Order shall remain in full force and effect.

3) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

<sup>1</sup> Formerly CFW Telephone Inc.

<sup>2</sup> Attachment A to the above-captioned Application and Petition identifies the following entities: NTELOS Acquisition Corp.; NTELOS Cable Inc.; NTELOS Cable of Virginia; NTELOS Communications Services Inc.; NTELOS Cornerstone Inc.; NTELOS Licenses Inc.; NTELOS Network Inc.; NTELOS PCS Inc.; NTELOS Wireless Inc.; NTELOS of Maryland Inc.; NTELOS of Kentucky Inc.; NTELOS Net Access Inc.; NTELOS PCS North Inc.; NA Communications Inc.; Richmond 20 MHZ, LLC; R&B Communications, Inc.; Botetourt Leasing, Inc.; R&B Cable, Inc.; R&B Network, Inc.; The Beeper Company; Virginia PCS Alliance, L.C.; Virginia RSA 6 Cellular Limited Partnership; and West Virginia PCS Alliance, L.C.

**CASE NO. PUC-2003-00100  
SEPTEMBER 13, 2005**

APPLICATION AND PETITION OF  
NTELOS INC., DEBTOR IN POSSESSION, A VIRGINIA CORPORATION,  
NTELOS TELEPHONE INC.,  
ROANOKE & BOTETOURT TELEPHONE COMPANY,  
NTELOS SUBSIDIARIES,  
CAPITAL RESEARCH AND MANAGEMENT COMPANY  
and  
MORGAN STANLEY & CO. INCORPORATED

For authority under Chapters 3, 4, and 5 of Title 56 of the Code of Virginia

**DISMISSAL ORDER**

By State Corporation Commission ("Commission") Order dated August 8, 2003 ("August 8 Order"), NTELOS Inc. ("NTELOS"); NTELOS Telephone Inc.<sup>1</sup> ("NTELOS Telephone"); Roanoke & Botetourt Telephone Company ("R&B" and collectively with NTELOS Telephone, "the Telephone Companies"); certain other subsidiaries<sup>2</sup> of NTELOS ("NTELOS Subsidiaries") (collectively, the "NTELOS Entities"); Capital Research and Management Company ("Capital Research"); and Morgan Stanley & Co. Incorporated ("Morgan Stanley") received authority, among other things, under Chapters 3, 4, and 5 of Title 56 of the Code of Virginia ("the Code"), to enter into a Credit and Guaranty Agreement, which became effective on September 9, 2003,<sup>3</sup> upon NTELOS' emergence from bankruptcy. The Telephone Companies received authority to guarantee a \$36 million revolving credit facility and three loans under the new loan facility ("New Loan Facility"). The three loans of the New Loan Facility consisted of \$48,698,553 of Tranche A (maturing July 25, 2007); \$96,666,628 of Tranche B (maturing July 25, 2008); and \$73,047,829 of Tranche C (maturing July 25, 2008). NTELOS and the Telephone Companies were required to provide reports of action through the final maturity of the New Loan Facility.

The reports of action were filed in accordance with the August 8 Order. Counsel for NTELOS and the Telephone Companies filed a letter with the Commission on August 5, 2005 ("August 5 Letter"), summarizing numerous financing activities of NTELOS since the August 8 Order was issued. According to the August 5 Letter, NTELOS received authorization from the Commission in Case No. PUC-2005-00024, Final Order dated April 19, 2005, to be acquired by affiliates of Quadrangle Capital Partners LP and Citigroup Venture Capital. The August 5 Letter also states that during 2005, Tranches A, B and C were each repaid, the \$36 million revolving credit facility no longer exists, and that the Telephone Companies are no longer guarantors of any debt of NTELOS.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the actions appear to be in accordance with the authority granted herein.

Accordingly, IT IS ORDERED THAT, there being nothing further to be done herein, this case is hereby dismissed, and the papers filed herein shall be filed in the Commission's files for ended causes.

<sup>1</sup> Formerly CFW Telephone Inc.

<sup>2</sup> Attachment A to the above-captioned Application and Petition identifies the following entities: NTELOS Acquisition Cop; NTELOS Cable Inc.; NTELOS Cable of Virginia; NTELOS Communications Services Inc.; NTELOS Cornerstone Inc.; NTELOS Licenses Inc.; NTELOS Network Inc.; NTELOS PCS Inc.; NTELOS Wireless Inc.; NTELOS of Maryland Inc.; NTELOS of Kentucky Inc.; NTELOS Net Access Inc.; NTELOS PCS North Inc.; NA Communications Inc.; Richmond 20 MHZ, LLC; R&B Communications, Inc.; Botetourt Leasing, Inc.; R&B Cable, Inc.; R&B Network, Inc.; The Beeper Company; Virginia PCS Alliance, L.C.; Virginia RSA 6 Cellular Limited Partnership; and West Virginia PCS Alliance, L.C.

<sup>3</sup> The effective date of NTELOS' emergence from bankruptcy was noted by the Commission in an order approving amendment dated January 5, 2005.

**CASE NO. PUC-2003-00110  
SEPTEMBER 30, 2005**

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

*Ex Parte*: Establishment of Rules for Service Quality Standards for the Provision of Local Exchange Telecommunications Services

**FINAL ORDER APPROVING RULES  
FOR LOCAL EXCHANGE TELECOMMUNICATIONS  
COMPANY SERVICE QUALITY STANDARDS**

On August 1, 2003, the State Corporation Commission ("Commission") took under consideration the Staff's proposed Rules for Local Exchange Telecommunications Company Service Quality Standards (to be codified at 20 VAC 5-427-10 *et seq.*) ("Rules") for replacement of the Rules Governing Service Standards for Local Exchange Telephone Companies codified at 20 VAC 5-400-80 ("current rules").<sup>1</sup> Pursuant to the Order for Notice and

<sup>1</sup> Order Prescribing Notice and Granting Leave to Comment or Request Hearing, August 1, 2003, Case No. PUC-2003-00110 ("Order for Notice and Comment").

Comment, interested parties were permitted to comment on, propose modifications or supplements to, or request a hearing on the Rules. Interested parties were further requested to comment on a proposed Bill of Rights and selected matters that may be addressed in a final rulemaking.<sup>2</sup>

Comments were filed by the following industry participants: Verizon Virginia Inc. and Verizon South Inc. (collectively, "Verizon"); United Telephone - Southeast, Inc., Central Telephone Company of Virginia, and Sprint Communications Company of Virginia (collectively, "Sprint"); Cavalier Telephone, LLC ("Cavalier"); NTELOS Inc. ("NTELOS"); AT&T Communications of Virginia, LLC ("AT&T"); WorldCom, Inc. ("MCI"); Cox Virginia Telecom, Inc. ("Cox"); the Virginia Telecommunications Industry Association ("VTIA"); and the Virginia Cable Telecommunications Association ("VCTA"). The Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"), the Virginia Citizens Consumer Council ("VCCC"), and several other members of the public also filed comments.

Sprint alone requested a hearing on the Rules in order to address issues raised in its comments. Other commenting parties requested revisions to the Rules and another opportunity to comment and/or request a hearing.<sup>3</sup> Finally, several commenting parties addressed the selected matters presented in the Order for Notice and Comment.<sup>4</sup>

The Staff then proposed in response to all filed comments a revision to the Rules and to the originally proposed Bill of Rights.

On October 13, 2004, the Commission took under consideration the Staff's proposed revised Rules for Local Exchange Company Service Quality Standards (to be codified at 20 VAC 5-427-10 *et seq.*) ("Revised Rules") for replacement of the current rules, and also the Staff's proposed revised Telecommunications Bill of Rights ("Revised Bill of Rights").<sup>5</sup> Pursuant to the Second Order for Notice and Comment, interested parties were permitted to comment on, propose modifications or supplements to, or request a hearing on the Revised Rules and Revised Bill of Rights. The Commission also took under advisement the comments previously filed.<sup>6</sup> Comments on the Revised Rules and Revised Bill of Rights were subsequently filed by members of the public and the following industry participants: VCTA; Cox; Verizon; Sprint; NTELOS; and MCImetro Access Transmission Services of Virginia, Inc. ("MCImetro"). Comments were also filed by the Consumer Counsel, and by Mrs. Irene E. Leech on behalf of the VCCC.

On July 18, 2005, the Staff filed a Stipulation and Motion to Approve Stipulation ("Motion"), which, for settlement purposes, presents for approval by the Commission certain stipulated Rules for Local Exchange Telecommunications Company Service Quality Standards (Chapter 427) ("Settlement Rules"), and a Telecommunications Bill of Rights ("stipulated Bill of Rights").<sup>7</sup> Pursuant to the Stipulation, the Stipulating Parties jointly present the Settlement Rules and urge their adoption for measuring the health of the telecommunications network and assuring a minimum level of service quality for all consumers. The Stipulating Parties further agree that the Settlement Rules constitute a negotiated resolution of this rulemaking proceeding that is consistent with the local exchange telephone service competition policy of § 56-235.5:1 of the Code of Virginia. The Stipulating Parties waive further comment and hearing on their recommended Settlement Rules. The Stipulating Parties further recommend the adoption of the stipulated Bill of Rights.

On July 19, 2005, the Commission determined that the Settlement Rules should now be considered for replacement of the Revised Rules previously taken under consideration by our Second Order for Notice and Comment, and that the Settlement Rules and stipulated Bill of Rights should be published in the Virginia Register of Regulations. Interested persons not participating in the Stipulation and wishing to comment on, propose modifications or supplements to, or request a hearing on the Settlement Rules or stipulated Bill of Rights were granted leave to file such comments, proposals, or requests for hearing with the Clerk of the Commission on or before September 8, 2005.<sup>8</sup>

<sup>2</sup> Order for Notice and Comment, pp. 2-3.

<sup>3</sup> Comments by the following interested parties proposed specific revisions to the Rules: Verizon, Cavalier, NTELOS, MCI, Cox, VTIA, and VCTA. AT&T objected to the Rules in their entirety, while alternatively suggesting specific revisions.

<sup>4</sup> The selected matters announced in the Order for Notice and Comment that may be addressed in a final rulemaking include the following four questions:

1. Should there be further requirements for telephone directory information in addition to the proposed requirements of 20 VAC 5-427-130 Directories in Attachment A to the Order for Notice and Comment;
2. Should the directory be competitively neutral, and, if so, what are the requirements to ensure neutrality;
3. What standards, if any, should there be to ensure telephone billing accuracy, and what metrics should there be to gauge compliance with any such billing accuracy standards; and
4. What standards, if any, should there be to measure the overall intelligibility of the telephone bill, and what methodology should there be for measuring compliance with any such standards?

These four questions are resolved by our ultimate rulemaking as ordered herein below. The final rules adopted are pursuant to stipulation. Therefore, the comments addressing the four questions are deemed superseded by the ultimate stipulation reached by the Stipulating Parties, and the Commission will not address these questions further in this case.

<sup>5</sup> Second Order Prescribing Notice and Granting Leave to Comment or Request Hearing, October 13, 2004, Case No. PUC-2003-00110 ("Second Order for Notice and Comment").

<sup>6</sup> Second Order for Notice and Comment, p. 3.

<sup>7</sup> The commenting parties executing the Stipulation include: VCTA; Cox; Verizon; Consumer Counsel; Sprint; NTELOS Inc., the parent company of NTELOS Telephone, Roanoke and Botetourt Telephone, NTELOS Network, and R&B Network; AT&T; Cavalier; MCImetro; and the VTIA ("Stipulating Parties"). The Staff further reports that the VCCC has been consulted and is in agreement with the Settlement Rules and the stipulated Bill of Rights.

<sup>8</sup> Third Order Prescribing Notice and Granting Leave to Comment or Request Hearing ("Third Order"), issued July 19, 2005.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

We take judicial notice that the Settlement Rules and stipulated Bill of Rights were published in the Monday, August 8, 2005, edition of the Virginia Register of Regulations.<sup>9</sup>

No further comments, proposed modifications, or requests for hearing were filed pursuant to the Third Order. Therefore, the Commission concludes that there are no objections to the Commission's adoption of the Settlement Rules and stipulated Bill of Rights in this rulemaking proceeding.

NOW THE COMMISSION, having considered the record in this matter, is of the opinion that the current rules codified at 20 VAC 5-400-80 should be repealed and the Settlement Rules (Chapter 427) should be adopted unchanged, effective November 1, 2005. The stipulated Bill of Rights, while not a part of the Commission's rulemaking, is also adopted for dissemination to the public. All local exchange companies are encouraged to include the stipulated Bill of Rights in directories published and the Division of Communications is directed also to disseminate the stipulated Bill of Rights.

Accordingly, IT IS ORDERED THAT:

- (1) The current rules codified at 20 VAC 5-400-80 are hereby repealed, effective November 1, 2005.
- (2) The Rules for Local Exchange Telecommunications Company Service Quality Standards (adding 20 VAC 5-427-10 through 20 VAC 5-427-170) are hereby approved, effective November 1, 2005.
- (3) The stipulated Bill of Rights is hereby adopted, consistent with the findings above.
- (4) The Commission's Division of Information Resources shall forward this Order and the attached rules and Bill of Rights to the Registrar of Regulations for publication in the Virginia Register of Regulations.
- (5) There being nothing further to come before the Commission, this matter is hereby closed.

NOTE: A copy of Attachment A entitled "Rules for Local Exchange Telecommunications Company Service Quality Standards" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

<sup>9</sup> The Commission is informed by the Virginia Registrar of Regulations that corrections to the regulations published on August 8, 2005, will appear in Virginia Register of Regulations, as follows:

Page 3372, 20 VAC 5-427-10, definition of "Customer," line 4, after "~~provided by a LEC~~" reinsert "that are"

Page 3375 20 VAC 5-427-100 subdivision 1, line 1, after "immediate" insert "[direct]"

Page 3376, 20 VAC 5-427-110, subdivision 1, line 1, after "changed" insert "[telephone]"; line 2, after "former" insert "[telephone]"; and line 4, after "current" insert "[printed]"

Page 3381, 20 VAC 5-427-130, subsection L, line 7, change "services" to "service"

Thus, the Commission finds that the Settlement Rules and stipulated Bill of Rights have been duly published.

**CASE NO. PUC-2003-00124  
MARCH 23, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
OPENBAND OF VIRGINIA, LLC

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

**DISMISSAL ORDER**

On August 11, 2003, Verizon Virginia Inc. ("Verizon Virginia") and OpenBand of Virginia, LLC ("OpenBand"), filed an interconnection agreement ("Agreement"), entered under §§ 251 and 252 of the Telecommunications Act of 1996 (the "Act"), 47 U.S.C. §§ 251 and 252, for State Corporation Commission ("Commission") approval pursuant to § 252(e) of the Act, 47 U.S.C. § 252(e). The Commission approved the Agreement in its October 7, 2003, Order Approving Agreement in this case.

On December 15, 2004, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon Virginia and OpenBand filed An Amended, Extended, and Restated Interconnection Agreement between the parties ("Amended Agreement") with the Commission. The Amended Agreement was assigned Case No. PUC-2004-00155. Verizon Virginia and OpenBand indicated that the Amended Agreement replaces the original Agreement approved by the Commission on October 7, 2003. The Amended Agreement became effective on March 15, 2005.

NOW THE COMMISSION finds that the Amended Agreement supersedes the Agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2003-00124 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

**CASE NO. PUC-2003-00128  
MARCH 23, 2005**

APPLICATION OF  
VERIZON SOUTH INC.  
and  
OPENBAND OF VIRGINIA, LLC

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

**DISMISSAL ORDER**

On August 11, 2003, Verizon South Inc. ("Verizon South") and OpenBand of Virginia, LLC ("OpenBand"), filed an interconnection agreement ("Agreement"), entered under §§ 251 and 252 of the Telecommunications Act of 1996 (the "Act"), 47 U.S.C. §§ 251 and 252, for State Corporation Commission ("Commission") approval pursuant to § 252(e) of the Act, 47 U.S.C. § 252(e). The Commission approved the Agreement in its October 7, 2003, Order Approving Agreement in this case.

On December 15, 2004, pursuant to 20 VAC 5-419-20 of the Rules Governing the Filing of Interconnection Agreements, Verizon South and OpenBand filed An Amended, Extended, and Restated Interconnection Agreement between the parties ("Amended Agreement") with the Commission. The Amended Agreement was assigned Case No. PUC-2004-00158. Verizon South and OpenBand indicated that the Amended Agreement replaces the original Agreement approved by the Commission on October 7, 2003. The Amended Agreement became effective on March 15, 2005.

NOW THE COMMISSION finds that the Amended Agreement supersedes the Agreement approved in this matter. The Commission is of the opinion, therefore, that Case No. PUC-2003-00128 may be closed.

Accordingly, IT IS ORDERED THAT the captioned matter is hereby dismissed from the Commission's docket of active cases.

**CASE NO. PUC-2003-00163  
OCTOBER 31, 2005**

APPLICATION OF  
VERIZON SOUTH INC.  
and  
VF COMMUNICATIONS, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

**ORDER CLOSING CASE**

By Order dated December 2, 2003, the State Corporation Commission ("Commission") approved an interconnection agreement between Verizon South Inc. ("Verizon South") and VF Communications, Inc. ("VF"), under §§ 251 and 252 of the Telecommunications Act of 1996, 47 USC §§ 251 and 252.

On March 14, 2005, Verizon South filed a Notification of Termination of Interconnection Agreement, pursuant to paragraph 6 of 20 VAC 5-419-20 of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, 47 USC §§ 251 and 252. As grounds for terminating the interconnection agreement, Verizon South states that VF has no business activity with Verizon South, which includes no active billing, no ordering of services, and no active balance activity with Verizon South under the interconnection agreement.

NOW THE COMMISSION, being sufficiently advised, finds 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 and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2003-00163 is hereby closed.

**CASE NO. PUC-2003-00164  
OCTOBER 31, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
VF COMMUNICATIONS, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

**ORDER CLOSING CASE**

By Order dated December 2, 2003, the State Corporation Commission ("Commission") approved an interconnection agreement between Verizon Virginia Inc. ("Verizon Virginia") and VF Communications, Inc. ("VF"), under §§ 251 and 252 of the Telecommunications Act of 1996, 47 USC §§ 251 and 252.

On March 14, 2005, Verizon Virginia filed a Notification of Termination of Interconnection Agreement, pursuant to paragraph 6 of 20 VAC 5-419-20 of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, 47 USC §§ 251 and 252. As grounds for terminating the interconnection agreement, Verizon Virginia states that VF has no business activity with Verizon Virginia, which includes no active billing, no ordering of services, and no active balance activity with Verizon Virginia under the interconnection agreement.

NOW THE COMMISSION, being sufficiently advised, finds 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 and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2003-00164 is hereby closed.

**CASE NO. PUC-2004-00069  
FEBRUARY 11, 2005**

APPLICATION OF  
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For Approval of a Revenue Neutral Restructuring Proposal Pursuant to Section H of Its Alternative Regulatory Plan

**ORDER APPROVING REVENUE NEUTRAL RESTRUCTURING**

On May 20, 2004, Central Telephone Company of Virginia ("Sprint" or the "Company") filed an application for approval of a Revenue Neutral Restructuring Proposal ("Restructuring Proposal") pursuant to Section H of its Alternative Regulatory Plan ("Plan").<sup>1</sup> Sprint's Restructuring Proposal would eliminate zone charges and increase rates for certain other discretionary, bundled, and basic services. The Restructuring Proposal would eliminate all multi-party services and migrate those customers to single-party service, as well as eliminate the senior citizen and multi-feature discounts. In addition, the rates for customers in the former Merchants and Farmers exchanges<sup>2</sup> would be brought to the same rates charged customers in other comparable Sprint exchanges. Sprint states that its Restructuring Proposal would not result in a net increase in its operating revenues. Sprint believes that the Restructuring Proposal complies with the two-year review provision in Section H 2 of its Plan. In the alternative, Sprint requests that the Commission find that the Restructuring Proposal does not "require a prospective adjustment to the affected price to ensure revenue neutrality." In its application, Sprint represents that the net effect of the Restructuring Proposal would not increase its operating revenues and, in fact, is projected to reduce revenues by approximately \$499,000 per year.

On August 2, 2004, the Commission issued an Order for Notice and Inviting Comments and/or Requests for Hearing. This Order required Sprint to give notice to its customers of the Restructuring Proposal, provided interested parties an opportunity to comment and request a hearing, and required the Staff to investigate the Restructuring Proposal and prepare a Staff Report. The Company filed proof of notice on October 5, 2004, but on October 8, 2004, informed the Commission that notice had not been provided to customers in the Beaverdam, Gum Tree, and Montpelier exchanges. On October 12, 2004, Sprint filed a Motion for Extension of Procedural Dates to allow the Company to provide separate notice to those customers in the Beaverdam, Gum Tree, and Montpelier exchanges by direct mail. The Commission issued an Order Granting Motion for Extension of Procedural Dates on October 15, 2004. Proof of notice to customers in the Beaverdam, Gum Tree, and Montpelier exchanges was filed on October 22, 2004.

Comments were received on behalf of 15 individuals. All opposed the Restructuring Proposal. No requests for hearing were received.

The Staff filed a Motion for Extension of Time on December 8, 2004, asking that the due date for its Report be moved to December 17, 2004, and that the due date for the Company's response to the Staff Report be moved to January 14, 2005. Staff's Motion was granted for good cause shown by our Order for Extension of Time issued December 10, 2004.

Staff filed its Report on December 17, 2004. In its Report, Staff did not oppose Sprint's Restructuring Proposal, agreeing that the elimination of zone charges is in the public interest. The Staff did not oppose the other rate changes included in the Restructuring Proposal to offset eliminating the zone charges. However, the Staff cited the proposed elimination of the senior citizen discount as one area of concern and suggested that Sprint could grandfather the availability of the senior citizen discount to current customers or, in the alternative, the Commission could require Sprint to notify those customers currently obtaining the discount that they may be eligible for discounted lifeline service.

The Staff did not support Sprint's request that the Commission find that the Restructuring Proposal complies with Section H 2 of its Plan. The Staff has two problems with this request. First, Staff does not believe the Commission can find that Sprint has already complied with Section H 2 because that section states that the Commission "will require the Companies to show within the first two years following implementation of the price changes that the changes are, in fact, revenue neutral." The Staff states that the Commission cannot fully determine that the Restructuring Proposal is revenue neutral before it is implemented. Second, the Staff identified several concerns with certain data and growth rates used by Sprint that could affect the revenue neutrality of the Restructuring Proposal. The Staff recognizes that this concern may be somewhat mitigated by the "cushion" between Sprint's baseline and restructured forecasts, but it believes that the best evidence of whether or not the Restructuring Proposal is ultimately revenue neutral will be the showing required by Section H 2 of Sprint's Plan within two years after implementation.

Moreover, the Staff recommends that the Commission allow Sprint to file the necessary information to comply with Section H 2 of its Plan 90 days after the Restructuring Proposal has been in effect for one year. The Staff recommends that Sprint be required to maintain the actual unit and revenue data for the affected services that are still in effect for one year after the rate changes are implemented. In addition, the Staff further recommends that for all restructured services, including those that are eliminated under the Restructuring Proposal, Sprint capture the ending units and revenue for each service just prior to the implementation of the Restructuring Proposal.

<sup>1</sup> Sprint filed an amended application on July 6, 2004.

<sup>2</sup> Beaverdam, Gum Tree, and Montpelier exchanges.

On January 13, 2005, Sprint filed a response to the Staff Report. Sprint generally concurs with the findings of the Staff Report but does comment on several specific points. First, Sprint does not concede the correctness of the Staff's interpretation of Section H 2 of its Plan. Sprint relies on the second sentence of Section H 2 and believes the Commission can find in this proceeding that no adjustment to its rates will be made based on any filing under the first sentence of this section. Sprint also objects to Staff's suggestion to grandfather existing senior citizen discount customers; however, it does not oppose providing notice to these customers of the availability of, and eligibility criteria for, lifeline service.

NOW UPON CONSIDERATION of the applicable law and the papers filed herein, the Commission is of the opinion and finds that Sprint's Restructuring Proposal should be approved. We find, however, that Sprint is required, pursuant to Section H 2 of its Plan, to make a showing to the Commission that the Restructuring Proposal is revenue neutral within two years after it has implemented the approved rate changes. The issue of whether any prospective rate adjustments will or will not be required will be addressed if the subsequent filing shows the Restructuring Proposal is not, in fact, revenue neutral. Furthermore, we find the Staff's recommendation to allow Sprint to submit information to the Staff to comply with Section H 2 of its Plan 90 days after the restructured rates are in effect for one year to be reasonable.

Accordingly, IT IS ORDERED THAT:

- (1) Approval of Sprint's Restructuring Proposal is hereby granted.
- (2) The Restructuring Proposal is subject to review under Section H 2 of Sprint's Plan, and Sprint shall maintain the necessary data recommended by Staff and shall submit such compliance information to the Staff within ninety (90) days after the restructured rates have been in effect for one year.
- (3) Sprint shall provide notice to its senior citizen discount customers of the availability of, and eligibility criteria for, lifeline service. Such notice shall be more conspicuous and clear than the notice of this proceeding previously provided to Sprint's customers.

**CASE NO. PUC-2004-00079  
FEBRUARY 10, 2005**

APPLICATION OF  
CNT TELECOM SERVICES, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On August 30, 2004, CNT Telecom Services, Inc. ("CNT" or the "Company"), completed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated September 15, 2004, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report.

Through a letter filed October 22, 2004, CNT requested a waiver of the Rule 20 G 1 b of the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* ("Local Rules"), which requires the filing of a continuous performance or surety bond in the minimum amount of \$50,000. The Company asked that this requirement be satisfied with a \$50,000 letter of credit the Company provided to the Division of Economics and Finance.

The procedural schedule was revised on November 10, 2004, and December 17, 2004.

On January 21, 2005, the Company filed proof of publication and proof of service as required by the December 17, 2004, Order.

On January 24, 2005, the Staff filed its Report finding that CNT's application was in compliance with the Local Rules and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* The Staff Report indicated that the Staff believes that the letter of credit complies with the intent of Local Rule 20 G 1 b and that CNT's waiver request is acceptable to the Staff.

Based upon its review of CNT's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to two conditions. First, CNT should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its letter of credit and should provide a replacement letter of credit or a bond at that time. This requirement should be maintained until such time as the Staff or the Commission determines it is no longer necessary. Second, at such time as voice services are initiated by CNT, the Company should comply with all requirements of Local Rule 30.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

- (1) CNT Telecom Services, Inc., is hereby granted a certificate of public convenience and necessity, No. TT-211A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) CNT Telecom Services, Inc., is hereby granted a certificate of public convenience and necessity, No. T-638, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) The Company shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its letter of credit and shall provide a replacement letter of credit or a bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) At such time as voice services are initiated by CNT, the Company shall comply with all requirements of Rule 30 of the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers.

(7) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2004-00092  
JANUARY 5, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
VERIZON SOUTH INC.

For Approval of a Plan for Alternative Regulation

**FINAL ORDER**

On July 9, 2004, Verizon Virginia Inc. ("Verizon Virginia") and Verizon South Inc. ("Verizon South") (collectively, "Verizon" or the "Companies") filed an application with the State Corporation Commission ("Commission") for approval of a newly proposed alternative regulatory plan ("Plan") pursuant to § 56-235.5 of the Code of Virginia ("Code").

On July 20, 2004, the Commission issued an Order for Notice and Comment that, among other things: (1) docketed the application; (2) provided interested persons an opportunity to comment and/or request a hearing on the application; (3) required Verizon to give notice to the public of its application and of the opportunity to file comments and/or requests for hearing; and (4) directed the Commission's Staff ("Staff") to conduct an investigation into the reasonableness of the application and to present its findings in a Staff Report. On September 30, 2004, after receiving public comments and requests for hearing, the Commission issued an Order for Notice and Hearing that, among other things, scheduled a public hearing in the matter to commence on November 22, 2004.

In its application, Verizon states that the Plan contains the following major provisions:

- Prices for each Verizon company's basic local exchange telephone services ("BLETS") can be increased up to a price ceiling consisting of the highest prices charged by either Verizon company for the same services.
- Price increases up to the ceiling are limited to 10% during the first twelve months following the effective date of the Plan, and are thereafter limited to an equivalent of 10% per twelve month period.
- The price ceiling will be increased annually by the rate of inflation, as measured by the Gross Domestic Product Price Index ("GDPPI"), beginning on the first anniversary of the effective date of the Plan.
- Price increases for other local exchange telephone services ("OLETS") are limited to an equivalent of 10% per twelve-month period (as in the current plan).
- Tariffed Bundled Services can be offered upon notification to the Commission.
- Revenue-neutral price changes, which can include BLETS, OLETS, and switched access services, can be made by Verizon upon a Commission finding that they are in the public interest.
- Price decreases for retail services are allowed, subject to a price floor.

Verizon asserts that the only significant changes from the current plan would allow incremental increases in BLETS prices up to a reasonable ceiling, enable Verizon to propose revenue-neutral price changes that can include switched access services, and establish a link between the rules applying to competitive local exchange carriers ("CLECs") and those applying to Verizon while preserving the Commission's discretion to apply different rules, if necessary. Verizon states that given the breadth of competition in the Commonwealth today, these new features represent modest but essential steps in the right direction of providing Verizon the increased pricing flexibility it needs to respond to industry developments. In addition, Verizon argues that the Plan meets the four statutory requirements contained in § 56-235.5 B of the Code:

(i) protects the affordability of basic local exchange telephone service, as such service is defined by the Commission; (ii) reasonably ensures the continuation of quality local exchange telephone service; (iii) will not unreasonably prejudice or disadvantage any class of telephone company customers or other providers of competitive services; and (iv) is in the public interest.

The Commission received over 50 written and/or electronic public comments on Verizon's application.<sup>1</sup> Those timely filing comments opposing all or parts of the Plan included individual consumers; the Virginia Citizens Consumer Council; the Honorable Henry L. Marsh, III, Member, Senate of Virginia; Raymond H. Boone, Editor/Publisher, Richmond Free Press; Bishop Gerald O. Glenn, New Deliverance Evangelistic Church; Melvin D. Law, Richmond Crusade for Voters; Isle of Wight-Smithfield-Windsor Chamber of Commerce; Isle of Wight County Board of Supervisors; and Fairfax County Board of Supervisors.

The following parties, participating as respondents in this proceeding, filed comments on September 20, 2004: the Division of Consumer Counsel of the Office of the Attorney General ("Consumer Counsel"); the Competitive Carrier Coalition ("Coalition");<sup>2</sup> Cox Virginia Telcom, Inc. ("Cox"); AT&T Communications of Virginia, LLC ("AT&T"), and MCI Metro Access Transmission Services of Virginia, Inc. ("MCI"); United Telephone – Southeast, Inc., Central Telephone Company of Virginia, and Sprint Communications of Virginia, Inc. (collectively, "Sprint"); and Comcast Phone of Virginia, Inc. ("Comcast").

Consumer Counsel recommends that: (1) increases to the price ceiling should be limited to one-half the increase in the GDPPI rather than 100% of the GDPPI as proposed by Verizon; (2) increases to BLETS under the ceiling should be limited to only 5% per year rather than 10% as proposed; (3) any additional revenues generated through rate increases allowed by modifications to Verizon's current plan should be used to offset any revenue reductions from reduced switched access charges; and (4) Verizon Virginia should be required to modify its Virginia Universal Service Plan ("VUSP") to offer a full flat-rate service with the ability to include optional services.

The Coalition asserts that the competitive market is not even remotely as competitive as Verizon claims and that, although competitors are indeed present in the market, they clearly have been unable to restrain Verizon's market power, including its ability to raise prices, to discriminate among customers, and to reap monopoly benefits. The Coalition also contends that the Plan does not reasonably ensure the continuation of quality local exchange service, unreasonably prejudices or operates to the disadvantage of Verizon's competitors, and is not in the public interest. The Coalition argues that the competitive safeguards proposed by Verizon are insufficient to comply with § 56-235.5 H of the Code. In addition, the Coalition asserts that approval of the Plan is inconsistent with the local competition policy embodied in § 56-235.5:1 of the Code. The Coalition concludes that Verizon's proposed Plan should be denied.

Cox asserts that the Plan unreasonably disadvantages other providers of competitive services in violation of §§ 56-235.5 B (iii) and 56-235.5 H of the Code. Cox asserts that the following modifications to the Plan are required in order to satisfy such statutory requirements: (1) BLETS and OLETS should be classified as Retail Services; (2) self-provisioning of Service Components by competitors or third-parties should not impact the competitive safeguards for Verizon Retail Services; (3) consistent competitive safeguards should apply to all Retail Services; (4) the cross-subsidy test should be applied to individual services; (5) non-basic retail service should be classified and regulated consistently; (6) an application and cost support showing should be required for the reclassification of services to the Competitive Services category; (7) competition from counties, cities, and towns should not trigger automatic classification as Competitive Services; (8) the Plan should allow any party to request an investigation of any rate change to ensure that predatory pricing or a price squeeze does not occur, and a price floor study in compliance with the competitive safeguards should be submitted to the Commission upon request; (9) the Commission should ensure that Verizon continues to comply with any applicable wholesale service quality requirements so that competitors continue to be treated in the same fashion as Verizon's retail customers; and (10) Verizon should be required to provide the Commission documentation that the competitive safeguards and cross-subsidy requirements under the Plan are met.

AT&T and MCI do not object to Commission approval of the Plan, provided that on the same day the new Plan becomes effective Verizon also must reduce its intrastate switched access rates to the cost-based levels recommended by the Hearing Examiner in Case No. PUC-2003-00091. AT&T and MCI state that it is a proven fact that Verizon's high access rates are causing AT&T, MCI, and other interexchange carriers to lose substantial business to wireless carriers and computer technologies that are not required to pay switched access fees. AT&T and MCI assert that Virginia law mandates that anticompetitive and discriminatory pricing practices be eliminated whenever the Commission approves an alternative plan of regulation.

Sprint states that it does not view Verizon's proposed Plan as binding on Sprint and that it may propose a plan in its own application that differs from Verizon's in some respects. In addition, Sprint opposes Verizon's proposed price floor safeguard because its flawed standards combined with its vague exception language do not adequately safeguard competitive markets as required by § 56-235.5 H of the Code. Instead, Sprint supports the use of a total service long-run incremental cost standard as being the most appropriate and commonly used price floor standard in the industry.

Comcast states that the Commission should ensure that Verizon's attainment of pricing flexibility does not jeopardize its obligation to competitive service providers regarding interconnection and does not result in the Commission relinquishing its jurisdiction to ensure that Verizon dispatches these obligations efficiently and in a non-discriminatory manner.

On October 15, 2004, the Staff filed its Report on the Plan. The Staff states that it does not believe Verizon has sufficiently demonstrated that the Plan: protects the affordability of basic local exchange telephone service; reasonably ensures the continuation of quality local exchange telephone service; does not unreasonably prejudice or disadvantage telephone customers or competitors; and is in the public interest. The Staff asserts that the Plan could be modified to meet the necessary statutory requirements if it is amended to address the following eighteen concerns identified in the Staff Report: (1) price increases linked to service quality; (2) tariff requirements for competitive services; (3) revenue-neutral filings; (4) reference to local rules; (5) ceiling rates for BLETS; (6) rate groups; (7) extended local service ("ELS") adder rates; (8) classification of services; (9) VUSP; (10) price increases for BLETS;

<sup>1</sup> The Commission's July 20, 2004, Order for Notice and Comment, as amended by the August 12, 2004, Order Extending Procedural Schedule, required written and/or electronic comments to be submitted on or before September 20, 2004.

<sup>2</sup> The members of the Coalition are: ACN Communications Services, Inc.; Cavalier Telephone, LLC ("Cavalier"); DIECA Communications, Inc. d/b/a Covad Communications Company; NTELOS Network, Inc., and R&B Network, Inc. (collectively, "NTELOS"); PAETEC Communications, Inc.; Starpower Communications, LLC; and XO Communications, Inc.

(11) individual-case-basis pricing; (12) reporting requirements; (13) monitoring of competitive services; (14) cost support for bundled services; (15) price floor; (16) access charges and two-year true-up; (17) classification filings; and (18) "deemed" competitive services.

On October 29, 2004, Verizon filed a response and proposed minimal revisions to the Plan. Verizon asserts it has shown that the proposed BLETS pricing rules will ensure affordability, that the Plan will ensure the continuation of quality local exchange service, and that the Plan meets the public interest standard. Verizon also contends that no party has undermined Verizon's showing that the Plan protects against unreasonable prejudice to or disadvantage of any class of customers or competitors. Verizon argues that the other parties' proposed modifications to the Plan are not necessary to meet the statutory standards and should be rejected. In addition, Verizon states that it does not rely on evidence of competition to show the Plan satisfies § 56-235.5 B but that understanding the full extent of competition in the market – while a secondary issue in this case – is nonetheless important when considering the urgent need to adopt a new plan. In this regard, Verizon concludes that the other parties have failed to conduct economically sound analyses of competition. Verizon asserts that the Commission can only ignore competition and the policy implications of competition at the peril of sound public policy. Verizon contends that its Plan achieves precisely the legislative objectives in the General Assembly's local competition policy as codified at § 56-235.5:1, puts Verizon on a more equal footing with its competitors, and allows Verizon to increase rates kept artificially low in some areas. Verizon concludes that if the Commission were to reject the Plan, it would frustrate competitive development in utter disregard for the policies adopted by the General Assembly.

The public evidentiary hearing was held on November 22, 23, and 29, 2004. Lydia R. Pulley, Esquire, Jennifer L. McClellan, Esquire, and Robert P. Slevin, Esquire, appeared on behalf of Verizon. Judith Williams Jagdman, Esquire, and C. Meade Browder, Jr., Esquire, appeared on behalf of Consumer Counsel. Russell M. Blau, Esquire, appeared on behalf of the Coalition. Stephen T. Perkins, Esquire, appeared on behalf of Cavalier. Cliona M. Robb, Esquire, and E. Ford Stephens, Esquire, appeared on behalf of Cox. Mark A. Keffer, Esquire, appeared on behalf of AT&T. Eric M. Page, Esquire, and Dulaney L. O'Roark, III, Esquire, appeared on behalf of MCI. Edward Phillips, Esquire, and Anthony Gambardella, Esquire, appeared on behalf of Sprint. Robert M. Gillespie, Esquire, and John K. Shumate, Jr., Esquire, appeared on behalf of the Staff.

The following public witnesses testified in opposition to the Plan: Delores A. Elam; the Honorable Henry L. Marsh, III, Member, Senate of Virginia; Greg Wolfrey, County Administrator, Goochland County; the Honorable R.M. Reggie Malone, Sr., Member, School Board of the City of Richmond; Susan Rubin, Assistant Director of Governmental Relations, Virginia Farm Bureau Federation; Raymond H. Boone, Editor/Publisher, Richmond Free Press; James Edward Sheffield, Esquire; Melvin D. Law, Richmond Crusade for Voters; King Saleem Khalfani, Executive Director, Virginia State Conference, NAACP; Ellen F. Robertson; August Moon; and Irene E. Leech, President, Virginia Citizens Consumer Council. No public witnesses testified in support of the Plan.

In addition, William E. Taylor, Senior Vice President of NERA Economic Consulting, and Robert W. Woltz, Jr., President of Verizon Virginia, testified on behalf of Verizon. Marvin H. Kahn, Consulting Economist, testified on behalf of Consumer Counsel. Robert M. Keane, President and COO of Cavalier, testified on behalf of Cavalier and the Coalition. Wayne Lafferty, Principal in the Barrington-Wellesley Group, Inc., testified on behalf of Cox. Penny L. Sedgley, Principal Research Analyst in the Commission's Division of Economics and Finance, Steven Bradley, Deputy Director in the Commission's Division of Communications, and Kathleen A. Cummings, Deputy Director in the Commission's Division of Communications, testified on behalf of the Staff.<sup>3</sup>

The following participants filed post-hearing briefs on December 13, 2004: Verizon; Consumer Counsel; Cox; the Coalition; AT&T and MCI, jointly; and the Staff.

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds as follows. We approve the Plan subject to the modifications required by this Final Order. The approved Plan is attached hereto as Attachment A.

As noted above, there has been a significant amount of opposition to the Plan expressed in the public comments and public testimony in this proceeding. In addition, the Staff and the parties to this case have objected to and/or proposed numerous modifications to the Plan. In this regard, the criteria that the Commission must apply in evaluating the Plan have been explicitly set forth by the General Assembly. Section 56-235.5 C of the Code states that the "Commission shall approve the application if it finds, after notice to all affected parties and hearing, that the proposal meets the criteria for an alternative form of regulation set forth in subsection B" (emphasis added). Subsection B of 56-235.5 lists the following legal criteria:

- (i) protects the affordability of basic local exchange telephone service, as such service is defined by the Commission; (ii) reasonably ensures the continuation of quality local exchange telephone service; (iii) will not unreasonably prejudice or disadvantage any class of telephone company customers or other providers of competitive services; and (iv) is in the public interest.

In addition, § 56-235.5 H of the Code states that "[w]henver the Commission adopts an alternative form of regulation pursuant to subsection B ... the Commission shall adopt safeguards to protect consumers and competitive markets. At a minimum these safeguards must ensure that there is no cross subsidization of competitive services by monopoly services." Finally, § 56-235.5:1 of the Code ("Local Competition Policy") mandates that

[t]he Commission, in resolving issues and cases concerning local exchange telephone service under ... this title ... shall, consistent with federal and state laws, consider it in the public interest to, as appropriate, (i) treat all providers of local exchange telephone services in an equitable fashion and without undue discrimination and, to the greatest extent possible, apply the same rules to all providers of local exchange telephone services; (ii) promote competitive product offerings, investments, and innovations from all providers of local exchange telephone services in all areas of the Commonwealth; and (iii) reduce or eliminate any requirement to price retail and wholesale products and services at levels that do not permit providers of local exchange telephone services to recover their costs of those products and services.

<sup>3</sup> In addition, the parties stipulated to the Staff testimony of Amy J. Gilmour, Telecommunications Competition Specialist in the Commission's Division of Communications.

Thus, we must evaluate the Plan, and the objections thereto, according to these statutory criteria. We find that the modifications discussed below are necessary in order for the Plan to satisfy the statutory requirements.

#### Price Changes for BLETs and OLETs

Section F of the Plan governs the price changes for BLETs and OLETs. The General Assembly has established an explicit criterion that we must apply herein; we must determine whether Verizon's proposal "protects the affordability of [BLETs]." Va. Code § 56-235.5 B (i). Thus, the statutory test that we must apply is not whether the Plan results in "just and reasonable" rates, results in the lowest possible cost-based rate, or results in a rate that "best" protects the affordability of BLETs. Obviously, the most affordable price for BLETs would be one that never increases, but that is neither realistic nor intended by the statute.

When we approved Verizon's regulatory plan in 1994, we found that the 1994 BLETs rates were affordable:

In the Commission's opinion, the evidence establishes that at current rate levels, those services that are classified as BLETs ... are affordable.<sup>4</sup>

Indeed, in that prior proceeding, both Verizon and the Staff agreed that the 1994 rates were affordable for each rate group at that time.<sup>5</sup> Nonetheless, when we approved Verizon Virginia's current regulatory plan, we also concluded that limiting future increases to 50% of the GDPPI protected the affordability of BLETs. In the instant proceeding, Verizon witness Taylor presented an analysis of the affordability of Verizon's BLETs rates by examining historic rates of inflation, median income growth, and service penetration rates. Dr. Taylor found, among other things, that between 1994 and 2004 median incomes in Virginia have increased faster than the costs of BLETs, even if the cost of BLETs includes the interstate subscriber line charge, other regulatory charges such as the Universal Service Fund and E911, and increased taxes.<sup>6</sup>

Thus, there is evidence in this proceeding that median incomes have risen sufficiently to find that "total residence BLETs prices are more affordable now than they were when the Commission found BLETs prices to be affordable in 1994."<sup>7</sup> In addition, Dr. Taylor specifically examined the affordability of business BLETs by: (1) comparing how the inflation adjusted prices for business BLETs have changed over time; and (2) comparing business BLETs prices with business revenues.<sup>8</sup> Dr. Taylor determined that between 1994 and 2004, business BLETs prices have remained relatively constant and have declined in real terms when inflation is taken into consideration.<sup>9</sup> Furthermore, Dr. Taylor found that business revenues in Virginia increased between 1994 and 2004 so that business BLETs prices now represent a smaller fraction of business revenues than they did in 1994 when the Commission found business BLETs to be affordable.<sup>10</sup>

We find that, to protect affordability, the price ceiling for BLETs must not exceed the highest tariffed price currently in effect for BLETs services in either company. In addition, Dr. Taylor sponsored exhibits to demonstrate the affordability of the rate ceilings under the proposed Plan by comparing projected rates under the Plan to the 1994 rates adjusted annually for inflation.<sup>11</sup> In this regard, we also find that, to protect affordability, the price ceiling for each company-specific BLETs must not exceed the 1994 rate adjusted annually for inflation as measured by the GDPPI.

Therefore, the Plan must be modified to protect the affordability of all BLETs for customers in all rate groups and areas. Specifically, in order to protect affordability, we find that the price ceiling for each company-specific BLETs, including BLETs prices established by rate group, must not exceed the 1994 rate for that BLETs adjusted annually by the GDPPI through 2004.<sup>12</sup> Thus, the first sentence in Section F.2 of the Plan must read as follows in order to protect the affordability of BLETs:

<sup>4</sup> Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: In the matter of investigating telephone regulatory methods pursuant to Virginia Code § 56-235.5, etc., Case No. PUC-1993-00036, 1994 S.C.C. Ann. Rep. 262, 263 (Oct. 18, 1994) ("1994 Order").

<sup>5</sup> See, e.g., Ex. 36 at 6-9.

<sup>6</sup> Ex. 5 at 13.

<sup>7</sup> Id.

<sup>8</sup> Id. at 16.

<sup>9</sup> Id. at 16-17.

<sup>10</sup> Id. at 17.

<sup>11</sup> Exhibits 38 and 42 compare projected rates under the Plan to 1994 rates (including a \$0.60 Verizon Virginia touch tone charge) adjusted annually by the Consumer Price Index ("CPI") and by the GDPPI, respectively. Exhibit 43 compares projected rates under the Plan to 1994 rates (excluding the \$0.60 Verizon Virginia touch tone charge) adjusted annually by the CPI and by the GDPPI.

<sup>12</sup> The 1994 rates referenced herein for Verizon Virginia for purposes of the Plan do not include a \$0.60 touch tone charge. See Ex. 43. The \$0.60 touch tone charge was in effect prior to the January 1, 1995, effective date of the regulatory plan approved in the 1994 Order. However, in approving the regulatory plan in 1994, the Commission required Verizon Virginia's predecessor to eliminate the touch tone charge. 1994 Order at 264. Thus, the rates that the Commission required to protect affordability under the regulatory plan as approved in 1994 did not include a \$0.60 touch tone charge.

The price ceiling for each Company-specific BLETS shall be the lower of: (a) the 1994 rate for each Company-specific BLETS, including Company-specific BLETS on an individual rate group basis, adjusted annually by the Gross Domestic Product Price Index (GDPPI) through 2004; or (b) the highest tariffed price in effect for BLETS in either Company on the effective date of this Plan.<sup>13</sup>

As a practical matter, this means that no Verizon customer – residential or business – will pay more for BLETS than what they paid in 1994 adjusted for GDPPI-based inflation, and more than three out of four residential customers will continue to pay less than a 1994 inflation-adjusted price.<sup>14</sup>

In addition, Verizon proposes to increase the BLETS ceiling rate annually by 100% of the GDPPI. Consumer Counsel notes that limiting ceiling increases to 50% of the GDPPI would "better assure" affordability. However, that is not the statutory criterion that we are required to apply. Rather, we must determine, in the first instance, whether Verizon's proposed 100% GDPPI increase to the ceiling protects affordability. If it does, then we cannot make changes to the Plan in order to "better" protect affordability. In this regard, we find that Verizon provided sufficient evidence to establish that BLETS affordability is protected if the ceiling is limited to the inflation gauge as measured by GDPPI. Dr. Taylor testified that, historically, median incomes in Virginia have risen almost three times faster than GDPPI.<sup>15</sup> Thus, Dr. Taylor concluded:

If this trend continues, BLETS prices could, in fact, decrease relative to income; and even if the trend does not continue, BLETS prices will still be affordable since income growth should at least keep pace with inflation.<sup>16</sup>

We find that limiting ceiling increases to 100% of the GDPPI protects the affordability of BLETS. Again, no Verizon customer – residential or business – will pay more for BLETS than what they paid in 1994 adjusted for GDPPI-based inflation, and many customers will continue to pay less than a 1994 inflation-adjusted price.

In addition, we do not adopt the County of Fairfax's request to modify the Plan by replacing GDPPI with an index that reflects price conditions in the telephone industry. The purpose of the GDPPI in the Plan is not to reflect Verizon's costs. Rather, the purpose of the GDPPI is to represent a broad-based index of inflation and, thus, affordability. Indeed, even Consumer Counsel's witness, Dr. Kahn, supported the use of GDPPI for the purposes of protecting affordability.<sup>17</sup>

Verizon also requests authority to increase rates at an annual average of 10%, with no single increase exceeding 25%. Consumer Counsel and Staff advocate a smaller annual increase of 5%, arguing that a smaller annual increase would obviously better protect affordability. However, in order to change this provision of the Plan we must find that the proposed 10% increase will not protect affordability. Given the additional restriction on the price ceiling that we require above, in addition to the evidence provided by Verizon witness Taylor regarding affordability, we find that the proposed 10% annual increase will protect affordability.

Finally, we agree with the Staff that, in order to not unreasonably prejudice or disadvantage any class of customers, Verizon should not be permitted to charge more for BLETS in a lower rate group than it does in a higher rate group. However, the rate groupings of each company do not necessarily represent like customers; that is, for example, Rate Group 3 for Verizon Virginia is not necessarily equivalent to Rate Group 3 for Verizon South. Thus, we find that this prohibition should be applied on a company-specific basis, and the following sentence must be added to Section F.4 of the Plan:

Unless otherwise permitted by the Commission, a Company may not charge higher BLETS rates in a lower rate group than in a higher rate group for that Company.

#### Extended Local Service Adders

The Staff proposed to eliminate ELS Adders as part of the Plan. However, we find that no changes to ELS Adders are necessary to protect affordability or to not unreasonably prejudice or disadvantage any class of customers. ELS Adders currently are, and will remain, separate from the alternative regulatory plan. ELS Adders are available to customers pursuant to statute (Va. Code § 56-484.2) and are not a function of an alternative regulatory plan. Indeed, pursuant to that statute, the adoption of an ELS Adder is subject to a vote by the affected customers. Accordingly, Section F.6 of the Plan explicitly states that nothing in the Plan prohibits the establishment of an ELS Adder – and that nothing in the Plan shall permit an increase to any ELS Adder.

#### Virginia Universal Service Plan

Consumer Counsel and the Staff proposed changes to Verizon's VUSP. There is evidence in this case that penetration in Virginia of lifeline service offerings has increased since 1994. Verizon also notes that the relatively low rate of lifeline offerings taken in Virginia, as compared to other states, may be the result of the affordability of rates in Virginia. Regardless, we already have concluded that the rate structure approved above protects

<sup>13</sup> Exhibit 43 can be used to provide an example of this standard as applied to residential rates. On Ex. 43, the 1994 rate for Verizon Virginia's Rate Group 3 is \$10.89, and this increases to \$12.96 when adjusted for GDPPI through 2004. The 1994 rate for Verizon South's Rate Group 9 is \$14.49, and this increases to \$17.25 when adjusted for GDPPI through 2004. Given that current rates are the same as the 1994 rates on Ex. 43, then the highest tariffed price for BLETS services in either company is Verizon South's Rate Group 10, which is \$15.45. Thus, under the standard required herein, the price ceiling for Verizon Virginia's Rate Group 3 would be \$12.96, and the price ceiling for Verizon South's Rate Group 9 would be \$15.45.

<sup>14</sup> See Ex. 43. As in the current regulatory plan, we find that using GDPPI to serve as a limitation on price increases protects the affordability of BLETS. As discussed above, we must accept Verizon's proposed index (i.e., GDPPI) unless we find that it does not protect affordability. In addition, having determined that GDPPI provides a reasonable gauge to protect affordability, we find that GDPPI also should be used in the Plan for the "lower of" price ceiling standard required herein. We find that using GDPPI for this purpose protects the affordability of BLETS.

<sup>15</sup> Ex. 5 at 15-16, n.22.

<sup>16</sup> Id. at 16.

<sup>17</sup> Kahn, Tr. at 286.

affordability; thus, there is no need to modify Verizon's VUSP in order to satisfy that statutory criterion. Moreover, we find that making any VUSP changes through an industry-wide proceeding, as opposed to a company-specific case, would further the public interest goal in the Local Competition Policy, as set forth in § 56-235.5:1 of the Code, to apply the same rules, to the greatest extent possible, to all providers of local exchange telephone services that are required to provide lifeline services.

#### Extended Area Calling and Exchange Usage

The Staff asserts that Extended Area Calling ("EAC") and Exchange Usage ("EU") should be classified as BLETs instead of OLETs. EAC and EU are classified as BLETs in Verizon's current regulatory plan. Verizon argues that these services should not be classified as BLETs because, if Verizon increases the price of these services by more than what the customer might find reasonable, then that customer has a choice to choose other services such as unlimited calling plans, wireless, internet, or competitive providers. However, EAC and EU are essential components of BLETs, as they are directly associated with "local" calling over customers' dial tone lines. In addition, we find that customers with EAC or EU service represent a different class of customers than those without EAC or EU. Thus, we find that EAC and EU must remain classified as BLETs in order to not unreasonably prejudice or disadvantage any class of telephone company customers. Furthermore, as essential components of BLETs, we find that EAC and EU must remain classified as BLETs in order to protect the affordability of BLETs services.

#### Service Quality

We find that the Plan reasonably ensures the continuation of quality local exchange service. Section M of the Plan requires Verizon to comply with any service quality rules established by the Commission. If the Companies fail to comply with the Commission's service quality rules, they will be in violation of such rules and of the Plan. The remedies for such violations can be achieved through show cause proceedings or any other means provided by regulation or statute. Thus, we find that it is not necessary to link price increases under the Plan to service quality rules in order to reasonably ensure the continuation of quality local exchange service. In addition, we find that requiring Verizon to comply with the Commission's service quality rules, without a price link to the Plan, is consistent with the provision of the Local Competition Policy, as set forth in § 56-235.5:1 of the Code, that requires the Commission, as appropriate, to "treat all providers of local exchange telephone services in an equitable fashion and without undue discrimination and, to the greatest extent possible, apply the same rules to all providers of local exchange telephone services."

#### Competitive Safeguards

We find that the Plan must be modified in certain respects in order to "not unreasonably prejudice or disadvantage ... other providers of competitive services" (Va. Code § 56-235.5 B (iii)) and/or in order "to protect ... competitive markets [and] ensure that there is no cross subsidization of competitive services by monopoly services" (Va. Code § 56-235.5 H).

First, contrary to Verizon's contention, we find that the plain language in § 56-235.5 H of the Code is not limited to cross subsidization of services "in the aggregate." Indeed, Verizon's current regulatory plan protects against such cross subsidization by mandating that the price of an "individual" competitive service cover its incremental costs. We believe that if the General Assembly had intended to limit § 56-235.5 H to services in the aggregate, then the statute would so state. Thus, we continue to interpret this statute as we have in the past. We agree with Cox that a cross subsidy test that includes individual services is necessary to ensure that Verizon does not subsidize below-cost competitive services by more profitable monopoly services. Specifically, the following sentence, which is contained in the existing plan, shall be added at the end of Section K.3 of the proposed Plan in order to ensure that there is no cross subsidization of competitive services by monopoly services: "Also, the price of an individual Competitive Service must cover its incremental costs."

Next, consistent with the request by Cox, the following sentence must be added to Section K of the Plan: "Any party may request a Commission investigation of any rate to ensure that it complies with the competitive safeguards in this section." We find that this language is necessary to clarify that a party may request such an investigation in order to ensure that the Plan does not unreasonably prejudice or disadvantage other providers of competitive services and in order to protect competitive markets. However, we do not find that Cox's request to require Verizon, under the Plan, to provide a price floor study upon request is necessary to satisfy these statutory requirements. The ability to request an investigation is sufficient; the necessity of any particular price floor study or other evidence will be determined in the context of any specific proceeding regarding these matters. Likewise, we do not adopt Cox's request to specify, as part of the Plan, the procedural parameters attendant to any complaint or investigation; each such matter will proceed as warranted based on the particular circumstances of that case.

Section K.2.b of the Plan sets Verizon's price floor at: "(i) the lowest-priced combination of any Service Components that can be used to provide service, plus (ii) any direct incremental costs of other components of the Retail Service...." This standard prevents Verizon from attempting to disadvantage its competitors by setting the prices for Retail Services under the Plan too low compared to the costs for essential network elements and services. Verizon notes that the price floor "test properly requires imputation when competitors must purchase network components or services from an [incumbent local exchange carrier ("ILEC")] in order to compete with that ILEC."<sup>18</sup> Verizon explains that the price floor "requires that the ILEC's retail prices recover at least all of the direct costs that the ILEC incurred to provide its retail service, plus any contribution it receives from providing the relevant wholesale service components to competitors that must obtain these essential facilities from the ILEC to compete with the ILEC."<sup>19</sup> In other words, the proposed price floor requires Verizon's retail price to exceed the incremental cost to provide the service plus the wholesale rates Verizon would charge a competitor if the competitor wished to provide the service by purchasing elements or facilities from Verizon. As a result, Verizon cannot set prices for essential facilities and for its Retail Services at levels that would enable it to engage in a price squeeze. Furthermore, Verizon provided evidence that, because the Plan does not account for the fact that it may be less costly for Verizon to provide the essential facilities needed for its own retail services than to provide them to others, the Plan may set the price floor too high and provide ample protection against a potential price squeeze.<sup>20</sup> We find that the components, noted above, of the proposed price floor satisfy the statutory criteria to not unreasonably prejudice or disadvantage other providers of competitive services and to protect competitive markets.

<sup>18</sup> Verizon's Post-Hearing Brief at 66.

<sup>19</sup> *Id.* at 67.

<sup>20</sup> *Id.* at 67-68; Ex. 5 at 27-29.

In addition, the Plan proposes a different price floor if competitors can self-provision. Specifically, Section K.2.b states that "where other carriers can either self-provision Service Components or obtain them from other commercial suppliers, the price floor calculation need only reflect the Company's direct incremental cost for such Service Components." We find that if Verizon is not required to provide Service Components because competitors have other reasonable alternatives, then the purpose of the price floor test, as discussed above, is met when the floor is set to cover Verizon's direct incremental cost for the attendant Service Components. However, there is evidence in this case that, theoretically, almost any Service Component could be self-provisioned for a price, even if the cost or other requirements of self-provisioning makes it a poor business decision.<sup>21</sup> Thus, the proposed language must be clarified to apply only in circumstances where other carriers can "reasonably" self-provision or obtain the components from others. That is, the Plan must be modified to provide that Verizon need only reflect the direct incremental cost for such Service Components in the price floor calculation under Section K.2.b "... where other carriers reasonably can either self-provision Service Components or obtain them from other commercial suppliers...." Moreover, other carriers are further protected because: (1) as we clarified above, other carriers may request an investigation to ensure that Verizon complies with the competitive safeguards in Section K; and (2) Section K.2.c requires Verizon, within 30 days of being notified by the Commission in writing of a complaint that a Retail Service does not meet the price floor, to provide data demonstrating that the price floor is met for that Retail Service. Accordingly, we find that the provisions of Section K, as modified herein, do not unreasonably prejudice or disadvantage other providers of competitive services and protect competitive markets.

Finally, we do not find that the definition of Retail Services in Section K.2 of the Plan must be expanded to include BLETs and OLETs as part of the price floor test. As with the existing regulatory plan, the proposed Plan contains separate provisions regulating BLETs and OLETs – in contrast to competitive and other services to which the price floor test applies. In addition, Verizon explains that BLETs and OLETs do not need to be included in the price floor because "[w]hatever Verizon's tariffed prices for BLETs and OLETs services might be competitors can get those services at a discount off the retail rates. If the tariffed price is below Verizon's costs, competitors get the benefit of that below-cost pricing...."<sup>22</sup> Thus, we find that BLETs and OLETs do not need to be subject to the price floor test in order ensure that the Plan does not unreasonably prejudice or disadvantage other providers of competitive services or to protect competitive markets.

#### Revenue-Neutral Price Changes

Section G of the Plan permits Verizon to propose revenue-neutral price changes for any BLETs, OLETs, or switched access service. Consumer Counsel requests that the Plan be modified to require Verizon to use any additional revenues generated by the Plan to offset any revenue reductions that may result in the future from reduced switched access charges. We find that such proposal is not necessary to protect the affordability of BLETs and to be in the public interest. Section G of the Plan states that the Commission shall approve revenue-neutral price changes "if it finds that they are in the public interest, or the Commission may refuse to approve the filing if it is not in the public interest or otherwise fails to comply with this Plan." Accordingly, the Plan, as proposed, already prohibits a BLETs price increase resulting from a revenue-neutral filing if the Commission finds that such increase is not in the public interest or fails to comply with the Plan. As a result, it is not necessary that the Plan be modified as requested by Consumer Counsel. For example, if the Company makes a revenue-neutral filing that seeks to increase BLETs and decrease access charges, Consumer Counsel could argue at that time that such price changes are not in the public interest unless additional revenues generated through rate increases under the Plan are used to offset certain revenue reductions. The resolution of this question, however, should be determined based on the evidence provided as part of any particular revenue-neutral filing – not as a generic finding under the Plan.

Next, Section G includes a true-up provision for revenue-neutral prices changes. Specifically, Section G.2 states as follows:

The Commission may require the Companies to show within the first two years following the implementation of the price changes that the changes are, in fact, revenue neutral. If they are not, the Commission may require a prospective adjustment in the affected prices to ensure revenue neutrality.

Verizon's existing regulatory plan does not include switched access as part of a revenue-neutral price change. Consequently, the true-up mechanism in the existing plan also does not include switched access. In contrast, as noted above, the proposed Plan includes switched access as part of a revenue-neutral price change. Thus, we find that the true-up provision in the proposed Plan – in order to protect affordability and to be in the public interest – must also include switched access. This is accomplished by modifying the first sentence of Section L to read as follows: "Pricing for switched access services, except as noted in Section G above, will be considered separately by the Commission."

Finally, we find that Section G does not need to be modified to require a separate public interest determination in order for Verizon to propose a revenue-neutral pricing change that involves both Companies. Section G.1, as proposed, already states that "the Commission may refuse to approve the [revenue-neutral] filing if it is not in the public interest...." No additional public interest test is needed. If the Companies file a combined revenue-neutral pricing change, Section G permits interested persons to assert, and the Commission to find, that such a combined filing is not in the public interest.

#### CLEC Rules – Incorporated by Reference

Various parts of the Plan incorporate, by reference, rules promulgated by the Commission that apply to CLECs. We find that the substance of each of the referenced CLEC rules does not need to be repeated in the Plan to satisfy the public interest; incorporation by reference is sufficient. However, we find that it is in the public interest to clarify that the CLEC rules referenced in the Plan are incorporated as they exist on the effective date of the Plan – and as they may be amended in the future. Specifically, the following section must be added to the Plan to be in the public interest: "References in this Plan to rules established by the Commission are as such rules exist on the effective date of the Plan, and as such rules may be amended."

#### Tariff Requirements

Section E of the Plan does not mandate that Verizon file tariffs for Competitive Services. We find that in order to not unreasonably prejudice or disadvantage any class of customers or other providers of competitive services, and to be in the public interest, Verizon should be required to file these

<sup>21</sup> Taylor, Tr. 129-132; Lafferty, Tr. 399-400.

<sup>22</sup> Verizon's Post-Hearing Brief at 66.

tariffs, consistent with the filing requirements placed on all providers. As noted by Verizon, 20 VAC 5-417-50 (A) requires other providers to file these tariffs, unless otherwise allowed by the Commission or unless an ILEC provides a comparable competitive offering that does not require a tariff. Verizon also recognizes that 20 VAC 5-417-50 (C) permits other providers to petition the Commission to deregulate or detariff any of its specific service offerings. In addition, § 56-235.5 E of the Code states that the Commission shall have the authority to provide for deregulation, detariffing, or modified regulation for competitive services. Accordingly, Section E shall state as follows:

Tariffs shall continue to be filed for all BLETS, OLETS and Bundled Services. Tariffs shall continue to be filed for any Competitive Services unless otherwise ordered by the Commission. The Commission may approve, upon petition of the Company, the detariffing of a Competitive Service if determined to be in the public interest pursuant to § 56-235.5 E of the Code of Virginia. The prices of Competitive Services and Bundled Services shall not be regulated by the Commission, except as provided for in Sections I (Bundled Services) and K (Competitive Safeguards) of this Plan.

#### Reporting Requirements

Section J of the Plan states as follows: "Verizon Virginia and Verizon South shall comply with the reporting requirements of 20 VAC 5-417-60 unless otherwise ordered by the Commission, and upon request by Commission Staff, provide publicly available documents." Reporting requirements for CLECs are governed by 20 VAC 5-417-60; we find that it is in the public interest to place these same requirements on Verizon. This also is consistent with the provision of the Local Competition Policy, as set forth in § 56-235.5:1 of the Code, that requires the Commission, as appropriate, to consider it in the public interest to "treat all providers of local exchange telephone services in an equitable fashion and without undue discrimination and, to the greatest extent possible, apply the same rules to all providers of local exchange telephone services." We do not find that the public interest requires, nor is it consistent with the Local Competition Policy, that the reporting requirements be expanded – only for Verizon – to include information on rate of return, capital structure, and rate base. Moreover, as clearly evidenced by the Plan and the statutory criteria that we must apply thereto, Virginia statutes no longer subject Verizon to mandatory cost-of-service regulation by this Commission.

Conversely, we note that § 56-235.5 H of the Code explicitly requires the Commission to monitor the competitiveness of any telephone service previously found by it to be competitive. In this regard, we find that the Plan must be modified to clarify the Commission's ability to obtain information necessary to comply with § 56-235.5 H. Such modification is necessary in order to ensure that the Commission satisfies this statutory obligation in order to not unreasonably prejudice or disadvantage any class of customers or other providers of competitive services, to protect consumers and competitive markets, and to be in the public interest. Specifically, the Plan shall be modified to include the following provision as proposed by the Staff.

The Companies shall maintain sufficient information to allow the Commission to monitor the competitiveness of any service found to be competitive pursuant to § 56-235.5 F of the Code of Virginia. At minimum, the Company shall provide units and revenues for any Competitive Service within 30 days of a request by either the Commission or the Staff.

Finally, we note that 20 VAC 5-417-60 (F) states that the provider "shall, upon request of the commission staff, file additional information with respect to any of its services or practices." Section J, as proposed by Verizon, in effect modifies this provision – and only for Verizon – by limiting the additional information that may be requested by the Staff to "publicly available" documents. We find that it is not in the public interest, nor consistent with the Local Competition Policy as set forth in § 56-235.5:1 of the Code, to limit such information – only for Verizon – to publicly available documents. Thus, Section J must be modified to provide as follows: "Verizon Virginia and Verizon South shall comply with the reporting requirements of 20 VAC 5-417-60 unless otherwise ordered by the Commission."

#### Classification of Services

Section D addresses classification of new services and reclassification of existing services. First, we note that there is some question as to whether Section D.4 is broad enough to encompass Verizon's reclassification of existing services. In this regard, for the Plan to be in the public interest, we find that Section D.4 must be clarified to note explicitly that it applies to Verizon's request to reclassify an existing service. Specifically, the first sentence in Section D.4 must be modified to read as follows: "Verizon Virginia, Verizon South, or any interested party may petition for the reclassification of a Verizon Virginia or Verizon South service." In addition, as discussed above regarding other sections of the Plan, such cases will proceed as warranted based on the particular circumstances of each case; thus, we will remove the procedural limitations from Section D.4.

Next, Section D.2 addresses the offering of a new Competitive Service. We find that this provision, as written, is in the public interest. It requires Verizon to file an application and permits the Commission to postpone a new Competitive Service offering for good cause shown. We find that no additional procedural requirements need to be specified in the Plan (such as requiring an opportunity for hearing or the filing of specific evidence) in order for the Plan to be in the public interest. Any proceeding under this section will proceed on its own merits, on a case-by-case basis, in which the Commission will determine if a hearing is necessary and if Verizon has provided sufficient evidence to support its application.

Finally, Section D.5 addresses services that are "deemed competitive" pursuant to Virginia statute. We agree with Verizon that whether these services are "deemed competitive" under the statute is not dependent upon an application to the Commission or upon review by the Staff or the Commission. Thus, we find that it is not necessary for the Plan to require Verizon to submit an application to the Commission regarding these services in order for the Plan to be in the public interest. In addition, Verizon notes that if any party wishes to challenge the services deemed competitive, such party can petition the Commission accordingly. We find that the ability for such parties reasonably to petition the Commission in this regard is necessary for the Plan to be in the public interest. However, we find that for parties to have a reasonable opportunity to so petition, Verizon's "deemed competitive" services must be filed with the Commission in the form of tariff revisions so that, among other things, such revisions will be on file at the Commission, will be publicly available, and will be clearly identified for interested parties. Thus, we find that Section D.5 must state as follows in order to be in the public interest.

Verizon Virginia and Verizon South will file tariff revisions with the Commission for services deemed competitive pursuant to § 56-265.4:4 or Article 5.1 (§ 56-484.7:1 *et seq.*) of Chapter 15 of the Code of Virginia. The Company shall identify the relevant geographic area where the services of the county, city, or town are being offered. If applicable, the Company shall explain in the tariff cover letter the basis for using functionally equivalent services for determining that the services are deemed competitive.

### Access Charge Reductions

We do not agree with the assertion of AT&T and MCI that the Commission must reduce access charges to cost-based levels on the same timeline as any approval of the Plan in order to not unreasonably prejudice or disadvantage other providers of competitive services. We find that the current proceeding and pending Case No. PUC-2003-00091, which addresses Verizon's switched access charges and presently is under consideration by the Commission, do not need to be linked as requested by AT&T and MCI. The current case and the switched access case are separate proceedings built upon separate records. Interexchange carriers are not unreasonably prejudiced if the Plan goes into effect before the Commission issues an order in the switched access case.

### Public Interest

Pursuant to § 56-235.5 B (iv) of the Code, the Commission may not approve the Plan unless we find that it "is in the public interest." This public interest finding is listed in the conjunctive in subsection B of 56-235.5 of the Code. Thus, "the requisite finding of 'public interest' is an independent finding and not limited by other portions of the subsection." Level 3 Communications of Virginia, Inc. v. State Corporation Commission, et al., 268 Va. 471, 477 (2004) ("Level 3"). Accordingly, we must make a public interest finding separate from our findings under § 56-235.5 B (i)-(iii).

Our finding that the Plan, as modified herein and discussed throughout this Final Order, satisfies the other statutory criteria that we must apply provides some evidence that the Plan is in the public interest. However, pursuant to Level 3, satisfying § 56-235.5 B (i)-(iii) does not mean that the Plan necessarily is in the public interest. In this regard, we must follow the statutory directive set forth in the Local Competition Policy, § 56-235.5:1 of the Code, which explicitly directs the Commission as to certain items that we must consider as in the public interest. Specifically, § 56-235.5:1 states that the Commission shall

consider it in the public interest to, as appropriate, (i) treat all providers of local exchange telephone services in an equitable fashion and without undue discrimination and, to the greatest extent possible, apply the same rules to all providers of local exchange telephone services; (ii) promote competitive product offerings, investments, and innovations from all providers of local exchange telephone services in all areas of the Commonwealth; and (iii) reduce or eliminate any requirement to price retail and wholesale products and services at levels that do not permit providers of local exchange telephone services to recover their costs of those products and services.

As discussed throughout this Final Order, the Plan as approved herein takes steps, as appropriate, to treat all providers of local exchange telephone services in an equitable fashion and without undue discrimination and, to the greatest extent possible, to apply the same rules to all providers of local exchange telephone services. In addition, we find that the Plan promotes innovation, efficiencies, and investments by Verizon, provides Verizon with additional flexibility in the competitive market, and, thus, should also stimulate competitive activity by other providers.<sup>23</sup> Furthermore, to the extent that current regulation may require Verizon to price certain BLETS below cost, the Plan moves toward reducing or eliminating such requirement.

Finally, several written comments and public witnesses made allegations of racially discriminatory practices by Verizon, which Verizon denied. While such alleged practices, if true, would not be in the public interest, we make no factual finding herein as to these allegations. Moreover, we must conclude that such allegations have no relation to the proposed Plan. The Plan does not sanction, promote, nor reward discriminatory practices on behalf of Verizon or others. Thus, we must find that the allegations of discrimination provide no basis for the Commission to reject the Plan.

We find that the individual sections of the Plan and the Plan as a whole, as modified by this Final Order, are in the public interest.

### Motion to Strike

On December 15, 2004, Cavalier and NTELOS (collectively, "Movants") filed a joint motion to strike certain evidence admitted into the record at the request of Verizon. Specifically, Movants seek to strike the evidence derived by Verizon from the 911 and E911 databases regarding the number of access lines served by competitors in Virginia. Movants contend that Verizon's use of the 911 and E911 databases for such purpose violates Verizon's interconnection agreements with the Movants. Movants also request, in the alternative, that Verizon's application be denied in its entirety as a result of Verizon's breach of contractual obligations and unclean hands. Movants assert that Verizon should not be permitted to prevail in a proceeding in which it relied upon tainted evidence for the bulk of the evidence supporting the single premise, *i.e.*, increased competition, for its entire application.

We deny the motion to strike, which was filed more than two weeks after the conclusion of the evidentiary hearing. The motion to strike acknowledges that Verizon relied upon evidence in addition to the 911 databases (such as Verizon's wholesale lines, UNE, UNE-P, and resale) in evaluating the number of competitive lines. In addition, the estimated number of competitive lines was not the only evidence of competition provided in this proceeding. Moreover, although Verizon relies on evidence of competition to explain why it filed the instant application requesting a new Plan, Verizon explains in its October 29, 2004, response that it does not rely on evidence of competition to show that it satisfies the requirements of § 56-235.5 B. Verizon's purported premise or rationale for requesting a new Plan is not dispositive as to whether that Plan satisfies the specific statutory criteria necessary for approval. Indeed, our Final Order herein – in determining and explaining whether the Plan satisfies the explicit statutory requirements that we must apply to this application – is not dependent upon Verizon's evidence of competition derived from the 911 and E911 databases.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The joint motion to strike filed by Cavalier and NTELOS is denied.
- (2) The "Verizon Virginia Inc. and Verizon South Inc. Plan for Alternative Regulation" is approved as modified by this Final Order.
- (3) The "Verizon Virginia Inc. and Verizon South Inc. Plan for Alternative Regulation," as approved herein and attached to this Final Order, shall become effective as of February 1, 2005, should Verizon elect to adopt it.

<sup>23</sup> See, e.g., Exh. 5 at 33-34; Ex. 7 and 7P at 17-18; Ex. 8 and 8P at 17-20.

(4) On or before January 26, 2005, Verizon shall notify the Commission, by letter filed with the Clerk of the Commission, of its election to adopt the "Verizon Virginia Inc. and Verizon South Inc. Plan for Alternative Regulation" approved herein.

(5) If Verizon elects to adopt the "Verizon Virginia Inc. and Verizon South Inc. Plan for Alternative Regulation" approved herein, on or before January 26, 2005, Verizon shall submit a compliance filing with the Clerk of the Commission, with supporting documentation, identifying for each company-specific BLETS, including company-specific BLETS on an individual rate group basis: (a) the 1994 rate (which shall not include the \$0.60 touch tone charge for Verizon Virginia); (b) the 1994 rate in (a) adjusted by GDPPI through 2004; (c) the current rate under the existing regulatory plan; and (d) the price ceiling to be effective as of February 1, 2005.

(6) This matter is dismissed.

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

**CASE NO. PUC-2004-00092  
JANUARY 26, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
VERIZON SOUTH INC.

For Approval of a Plan for Alternative Regulation

**ORDER DENYING RECONSIDERATION**

On July 9, 2004, Verizon Virginia Inc. and Verizon South Inc. (collectively, "Verizon") filed an application with the State Corporation Commission ("Commission") requesting approval of a new alternative regulatory plan ("Plan") pursuant to § 56-235.5 of the Code of Virginia.

On January 5, 2005, the Commission issued a Final Order that, among other things: (1) approved the Plan as modified by the Final Order ("Modified Plan"), to become effective as of February 1, 2005, should Verizon elect to adopt it; and (2) required Verizon to notify the Commission on or before January 26, 2005, of its election to adopt the Modified Plan.

On January 21, 2005, Cox Virginia Telcom, Inc. ("Cox"), filed a Petition for Reconsideration ("Petition"), which seeks revisions to the price floor provisions of the Modified Plan. Specifically, Cox requests that Section K.2.a of the Modified Plan be changed as follows:

For purposes of Section K.2, "Retail Service" shall be defined as Bundled Services, Competitive Services, IntraLATA Long Distance Message Telecommunications Service, and Individual-Case-Basis arrangements; and "Service Components" shall be defined as Company unbundled network elements; ~~and~~ switched access services; ~~BLETS, and OLETS.~~

Cox states that in many instances the tariff prices for basic local exchange telephone services ("BLETS") and other local exchange telephone services ("OLETS") are lower than wholesale rates. Thus, Cox asserts that including BLETS and OLETS as "Service Components" in Section K.2.a "will result in a price floor that is lower than the wholesale rates which Verizon charges its competitors" and "creates precisely the kind of price squeeze that the price floors were meant to prevent."<sup>1</sup> Finally, in the alternative, if the Commission does not modify Section K.2.a as requested, Cox "asks the Commission to clarify that the price floors of Section K.2.b of the Modified Plan prohibit pricing Retail Services below Verizon's cost."<sup>2</sup>

NOW THE COMMISSION, having considered the Petition, is of the opinion and finds as follows. The Petition is denied. As explained in the Final Order, we have found that the competitive safeguards required in Section K of the Modified Plan satisfy the statutory criteria to "not unreasonably prejudice or disadvantage . . . other providers of competitive services" (Va. Code § 56-235.5 B (iii)) and "to protect . . . competitive markets [and] ensure that there is no cross subsidization of competitive services by monopoly services" (Va. Code § 56-235.5 H).

First, Cox confuses the various provisions of the price floor when, in its Petition, it quotes portions of the Final Order to conclude that "the [Final] Order itself recognizes that BLETS and OLETS do not need to be included in the price floor."<sup>3</sup> The portions of the Final Order partially quoted by Cox do not address the definition of "Service Components" in Section K.2.a, which is the subject of Cox's Petition. Rather, in that portion of the Final Order, the Commission explains why we rejected Cox's request to expand Section K.2.b to require price floors for BLETS and OLETS. This is illustrated by the full text of the Final Order in this regard:

As with the existing regulatory plan, the proposed Plan contains separate provisions regulating BLETS and OLETS – in contrast to competitive and other services to which the price floor test applies. In addition, Verizon explains that BLETS and OLETS do not need to be included in the price floor because "[w]hatever

<sup>1</sup> Petition at 3.

<sup>2</sup> *Id.* at 5-6.

<sup>3</sup> *Id.* at 4-5.

Verizon's tariffed prices for BLETS and OLETS services might be competitors can get those services at a discount off the retail rates. If the tariffed price is below Verizon's costs, competitors get the benefit of that below-cost pricing. . . ." Thus, we find that BLETS and OLETS do not need to be subject to the price floor test in order to ensure that the Plan does not unreasonably prejudice or disadvantage other providers of competitive services or to protect competitive markets.<sup>4</sup>

Next, Cox supports its reconsideration request by asserting that "[t]o base price floors on retail prices (or worse, discounted retail prices) that are below Verizon's wholesale cost is anti-competitive to competitors who either provide their own facilities or purchase wholesale elements."<sup>5</sup> As explained above, the price floors in Section K do not apply to BLETS and OLETS; rather, the price floors apply to Retail Services such as Bundled Services and Competitive Services. In this regard, Section K.2.b requires that the price floor "equal or exceed the sum of (i) the lowest-price combination of any Service Components that can be used to provide the service, plus (ii) any direct incremental costs of other components of the Retail Service. . . ." In addition, Section K.2.b mandates that "Service Component prices shall be the prices Verizon charges other carriers for those components." As a result, the price floor of a specific Retail Service cannot be lower than the price that other carriers must pay Verizon for Service Components, plus Verizon's direct incremental cost of other components used to provide the service. Thus, the Final Order concludes that the price floor standard does not permit Verizon to engage in a price squeeze.

However, Cox asserts that in certain circumstances the lowest-price combination of Service Components used for the price floor may be lower than (1) the cost of facilities for a competitive carrier that provides service with its own facilities, and/or (2) the price Verizon charges for corresponding unbundled network elements. We agree. Cox also asserts that this necessarily results in a price squeeze. We disagree. This only results in a price squeeze if the competing carrier so chooses. Specifically, as explained above, Service Component prices must be the prices that Verizon charges other carriers for such components. Thus, if either of the circumstances described by Cox occurs, the competitive carrier may purchase Service Components from Verizon (at the price used in the price floor standard) for use in resale to that competitor's retail customers. Indeed, although Cox asserts that few competitors in Virginia utilize resale, Cox does not assert in the Petition that resale is not an option. As explained in the Final Order, the ability of competitors to purchase Service Components from Verizon at the prices used for the price floor enable such competitors to avoid a price squeeze. Competitors are not required to purchase Service Components from Verizon for resale, but the option is there. Accordingly, as concluded in the Final Order, we find that the price floor in the Modified Plan satisfies the statutory criteria to not unreasonably prejudice or disadvantage other providers of competitive services and to protect competitive markets.

Finally, no clarification is warranted with respect to pricing Retail Services below cost. As discussed herein and in the Final Order, the price floor provisions of Section K satisfy the statutory criteria that we must apply in this case. In addition, Section K.3 specifically protects against cross subsidization of Competitive Services by monopoly services:

Pursuant to § 56-235.5 H of the Code of Virginia, revenues from Competitive Services in the aggregate must cover their direct incremental costs, and Verizon Virginia and Verizon South shall file data annually to demonstrate this separately for each Company. Also, the price of an individual Competitive Service must cover its incremental costs.

Thus, the Modified Plan protects competitors against any attempt by Verizon to price Competitive Services below cost.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition for Reconsideration filed by Cox is hereby denied.
- (2) This matter is dismissed.

<sup>4</sup> Final Order at 20 (citation omitted).

<sup>5</sup> Petition at 5.

**CASE NO. PUC-2004-00095  
FEBRUARY 10, 2005**

PETITION OF  
BROOKNEAL EXCHANGE CUSTOMERS

For Extended Local Service to Central Telephone Company of Virginia's Halifax, South Boston, Turbeville, Virgilina, and Volens Exchanges

**FINAL ORDER**

On July 20, 2004, telephone customers in Central Telephone Company of Virginia's ("Centel") Brookneal Exchange petitioned the State Corporation Commission ("Commission") for Extended Local Service ("ELS") to Centel's Halifax, South Boston, Turbeville, Virgilina, and Volens Exchanges. By Order Directing Cost Study and Poll entered September 20, 2004, the Commission directed Centel to prepare a cost study for the Brookneal Exchange that would estimate the change in monthly rates that would result from the requested extension of local service to the listed exchanges. Centel submitted the results of its cost study on October 15, 2004.

That Order also directed Centel to poll its Brookneal Exchange customers to determine whether a majority of those customers were willing to pay the estimated increase in rates for local calling to the listed exchanges. Centel filed the results of its poll with the Commission on January 10, 2005. The results show that the majority of those responding opposed the proposal. Centel polled 2402 customers, and ballots were returned by 673 customers (*i.e.*,

28% of customers responded to the poll). Of those customers responding, 487 (72.4%) opposed the extension of local service and only 186 (27.6%) favored it.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that because a majority of the Brookneal Exchange customers voted against extension of local service to the other listed exchanges, the petition should be denied.

Accordingly, IT IS ORDERED THAT:

- (1) The petition is hereby denied.
- (2) There being nothing further to be done herein, this matter is hereby dismissed.

**CASE NO. PUC-2004-00102  
APRIL 5, 2005**

JOINT APPLICATION OF  
QUANTUMSHIFT COMMUNICATIONS OF VIRGINIA, INC.  
and  
VCOM SOLUTIONS, INC.

For approval of acquisition by VCOM Solutions, Inc., of control of QuantumShift Communications of Virginia, Inc.

**ORDER GRANTING APPROVAL**

On February 4, 2005, QuantumShift Communications of Virginia, Inc., and VCOM Solutions, Inc. ("VCOM" (collectively, "Applicants"), completed their application originally filed on August 3, 2004, with the State Corporation Commission ("Commission") for approval under the Utility Transfers Act of the acquisition by VCOM of all of the outstanding shares of stock of QuantumShift from its parent, QuantumShift, Inc.

QuantumShift is a wholly owned subsidiary of QuantumShift, Inc., and holds certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in Virginia. QuantumShift currently provides telecommunications services in Virginia but does not have an accepted tariff on file with the Commission's Division of Communications. VCOM is a corporation organized under the laws of California and currently operates as a facilities-based and resale interexchange and competitive local exchange carrier in California. VCOM provides voice and data telecommunications services, Internet hosting and access, conferencing services, and other services designed specifically to meet the needs of small- and medium-sized businesses.

Applicants request approval of VCOM's acquisition of control of QuantumShift through the acquisition of all of its issued and outstanding stock and state that the change in control does not result in any change in the name or corporate structure of QuantumShift other than to establish it as a wholly owned subsidiary of VCOM.

Applicants state that VCOM will not engage in any intrastate business in Virginia other than indirectly through QuantumShift. Applicants further state that the purpose of the transfer of control is in furtherance of a general re-deployment of assets and holdings by QuantumShift's parent, QuantumShift, Inc., toward unregulated ventures within its core competence. Applicants also state that the transfer enables QuantumShift's existing telecommunications services to be continued under the control and direction of VCOM.

As stated in the application, QuantumShift's operations fit closely with those of VCOM, which will enable both VCOM and QuantumShift to enjoy enhanced financial strength, greater buying power for underlying services, and increased efficiencies stemming from the ability of Applicants to combine their management, administration, sales, billing, and other operating and back-office functions. Applicants represent that the transaction places QuantumShift in a position whereby it can continue to provide telecommunications services with no disruptions or adverse effects on existing customers with no change in rates and services.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved. We note, however, that such transfer of control took place prior to obtaining our approval and that Applicants, through counsel, have advised Staff that the necessary steps will be taken to ensure such oversight and, therefore, violation of the Utility Transfers Act does not recur. We also note that Applicants have been made aware by Staff of the fact that QuantumShift is providing telecommunications services in Virginia without an approved tariff on file with the Division of Communications. We, therefore, will require QuantumShift to submit the necessary tariff with the Division of Communications within 30 days of the date of this order.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, Applicants are hereby granted approval of the acquisition by VCOM of all of the issued and outstanding shares of stock of QuantumShift as described herein.
- (2) Within 30 days of the date of this order, QuantumShift shall submit the necessary tariff for approval with the Commission's Division of Communications.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2004-00103  
OCTOBER 26, 2005**

PETITION OF  
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.  
and  
MCI WORLDCOM COMMUNICATIONS OF VIRGINIA, INC.

For approval to adopt a Commission approved interconnection agreement

**DISMISSAL ORDER**

On August 3, 2004, MCI Metro Access Transmission Services of Virginia, Inc. ("MCI"), and MCI WORLDCOM Communications of Virginia, Inc. ("MCI Communications"), filed with the State Corporation Commission ("Commission") a Petition seeking Commission approval of the petitioners' request to Verizon South Inc. ("Verizon South") to adopt a Commission approved interconnection agreement. The current interconnection agreement between the parties was set to expire.

Since the filing of the Petition, MCI and Verizon South<sup>1</sup> have agreed to extend the effective date of the current interconnection agreement entered into by the parties.

On October 25, 2005, MCI filed a motion to withdraw the Petition without prejudice.

NOW THE COMMISSION, upon consideration of the motion, is of the opinion and finds that such motion should be granted and this matter dismissed.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The Petition shall be withdrawn without prejudice.

(2) There being nothing further to come before the Commission, this case shall be removed from the docket and the papers filed herein be placed in the file for ended causes.

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<sup>1</sup> On February 9, 2005, in Case No. PUC-2004-00134, the Commission cancelled the certificates of public convenience and necessity held by MCI Communications. Therefore, MCI Communications is no longer a party to this proceeding.

**CASE NO. PUC-2004-00107  
MAY 20, 2005**

APPLICATION OF  
CORVIS CORPORATION  
and  
ITS SUBSIDIARY FOCAL COMMUNICATIONS CORPORATION OF VIRGINIA

For cancellation of certificates of public convenience and necessity

**ORDER**

On August 10, 2004, Corvis Corporation, on behalf of itself and certain subsidiaries, including Focal Communications Corporation of Virginia ("Focal") (jointly, "Applicants") filed a letter application requesting cancellation of Focal's certificates of public convenience and necessity to provide interexchange and local exchange telecommunications services within Virginia (Certificate Nos. TT-51A and T-411).

The application requesting cancellation of Focal's certificates was filed in anticipation that a related application by Corvis and its subsidiaries<sup>1</sup> to restructure certain regulated subsidiaries pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") ("the Restructuring") would first be approved,<sup>2</sup> and that one of Corvis' regulated subsidiaries, Broadwing Communications, LLC ("Broadwing") would receive certification to serve Focal's customer base.<sup>3</sup>

Upon consummation of the Restructuring and certification of Broadwing to provide local exchange service, Focal will no longer provide telecommunications services in Virginia. Applicants requested that the Commission cancel Focal's certificates of public convenience and necessity (Certificate Nos. TT-51A and T-411) and Focal's tariffs currently on file with the Commission, effective upon closing of the Restructuring, issuance of a

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<sup>1</sup> The pertinent regulated subsidiaries of Corvis are Broadwing Communications, LLC and Focal.

<sup>2</sup> The Restructuring was approved on November 2, 2004, in Case No. PUC-2004-00105.

<sup>3</sup> At the time the Application was filed, Broadwing was only authorized to provide facilities-based interexchange service in Virginia. Broadwing was subsequently certificated to provide local exchange telecommunications services, pursuant to the Commission's Final Order of December 21, 2004, in Case No. PUC-2004-00106.

certificate of public convenience and necessity to Broadwing to provide local exchange service, and acceptance by the Commission of Broadwing's local exchange service tariffs. <sup>4</sup> On April 28, 2005, Applicants filed a request that the cancellations become effective June 30, 2005.

The Commission finds that Focal's certificates of public convenience and necessity (Certificate Nos. TT-51 A and T-411) and Focal's tariffs should be cancelled, effective June 30, 2005.

Accordingly, IT IS ORDERED THAT:

(1) Focal's certificates of public convenience and necessity (Certificate Nos. TT-51A and T-411) and tariffs are hereby cancelled, effective June 30, 2005.

(2) This case is hereby dismissed from the Commission's docket of active proceedings.

<sup>4</sup> Applicants filed requests to hold in abeyance the above-captioned cancellation request on December 28, 2004, and April 7, 2005, pending completion of the Restructuring.

**CASE NO. PUC-2004-00110  
FEBRUARY 7, 2005**

APPLICATION OF  
BLONDER TONGUE TELEPHONE, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On October 12, 2004, Blonder Tongue Telephone, LLC ("Blonder" or "Company"), completed an application for a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

By Order for Notice and Comment dated October 28, 2004, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On November 22, 2004, the Company filed proof of publication and proof of service as required by the October 28, 2004, Order.

On January 11, 2005, the Staff filed its Report finding that Blonder's application was in compliance with 20 VAC 5-417-10 *et seq.*, the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers. Based upon its review of Blonder's application, the Staff determined it would be appropriate to grant the Company a certificate to provide local exchange telecommunications services subject to the following condition: Blonder should notify the Division of Economics and Finance no less than thirty (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 Staff or the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services.

Accordingly, IT IS ORDERED THAT:

(1) Blonder is hereby granted a certificate of public convenience and necessity, No. T-637, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(3) Blonder shall notify the Division of Economics and Finance 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 Staff or the Commission determines it is no longer necessary.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2004-00117  
JANUARY 12, 2005**

COMPLAINT OF  
DIECA COMMUNICATIONS, INC. D/B/A COVAD COMMUNICATIONS COMPANY

For a Declaratory Order and Emergency Motion to Enjoin Verizon Compliance With All Legal Obligations Relating to Broadband/Voice Line Sharing

**ORDER GRANTING MOTION TO WITHDRAW**

On December 23, 2004, DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad") filed with the State Corporation Commission ("Commission") a Motion to Withdraw Emergency Complaint ("Motion to Withdraw") filed previously against Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon"). Covad and Verizon state in this Motion to Withdraw that they have reached a longer term commercial agreement under which Verizon will provide Covad with a product that provides the same functionality as line sharing at agreed upon rates. Accordingly, Covad requests that it be allowed to withdraw the underlying Complaint without prejudice. Both Covad and Verizon request that the proceeding be closed.

The proceeding was commenced upon the filing by Covad of both an Emergency Motion to Enjoin Verizon from Undertaking Unilateral Action to Impair Broadband Service ("Motion") and an Emergency Complaint for Declaratory Order ("Complaint") on September 10, 2004. Covad's Motion and Complaint asserted that in order to provide customers with digital subscriber line ("DSL") services, Covad utilizes broadband/voice line sharing from Verizon. Covad asserted that Verizon had notified Covad that it intended to stop provisioning new line sharing orders beginning October 2, 2004. Covad's Motion sought an immediate injunction upon Verizon to preserve the status quo while the merits of its Complaint were being considered.

On September 22, 2004, Verizon and Covad filed Notice of Withdrawal of Covad's Emergency Motion for Injunctive Relief Relating to the Line Sharing and Joint Motion to Hold the Underlying Complaint in Abeyance ("Joint Motion"). The Joint Motion stated that Covad and Verizon reached an interim agreement under which Verizon will continue to accept and provision new line sharing orders from Covad after October 2, 2004, at agreed upon rates until the earlier of February 1, 2005, or the effective date of a permanent agreement. Therefore, the Motion for injunctive relief was withdrawn by Covad.

The Joint Motion further advised both Covad and Verizon requested that the underlying Complaint be held in abeyance until at least November 15, 2004. The parties requested that Verizon not be required to file an Answer to the Complaint unless, after November 15, 2004, Covad advised the Commission that it wishes to proceed with the Complaint.

The Commission issued its Order on Motions on October 18, 2004, granting the Joint Motion of Covad and Verizon. On November 16, 2004, pursuant to the Commission's Order on Motions, Covad and Verizon filed their Report of Status of Settlement Discussions in which the parties advised the Commission that they were continuing to actively discuss the issues underlying the Complaint filed by Covad. On December 23, 2004, Covad filed the aforementioned Motion to Withdraw asking the Commission to bring the case to a close without prejudice.

NOW THE COMMISSION, upon consideration of the filings in this proceeding, is of the opinion and finds that Covad's Motion to Withdraw should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Covad's September 10, 2004, Emergency Complaint for Declaratory Order may be withdrawn and is hereby dismissed without prejudice.
- (2) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2004-00128  
JANUARY 21, 2005**

APPLICATION OF  
MFN GLOBAL SERVICES LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On October 20, 2004, MFN Global Services LLC ("MFN" or the "Company") completed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated November 2, 2004, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report.

On December 7, 2004, MFN requested a thirty (30) day extension to the procedural schedule to allow time to secure the required bond. That request was granted by Order on December 15, 2004.

On December 22, 2004, the Company filed proof of publication and proof of service as required by the November 2, 2004, Order.

MFN requested, through a letter filed December 27, 2004, a waiver of the Local Rule 20 G 1 b requirement for a bond and asked that the requirement be satisfied with the \$50,000 letter of credit that MFN provided to the Division of Economics and Finance.

On January 7, 2005, the Staff filed its Report finding that MFN's application was in compliance with 20 VAC 5-417-10 *et seq.*, the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers and 20 VAC 5-411-10 *et seq.*, the Rules Governing the Certification of Interexchange Carriers. The Staff believes that the letter of credit substantially complies with the intent of the Local Rules, and the waiver request is acceptable to the Staff.

Based upon its review of MFN's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following conditions:

(1) MFN should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its letter of credit and should provide a replacement letter of credit or bond at that time. This requirement should be mandated until such time as the Staff or the Commission determines it is no longer necessary; and

(2) At such time as voice services are initiated by MFN, the Company should comply with all requirements of Rule 30 of the Local Rules.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) MFN is hereby granted a certificate of public convenience and necessity, No. TT-210A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) MFN is hereby granted a certificate of public convenience and necessity, No. T-636, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) The Company is hereby granted a waiver of the bond requirement of Rule 20 G 1 b of the Local Rules, and the letter of credit is hereby accepted. MFN shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its letter of credit and shall provide a replacement letter of credit or bond at that time. This requirement shall be maintained until such time as the Staff or the Commission determines it is no longer necessary.

(6) At such time as voice services are initiated by MFN, the Company shall comply with all requirements of Rule 30 of the Local Rules.

(7) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2004-00131  
JANUARY 18, 2005**

APPLICATION OF  
NEUTRAL TANDEM-VIRGINIA, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER GRANTING REQUEST TO WITHDRAW APPLICATION**

On December 6, 2004, Neutral Tandem-Virginia, LLC ("Neutral Tandem" or "Applicant"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia.

On December 27, 2004, the Commission issued an Order for Notice and Comment that docketed the application, directed that notice of the application be given to the public, provided interested persons an opportunity to comment and request a hearing on the application, and directed the Commission Staff to conduct an investigation into the reasonableness of the application and present its findings in a Staff Report.

On January 3, 2005, Neutral Tandem filed a letter with the Commission requesting to withdraw the application. The Applicant indicates that Neutral Tandem intends to re-file an application at a later time.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Company's request should be granted and the application should be withdrawn.

Accordingly, IT IS ORDERED THAT:

- (1) Neutral Tandem's request to withdraw its application for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia is hereby granted.
- (2) This matter shall be dismissed without prejudice.
- (3) There being nothing further to be done, the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUC-2004-00134  
FEBRUARY 9, 2005**

JOINT APPLICATION OF  
INTERMEDIA COMMUNICATIONS OF VIRGINIA, INC.,  
MCI WORLDCOM COMMUNICATIONS OF VIRGINIA, INC.  
and  
MCI WORLDCOM NETWORK SERVICES OF VIRGINIA, INC.

For cancellation of existing certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER CANCELING CERTIFICATES**

By application filed October 29, 2004, Intermedia Communications of Virginia, Inc. ("Intermedia"), MCI WORLDCOM Communications of Virginia, Inc. ("MCI Communications"), and MCI WORLDCOM Network Services of Virginia, Inc. ("MCI Network") (collectively "MCI WorldCom, et al."), informed the State Corporation Commission ("Commission") that the companies had transferred the customers and assets of MCI Communications and MCI Network to MCImetro Access Transmission Services of Virginia, Inc. ("MCImetro VA"), and requested that the Commission cancel the certificates of public convenience and necessity for interexchange telecommunications services issued to MCI Communications and MCI Network on January 20, 2000, and July 12, 2000, respectively. In addition, cancellation of the local exchange and interexchange certificates of public convenience and necessity for Intermedia issued August 6, 1997, is being requested.

In its application, MCI WorldCom, et al. states that its consolidation of control was approved by the Commission in our January 14, 2004, Order Granting Approval of Transfer and Control in Joint Petition of WorldCom, Inc., MCImetro Access Transmission Services of Virginia, Inc., Institutional Communications Company-Virginia, MCI WorldCom Communications of Virginia, Inc., Intermedia Communications of Virginia, Inc., and Virginia Metrotel, Inc.<sup>1</sup> MCI WorldCom, et al. further states that Intermedia does not maintain any facilities or equipment in Virginia and that MCI Communications' customers and MCI Network's customers will be served by MCImetro VA, a wholly owned subsidiary of MCI, as a result of the internal mergers.

Further, MCI WorldCom, et al. requests that the Commission postpone canceling the interexchange certificates of MCI Communications and MCI Network until such time as MCI notifies the Commission that it has completed the mergers and internal consolidations of operations necessary to complete the transfer of control.<sup>2</sup> MCI WorldCom, et al. filed a letter on February 3, 2005, stating that the certificates could now be canceled.

NOW THE COMMISSION, having considered the application, is of the opinion and finds that certificates of public convenience and necessity, Nos. T-384a, TT-37B, TT-100A, and TT-3B, issued to Intermedia, MCI Communications, and MCI Network, respectively, should be canceled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2004-00134.
- (2) Certificate of public convenience and necessity, No. T-384a, issued to Intermedia, is canceled.
- (3) Certificate of public convenience and necessity, No. TT-37B, issued to Intermedia, is canceled.
- (4) Certificate of public convenience and necessity, No. TT-100A, issued to MCI Communications, is canceled.
- (5) Certificate of public convenience and necessity, No. TT-3B, issued to MCI Network, is canceled.
- (6) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

<sup>1</sup> Case No. PUC-2003-00183.

<sup>2</sup> MCI Communications' certificate of public convenience and necessity, No. T-359b, to provide local exchange telecommunications services, was canceled pursuant to the Commission's Final Order of October 19, 2004, in Case No. PUC-2003-00183.

**CASE NO. PUC-2004-00139  
JANUARY 21, 2005**

JOINT PETITION OF  
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.,  
MCI WORLDCOM COMMUNICATIONS OF VIRGINIA, INC.,  
and  
MCI WORLDCOM NETWORK SERVICES OF VIRGINIA, INC.

For approval of intracorporate mergers of MCI WorldCom Communications of Virginia, Inc., and MCI WorldCom Network Services of Virginia, Inc., into MCImetro Access Transmission Services of Virginia, Inc.

**ORDER GRANTING APPROVAL**

On November 3, 2004, MCImetro Access Transmission Services of Virginia, Inc. ("MCImetro"), MCI WorldCom Communications of Virginia, Inc. ("MCI Communications"), and MCI WorldCom Network Services of Virginia, Inc. ("MCI Network") (together the "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") requesting approval pursuant to § 56-88.1 of the Code of Virginia ("Code") to transfer direct and indirect control of MCI Communications and MCI Network, two operating subsidiaries of MCI, Inc. ("MCI"), to MCImetro (the "Internal Merger"). The Petitioners make such request to implement an intracorporate restructuring plan that will result in the consolidation of existing Virginia interexchange certificates being held by subsidiaries of MCI.

MCI is currently a global telecommunications company organized and existing under the laws of the State of Delaware, with its principal place of business located in Ashburn, Virginia. MCI offers no services directly to the public and holds no certificates of public convenience and necessity ("CPCNs") issued by the Commission. MCI currently has four subsidiaries certificated as interexchange carriers ("IXCs") in Virginia: (i) MCI Communications; (ii) MCI Network; (iii) MCImetro; and (iv) Intermedia Communications of Virginia, Inc. ("Intermedia"). Each of these subsidiaries holds a separate CPCN and files its own tariffs separate from the other subsidiaries.

MCI Communications and MCI Network are Virginia public service corporations. They both hold CPCNs to provide intrastate interexchange telecommunications services in Virginia. MCImetro and Intermedia are Virginia public service corporations, which hold CPCNs to provide local exchange and intrastate interexchange telecommunications services in Virginia.

Petitioners request Commission approval to undergo an internal corporate merger of MCI Communications and MCI Network into MCImetro. The consolidation of IXC operations will result in the merger of MCI Communications' assets and customer base and MCI Network's assets into MCImetro. In connection with the Internal Merger, in a separate filing, Case No. PUC-2004-00134, MCI Communications, MCI Network, and Intermedia requested that the Commission cancel the interexchange CPCNs held by MCI Communications and MCI Network and the local exchange and interexchange CPCNs of Intermedia.<sup>1</sup> Thus, post-Internal Merger, MCImetro will be the only MCI-related entity providing telecommunications services in Virginia.

The Internal Merger is a part of MCI's plan to streamline its corporate structure in a manner that will simplify administrative requirements for MCI, regulators, and consumers. Petitioners represent that the proposed Internal Merger will have no impact on rates, terms, and conditions of telecommunications services currently being provided in Virginia. Petitioners further represent that MCImetro will continue to file tariffs, notices, and reports with the Commission, as appropriate, regarding all of its services, and that the proposed Internal Merger will not impact the Commission's jurisdiction over any of MCI's regulated subsidiaries.

NOW THE COMMISSION, upon consideration of the joint petition and representations of Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval to consummate the transactions as described herein to allow control of MCI Communications and MCI Network to be transferred to MCImetro.
- (2) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transfer of control, subject to administrative extension by the Director of Public Utility Accounting. Such report shall include the date the transfer took place.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

<sup>1</sup> In response to a Staff inquiry, the Petitioners represent that Intermedia does not own any assets and that after Intermedia's CPCN has been cancelled, Intermedia's parent, Intermedia Communications, Inc., will merge with and into MCImetro Access Transmission Services, LLC, the direct parent of MCImetro. Therefore, Intermedia will no longer exist as a separate entity.

**CASE NO. PUC-2004-00141  
FEBRUARY 16, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.

To Reclassify ISDN PRI Service (IntelliLinQ) and its associated Features, ATM Cell Relay Service and Frame Relay Services, as Competitive under its Plan for Alternative Regulation

**ORDER APPROVING RECLASSIFICATIONS**

On November 5, 2004, Verizon Virginia Inc. ("Verizon Virginia" or "Company") filed tariff revisions with the State Corporation Commission ("Commission") proposing to reclassify its ISDN PRI Service (IntelliLinQ) and its associated Features, ATM Cell Relay Service, and Frame Relay Services as "Competitive" under Subsection D of its Plan for Alternative Regulation ("Plan").<sup>1</sup> The Company noted in the cover letter accompanying the tariff filing that "Established interexchange carriers and a variety of other companies provide ISDN PRI Service (IntelliLinQ) and its associated Features, ATM Cell Relay Service, and Frame Relay Services on both a retail and wholesale basis." Accordingly, Verizon Virginia maintains that the service meets the test under its Plan for reclassification. The Company provided notice of its proposal to the Office of the Attorney General and all other certificated interexchange and local exchange telecommunications companies in the Commonwealth.

By Order entered December 8, 2004, we directed the Company to publish notice of its application and established a period for receipt of comments or requests for hearing. No comments or requests for hearing have been filed.

NOW THE COMMISSION, having considered the pleadings, is of the opinion and finds that the requested reclassifications should be granted.

All changes proposed in the tariff filing made by Verizon Virginia on November 5, 2004, should be approved, effective as of January 6, 2005.<sup>2</sup> The Commission is satisfied from the record that competition or the threat of competition sufficiently regulates the prices of the services proposed for change in classification to "Competitive."

Accordingly, IT IS ORDERED THAT:

(1) The proposed reclassifications of ISDN PRI Service (IntelliLinQ) and its associated Features, ATM Cell Relay Service, and Frame Relay Services are APPROVED as set out above.

(2) This matter is dismissed.

<sup>1</sup> Verizon Virginia's Plan, at the time, was approved by Order dated May 15, 2001, in Case No. PUC-2001-00032.

<sup>2</sup> At the time of the tariff filing, Verizon Virginia proposed an Effective Date of December 6, 2004. However, with the concurrence of the Commission's Division of Communications Staff, the Company requested by letter dated December 7, 2004, a 30-day extension of the Effective Date to January 6, 2005.

**CASE NO. PUC-2004-00142  
FEBRUARY 16, 2005**

APPLICATION OF  
VERIZON SOUTH INC.

To Reclassify ISDN PRI Service (IntelliLinQ) and its associated Features and Frame Relay Services as Competitive under its Plan for Alternative Regulation

**ORDER APPROVING RECLASSIFICATIONS**

On November 5, 2004, Verizon South Inc. ("Verizon South" or "Company") filed tariff revisions with the State Corporation Commission ("Commission") proposing to reclassify its ISDN PRI Service (IntelliLinQ) and its associated Features and Frame Relay Services as "Competitive" pursuant to Subsection D of its Plan for Alternative Regulation ("Plan").<sup>1</sup> The Company noted in the cover letter accompanying the tariff filing that "Established interexchange carriers and a variety of other companies provide ISDN PRI Service (IntelliLinQ) and its associated Features and Frame Relay Services on both a retail and wholesale basis." Accordingly, Verizon South maintains that the service meets the test under its Plan for reclassification. The Company provided notice of its proposal to the Office of the Attorney General and all other certificated interexchange and local exchange telecommunications companies in the Commonwealth.

By Order entered December 8, 2004, we directed the Company to publish notice of its application and established a period for receipt of comments or requests for hearing. No comments or requests for hearing have been filed.

NOW THE COMMISSION, having considered the pleadings, is of the opinion and finds that the requested reclassifications should be granted.

<sup>1</sup> Verizon South's Plan, at the time, was approved by Order dated December 21, 2000, in Case No. PUC-2000-00265.

All changes proposed in the tariff filing made by Verizon South on November 5, 2004, should be approved, effective as of January 6, 2005.<sup>2</sup> The Commission is satisfied from the record that competition or the threat of competition sufficiently regulates the prices of the services proposed for change in classification to "Competitive."

Accordingly, IT IS ORDERED THAT:

(1) The proposed reclassifications of ISDN PRI Service (IntelliLinQ) and its associated Features and Frame Relay Services are APPROVED as set out above.

(2) This matter is dismissed.

<sup>2</sup> At the time of the tariff filing, Verizon South proposed an Effective Date of December 6, 2004. However, with the concurrence of the Commission's Division of Communications Staff, the Company requested by letter dated December 7, 2004, a 30-day extension of the Effective Date to January 6, 2005.

**CASE NO. PUC-2004-00144  
JUNE 6, 2005**

APPLICATION OF  
RGT UTILITIES OF VIRGINIA INC.

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On January 6, 2005, RGT Utilities of Virginia Inc. ("RGT" or the "Company"), completed an application for a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

By Order for Notice and Comment dated January 21, 2005, and by Order Granting Motion for Extension of Procedural Dates dated March 25, 2005, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report.

On May 12, 2005, the Company filed proof of publication and proof of service as required by the March 25, 2005, Order.

On May 19, 2005, the Staff filed its Report finding that RGT's application was in compliance with 20 VAC 5-417-10 *et seq.*, the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers.

Based upon its review of RGT's application, the Staff determined it would be appropriate to grant the Company a certificate to provide local exchange telecommunications services subject to the following condition:

RGT should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its letter of credit and should provide a replacement letter of credit or bond at that time. This requirement should be maintained until such time as the Staff or the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services.

Accordingly, IT IS ORDERED THAT:

(1) RGT Utilities of Virginia Inc. is hereby granted a certificate of public convenience and necessity No. T-640, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(3) RGT shall notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its letter of credit and shall provide a replacement letter of credit or bond at that time. This requirement shall be maintained until such time as the Staff or the Commission determines it is no longer necessary.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein in the file for ended causes.

**CASE NO. PUC-2004-00145  
MAY 11, 2005**

APPLICATION OF  
ACCERIS COMMUNICATIONS CORPORATION OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunication services

**ORDER GRANTING WITHDRAWAL**

On December 27, 2004, Acceris Communications Corporation of Virginia, Inc. ("Acceris VA" or "Applicant"), 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. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

On February 4, 2005, the Commission entered its Order for Notice and Comment. On February 28, 2005, Acceris VA filed its Motion to Suspend Proceeding ("Motion") requesting the Commission to suspend the due date for its continuous performance or surety bond, to suspend the April 8, 2005, due date for the Staff Report and to suspend all procedural due dates beyond April 8, 2005. The Applicant requested that these matters be suspended until Acceris VA notified the Commission of its plans regarding certification in Virginia. By Order entered March 9, 2005, the Commission altered the procedural schedule and granted an extension for the filing of a continuous performance or surety bond.

By Motion filed April 22, 2005, Acceris requested that it be allowed to withdraw its application. Having considered Acceris' Motion, the Commission finds that it should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Acceris' Motion to withdraw its application 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 file for ended causes.

**CASE NO. PUC-2004-00146  
APRIL 13, 2005**

JOINT PETITION OF  
CYPRESS COMMUNICATIONS HOLDING COMPANY OF VIRGINIA, INC.,  
CYPRESS COMMUNICATIONS HOLDING CO., INC.,  
and  
TECHINVEST HOLDING COMPANY, INC.

For approval of a transfer of control

**ORDER GRANTING APPROVAL**

On December 14, 2004, Cypress Communications Holding Company of Virginia, Inc. ("Cypress Operating"), Cypress Communications Holding Co., Inc. ("Cypress Holding"), and TechInvest Holding Company, Inc. ("THC") (collectively, the "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") requesting approval pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") to transfer control of Cypress Operating from Cypress Holding to THC. On February 18, 2005, the Petitioners filed a revised "Description of the Transactions Proposed."

Cypress Operating is a corporation organized and existing under the laws of the Commonwealth of Virginia, with its principal place of business in Atlanta, Georgia. In Virginia, Cypress Operating holds certificates of public convenience and necessity to provide interexchange and local exchange telecommunications services. Cypress Operating is a wholly owned subsidiary of Cypress Communications, Inc. ("Cypress Communications"), which, in turn, is a wholly owned subsidiary of Cypress Holding. Cypress Holding is a publicly traded corporation organized under the laws of the State of Delaware. Cypress Holding, together with its direct and indirect subsidiaries, Cypress Communications and Cypress Operating, are collectively referred to as "Cypress."

THC is a newly formed Delaware corporation established to effect the purchase of Cypress Holding. THC is an indirect, wholly owned, United States subsidiary of First Islamic Investment Bank, E.C. ("FIIB"). The acquisition of Cypress was identified, structured, and executed by Crescent Capital Investments, Inc. ("Crescent"), a Delaware corporation with its headquarters in Atlanta, Georgia, and an indirect, wholly owned, United States subsidiary of FIIB.

FIIB is a joint stock company organized under the laws of Bahrain. In the United States, FIIB operates through Crescent and currently has a corporate investment portfolio that consists of ten United States companies in various sectors, including manufacturing, services, and technology. Crescent is principally engaged in identifying and structuring investments for the benefit of its parent company, FIIB, and clients of FIIB.

Petitioners request that the Commission grant the approval necessary to allow for the transfer of control of Cypress Operating from Cypress Holding to THC. The proposed transaction will occur at the parent holding company level, such that the stock of Cypress Operating will not be directly affected.

On November 5, 2004, TechInvest Acquisition, Inc. ("Merger Corporation"), THC, and Cypress Holding entered into an Agreement and Plan of Merger (the "Merger Agreement"). Merger Corporation is a wholly owned subsidiary of THC that was incorporated for the sole purpose of entering into the Merger Agreement. Pursuant to the Merger Agreement, Merger Corporation will merge with and into Cypress Holding, with Cypress Holding surviving and becoming a direct, wholly owned subsidiary of THC.

The voting interests of THC will be held by five United States citizens, and the non-voting interests will be held by TechInvest Holdings Limited ("THL") (18.76%), FIIP Limited ("FIIP") (3.28%), and four Cayman Islands entities, TechAccess Capital Limited, TechShield Capital Limited, TechNet Capital Limited, and TechTV Capital Limited (18.99% each) (collectively, the "Non-Voting Cayman Entities"). The Merger Agreement provides that the existing shareholders of Cypress Holding are entitled to receive, in cash, an amount equal to \$40,285,000, subject to adjustment for changes in working capital prior to closing and after repayment of certain indebtedness of Cypress Holding, for all of the outstanding capital stock of Cypress Holding. The closing of the transaction is contingent on receipt of necessary regulatory approvals and the approval of the shareholders of Cypress Holding.

After closing, FIIB expects to finance the merger in part through funds raised in an offering of shares in offshore investment companies ("Shares Offering"). In connection with this Shares Offering, THC will issue 18.99% of its non-voting common stock to each of the four Non-Voting Cayman Entities. After closing, interests in these Non-Voting Cayman Entities will be sold through a Shares Offering to non-United States persons. Shareholders of FIIB, other than employees of FIIB and Crescent, will be eligible to purchase and hold these shares. However, no investor will be allowed to hold an ownership interest in the Non-Voting Cayman Entities that, separately or combined with the investor's interest in FW, would be enough to constitute a ten percent or greater equity interest in Cypress post-close.

Financing for the merger also will be provided in part through a Shares Offering to FIIP, a Cayman Islands company. FIIP is the corporate vehicle for participation in THC by FIIB and Crescent employees. THC will issue 3.28% of its non-voting common stock to FIIP. No employee of FIIP or Crescent will be allowed to hold an ownership interest in FIIP that, separately or combined with the employee's interest in FIIB, would be enough to constitute a ten percent or greater ownership in Cypress post-close. After the financing arrangements with the Non-Voting Cayman Entities and FIIP are complete, FIIB will retain no more than 18.76% of the non-voting stock in THC through a wholly owned, indirect subsidiary, THL, a Cayman Islands company.

Under the revised structure, in the revised "Description of the Transactions Proposed," the voting interests of THC will be held in equal shares by five individuals, all of whom are United States citizens. In total, the voting stock of THC as held by these five citizens will represent less than two percent of the total ownership of THC. No person will hold interests that would be sufficient to constitute a ten percent or greater equity interest in Cypress post-close or confer the ability to control Cypress. The nonvoting interests of THC, which account for 98% of the total ownership of THC, will be held by FIIP (3.28%), THL (18.76%), and the four Non-Voting Cayman Entities (18.99% each). After completion of the transaction, THC will assume direct control over Cypress and indirect control over Cypress Operating, the entity certificated in Virginia. FIIB, through the transfer by the five United States citizens of their right to vote their shares in THC to FIIM, which is wholly owned by FIIB, will ultimately indirectly control Cypress and, therefore, Cypress Operating, through the post-close voting interest structure of THC.

Petitioners represent that the change in ultimate ownership of Cypress and, therefore, Cypress Operating, will not have any adverse impact on customers. They further represent that, since this is a stock transaction as opposed to an asset sale, the transfer of control of Cypress will not result in a change of carrier for Cypress Operating's customers or any transfer of authorizations. Petitioners also represent that, immediately following consummation of the proposed transaction, Cypress Operating will continue to provide telecommunications services to its customers in Virginia without interruption and without change in rates, terms, or conditions. Petitioners state that the operations of Cypress Operating will continue to be determined by many of the same management, technical, and customer service personnel that currently oversee those operations. Approval is required in twelve states, and notice is required in fourteen states. A similar petition was filed with the Federal Communications Commission ("FCC"). The transaction is also being reviewed by the Committee on Foreign Investment in the United States ("CFIUS"), as well as the United States Department of Justice ("DOJ"), and the United States Department of Homeland Security ("DHS").

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners, and having been advised by its Staff, is of the opinion and finds that only until such approvals from the FCC, CFIUS, DOJ, and DHS have been granted can we be assured that the transfer of control of Cypress Operating, as described herein, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates. We, therefore, believe that our approval of the proposed transaction should be conditioned upon approval by the FCC, CFIUS, DOJ, and DHS, and that the Petitioners should keep the Staff aware of any developments regarding such reviews. We also believe that the Petitioners should notify the Commission of any future changes to the Merger Agreement prior to consummation of the proposed transfer of control.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval to consummate the transactions as described herein to allow for the transfer of control of Cypress Operating from Cypress Holding to THC, as described herein, conditioned upon approval by the FCC, CFIUS, DOJ, and DHS.
- (2) The Petitioners shall file with the Commission proof of approval by the FCC, CFIUS, DOJ, and DHS of the proposed transfer of control within ten (10) days of such approvals as well as any changes to the Merger Agreement prior to consummation of the proposed transfer of control.
- (3) Should approval not be granted by the FCC, CFIUS, DOJ, or DHS, Petitioners shall promptly file proof of denial with the Commission. Should the proposed transfer of control be terminated by any of the Petitioners, notification of such shall be promptly filed with the Commission.
- (4) This matter shall be continued until the requirements of ordering paragraphs (2) and (3) have been met.

**CASE NO. PUC-2004-00159  
JANUARY 12, 2005**

APPLICATION OF  
ALTICOMM OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

On December 16, 2004, Alticomm of Virginia, Inc. ("Alticomm" or the "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting that its certificate of public convenience and necessity to provide local exchange telecommunications services, Certificate No. T-613, be canceled.

The Commission granted Certificate No. T-613 to Alticomm in Case No. PUC-2003-00009 on May 27, 2003. Alticomm states that it has withdrawn from the Virginia market and has no current customers.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Company's certificate of public convenience and necessity to provide local exchange telecommunications services should be canceled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2004-00159.
- (2) Certificate No. T-613 authorizing Alticomm of Virginia, Inc., to provide local exchange telecommunications services throughout the Commonwealth is hereby canceled.
- (3) Any tariff associated with Certificate No. T-613 on file with the Commission's Division of Communications is hereby canceled.
- (4) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2004-00160  
JANUARY 12, 2005**

APPLICATION OF  
SERVISENSE.COM OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

On December 16, 2004, ServiSense.com of Virginia, Inc. ("ServiSense" or the "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting that its certificate of public convenience and necessity to provide local exchange telecommunications services, Certificate No. T-527, be canceled.

The Commission granted Certificate No. T-527 to ServiSense in Case No. PUC-2000-00173 on December 15, 2000. ServiSense states that it has withdrawn from the Virginia market and has no current customers.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Company's certificate of public convenience and necessity to provide local exchange telecommunications services should be canceled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2004-00160.
- (2) Certificate No. T-527 authorizing ServiSense.com of Virginia, Inc., to provide local exchange telecommunications services throughout the Commonwealth is hereby canceled.
- (3) Any tariff associated with Certificate No. T-527 on file with the Commission's Division of Communications is hereby canceled.
- (4) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2004-00163  
MAY 25, 2005**

APPLICATION OF  
INFOTELECOM, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER GRANTING WITHDRAWAL**

On December 20, 2004, Infotelecom, LLC ("Infotel" or "Applicant"), filed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

On January 12, 2005, the Commission entered its Order for Notice and Comment. On February 17, 2005, the Commission entered an Order Granting Extension based on Infotel's extension requests filed February 11, and February 15, 2005.

By Motion filed May 19, 2005, Infotel requested that it be allowed to withdraw its application. Having considered Infotel's Motion, the Commission finds that it should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Infotel's Motion to withdraw its application 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 file for ended causes.

**CASE NO. PUC-2004-00165  
FEBRUARY 11, 2005**

IN THE MATTER OF  
VERIZON SOUTH INC.

Notice of Planned Disconnection of UNE-P Service to Cat Communications of Virginia Inc. for nonpayment

**ORDER GRANTING MOTION**

On December 22, 2004, Verizon South Inc. ("Verizon") furnished notice to the State Corporation Commission ("Commission"), pursuant to 20 VAC 5-423-80,<sup>1</sup> that Verizon would disconnect all UNE-P service to Cat Communications International Inc. ("Cat") on February 21, 2005.

Verizon provides telecommunications services as an incumbent local exchange carrier ("ILEC") to Cat, a competitive local exchange carrier ("CLEC"), pursuant to an Interconnection Agreement approved by the Commission in Case No. PUC-2003-00078.

On January 18, 2005, Cat filed in this case its Formal Complaint and Request for Emergency Relief Against Verizon South Inc. ("Complaint"). Cat's Complaint sought to enjoin Verizon from terminating service to Cat during the pendency of ongoing negotiations and any dispute resolution proceeding before the Commission.

On January 24, 2005, Cat, by counsel, filed a Motion to Dismiss its Complaint.

The Commission finds that this Complaint should be dismissed.

Accordingly, IT IS ORDERED THAT the Motion to Dismiss is hereby granted.

<sup>1</sup> Rules Governing the Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers, Rule 80, Duties of ILECs.

**CASE NO. PUC-2004-00166  
MAY 20, 2005**

APPLICATION OF  
NEW HORIZONS COMMUNICATIONS OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**DISMISSAL ORDER**

On December 23, 2004, New Horizons Communications of Virginia, Inc. ("New Horizons" or "Applicant"), filed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia. An Order for Notice and Comment was issued January 7, 2005, and on February 15, 2005, an Amended Order for Notice and Comment was issued on motion by Applicant.

On May 16, 2005, Applicant filed a letter requesting withdrawal of the application and dismissal of the case without prejudice ("Motion").

NOW UPON CONSIDERATION of the Motion, the Commission is of the opinion and finds that New Horizons' Motion should be granted and that this case should be dismissed without prejudice.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed without prejudice and removed from the Commission's docket of active proceedings.

**CASE NO. PUC-2005-00001  
JANUARY 31, 2005**

APPLICATION OF  
Z-TEL COMMUNICATIONS OF VIRGINIA, INC.

To cancel existing certificate and issue a new certificate reflecting new corporate name, Trinsic Communications of Virginia, Inc.

**FINAL ORDER**

By letter application filed January 3, 2005, Z-Tel Communications of Virginia, Inc. ("Company"), informed the State Corporation Commission ("Commission") that it had changed its corporate name to Trinsic Communications of Virginia, Inc. The application requested that the Company's certificate of public convenience and necessity for local exchange telecommunications services be modified to reflect the new corporate name.

Z-Tel Communications of Virginia, Inc., holds a certificate of public convenience and necessity, T-417, issued September 23, 1998, in Case No. PUC-1998-00093, which authorizes the Company to provide local exchange telecommunications services in the Commonwealth of Virginia. The Commission is of the opinion that a revised certificate of public convenience and necessity should be granted in order to reflect the Company's new corporate name.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed and assigned Case No. PUC-2005-00001.
- (2) Certificate of public convenience and necessity, T-417, for local exchange telecommunications services is cancelled and shall be reissued as amended Certificate No. T-417a in the name of Trinsic Communications of Virginia, Inc.
- (3) The Company shall provide revised tariffs to the Division of Communications reflecting the new name, Trinsic Communications of Virginia, Inc., within sixty (60) days of the issuance of this Order.
- (4) There being nothing further to come before the Commission, this matter is dismissed, and the record developed herein shall be sent to the file for ended causes.

**CASE NO. PUC-2005-00004  
MAY 23, 2005**

APPLICATION OF  
VA-CLEC LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On February 9, 2005, VA-CLEC LLC ("VA-CLEC" or the "Company") completed an application for a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

By Order For Notice and Comment dated February 24, 2005, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report.

On April 14, 2005, the Company filed proof of publication and proof of service as required by the February 24, 2005 Order.

On May 5, 2005, the Staff filed its Report finding that VA-CLEC's application was in compliance with 20 VAC 5-417-10 et seq., the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers.

Based upon its review of VA-CLEC's application, the Staff determined it would be appropriate to grant the Company a certificate to provide local exchange telecommunications services subject to the following condition:

VA-CLEC should notify the Division of Economics and Finance no less than thirty (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 Staff or the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services.

Accordingly, IT IS ORDERED THAT:

(1) VA-CLEC is hereby granted a certificate of public convenience and necessity, No. T-639, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(3) VA-CLEC shall notify the Division of Economics and Finance 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 Staff or the Commission determines it is no longer necessary.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein in the file for ended causes.

**CASE NO. PUC-2005-00006  
MARCH 10, 2005**

JOINT PETITION OF  
SBC TELECOM, INC.,  
and  
SBC LONG DISTANCE, INC.

For Grant of Authority to Transfer Control and for Cancellation of Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia

**ORDER GRANTING AUTHORITY**

On January 10, 2005, SBC Telecom, Inc. ("SBCT") and SBC Long Distance, Inc. ("SBCLD") (together the "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") requesting approval pursuant to § 56-88.1 of the Code of Virginia ("Code") of a multi-step corporate realignment pursuant to which: (a) SBCT will acquire control of SBCLD, (b) SBCLD will be converted into a Virginia limited liability company, (c) the converted SBCLD, then a limited liability company to be known as SBC Long Distance, LLC ("SBCLD LLC") will acquire all of the assets and liabilities of SBCT, and (d) SBC Teleholdings, Inc. ("SBC Teleholdings"), will acquire control of SBCT.

SBCT is a Virginia public service corporation dually incorporated in Delaware and headquartered in San Antonio, Texas. SBCT provides local exchange telecommunications services ("CLEC") in Virginia, as well as interexchange telecommunications services ("IXC") in 23 other states, and in the District of Columbia. SBCT offers voice local exchange services, including local access, custom calling services, local toll, operator services, and directory assistance, and also an array of data services.

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SBCLD, formerly known as Southwestern Bell Communications Services, Inc., is a Virginia public service corporation dually incorporated in Delaware and headquartered in Pleasanton, California. SBCLD is certificated to provide long distance and other telecommunications services in all 50 states. SBCLD offers services such as basic and bundled pricing, block-of-time options, and calling card and toll-free services.

SBC Teleholdings is a corporation organized under the laws of Delaware with its corporate headquarters in Chicago, Illinois. SBC Teleholdings, formerly known as Ameritech Corporation, is a wholly owned first tier subsidiary of SBC Communications, Inc. ("SBC"). SBC Teleholdings is a holding company with ownership in more than 35 SBC companies.

SBCLD, SBCT, and SBC Teleholdings are all direct, wholly owned subsidiaries of SBC. SBC, a corporation organized under the laws of Delaware, is a Fortune 50 company headquartered in San Antonio, Texas. Through a number of operating entities, SBC provides voice and data telecommunications products and services. Currently, the SBC family of companies serves more than 54 million access lines nationwide.

Petitioners request Commission approval to complete a four-step corporate realignment. In Step 1 of the proposed transactions, SBC will contribute the stock of SBCLD to SBCT. As such, SBCT will acquire control of SBCLD. In Step 2, SBCLD will convert into SBCLD LLC, a dually organized Virginia and Delaware limited liability company. The purpose of this conversion is to allow for some potential tax efficiencies as a result of this restructuring. In Step 3, SBCT will transfer all of its assets, including its customer contracts and customer base, interconnection agreements, and liabilities, to SBCLD LLC. This transaction involves the discontinuance of SBCT service to its customers and provides for these customers to be served by SBCLD LLC. All SBCT customers will receive prior written notice of the change in the company serving those customers. The notice will include that the realignment will be completed and service will begin to be provided by SBCLD LLC to those customers on or about April 30, 2005. In Step 4, SBC will contribute the stock of SBCT, which will be the parent company of SBCLD LLC, to SBC Teleholdings. As such, SBC Teleholdings will acquire direct control of SBCT and indirect control of SBCLD LLC.

As part of the proposed realignment transactions, the Petitioners plan to transfer the customers of SBCT to SBCLD LLC, after which SBCT intends to cease providing CLEC telecommunications services in Virginia. Therefore, the Petitioners request that the Commission grant authority to SBCT to discontinue providing telecommunications services in Virginia and cancel its CLEC and MC certificates. The Petitioners also request that SBCLD LLC be granted interim authority to serve its customers, including the customers transferred from SBCT, under the existing tariffs of SBCT until such time as revised tariffs reflecting the SBCLD LLC name change are filed and approved by the Commission.

Petitioners represent that the proposed transactions will not change the nature or quality of telecommunications services provided by SBC subsidiaries to Virginia customers. After consummation of the transactions, SBCLD LLC will continue to provide the same telecommunications services currently offered by SBCT and SBCLD. SBCLD LLC will provide the services using the same facilities, interconnection agreements, and many of the same personnel that SBCT and SBCLD currently use. For local services, the Petitioners plan for SBCLD LLC to adopt SBCT's tariffs, offering the same products and services at the same rates and on the same terms and conditions offered by SBCT. Petitioners also represent that there will be no change in the ultimate corporate control of SBCT and SBCLD.

NOW THE COMMISSION, upon consideration of the joint petition and representations of Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved. However, we believe that the request for cancellation and revision of certain certificates of public convenience and necessity, and granting of requested interim authority to SBCLD LLC should be handled in Case No. PUC-2005-00016. The conversion of SBCLD to SBCLD LLC should be handled through the Clerk of the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval to consummate the proposed realignment transactions as described herein, resulting in a transfer of control of SBCT and SBCLD.
- (2) The requested cancellation of certain certificates of public convenience and necessity, the revision of certain other certificates of public convenience and necessity, and interim authority to SBCLD LLC shall be handled in Case No. PUC-2005-00016.
- (3) The necessary papers shall be filed with the Clerk of the Commission to effect the conversion of SBCLD to SBCLD LLC.
- (4) The Petitioners shall file a report of the action taken pursuant to the authority granted herein within thirty (30) days of consummation of the transactions, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transactions took place.
- (5) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00007  
JANUARY 21, 2005**

COMMONWEALTH OF VIRGINIA, ex rel  
STATE CORPORATION COMMISSION

Ex Parte: In the Matter of Investigating Directory Errors and Omissions of Verizon Virginia Inc. and Verizon South Inc.

**ORDER ESTABLISHING INVESTIGATION**

The State Corporation Commission ("Commission"), pursuant to Article IX of the Constitution of Virginia and Title 56 of the Code of Virginia, is charged with the duty of supervising, regulating, and controlling all public service companies doing business in the Commonwealth of Virginia relating to the performance of their public duties and correcting any abuses committed by such companies.

The Commission is aware of significant ongoing incidences of directory errors and omissions in the White Page directory listings of Verizon Virginia Inc. and Verizon South Inc. (collectively, "Verizon"), and we are concerned that these problems, the effects of which are costly to both the public and to Verizon, be adequately addressed. Recent directory listing problems in the Hampton Roads, Richmond, Roanoke, and Northern Virginia areas have been the source of complaints to the Commission.

Our Division of Communications ("Staff") has been conducting an ongoing informal investigation in an effort to resolve and reverse the increasing trend of errors and omissions contained in Verizon directories. Despite Staff efforts and efforts by Verizon, there appears to be inadequate improvement in the quality of White Page directory listings of Verizon. Indeed, the recent directory problems experienced by customers in Chesapeake and Virginia Beach resulted in a complete reprinting of approximately 83,000 directories. Corrective actions promised by Verizon as the result of ongoing informal discussions with the Staff have not, apparently, resulted in sufficient improvements in the quality of White Page directory listings.

Numerous complaints have been filed with the Commission concerning the errors and omissions in Verizon directories. These complaints have been filed by private individuals, businesses, and several competitive local exchange carriers. Those who have filed complaints are encouraged to participate in this investigation in an effort to identify the source or sources of the problems causing the errors and omissions. We direct our Staff, with appropriate input from Verizon, the public, and other interested persons, to investigate and review the directory listing processes of Verizon and its affiliates from the time listings are established until the listings are published in directories. We expect our Staff to identify the source or sources of the continuing publication errors and omissions and direct the Staff to file a Report ("Report") containing its findings and recommendations.

Verizon and its affiliates are further directed to cooperate fully with the Commission Staff during the course of its investigation and to respond to all requests for information, reports, or other data in a timely and efficient manner so all listings and publication problems can be resolved forthwith. No persons other than the Staff and the Office of the Attorney General shall have discovery rights pending further order of the Commission.

Finally, depending on the nature of the Staff's Report and the findings and recommendations therein, we anticipate issuing future orders in this proceeding to resolve the problems, including possible provisions for a hearing, if necessary.

NOW THE COMMISSION is of the opinion and finds that an investigation into the continuing problem of omissions and errors in the directories of Verizon should be commenced, and we direct the Staff, pursuant to Va. Code §§ 56-35, 56-36, 56-234.4, 56-247, and 56-249, to investigate the matter and file a Report regarding Verizon's directory errors and omissions. Additionally, we invite and will accept comments from the public regarding this matter.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2005-00007.
- (2) The Staff shall investigate the errors and omissions contained in the White Page listings of the directories of Verizon and file a Report containing the Staff's findings and recommendations.
- (3) Verizon may respond to the Staff Report and to public comments no later than thirty (30) days after the filing of the Staff Report.
- (4) On or before February 11, 2005, the Commission's Division of Information Resources shall complete publication of the following notice to be published on one (1) occasion as display advertising in newspapers having general circulation throughout the Company's service territory:

NOTICE TO THE PUBLIC OF AN INVESTIGATION BY THE  
STATE CORPORATION COMMISSION OF VERIZON'S  
TELEPHONE DIRECTORY ERRORS AND OMISSIONS  
CASE NO. PUC-2005-00007

Due to the rising number of complaints and problems associated with the publication of Verizon Virginia Inc.'s and Verizon South Inc.'s ("Verizon") White Page directory listings, the State Corporation Commission ("Commission") issued an Order Establishing Investigation, directing the Staff of the Commission to investigate this matter and file a report. The Commission invites public comments on Verizon's directory problems.

On or before March 25, 2005, any person desiring to comment on the quality of Verizon's White Page directory listings may do so by directing such comments in writing to the Clerk of the Commission at the address set forth below. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

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All written communications to the Commission concerning this matter shall be directed to Joel H. Peck, Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUC-2005-00007.

(5) Any person desiring to comment on this matter may do so by directing such comments in writing on or before March 25, 2005, to Joel H. Peck, Clerk of the 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 found on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>. Comments must refer to Case No. PUC-2005-00007.

(6) Staff may convene a workgroup of interested parties to assist in gathering data for use in its Staff Report.

(7) This matter is continued generally pending further order of the Commission.

**CASE NO. PUC-2005-00009  
JUNE 7, 2005**

JOINT APPLICATION OF  
PAETEC CORP.  
and  
AMERICAN LONG LINES, INC.

For approval to transfer control of ownership

**ORDER GRANTING APPROVAL**

On February 11, 2005, PAETEC Cop. ("PAETEC") and American Long Lines, Inc. ("Long Lines") (together, "the Applicants"), filed a joint application with the State Corporation Commission ("Commission") requesting approval of the transfer of control of the ownership of Long Lines from Douglas Derstine ("Seller") to PAETEC ("the Transaction"). Long Lines is the sole owner of American Long Lines of Virginia, Inc. ("Long Lines of Virginia"), the entity certificated to provide telecommunications services in Virginia. The proposed Transaction will result in an indirect transfer of control of Long Lines of Virginia from Seller to PAETEC.

PAETEC is a privately held Delaware corporation headquartered in Fairport, New York. PAETEC is the holding company of several subsidiaries, including PAETEC Communications of Virginia, Inc. ("PCI of Virginia"). PCI of Virginia is certificated to provide local exchange and interexchange telecommunications services in Virginia.

Long Lines is a Pennsylvania corporation headquartered in Horsham, Pennsylvania. Long Lines offers resold local and long distance telecommunications services in markets throughout the United States. Long Lines is the holding company of Long Lines of Virginia, which is certificated to provide local exchange telecommunications services in Virginia.

As represented by the Applicants, all of the issued and outstanding equity securities of Long Lines are owned beneficially and of record by Seller. PAETEC and Seller have entered into an agreement whereby Seller will sell all of his shares in Long Lines to PAETEC, and Long Lines will become a wholly owned subsidiary of PAETEC, thus resulting in a transfer of control of Long Lines of Virginia.

As represented by the Applicants, the proposed Transaction will not change the rates, terms, and conditions under which Long Lines of Virginia will provide service to customers in Virginia. Therefore, the proposed Transaction will be seamless to customers. The Applicants further represent that Long Lines of Virginia currently does not have any local exchange telecommunications customers in Virginia and has not actively marketed such services to the public in Virginia. The Applicants also represent that Long Lines of Virginia does not provide resold interexchange services in Virginia. Interexchange services in Virginia are provided by its parent, Long Lines.

NOW THE COMMISSION, upon consideration of the joint application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant § 56-88.1 and 56-90 of the Code of Virginia, the Applicants are hereby granted approval of the proposed indirect transfer of control of American Long Lines of Virginia, Inc., from Douglas Derstine to PAETEC Cop. as described herein.

(2) The Applicants shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the proposed Transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00011  
FEBRUARY 11, 2005**

PETITION OF  
UNITED SYSTEMS ACCESS TELECOM OF VIRGINIA, INC

For discontinuance of telecommunications services and cancellation of tariffs in the Commonwealth of Virginia

**ORDER PERMITTING DISCONTINUANCE OF SERVICES**

On April 29, 2002, in Case No. PUC-2001-00256, the State Corporation Commission ("Commission") granted United Systems Access Telecom of Virginia, Inc. ("USA Telecom" or the "Company"), a certificate of public convenience and necessity, No. T-584, to provide local exchange telecommunications services. On the same day, the Commission also granted a certificate of public convenience and necessity to provide interexchange telecommunications services, No. TT-176A.

On January 19, 2005, USA Telecom filed a letter application with the Commission requesting approval to discontinue providing telecommunications services in the Commonwealth of Virginia. This service consists of bundled local and long distance service provided using the unbundled networks elements-platform (UNE-P). The Company reports that it has twenty-one (21) accounts, nine (9) of which belong to one organization. USA Telecom states that "due to the current regulatory climate, the company has made the business decision to cease operating in Virginia." The Company further requests that its certificates of public convenience and necessity to provide interexchange telecommunications services, TT-176A, and local exchange telecommunications services, T-584, respectively, and its tariffs the Company has on file with the Commission to provide service in the Commonwealth also be cancelled. Discontinuance of service is to be effective February 13, 2005.

USA Telecom attaches as an exhibit to its Petition the written notice given to its affected customers on January 11, 2005. Pursuant to 20 VAC 5-423-20, a local exchange carrier is required to provide customers with at least 30 days' written notice prior to discontinuing service. The notice advises customers that the date for discontinuance of service is February 13, 2005. In the Company's notification letter, USA Telecom states that it will work with the customer's new carrier to effectuate a seamless transition to an alternate provider's network. The Company further provides the telephone number for Verizon but indicates that the customer may choose any local service provider desired. It appears from the information provided that USA Telecom has given adequate customer notice.

NOW THE COMMISSION, having considered the application and USA Telecom's demonstrated compliance with 20 VAC 5-423-20, will permit USA Telecom to discontinue telecommunications services in the Commonwealth of Virginia, cancel the Company's tariffs on file with the Commission, and revoke all certificates of public convenience and necessity of the Company to provide telecommunications services in Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00011.
- (2) The application is approved, and the discontinuance of local exchange telecommunications services within the Commonwealth of Virginia is hereby effective February 13, 2005.
- (3) The Company's tariffs on file with the Commission are hereby cancelled.
- (4) The Company's certificates of public convenience and necessity, TT-176A and T-584, authorizing the provision of telecommunications services in the Commonwealth of Virginia are hereby cancelled.
- (5) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2005-00015  
FEBRUARY 9, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
VERIZON SOUTH INC.

For waiver of the late fee under 20 VAC 5-407-40(C)(3)

**ORDER DENYING REQUEST FOR WAIVER**

On January 25, 2005, Verizon Virginia Inc. and Verizon South Inc. (collectively, "Verizon") filed with the State Corporation Commission ("Commission") a request for waiver of the rules governing late fees paid by payphone service providers pursuant to 20 VAC 5-407-40(C)(3). Such late fees are assessed against a payphone service provider that fails to submit its renewal form and fee to this Commission by January 16 of every year.<sup>1</sup> Verizon states its belief that, because the Clerk of the Commission's office was not open on January 16 and 17 of 2005, the appropriate due date for its renewal filing should have been January 18, 2005. Verizon, however, notes that it failed to make its renewal filing until January 21, 2005, which, according to Verizon, subjects it to a late filing fee of \$21,591 for its late-registered payphones. Verizon requests a waiver of this late fee.

<sup>1</sup> Although 20 VAC 5-407-40(C) (3) uses the word "postmark," we interpret this to mean "submit" in the context of PSPs who hand-deliver their payphone renewals.

NOW THE COMMISSION, having considered the applicable law and the pleadings filed herein, is of the opinion and finds that because Verizon has failed to show any good cause for its request, its request should be denied.

Accordingly, IT IS ORDERED THAT Verizon's request for waiver is hereby denied.

**CASE NO. PUC-2005-00016  
MAY 20, 2005**

JOINT PETITION OF  
SBC TELECOM, INC.  
and  
SBC LONG DISTANCE, LLC (f/n/a SBC LONG DISTANCE, INC.)

For Revision and Cancellation of Certain Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia and Grant of Authority to Discontinue Providing Certain Telecommunications Services

**FINAL ORDER**

On January 10, 2005, SBC Telecom, Inc. ("SBCT") and SBC Long Distance, Inc. ("SBCLD") (the "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission") requesting approval pursuant to § 56-88.1 of the Code of Virginia ("Code") of a multi-step corporate realignment pursuant to which: (a) SBCT would acquire control of SBCLD, (b) SBCLD would be converted into a Virginia limited liability company, (c) the converted SBCLD, then a limited liability company to be known as SBC Long Distance, LLC ("SBCLD LLC"), would acquire all of the assets and liabilities of SBCT, and (d) SBC Teleholdings, Inc. ("SBC Teleholdings") would acquire control of SBCT. The Commission opened two proceedings, Case No. PUC-2005-00006 and this companion case.

In its March 10, 2005, Order Granting Authority in Case No. PUC-2005-00006, the Commission approved the proposed entity realignment transactions described in the Petition but reserved to this case the Petitioners' requests for authority for SBCT to discontinue service to its customers, cancellation of SBCT's certificates of public convenience and necessity, and revision of SBCLD's certificates of public convenience and necessity to reflect the new entity name and structure.

On May 5, 2005, the Petitioners filed a Joint Motion in which they advised, having completed the multi-step corporate realignment, the matter of cancelling and reissuing the certificates of public convenience and necessity may now be addressed. The Petitioners state that the entity realignment transactions approved by the Commission have been completed. This includes filing with the Clerk of the Commission the documents necessary to convert SBCLD, a Virginia corporation, into SBCLD LLC, a Virginia limited liability company.

The Petitioners state that all of SBCT's Virginia local exchange, interexchange and access services customers will, as of May 4, 2005, be transferred to and will thereafter be served by SBCLD LLC. SBCLD LLC is assuming SBCT's interconnection agreements, 911 plans and arrangements with the incumbent providers for including its customers in the incumbent's directory assistance and directory databases. In accordance with 20 VAC 5-423-20 and 20 VAC 5-411-40, SBCT requests the cancellation of its certificates of public convenience and necessity to provide local exchange (Certificate No. T-478) and interexchange (Certificate No. TT-85A) services in Virginia and that the Commission grant authority to SBCT to discontinue providing telecommunications services in Virginia. Petitioners state that the required notice has been provided to all of SBCT's customers.

SBCLD LLC requests that the Commission revise the existing certificates of public convenience and necessity in the name of SBCLD for local exchange (Certificate No. T-634) and interexchange (Certificate No. TT-209A) services in Virginia to reflect the change in the form of the entity and its new name, SBC Long Distance, LLC.

Accordingly, IT IS ORDERED THAT:

- (1) Certificate No. T-634 issued to SBC Long Distance, Inc., is cancelled and Certificate No. T-634a shall be issued in the name of SBC Long Distance, LLC.
- (2) Certificate No. TT-209A issued to SBC Long Distance, Inc., is cancelled and Certificate No. TT-209B shall be issued in the name of SBC Long Distance, LLC.
- (3) Petitioners' request for authority for SBC Telecom, Inc., to discontinue providing telecommunications services in the Commonwealth is hereby granted.
- (4) Certificate Nos. T-478 (local exchange) and TT-85A (interexchange) issued to SBC Telecom, Inc., are hereby cancelled.
- (5) Tariffs in the name of SBC Telecom, Inc., are hereby cancelled.
- (6) SBC Long Distance, LLC, shall provide local exchange and access services tariffs, for the sole purpose of updating the name of the entity, to the Division of Communications within thirty (30) days of the date of this Order.
- (7) SBC Long Distance, LLC, shall provide interexchange tariffs to the Division of Communications within thirty (30) days of the date of this Order.
- (8) There being nothing further to come before the Commission, this matter is dismissed.

**CASE NO. PUC-2005-00021**  
**MARCH 28, 2005**

PETITION OF  
 ATX TELECOMMUNICATIONS SERVICES OF VIRGINIA, LLC

For approval of an indirect transfer of control

**ORDER GRANTING APPROVAL**

On February 2, 2005, ATX Telecommunications Services of Virginia, LLC ("ATX or "Petitioner"), filed a petition with the State Corporation Commission ("Commission") requesting approval pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") of an indirect transfer of control of ATX from ATX Communications, Inc. ("ATX Parent"), to Leucadia National Corporation ("Leucadia").

ATX is a Delaware limited liability company and a wholly owned subsidiary of ATX Licensing, Inc., a Delaware corporation. ATX Licensing, Inc., is an indirect, wholly owned subsidiary of CoreComm Communications, Inc., which, in turn, is a direct, wholly owned subsidiary of ATX Parent. ATX Parent is a holding company with principal offices located in King of Prussia, Pennsylvania. The ATX operating subsidiaries, including ATX, are facilities-based integrated communications providers, offering voice, data, wireless, Internet, and e-business services to businesses and residential customers. The ATX operating subsidiaries currently serve more than 300,000 business and residential customers.

In Virginia, ATX is certificated to provide local exchange telecommunications services. ATX currently serves 317 local exchange customers.<sup>1</sup> ATX, together with ATX Parent and all of ATX Parent's other direct and indirect subsidiaries (collectively, the "Debtors"), is currently operating its business as a debtor and a debtor-in-possession under the protection of Chapter 11 of Title 11 of the United States Bankruptcy Code.

Leucadia, a publicly traded New York corporation, is a financial services holding company engaged through its consolidated subsidiaries in a variety of businesses, including telecommunications, banking and lending, manufacturing, real estate activities, winery operations, and property and casualty insurance and reinsurance. Prior to the summer of 2002, Leucadia was not engaged in the telecommunications business. In October of 2002, Leucadia invested more than \$300 million in WilTel Communications Group, Inc., and its affiliated subsidiaries ("WilTel"), as part of a plan of reorganization approved by the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). Leucadia subsequently acquired 100% of WilTel's stock. WilTel currently manages and operates a fiber-optic broadband network that connects 125 cities in the United States and extends to Asia, Europe, Mexico, and the Pacific Rim.

Petitioner requests Commission approval to transfer indirect control of ATX from ATX Parent to Leucadia. On January 24, 2005, the Debtors filed with the Bankruptcy Court a First Amended Joint Plan of Reorganization and on March 1, 2005, filed a Second Amended Joint Plan of Reorganization (collectively, the "Plan"). The overall purpose of the Plan is to provide for the restructuring of the Debtors' liabilities in a manner designed to maximize recoveries to all parties with an economic interest in the Debtors and to enhance the financial viability of the Debtors, as reorganized. The Plan proposes to establish various classes of creditors holding pre-petition claims against the Debtors and their estates and provides that the Debtors' existing indebtedness will be cancelled and exchanged for the distributions provided to the various creditor classes. The Plan also contemplates that the existing equity in the Debtors will be cancelled and that all of the equity in the reorganized Debtors will be issued to Leucadia. In addition, the Debtors may engage in other transactions in furtherance of the Plan.

The transactions contemplated under the Plan are subject to confirmation by the Bankruptcy Court. Petitioner, therefore, requests that the Commission's approval of this petition be contingent upon approval of the Plan by the Bankruptcy Court. Upon emergence from Chapter 11 following approval of the Bankruptcy Court, the Plan contemplates that Leucadia will hold 100% of the equity and 100% of any post-petition debt of the reorganized parent, which will effectuate a change of indirect control of the equity and board structure of ATX.

As represented by the Petitioner, the proposed indirect transfer of control will allow ATX to emerge from Chapter 11. Petitioner represents that consummation of the proposed indirect transfer of control will not involve a change in the name under which it currently operates. Immediately following consummation of the proposed transactions, Petitioner represents that it will continue to offer the services it currently offers in Virginia with no change in the rates, terms, or conditions of service. ATX will continue to be led by the same team of telecommunications managers.

NOW THE COMMISSION, upon consideration of the petition and representations of Petitioner and having been advised by its Staff, is of the opinion and finds that the above-described indirect transfer of control of ATX to Leucadia will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved. As requested by the Petitioner, such approval should be conditioned upon approval of the Plan by the Bankruptcy Court.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, Petitioner is hereby granted approval of the proposed indirect transfer of control of ATX to Leucadia as described herein, conditioned upon approval of the Plan by the Bankruptcy Court.

(2) Petitioner shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the transfer of control, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transfer of control took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

<sup>1</sup> Upon further investigation and discussions with ATX, it appears that ATX also provides interexchange telecommunications services in Virginia. The Petitioner is in the process of looking into this further and requesting any additional necessary certificate of public convenience and necessity.

**CASE NO. PUC-2005-00022  
FEBRUARY 15, 2005**

APPLICATION OF  
GLOBAL COMMUNICATIONS INTEGRATORS, L.L.C.

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER CANCELLING CERTIFICATES**

On January 27, 2005, Global Communications Integrators, L.L.C. ("GCI" or the "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services ("Certificates"). The Commission granted Certificate Nos. T-620 and TT-199A to GCI in Case No. PUC-2003-00173 on March 5, 2004.

In the application, GCI states that it has not exercised its authority to provide telecommunications services in the Commonwealth of Virginia. GCI also states that it has not provided service, maintains no Virginia subscribers, and has not filed tariffs with the Commission. GCI further states that it has determined that it will not now, nor in the future, provide regulated telecommunications services in the Commonwealth and no longer requires certificates of public convenience and necessity.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Certificates granted to GCI should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00022.
- (2) Certificate No. T-620 authorizing Global Communications Integrators, L.L.C., to provide local exchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (3) Certificate TT-199A authorizing Global Communications Integrators, L.L.C., to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (4) There being nothing further to be done, this matter is dismissed from the Commission docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00023  
APRIL 21, 2005**

APPLICATION OF  
CNT TELECOM SERVICES, INC.

For approval of transfer of control

**ORDER GRANTING APPROVAL**

On February 23, 2005, CNT Telecom Services, Inc. ("CNT" or "Applicant"), filed a complete application with the State Corporation Commission ("Commission") for approval under the Utility Transfers Act for a transfer of indirect control of CNT to McDATA Corporation ("McDATA").

CNT is a Virginia corporation incorporated on March 8, 2004, that provides computer storage networking solutions, products, and services to customers in Virginia. CNT holds both a local exchange and interexchange certificate of public convenience and necessity to provide telecommunications services in Virginia. CNT does not provide any regulated telecommunications services to customers in Virginia. CNT's parent company, Computer Network Technology Corporation ("CNTC"), is a corporation organized under the laws of the state of Minnesota. CNTC is located in Minneapolis, Minnesota, and is publicly traded on the Nasdaq National Market System under the symbol "CMNT."

Condor Acquisition, Inc. ("Condor"), is a newly formed Minnesota corporation established to effect the merger of CNTC. Condor's principal offices are located in Broomfield, Colorado, and it is a wholly owned subsidiary of McDATA. Condor is not authorized to provide telecommunications services in any state.

McDATA is a Delaware corporation with principal offices located in Broomfield, Colorado. McDATA is publicly traded on the Nasdaq National Market System. Its Class A common shares are traded under the symbol "MCDTA," and its Class B common shares are traded under the symbol "MCDT." Neither McDATA nor any of its subsidiaries have any licenses relating to the provision of telecommunications services.

Applicant requests Commission approval to complete a series of transactions whereby McDATA will acquire indirect control of CNT through a merger of Condor and CNTC ("Transaction"). Applicant entered into an Agreement and Plan of Merger ("Merger Agreement") dated as of January 17, 2005, through which: (1) Condor will be merged with and into CNTC, whereupon the separate existence of Condor shall cease to exist, and CNTC will be the surviving entity; and (2) outstanding shares of CNTC will be converted into the right to receive 1.3 shares of McDATA Class A Common Stock plus cash in lieu of fractional shares. CNTC will then become a wholly owned direct subsidiary of McDATA, and CNT will become a wholly owned indirect subsidiary of McDATA. CNT will continue to provide services to customers and will continue to hold its certificates of public convenience and necessity. Upon completion of the Transaction, current McDATA and CNTC stockholders will own approximately 76% and 24%, respectively, of McDATA.

NOW THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the Applicant is hereby granted approval of the Transaction resulting in the transfer of indirect ownership and control of CNT to McDATA as described herein.

(2) The Applicant shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of consummation of the Transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Transaction was consummated.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00024  
APRIL 19, 2005**

JOINT PETITION OF  
NTELOS INC.,  
NTELOS TELEPHONE INC.,  
ROANOKE AND BOTETOURT TELEPHONE COMPANY,  
NTELOS NETWORK INC.,  
NA COMMUNICATIONS INC.,  
R&B NETWORK INC.,  
PROJECT HOLDINGS CORP.,  
QUADRANGLE CAPITAL PARTNERS LP,  
QUADRANGLE CAPITAL PARTNERS-A LP,  
QUADRANGLE SELECT PARTNERS LP,  
CITIGROUP VENTURE CAPITAL EQUITY PARTNERS, L.P.,  
CAPITAL RESEARCH AND MANAGEMENT COMPANY,  
and  
MORGAN STANLEY & CO., INC.

For authority under Chapter 5 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On February 7, 2005, NTELOS Inc. ("NTELOS"); NTELOS Telephone Inc. ("NTELOS Telephone"); Roanoke & Botetourt Telephone Company ("R&B Telephone," and, together with NTELOS Telephone, the "NTELOS ILECs"); NTELOS Network Inc. ("NTELOS Network"); NA Communications Inc. ("NA Communications"); R&B Network Inc. ("R&B Network," and, together with NTELOS Network and NA Communications, the "NTELOS CLECs," and, collectively with the NTELOS ILECs, the "Telephone Companies") (NTELOS, collectively with the Telephone Companies, the "NTELOS Companies"); Project Holdings Corp.; Quadrangle Capital Partners LP, Quadrangle Capital Partners-A LP, and Quadrangle Select Partners LP (collectively, "Quadrangle"); Citigroup Venture Capital Equity Partners, L.P., on behalf of itself and its affiliates, CVC/SBB Employee Fund, L.P., and CVC Executive Fund, LLC (collectively, "CVC"); Capital Research and Management Company, for and on behalf of certain funds and accounts ("Capital Research"); and Morgan Stanley & Co., Inc. ("Morgan Stanley"), filed a joint petition with the State Corporation Commission ("Commission") requesting authority pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") to implement a Transaction Agreement whereby control of the Telephone Companies will be relinquished by their current controlling owners, affiliates of Capital Research and Morgan Stanley, and assumed by Project Holdings Corp. Project Holdings Corp. is an entity formed and jointly owned by Quadrangle and CVC.

NTELOS is a Virginia business corporation headquartered in Waynesboro, Virginia. NTELOS Telephone, an indirect subsidiary of NTELOS, is a Virginia public service company providing incumbent local exchange telecommunications services ("ILEC") in Alleghany and Augusta Counties, the City of Covington, the town of Clifton Forge, and the City of Waynesboro. NTELOS Telephone provides local exchange telecommunications services to approximately 37,200 access lines.

R&B Telephone is a Virginia public service company providing ILEC services in and around Botetourt County, Virginia, including Troutville and Fincastle. R&B Telephone serves approximately 11,100 access lines and is also an indirect subsidiary of NTELOS.

R&B Network, NTELOS Network Inc., and NA Communications offer competitive local exchange telecommunications services ("CLEC") and serve approximately 37,000 access lines in several Virginia cities. In addition to CLEC services, NTELOS Network and R&B Network provide long distance telecommunications services for approximately 30,500 lines within the ILEC and CLEC service areas in Virginia. The NTELOS CLECs are either direct or indirect subsidiaries of NTELOS.

Project Holdings Corp. is a Delaware corporation organized for the purpose of acquiring the stock of NTELOS. Project Holdings Corp. is 50% owned by Quadrangle and 50% owned by CVC. Neither Quadrangle nor CVC will have the right to exercise ultimate decision making authority over the actions taken by Project Holdings Corp. without the other owner's consent.

Quadrangle is a private investment firm that specializes in telecommunications and media companies investments in the United States and Europe. Quadrangle's current investment portfolio includes a number of telecommunications and media companies, most significantly NuVox Communications and DataNet Communications Group, Inc.

CVC is a private equity firm whose limited partners include major institutional investors and its parent company, Citigroup, Inc. Founded in 1968, CVC is a private equity investor in technology-related companies worldwide. Its investments have included telecommunications equipment manufacturers and service providers.

Capital Research and its affiliates are investment advisors to numerous registered investment companies and other investment accounts. Certain of these investment companies and accounts are beneficial owners of NTELOS shares.

Morgan Stanley is a diversified financial services company that operates in four business segments: Institutional Securities, Individual Investor Group, Investment Management, and Credit Services. The Investment Management business provides global asset management products and services for individual and institutional investors. The private equity activities are included within the Investment Management business segment.

On February 24, 2005, NTELOS completed a recapitalization by committing to a \$35 million revolving credit facility, a \$400 million Term B Loan, and a \$225 million Term Loan Facility. The funds received from the financing were used to repay existing indebtedness, accomplish the stock buyback of a portion of NTELOS outstanding stock, and cover transaction costs. Immediately following completion of the recapitalization and stock buyback, Project Holdings LLC (the successor of Project Holdings Corp.) purchased, from holders of NTELOS equity, stock and warrants equivalent to 24.9% of the post-recapitalization Outstanding shares of NTELOS constituting the initial stock purchase. Although Project Holdings Cop. converted to a Delaware limited liability company for purposes of undertaking the initial stock purchase, the entity will convert back to a Delaware general business corporation prior to consummation of the merger.

Following the recapitalization, the stock buyback, the initial stock purchase, and regulatory approval by the Commission and other regulatory agencies, Quadrangle and CVC, through Project Holdings Corp., will acquire by merger all of the then outstanding common stock, options, and warrants to purchase common stock of NTELOS that Project Holdings Corp. will not already own. A wholly owned subsidiary of Project Holdings Corp., Project Merger Sub Corp. ("Merger Corp."), will merge with and into NTELOS, with NTELOS being the surviving entity.

The terms of the merger provide that (1) all remaining NTELOS equity securities will be cancelled and, except for shares owned by Project Holdings Corp., will be converted to a right to receive cash equal to \$40.00 per share of outstanding common stock, \$20.23 per share of common stock issuable pursuant to the exercise of a vested option, and \$16.27 per share of common stock issuable pursuant to the exercise of a warrant; and (2) each share of common stock of Merger Corp. will be converted into one share of common stock of NTELOS as the surviving entity. As a result of the merger, Project Holdings Corp. will own 100% of the equity of NTELOS. This change of control of NTELOS will indirectly effect a change of control of the Telephone Companies.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the NTELOS Companies, Project Holdings Corp., Quadrangle, CVC, Capital Research, and Morgan Stanley, and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control of the Telephone Companies pursuant to the Transaction Agreement as described herein will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, authority is hereby granted to the NTELOS Companies, Quadrangle, CVC, Capital Research, Morgan Stanley, and Project Holdings Corp. for the transfer of the ownership and control of the Telephone Companies from the affiliates of Capital Research and Morgan Stanley to Project Holdings Corp. pursuant to the Transaction Agreement as described herein.

(2) The Telephone Companies shall file a report of the action taken pursuant to the authority granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transfer of control took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00025  
FEBRUARY 23, 2005**

APPLICATION OF  
MIDATLANTICBROADBAND, INC. F/K/A ECONOMIC COMPUTER SYSTEMS, 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

**FINAL ORDER**

On May 22, 2002, in Case No. PUC-2002-00027, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services, Certificate Nos. T-586 and TT-178A, respectively, to Economic Computer Systems, Inc. ("ECS").

On July 29, 2004, ECS changed its name to MidAtlanticBroadband, Inc. ("MidAtlantic" or the "Company").

On February 9, 2005, MidAtlantic filed a letter notifying the Commission that ECS had changed its corporate name and requesting that the Commission cancel the current certificates issued to ECS and to reissue certificates in the name of MidAtlantic. The Company included documentation from the Clerk of the Commission effecting the change in corporate name.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services issued to ECS should be cancelled, and new certificates should be issued reflecting the MidAtlantic corporate name.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00025.
- (2) Certificate No. T-586 authorizing Economic Computer Systems, Inc., to provide local exchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (3) Certificate No. TT-178A authorizing Economic Computer Systems, Inc., to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (4) MidAtlanticBroadband, Inc., is hereby granted a certificate of public convenience and necessity, Certificate No. T-586a, to provide local exchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. T-586.
- (5) MidAtlanticBroadband, Inc., is hereby granted a certificate of public convenience and necessity, Certificate No. TT-178B, to provide interexchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. TT-178A.
- (6) No later than sixty (60) days from the date of this Order, MidAtlanticBroadband, Inc., shall file revised tariffs in the name of MidAtlanticBroadband, Inc., with the Commission's Division of Communications. The tariffs shall conform to all applicable statutes and Commission rules and regulations.
- (7) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00026  
MARCH 1, 2005**

APPLICATION OF  
CHESAPEAKE TELECOMMUNICATIONS CORPORATION

To discontinue local exchange and interexchange telecommunications services in Virginia

**ORDER PERMITTING DISCONTINUANCE OF SERVICES**

On February 14, 2005, Chesapeake Telecommunications Corporation ("Chesapeake" or the "Company") filed a Petition with the State Corporation Commission ("Commission") requesting Commission approval to discontinue its provision of local exchange and interexchange telecommunications services to customers in Virginia effective March 16, 2005. In its application, Chesapeake states that it has determined such action is necessary because the Company cannot attain profitability in the foreseeable future. Chesapeake's Petition also requests the cancellation of its intrastate tariffs and the cancellation of its local and interexchange certificates of public convenience and necessity.

According to the Petition, Chesapeake currently provides local exchange and interexchange telecommunications services to approximately 361 business and residential customers in the service territory of Verizon South Inc.

Pursuant to 20 VAC 5-423-20, a competitive local exchange carrier ("CLEC") must furnish prescribed notice to customers. The Commission's primary concern with authorizing discontinuance is providing adequate notice to affected customers. It appears that Chesapeake has provided adequate customer notice by means of a letter directly mailed to subscribers. A sample copy of that notice is attached to the Petition as Exhibit A.

NOW THE COMMISSION, being sufficiently advised, will grant the requested discontinuance of services.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00026.
- (2) Chesapeake is hereby granted authority to discontinue its provision of local exchange and interexchange telecommunications services to business and residential customers in Virginia effective March 16, 2005.
- (3) On or before March 11, 2005, Chesapeake shall report to the Commission's Division of Communications the number of its remaining residential and business customers in Virginia.
- (4) The tariffs of Chesapeake, on file with the Division of Communications, shall be cancelled effective March 21, 2005.
- (5) The local exchange certificate of public convenience and necessity of Chesapeake, No. T-440, and the interexchange certificate of public convenience and necessity of Chesapeake, No. TT-67A, shall be cancelled effective March 21, 2005.
- (6) Chesapeake shall provide a copy of its Petition upon written request by any interested parties to counsel for the Company, Robert G. Allen, Esquire, 1308 Devils Reach Road, Suite 203, Woodbridge, Virginia 22192. The Petition is also available for public inspection Monday through Friday,

8:15 a.m. to 5:00 p.m., at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia, or may be downloaded from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(7) This case shall be closed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. PUC-2005-00027  
MARCH 18, 2005**

APPLICATION OF  
MOTIENT SERVICES INC. OF VIRGINIA

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services and to reissue a certificate reflecting new corporate name

**FINAL ORDER**

On December 2, 1998, in Case No. PUC-1998-00134, the State Corporation Commission ("Commission") issued a certificate of public convenience and necessity to provide local exchange telecommunications services, Certificate No. T-424, to Access Point of Virginia, Inc. Access Point of Virginia, Inc., subsequently changed its corporate name, and on May 25, 1999, in Case No. PUC-1999-00092, the Commission issued Certificate No. T-424a in the name of AMSC Subsidiary Corporation of Virginia. AMSC Subsidiary Corporation of Virginia also changed its name, and on June 7, 2000, in Case No. PUC-2000-00015, the Commission issued Certificate No. 424b in the name of Motient Services Inc. of Virginia ("Motient").

On January 13, 2005, Motient changed its name to Mobile Satellite Ventures Inc. of Virginia ("Mobile Satellite Ventures" or the "Company").

On February 18, 2005, Mobile Satellite Ventures filed a letter notifying the Commission that the Company had changed its corporate name and requesting that the Commission cancel the current certificate issued to Motient and reissue the certificate in the name of Mobile Satellite Ventures. Mobile Satellite Ventures included documentation from the Clerk of the Commission effecting the change in corporate name.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the certificate of public convenience and necessity to provide local exchange telecommunications services issued to Motient should be cancelled and a new certificate should be issued reflecting the new corporate name.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00027.
- (2) Certificate No. T-424b authorizing Motient Services Inc. of Virginia to provide local exchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (3) Mobile Satellite Ventures Inc. of Virginia is hereby granted a certificate of public convenience and necessity, Certificate No. T-424c, to provide local exchange telecommunications services subject to all restrictions and conditions imposed on Certificate Nos. T-424, T-424a, and T-424b.
- (4) There being nothing further to be done, this matter shall be dismissed from the Commission docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00029  
MARCH 8, 2005**

APPLICATION OF  
T-CUBED OF VIRGINIA, INC.

For cancellation of certificate of public convenience and necessity to provide interexchange telecommunications services

**ORDER CANCELLING CERTIFICATE**

On February 22, 2005, T-Cubed of Virginia, Inc. ("T-Cubed VA"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity to provide interexchange telecommunications services ("Certificate"). The Commission granted Certificate No. TT-156A to T-Cubed VA in Case No. PUC-2001-00025 on June 15, 2001.

In the application, T-Cubed VA states that it has no current customers and does not plan to have customers in the future.

NOW THE COMMISSION, having considered the pleading and applicable law, is of the opinion and finds that the Certificate granted to T-Cubed VA should be cancelled. The Commission further finds that any interexchange telecommunications tariffs on file with the Division of Communications should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00029.

(2) Certificate No. TT-156A authorizing T-Cubed VA to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled.

(3) Any tariffs associated with Certificate No. TT-156A on file with the Division of Communications are hereby cancelled.

(4) There being nothing further to be done, this matter shall be dismissed from the Commission docket of active cases, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00030  
MARCH 4, 2005**

APPLICATION OF  
NEW HOPE TELEPHONE COOPERATIVE  
and  
NEW HOPE TELEPHONE COMPANY, An unincorporated association

For cancellation and reissuance of certificates of public convenience and necessity to reflect reorganization of business

**ORDER**

On February 22, 2005, New Hope Telephone Cooperative ("NHTC" or the "Cooperative"), together with the New Hope Telephone Company, an unincorporated association ("NHSA"),<sup>1</sup> filed a joint petition that requested the cancellation of certificate of public convenience and necessity No. T-125d, which permitted NHSA to provide local exchange telecommunications services, and issuance of a similar certificate in the name of NHTC. On March 21, 2004, NHSA reorganized, pursuant to Chapter 16 of Title 56 of the Code of Virginia, into a telephone cooperative. Previously, NHSA had been organized as an unincorporated association. Subsequently, by communication of counsel, NHTC and NHSA requested the cancellation of certificate of public convenience and necessity No. TT-58, which permitted NHSA to provide interexchange telecommunications services, and issuance of a similar certificate in the name of NHTC.

The Cooperative advises that it intends to provide the same services, within the same service area, as NHSA had previously done. The Cooperative also requests waiver of various provisions of the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers. We find such waivers unnecessary under the circumstances and in accordance with our jurisdiction over the Cooperative provided by § 56-502 of the Code of Virginia.

Finally, in a related docket, Case No. PUC-2005-00031, NHSA and NHTC have requested approval of the transfer of all telecommunications assets formerly held in the name of NHSA to NHTC.

For good cause shown, the Commission will grant the requests with regard to the certificates identified above.

Accordingly, IT IS ORDERED THAT:

(1) This matter should be docketed and assigned Case No. PUC-2005-00030.

(2) Certificate No. T-125d, issued to NHSA to provide local exchange telecommunications services, is cancelled and Certificate No. T-125e shall be issued in the name of New Hope Telephone Cooperative.

(3) Certificate No. TT-58, issued to NHSA to provide interexchange telecommunications services, shall be cancelled and Certificate No. T-58A shall be issued in the name of New Hope Telephone Cooperative.

(4) The cancellation and reissuances of certificates approved herein shall be effective as of the date of entry of a final order in Case No. PUC-2005-00031.

(5) There being nothing further to come before the Commission, this matter is dismissed.

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<sup>1</sup> The application identifies one of the applicants as the "New Hope Switchboard Association, d/b/a New Hope Telephone Company, a Virginia unincorporated association." The certificates of public convenience and necessity that are the subject of this application were issued April 27, 1951, in the name of New Hope Telephone Company, An Unincorporated Association (No. T-125 for local exchange service and No. TT-58 for toll telephone service).

**CASE NO. PUC-2005-00030**  
**MARCH 11, 2005**

APPLICATION OF  
NEW HOPE TELEPHONE COOPERATIVE  
and  
NEW HOPE TELEPHONE COMPANY, An unincorporated association

For cancellation and reissuance of certificates of public convenience and necessity to reflect reorganization of business

**CORRECTING ORDER**

On March 4, 2005, the State Corporation Commission ("Commission") entered an Order that, *inter alia*, directed the issuance of Certificate No. TT-58A in the name of New Hope Telephone Cooperative. It has come to the Commission's attention that Certificate No. TT-58A has been issued to another carrier. Accordingly, our March 4, 2005, Order shall be corrected to direct the issuance of Certificate No. TT-58a in the name of New Hope Telephone Cooperative.

Accordingly, IT IS SO ORDERED.

**CASE NO. PUC-2005-00031**  
**MARCH 4, 2005**

JOINT PETITION OF  
NEW HOPE TELEPHONE COMPANY, An unincorporated association  
and  
NEW HOPE TELEPHONE COOPERATIVE

For authority to transfer assets

**ORDER GRANTING AUTHORITY**

On February 22, 2005, New Hope Telephone Company, a Virginia unincorporated association (the "Association"),<sup>1</sup> and New Hope Telephone Cooperative, a Virginia cooperative (the "Cooperative") (collectively, the "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") under the Utility Transfers Act for authority to transfer all of the assets of the Association to the Cooperative.

As stated in the joint petition, the Association was founded in 1902 to provide local telephone service to residents in New Hope, Augusta County, Virginia, an unincorporated village ("New Hope"), and the surrounding vicinities and has been in business since that time. The Association currently provides local exchange telecommunications services to approximately 864 New Hope subscribers. The Association operates on a cooperative basis as a "mutual telephone company" under § 501(c)(12) of the Internal Revenue Code. As such, since the 1970s and earlier, the Association has maintained records of the patronage equity of its members and has conducted business as a non-agricultural telephone cooperative.

Commission records indicate that the Association had never incorporated as a telephone cooperative under § 56-485 *et seq.* of the Code of Virginia or any other statute providing for incorporation. On July 15, 2003, the Association's Board of Directors adopted a resolution finding and declaring that the continued operation of the Association as an unincorporated association was not in the best interests of the Association and authorizing the formation of a cooperative as an incorporated Virginia telephone cooperative, pending approval from the Association members and the transfer of all of the Association's assets to the Cooperative.

The Board of Directors notified all Association members by mail of the pending vote. As represented in the joint petition, 95% of the members voting approved the formation of the cooperative and the transfer of assets. In accordance with the vote, the Board of Directors formed the Cooperative on March 15, 2004, under the name of New Hope Telephone Cooperative. The Cooperative is currently a shell holding no assets.

The Petitioners request authority to transfer all of the assets of the Association to the Cooperative, such assets consisting of approximately one-half acre of land; telephone utility easements, lines, and equipment; and other tangible and intangible personal property used in the Association's business. There will be no transfer of funds in connection with the asset transfer, and the same owner will continue to own the assets except that the owner will become a cooperative rather than an association.

The Petitioners represent that the Cooperative will conduct business in substantially the same manner as the Association, will provide the same services to customers with no change in rates, terms, and conditions, and will have the same officers and employees. The Petitioners further represent that the members' interests will be promoted because it will be less likely that an individual member will be liable for the Cooperative's activities than was the case for the Association, and because clearly defined law regarding telephone cooperatives will render the Cooperative's governance options more efficient than those of the unincorporated Association. All members of the Association will become members of the Cooperative.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of assets from the Association to the Cooperative will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be authorized.

<sup>1</sup> The petition identifies one of the Petitioners the New Hope Switchboard Association d/b/a New Hope Telephone Company, a Virginia unincorporated association. The certificates of public convenience and necessity were issued April 27, 1951, in the name of New Hope Telephone Company, An Unincorporated Association (No. T-125 for local exchange service and No. TT-58 for toll telephone service).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, authority is hereby granted to the Petitioners to transfer all of the assets of New Hope Switchboard Association to New Hope Telephone Cooperative under the terms and conditions and for the purposes as described herein.
- (2) The Petitioners shall file a report of the action taken pursuant to the authority granted herein within thirty (30) days of consummation of the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00033  
MARCH 11, 2005**

APPLICATION OF  
CONSOLIDATED EDISON COMMUNICATIONS OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity

**ORDER**

By Order dated May 18, 2001, in Case No. PUC-2000-00303, the State Corporation Commission ("Commission") granted Consolidated Edison Communications of Virginia, Inc. ("Consolidated Edison" or the "Company"), Certificate Nos. T-556 to provide local exchange telecommunications services and TT-151A to provide interexchange telecommunications services in Virginia.

By letter application filed February 25, 2005, Consolidated Edison requested that its Certificates, No. T-556 and No. TT-151A, be cancelled. The application also stated that Consolidated Edison never provided telecommunications services in Virginia.

NOW THE COMMISSION, having considered the matter, is of the opinion that Consolidated Edison's certificates to provide local exchange and interexchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2005-00033.
- (2) Certificate No. T-556 granting authority to provide local exchange telecommunications services is hereby cancelled.
- (3) Certificate No. TT-151A granting authority to provide interexchange telecommunications services is hereby cancelled.
- (4) The captioned matter is hereby dismissed.

**CASE NO. PUC-2005-00034  
MARCH 23, 2005**

APPLICATION OF  
ESSENTIAL.COM OF VIRGINIA, INC.

For cancellation of certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER CANCELLING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

On February 28, 2005, United Systems Access Telecom of Virginia, Inc. ("USAT"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of certificate of public convenience and necessity No. T-515, previously issued to essential.com of Virginia, inc. ("essential.com"), in Case No. PUC-1999-00201.

In the application, USAT states that it has purchased essential.com in its entirety, that essential.com never had an approved tariff, and that essential.com has never had any customers in Virginia.

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds that Certificate No. T-515, granted to essential.com, should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00034.
- (2) Certificate No. T-515, authorizing essential.com to provide local exchange telecommunications services, is hereby cancelled.

(3) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00035  
JUNE 8, 2005**

JOINT PETITION OF  
SBC COMMUNICATIONS INC.  
and  
AT&T CORP.,  
AT&T COMMUNICATIONS OF VIRGINIA, LLC,  
and  
TCG VIRGINIA, INC.

For approval of merger and request for expedited consideration

**FINAL ORDER**

On February 28, 2005, SBC Communications Inc. ("SBC"), AT&T Corp. ("AT&T"), AT&T Communications of Virginia, LLC ("AT&T-VA"), and TCG Virginia, Inc. ("TCG"), (collectively, "Joint Petitioners") filed a Joint Petition with the State Corporation Commission ("Commission") requesting approval under Chapter 5 of Title 56 of the Code of Virginia ("Code") (§ 56-88 *et seq.*) (the "Transfers Act") of a proposed transaction under which SBC will merge with AT&T and gain control over two companies subject to regulation by the Commission, namely AT&T-VA and TCG.

The Joint Petition was filed as a result of a merger agreement between SBC and AT&T whereby AT&T will be merged into a wholly owned subsidiary of SBC. This wholly owned subsidiary is a newly formed entity created for the specific purpose of this transaction. AT&T will be the surviving entity of the merger with the newly formed subsidiary. This combined entity will retain the name "AT&T Corp." and will be a wholly owned subsidiary of SBC. AT&T is presently the holding company parent of AT&T-VA and Teleport Communications Group, Inc., which, in turn, is the holding company parent for TCG. Both AT&T-VA and TCG hold certificates of public convenience and necessity to provide telecommunications services in the Commonwealth. The Joint Petition notes that SBC already wholly owns two subsidiaries that are certificated to provide interexchange and competitive local exchange telecommunications services in the Commonwealth – SBC Long Distance, Inc. f/k/a Southwestern Bell Communications Services, Inc., and SBC Telecom, Inc.<sup>1</sup> The Joint Petitioners assert that upon consummation of the merger, these certificated entities will continue to hold all of the certificates they held prior to the proposed merger and that no transfer or disposition of assets of those certificated entities will be made in connection with the merger. Accordingly, the Joint Petitioners assert that the merger will have no adverse effect on service to the public at just and reasonable rates.

The Joint Petitioners also request that the Commission consider the Joint Petition on an expedited basis so that the merger may be consummated as quickly as possible. The Joint Petition provides no deadline by which the January 30, 2005, merger agreement between AT&T and SBC must be consummated. However, the Joint Petitioners assert that expedited treatment is warranted so that consumers in Virginia may enjoy the benefits that will result from the combination of financial, managerial, and network strengths of SBC and AT&T.

On March 10, 2005, the Commission issued an Order for Notice and Comment that, among other things: docketed the Joint Petition as Case No. PUC-2005-00035; provided that public notice should be given; afforded interested persons an opportunity to file comments and requests for hearing; directed the Commission Staff ("Staff") to file a Report detailing the results of its review of the Joint Petition; and sought comments on whether any provisions of § 56-235.5:1 of the Code are applicable to the Joint Petition. In the Order for Notice and Comment, the Commission also extended the period of review an additional sixty (60) days beyond the initial 60-day period provided by § 56.1-88.1 of the Code.

On April 8, 2005, the Joint Petitioners filed proof of compliance with publication of the notice as set out in the Order for Notice and Comment. No interested persons filed comments or requested a hearing.

The Staff filed its Report on May 13, 2005, stating that there was no indication that the proposed merger will have any adverse impact on the provision of adequate service to the public at just and reasonable rates. The Staff reported that SBC appears to be a financially strong and sound company; that there will be no transfer or disposition of assets of AT&T-VA and TCG in connection with the merger; that the proposed merger should be transparent to Virginia customers of AT&T-VA and TCG, as it will cause no interruption or alteration of the existing tariffs or customer arrangements; and that there should be no change in the Commission's ability to effectively regulate these entities, as well as any other certificated subsidiary of SBC.

With regard to Virginia's long distance market, the Staff believes that the merger between AT&T and SBC would not have any effect on a market concentration ratio, such as the Herfindal Hershman Index, because SBC's share of the Virginia intrastate, interLATA long distance market is quite small. The Staff states that the merger is unlikely to have any negative effect on long distance competition in Virginia. The Staff further notes that as the just and reasonable rate standard in the long distance marketplace is "market based" and "competitively determined," the Staff found no evidence that intrastate interexchange rates will increase as a direct result of the change of ownership and control of AT&T-VA and TCG. However, the Staff points out that AT&T-VA's decision to stop marketing to residential and small business consumers could impact rates offered by others, as AT&T-VA has been the price leader and de facto price ceiling for other interexchange carriers. However, the Staff notes that since this decision was announced by AT&T-VA prior to the announced merger, such a potential result is not directly tied to the merger.

With regard to local exchange competition, the Staff reports that while AT&T is a significant competitor in the local exchange market, neither TCG nor SBC have a significant share of that market. The Staff notes that there is presently an industry trend toward consolidation, but it is unclear when

<sup>1</sup> In a separate proceeding, Case No. PUC-2005-00016, the Commission granted the request to have the certificates of public convenience and necessity for SBC Telecom, Inc., cancelled and to have the certificates of public convenience and necessity held by SBC Long Distance, Inc., cancelled and reissued to SBC Long Distance, LLC. This new entity, SBC Long Distance, LLC, is the result of a restructuring plan approved in Case No. PUC-2005-00006.

consolidation could begin to hurt competition. The Staff states that it has no clear indication at this time that the merger of SBC and AT&T will have a negative effect on competition in Virginia. As noted above regarding interexchange telecommunications services, AT&T's decision to stop marketing could impact rates of other Competitive Local Exchange Carriers. Again, this was a decision made before the merger and, therefore, any impact would not be a direct result of the merger.

The Staff states that the service quality of AT&T-VA has been problematic for both the local exchange and long distance services. In 2004, seventy-five percent (75%) of the justified complaints attributed by the Staff to the intrastate long distance services of AT&T-VA, Sprint, MCI, and Verizon were against AT&T-VA. With regard to local service, AT&T-VA's results on two Commission performance standards have been unsatisfactory for the most recent three quarters. However, currently, complaints regarding AT&T-VA's local service are within the Commission's complaint threshold. The Staff reports that SBC's presence in Virginia is sufficiently small so as to make SBC not subject to the Commission's reporting requirements. The Staff further states that given AT&T-VA's decision to withdraw from actively marketing to the residential and small business market, the merger will not likely jeopardize service quality.

The Staff noted that no comments were filed in response to the Commission's inquiry into the applicability of § 56-235.5:1 of the Code to change in control applications. However, the Staff attached to its Report an interrogatory response setting forth the Joint Petitioners' view that they do not believe § 56-235.5:1 of the Code is applicable to the pending petition. In addition, the Staff provided information in its Report that it deemed relevant and helpful for the Commission in determining whether the statute applies and, if so, whether the proposed merger is consistent with the statute.

On May 20, 2005, the Joint Petitioners filed their Comments on the Staff Report and Request for an Early Decision. Citing the lack of opposition in the Staff Report and the absence of any expressed concern from any single customer, competitor, or governmental agency over the proposed merger, the Joint Petitioners requested a decision from the Commission in advance of the June 28, 2005, statutory deadline in place under the present procedural schedule.

NOW THE COMMISSION, having considered the pleadings and the applicable law, is of the opinion and finds that, pursuant to § 56-90 of the Code, approval of the proposed merger will not impair or jeopardize adequate service to the public at just and reasonable rates. Further, we need not answer the question as to whether § 56-235.5:1 of the Code is applicable to merger proceedings filed pursuant to the Transfers Act. The only legal arguments presented on this question are contained in an interrogatory response from AT&T. Moreover, no participant in this case has asserted that, if applicable, the statute is not satisfied.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the Joint Petition for Approval of Merger and Request for Expedited Consideration is hereby granted.
- (2) The Joint Petitioners shall file a report of action with the Commission within thirty (30) days of consummation of the proposed merger, subject to administrative extension by the Commission's Division of Public Utility Accounting.
- (3) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

**CASE NO. PUC-2005-00036  
MARCH 10, 2005**

APPLICATION OF  
XSPEDIUS MANAGEMENT CO. OF VIRGINIA, LLC

For amendment of its certificates of public convenience and necessity to reflect applicant's new name, Xspedius Management Co. of Virginia, Inc.

**ORDER**

On March 1, 2005, Xspedius Management Co. of Virginia, LLC ("Xspedius LLC") filed its application requesting the State Corporation Commission ("Commission") change the name reflected on its certificates of public convenience and necessity to reflect its new name, Xspedius Management Co. of Virginia, Inc. ("Xspedius Inc."). Xspedius LLC has been awarded Certificate No. T-592, authorizing the provision of local exchange telecommunications services, and Certificate No. TT-182A, authorizing the provision of interexchange telecommunications services, by the Commission's Final Order in Case No. PUC-2002-00122. On February 18, 2005, Xspedius LLC completed its conversion from a foreign limited liability company into a Virginia public service corporation, under various provisions of Virginia law. The resulting entity, Xspedius Inc., requests that certificates be issued in its name effective as of that date.

For good cause shown, the Commission will grant the requests with regard to the certificates identified above.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed and assigned Case No. PUC-2005-00036.
- (2) Certificate No. T-592 is cancelled and Certificate No. T-592a shall be issued in the name of Xspedius Management Co. of Virginia, Inc.
- (3) Certificate No. TT-182A is cancelled and Certificate No. TT-182B shall be issued in the name of Xspedius Management Co. of Virginia, Inc.
- (4) The certificates approved herein shall be effective as of February 18, 2005.

(5) Xspedius Inc. shall provide revised tariffs reflecting the new corporate name to the Commission's Division of Communications on or before May 9, 2005.

(6) There being nothing further to come before the Commission, this matter is dismissed.

**CASE NO. PUC-2005-00037  
MARCH 18, 2005**

PETITION OF  
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

For a declaratory order and emergency relief relating to UNE-P orders

**ORDER**

On March 4, 2005, MCImetro Access Transmission Services of Virginia, Inc. ("MCI") filed a petition, pursuant to 20 VAC 5-20-100 B of the Rules of Practice and Procedure ("Rules") of the State Corporation Commission ("Commission"), requesting the Commission enter a declaratory ruling that would require Verizon Virginia Inc. and Verizon South Inc. (collectively, "Verizon") "to continue accepting and processing MCI's UNE-P orders, under the rates, terms and conditions" of interconnection agreements entered into between these companies, and "ordering Verizon to comply with the change of law provisions" contained in said agreements.

On March 10, 2005, MCI filed a motion requesting leave to withdraw its petition without prejudice, reporting that it had entered into an interim commercial agreement with Verizon under which the latter will provide MCI with "UNE-P Replacement Services" through May 31, 2005.

NOW THE COMMISSION, being sufficiently advised, will grant MCI's motion to withdraw the petition without prejudice.

**CASE NO. PUC-2005-00038  
MARCH 18, 2005**

APPLICATION OF  
TELIGENT OF VIRGINIA, INC.

To cancel existing certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER CANCELLING CERTIFICATES**

On March 8, 2005, Teligent of Virginia, Inc. ("Teligent"), filed a letter application with the State Corporation Commission (Commission" ) requesting cancellation of its certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services ("Certificates"). The Commission granted Certificate Nos. T-392 and TT-40A in case No. PUC-1997-00124 on October 28, 1997.

In its application, Teligent states that Startec Global Licensing Company has acquired Teligent's long distance assets, consisting of its customers base and account information, and that Teligent has ceased to operate in Virginia.<sup>1</sup>

NOW THE COMMISSION, having considered the pleading and applicable law, is of the opinion and finds that the Certificates granted to Teligent should be cancelled. The Commission further finds that any local or interexchange telecommunications tariffs on file with the Division of Communications should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is hereby docketed and assigned Case No. PUC-2005-00038.
- (2) Certificate Nos. T-392 and TT-40A authorizing Teligent to provide local exchange and interexchange telecommunications services throughout the Commonwealth are hereby cancelled.
- (3) Any tariffs associated with Certificate Nos. T-392 and TT-40 on file with the Division of Communications are hereby cancelled.
- (4) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

<sup>1</sup> The customers in Virginia are provided interexchange telecommunications services via resale.

**CASE NO. PUC-2005-00039  
MARCH 23, 2005**

APPLICATION OF  
POTOMAC FIBER, LLC

To cancel existing certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER CANCELLING CERTIFICATES**

On March 9, 2005, Potomac Fiber, LLC ("Potomac"), filed a letter application with the State Corporation Commission ("Commission"), requesting cancellation of its certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services ("Certificates"). The Commission granted Certificate Nos. T-622 and TT-201A in case No. PUC-2003-00156 on March 17, 2004.

In its application, Potomac states that it has decided not to provide telephone service in Virginia.

NOW THE COMMISSION, having considered the pleading and applicable law, is of the opinion and finds that the Certificates granted to Potomac should be cancelled. The Commission further finds that any local or interexchange telecommunications tariffs on file with the Division of Communications should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is hereby docketed and assigned Case No. PUC-2005-00039.
- (2) Certificate Nos. T-622 and TT-201A authorizing Potomac to provide local exchange and interexchange telecommunications services throughout the Commonwealth are hereby cancelled.
- (3) Any tariffs associated with Certificate Nos. T-622 and TT-201A on file with the Division of Communications are hereby cancelled.
- (4) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases, and the papers herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00041  
JUNE 3, 2005**

JOINT APPLICATION OF  
KMC TELECOM III LLC,  
KMC TELECOM OF VIRGINIA, INC.  
and  
TELCOVE OF VIRGINIA, LLC

For approval of a transfer of assets and customer base

**ORDER GRANTING APPROVAL**

On March 14, 2005, TelCove, Inc. ("Buyer"), TelCove of Virginia, LLC ("TelCove Virginia"), KMC Telecom Holdings, Inc. ("KMC Holdings"), KMC Telecom LLC ("KMC"), KMC Telecom II LLC ("KMC II"), KMC Telecom III LLC ("KMC III"), and KMC Telecom of Virginia, Inc. ("KMC Virginia") (together with KMC, KMC II, and KMC III, the "KMC Operating Companies"), filed a joint application with the State Corporation Commission ("Commission") requesting approval of the transfer of assets, including certain customer accounts, of KMC Virginia from the KMC Operating Companies to Buyer.

Buyer is a privately held Delaware corporation with its principal place of business located in Canonsburg, Pennsylvania. The largest block of Buyer's shares is controlled by Bay Harbour Management, L.C., a private investment company, which controls funds that hold approximately 47% of ownership of Buyer. Buyer, through its operating subsidiaries, including TelCove Virginia, is a facilities-based provider of integrated communications services that serves medium and large businesses, state and local government agencies, educational institutions, and other communications service providers. Buyer, through its operating subsidiaries, is authorized to provide facilities-based local exchange and interexchange telecommunications services in every state except Alaska, Arizona, and Hawaii. In Virginia, TelCove Virginia is certificated to provide local exchange and interexchange telecommunications services.

KMC Holdings is a Delaware corporation with its principal place of business located in Bedminster, New Jersey. KMC Holdings is the ultimate holding company parent of KMC, KMC II, KMC III, and KMC Virginia.<sup>1</sup> KMC Holdings, through the KMC Operating Companies and its affiliates, provides voice and/or data services in every state except Alaska, Colorado, and Hawaii. In Virginia, KMC Holdings provides service through KMC Virginia.

<sup>1</sup> Other KMC Holdings subsidiaries in Virginia, which are not affected by the proposed Transaction, include KMC Telecom IV of Virginia, Inc., whose certificate of public convenience and necessity was cancelled per Commission Order dated May 23, 2005, in Case No. PUC-2005-00063; and KMC Telecom V, Inc., and KMC Data, LLC. KMC Telecom V, Inc., currently has tariffs pending with the Division of Communications and KMC Data, LLC, currently does not have accepted tariffs on file with the Commission.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

KMC, KMC II, and KMC III are Delaware limited liability companies with their principal place of business located in Bedminster, New Jersey. KMC Virginia is a Virginia corporation with its principal place of business located in Bedminster, New Jersey. KMC III provides wireline voice services in several states and holds international resold and facilities-based Section 214 authority, as well as domestic blanket Section 214 authority.

Buyer, TelCove Virginia, KMC III, KMC Virginia, and the KMC Operating Companies (together, "the Applicants") request Commission approval to complete a transaction ("Transaction") whereby Buyer will acquire certain assets, including certain customer accounts, from the KMC Operating Companies.

To effectuate the proposed Transaction, Buyer, KMC Holdings, and the KMC Operating Companies have entered into an Asset Purchase Agreement ("the Agreement"). Pursuant to the Agreement, Buyer will acquire from the KMC Operating Companies a portion of the 5ESS switches and related assets and network operations of KMC Virginia in Hampton Roads and Roanoke, Virginia. KMC Virginia's current customers will be transferred to Buyer, who will become the service provider for those customers through TelCove Virginia. KMC Virginia will continue to exist until the Transaction is completed and its certificates of public convenience and necessity are cancelled. KMC Virginia represents that it will file a request with the Commission to cancel its certificates of public convenience and necessity after the Transaction is complete.

After the proposed Transaction, TelCove will own all of the assets of KMC Virginia and will be providing services to KMC Virginia's customers through TelCove Virginia. Therefore, TelCove will be acquiring control of KMC Virginia from the KMC Operating Companies. The Applicants state the Transaction will not change the rates, terms, and conditions of the services provided to customers. Therefore, the proposed Transaction will be transparent to KMC Virginia's customers in terms of the service that they receive. The only difference will be in the name of their service provider, which is an existing certificated entity in Virginia. All of the affected customers will receive notice of the proposed Transaction, a copy of which was provided to Staff at its request.

NOW THE COMMISSION, upon consideration of the joint application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the Applicants are hereby granted approval of the proposed Transaction resulting in the transfer of assets and control of KMC Telecom of Virginia, Inc., from the KMC Operating companies to TelCove, Inc., as described herein.

(2) The Applicants shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the Transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the Transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00042  
MARCH 24, 2005**

PETITION OF  
A.R.C. NETWORKS INC. d/b/a INFOHIGHWAY COMMUNICATIONS, INC.,  
and  
XO COMMUNICATIONS, INC.

For a Declaratory Ruling Directing Verizon to Continue to Provision Certain UNEs and UNE Combinations

**ORDER DISMISSING AND DENYING**

On March 14, 2005, A.R.C. Networks Inc. d/b/a InfoHighway Communications Corporation, and XO Communications, Inc. (collectively, "Petitioners"), filed with the State Corporation Commission ("Commission") their "Petition for Emergency Declaratory Relief" ("Petition") seeking an action from this Commission to prevent Verizon Virginia Inc. ("Verizon") "from breaching its interconnection agreements . . . by prematurely ending the offering of certain unbundled network elements ("UNEs") and UNE combinations."

On March 15, 2005, DIECA Communications, Inc., d/b/a Covad Communications Company ("Covad") filed a motion supporting the Petition and requesting permission to participate in the proceeding.

By this Order, the Commission dismisses the Petition and denies Covad's motion. Petitioners seek a declaratory ruling but do not cite any Commission rule under which the Petition ostensibly is filed or upon which the Commission may grant the requested relief, thus warranting dismissal of the Petition. Furthermore, although not cited by the Petitioners, we note that Covad's motion references 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure ("Rules"), which, at Subpart C, states that "Persons having no other adequate remedy may petition the commission for a declaratory judgment." That rule also states that any such "petition shall meet the requirements of 5 VAC 5-20-100 B," and the requirements of 5 VAC 5-20-100 B state that the petition shall contain "a certificate showing service upon the defendant." The Petition, however, does not include a certificate showing service upon the defendant. Thus, even if we conclude that the Petitioners implicitly filed for a declaratory ruling under 5 VAC 5-20-100 C, the Petition did not comply with the Rules and accordingly is dismissed.

We find that this matter also should be dismissed if the Petition was properly filed in accordance with 5 VAC 5-20-100 C of the Commission's Rules. Specifically, the Petitioners do not establish that they have "no other adequate remedy," as required by 5 VAC 5-20-100 C. In addition, the Petitioners do not identify the specific contractual provisions that Verizon allegedly intends to breach, and, to the extent that this is a purely contractual

dispute, it "may be more appropriately addressed by courts of general jurisdiction."<sup>1</sup> Furthermore, Petitioners assert that Verizon's obligations to continue the provision of certain services arise from the so-called Triennial Review Remand Order recently issued by the Federal Communications Commission ("FCC") in *In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, WC Docket No. 04-313, CC Docket No. 01-338, Order on Remand, FCC 04-290 (released February 4, 2005). Thus, insofar as the matters raised by the Petition require construction of this FCC ruling, the parties may have an adequate – and more appropriate – remedy by seeking relief from that agency.

Finally, our dismissal of the Petition renders Covad's motion moot and, thus, it is hereby denied.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Petition filed by A.R.C. Networks Inc. d/b/a InfoHighway Communications Corporation and XO Communications, Inc., is DISMISSED.
- (2) The motion filed by DIECA Communications, Inc., d/b/a Covad Communications Company is DENIED.
- (3) This matter is dismissed and the papers herein shall be transferred to the file for ended causes.

<sup>1</sup> See *Petition of Cavalier Telephone, LLC v. Verizon Virginia Inc., For enforcement of interconnection agreement*, Case No. PUC-2002-00089, Final Order at 2 (Jan. 31, 2003).

**CASE NO. PUC-2005-00043  
APRIL 7, 2005**

APPLICATION OF  
XO VIRGINIA, LLC ON BEHALF OF ALLEGIANCE TELECOM OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity issued to Allegiance Telecom of Virginia, Inc.

**ORDER**

On March 14, 2005, XO Virginia, LLC ("XO Virginia"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of certificates of public convenience and necessity, No. T-418 and No. TT-57A, previously issued to Allegiance Telecom of Virginia, Inc. ("ALGX Virginia").

In the Application, XO Virginia states that on November 22, 2004, an application regarding an internal corporate reorganization was approved, allowing ALGX Virginia to be merged into XO Virginia and becoming a direct subsidiary of XO Communications Services, Inc. Furthermore, the Application states that ALGX Virginia no longer exists as a corporate entity, and that XO Virginia is now serving the former customers of ALGX Virginia. XO Virginia requests that the ALGX Virginia certificates granted on October 22, 1998, in Case No. PUC-1998-00111 be cancelled.

NOW THE COMMISSION, having considered the pleading and applicable law, is of the opinion and finds that Certificate No. TT-57A and Certificate No. T-418 granted to ALGX Virginia should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00043.
- (2) Certificate No. TT-57A authorizing ALGX Virginia to provide interexchange services is hereby cancelled.
- (3) Certificate No. T-418 authorizing ALGX Virginia to provide local exchange service is hereby cancelled.
- (4) Any tariffs associated with Certificate Nos. TT-57A and T-418 on file in the Commission's Division of Communications are hereby cancelled.
- (5) There being nothing further to be done, this case shall be closed, and papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00044**  
**APRIL 6, 2005**

APPLICATION OF  
 LIGHTSHIP TELECOM, LLC

For cancellation of certificates of public convenience and necessity

**ORDER**

By Order dated September 9, 2000, in Case No. PUC-2000-00067, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-508, permitting the provision of local exchange telecommunications services, and No. TT-110A, permitting the provision of interexchange telecommunications services, to Lightship Telecom, LLC ("Lightship" or "Company").

By Petition filed March 24, 2005, the Company requested the cancellation of its certificates of public convenience and necessity and withdrawal of any tariffs. Lightship advised that it "does not currently have any customers, operations or revenue in the Commonwealth" and that due to a change in its business plans, the Company "desires to forego offering intrastate telecommunications services in Virginia." At the time of the filing Lightship did not have accepted tariffs on file with the Commission.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-508 and TT-110A, previously issued to Lightship.

Accordingly, IT IS ORDERED THAT:

- (1) Certificate Nos. T-508 and TT-110A, issued to Lightship Telecom, LLC, are hereby cancelled.
- (2) This matter is dismissed.

**CASE NO. PUC-2005-00051**  
**MAY 20, 2005**

JOINT PETITION OF  
 VERIZON COMMUNICATIONS INC.  
 and  
 MCI, INC.

For approval of agreement and plan of merger

**ORDER APPROVING AMENDMENT**

On April 20, 2005, Verizon Communications Inc. ("Verizon") and MCI, Inc. ("MCI") (collectively, "Joint Petitioners"), completed a Joint Petition with the State Corporation Commission ("Commission") requesting approval under Chapter 5 of Title 56 of the Code of Virginia (§ 56-88 *et seq.*) (the "Transfers Act") of a proposed transaction that will result in the transfer of indirect control of MCImetro Access Transmission Services of Virginia, Inc. ("MCImetro"), to Verizon.

The Joint Petition was filed as a result of an Agreement and Plan of Merger ("Merger Agreement") between Verizon and MCI whereby MCI will be merged into ELI Acquisition, LLC ("ELI"), a Delaware limited liability company, which is wholly owned by Verizon and was created solely to facilitate the merger. ELI will be the surviving entity and will be renamed "MCI, LLC" upon completion of the merger.

On May 5, 2005, the Commission entered its Order for Notice and Comment, which required the Joint Petitioners to furnish notice of their proposed merger and established a procedural schedule for the Commission's determination of this matter.

On May 6, 2005, the Joint Petitioners filed their Amendment of Pleading that included their May 1, 2005, second Amendment ("May 1 Amendment") to the Merger Agreement. Pursuant to 5 VAC 5-20-130 the Joint Petitioners requested leave to amend their Joint Petition to include the new May 1 Amendment.

According to the Amendment of Pleading, the May 1 Amendment increases the financial consideration payable in the transaction by modifying Section 1.8(a) of the Merger Agreement to give MCI shareholders the right to receive a total of \$26.00 (rather than the \$23.10 contemplated by the March 29 Amendment) in cash and Verizon stock for each share of MCI stock they tender.

Under amended Section 1.8(a), MCI's shareholders will receive: (i) Verizon common stock equal to the greater of 0.5743 shares or the quotient obtained by dividing \$20.40 by the Average Parent Stock Price (as defined in the Merger Agreement); and (ii) a special dividend in the amount of \$5.60 per share, less the per share amount of any dividends declared by MCI between February 14, 2005, and the consummation of the Merger transaction. *See* May 1 Amendment, Item 1(a). These modifications to Section 1.8(a) of the Agreement guarantee MCI shareholders a total value of \$26.00 — \$5.60 in cash promptly upon their approval of the transaction, plus cash and Verizon stock worth \$20.40 — for each share of MCI stock they tender pursuant to the amended Agreement. *See* May 1 Amendment, Item 1(a) and 1(b).

In addition to revising the financial terms of the transaction as described above, the May 1 Amendment: (i) preserves Verizon's discretion to meet its compensation obligations by paying MCI shareholders additional cash instead of issuing additional shares over the 0.5743 exchange ratio set forth in Section 1.8(a), *see* May 1 Amendment Item 1(a); and (ii) obligates Verizon and its subsidiaries to vote any shares of MCI Common Stock they own in favor of adoption of the Merger Agreement and approval of the merger so long as such adoption and approval is recommended by MCI's Board at the time of the

vote, *see* May 1 Amendment, Item 4. Finally, the May 1 Amendment revises the Merger Agreement's definition of Excluded Shares to encompass stock held "in trust" or "for the benefit of" the Parties or their subsidiaries, *see* May 1 Amendment, Item 1(c), and substitutes May 1, 2005, for the Agreement's existing dates for certain financial and other disclosures, *see* May 1 Amendment, Items 2-3.

The Amendment of Pleadings states that the May 1 Amendment does not alter the structure of the proposed transaction or the benefits of it as described in the Joint Petition and that it does not affect the analysis of whether the proposed merger meets the statutory standard of not impairing or jeopardizing adequate service to the public at just and reasonable rates. Joint Petitioners also state that no additional notice or additional time to respond is needed because interested parties and members of the public will have an opportunity to comment on the May 1 Amendment as well as the Joint Petition under the timeline set forth in the Commission's May 5, 2005, Order for Notice and Comment.

Having considered the Amendment to Pleading and the attached May 1 Amendment, the Commission is of the opinion and finds that Joint Petitioners should be granted leave to amend their Joint Petition as requested.

Accordingly, IT IS ORDERED THAT:

- (1) Joint Petitioners are granted leave to amend the Joint Petition by incorporating the May 1 Amendment into the Agreement.
- (2) Comments upon the May 1 Amendment as incorporated into the Merger Agreement are invited in accordance with the procedural schedule set out in the May 5, 2005, Order for Notice and Comment.
- (3) Joint Petitioners shall serve a copy of this Order, together with a copy of the May 1 Amendment upon any person who has requested a copy of the Joint Petition and upon any person who hereafter requests a copy of the Joint Petition.
- (4) Persons who, on or before June 17, 2005, file written comments, request that a hearing be convened, or file notices of participation are invited to comment upon the May 1 Amendment as it relates to the Merger Agreement.
- (5) The procedural schedule established by the Order for Notice and Comment remains unaltered.
- (6) This matter is continued generally.

**CASE NO. PUC-2005-00051  
OCTOBER 6, 2005**

JOINT PETITION OF  
VERIZON COMMUNICATIONS INC.  
and  
MCI, INC.

For approval of agreement and plan of merger

**ORDER GRANTING APPROVAL**

On April 11, 2005, as supplemented on April 20, 2005, Verizon Communications Inc. ("Verizon") and MCI, Inc. ("MCI") (collectively, "Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission") requesting approval under Chapter 5 of Title 56 of the Code of Virginia ("Code") (§ 56-88 *et seq.*) ("Transfers Act") of a proposed transaction that will result in the transfer of indirect control of MCImetro Access Transmission Services of Virginia, Inc. ("MCImetro"), to Verizon.

The Joint Petition was filed as a result of an Agreement and Plan of Merger ("Merger Agreement") between Verizon and MCI whereby MCI will be merged into ELI Acquisition, LLC ("ELI"), a Delaware limited liability company, which is wholly owned by Verizon and was created solely to facilitate the merger. ELI will be the surviving entity and will be renamed "MCI, LLC" upon completion of the merger.

MCI is presently the holding company parent of MCImetro, a Virginia public service corporation providing regulated retail local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission. Upon completion of the merger, MCImetro is to remain a subsidiary of MCI and become a second-tier subsidiary of Verizon. All certificates held by MCImetro as a regulated subsidiary of MCI will continue to be held by MCImetro.<sup>1</sup>

The Petitioners note that Verizon Virginia Inc. ("Verizon VA") and Verizon South Inc. ("Verizon South") are both subsidiaries of Verizon and are incumbent local exchange carriers in Virginia. Petitioners state that the control of Verizon VA and Verizon South, and the services provided by these Verizon affiliates, will not be affected by the transaction. Petitioners state that the Merger Agreement does not call for the merger of any assets, operations, lines, plants, franchises, or permits of MCImetro with any assets, operations, lines, plants, franchises, or permits of any Verizon entity. Petitioners state that no change in rates, terms, and conditions for the provision of any service is called for in the Merger Agreement and that, to the extent changes are sought at a later date, such changes will be subject to regulatory approvals. Accordingly, Petitioners assert that the merger will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates.

On May 5, 2005, the Commission issued an Order for Notice and Comment that, among other things, established a procedural schedule in this matter. On May 6, 2005, Petitioners requested leave of the Commission to amend the Joint Petition to include the May 1, 2005, second amendment to the Merger Agreement. On May 20, 2005, the Commission issued an order granting Petitioners leave to amend the Joint Petition as requested.

<sup>1</sup> References to MCI in this Order Granting Approval encompass MCImetro where applicable.

On May 23, 2005, public comments were submitted by Mr. Paul Wayne Terry of Greenville. Mr. Terry addressed whether the proposed merger would impact the handling of inmate collect calls in the Commonwealth.

On June 16, 2005, NTELOS Network Inc., and R&B Network Inc. (collectively, "NTELOS") filed comments. NTELOS states that this proceeding presents the Commission with the unique opportunity to assess the status of competition in the Commonwealth. NTELOS asserts that the record reveals there are significant problems that impact the ability of competitive local exchange carriers ("CLECs") to compete in the local market. NTELOS asserts that Verizon continues to have problems with wholesale billing and directory listings. NTELOS concludes that the Commission should require Verizon to improve service in these areas before approving a merger that is sure to preoccupy Verizon for months to come.

On June 16, 2005, the Commission issued an Order on Motion, which extended the previously established procedural schedule in response to a Motion for Extension of Procedural Schedule filed by the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"). On July 5, 2005, the Commission issued an Order Scheduling Hearing in response to requests for hearing filed by Qwest Communications Corporation of Virginia ("Qwest") and jointly by XO Communications Services, Inc. ("XO"), and DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad") (collectively, "XO/Covad").<sup>2</sup>

On July 18, 2005, Cavalier Telephone, LLC ("Cavalier"), filed comments. Cavalier asserts that the Commission should deny the proposed merger for two reasons: (1) the merger would eliminate one of Verizon's two major retail competitors in Virginia; and (2) the merger would further concentrate Verizon's control of the Virginia wholesale market. Cavalier also states that it adopts, by reference as if fully stated in its comments, the comments filed by its affiliate and the Petition to Deny filed by its trade association on May 9, 2005, at the Federal Communications Commission ("FCC") in WC Docket No. 05-75. In addition, Cavalier argues that if the Commission approves the proposed merger, it should require as a condition of such approval: (1) the divestiture of MCI's current unbundled network element platform ("UNE-P") customers in Virginia to one or more competitors of Verizon in Virginia; and (2) the divestiture of MCI's current dedicated transport facilities in Virginia to one or more competitors of Verizon.

On July 18, 2005, Cox Virginia Telcom, Inc. ("Cox"), filed comments. Cox states that the practical effect of the proposed merger is a huge shift in the Virginia competitive landscape that will impair or jeopardize adequate service to the public at just and reasonable rates<sup>3</sup> and that will impede the Commission's mandate to "promote competitive product offerings, investments, and innovations from all providers of local exchange telephone services in all areas of the Commonwealth."<sup>4</sup> Cox argues that to minimize this impact, the Commission should adopt specific merger conditions, which are listed below, to protect consumers against the negative effects of such an overwhelming concentration of power and resources in one entity. Cox further asserts that facilities-based CLECs and voice over Internet Protocol service providers cannot provide service without efficient collocation and interconnection with the incumbents' networks to exchange calls between their customers and those of the incumbents – and that it would be naïve to expect that market forces alone will cause Verizon and other Regional Bell Operating Companies to voluntarily provide efficient and nondiscriminatory collocation and interconnection on just and reasonable rates and terms to competitive providers.

Specifically, Cox contends that the Commission should take three steps to help ensure smooth, seamless, and efficient interconnection by CLECs to other carriers on reasonable terms and conditions: (1) the Commission should assist with arbitration as requested by CLECs; (2) the Commission should, as a condition to approving the merger, require Verizon to permit CLECs to adopt interconnection agreements anywhere within the Verizon footprint; and (3) the Commission should, as a condition to approving the merger, require a three-year extension of existing interconnection agreements – with CLECs retaining the unilateral right to terminate such agreements any time within that three-year extended period. In addition, Cox concludes that Verizon's inadequate directory listing process harms both consumers and competitors and that anything diverting Verizon's energy and resources (*i.e.*, the proposed merger) is a threat to making real progress in fixing Verizon's directory listing process and, thus, impairs adequate directory listings to the public. As a result, Cox states that approval of the merger should be conditioned upon Verizon setting aside adequate personnel and resources to implement reforms in its directory listing process that may result from the Commission's investigation of this process in Case No. PUC-2005-00007.

On July 18, 2005, Qwest filed comments.<sup>5</sup> Qwest states that, as presently structured, Verizon's merger with MCI is not in the public interest because it will reduce competition in Virginia, and it will increase the rates paid by carriers, and ultimately the public, for telecommunications services. Qwest asserts that unless the Commission takes action to protect the public interest, these results, which violate §§ 56-90 and 56-235.5:1 of the Code, are inevitable in a proceeding like this where the nation's largest telephone company is acquiring the nation's second largest CLEC. Qwest further contends that these unlawful results become even more inevitable when considered in the context of the pending SBC/AT&T merger in which the nation's second largest telephone company is acquiring the nation's largest CLEC. Qwest states that the Verizon/MCI merger will make it far more difficult for Qwest and others to compete in the market for telecommunications services – in Virginia and elsewhere.

Qwest argues that the Commission should deny the proposed merger as currently structured, and that the merger should not be approved under the Transfers Act unless and until Verizon and MCI agree: (1) to divest their overlapping facilities and customers in the Commonwealth; (2) to offer, post-merger, interstate and intrastate special access, private line or its equivalent to other carriers at the lowest rates currently offered by either Verizon or MCI; (3) to not favor, post-merger, the acquired MCI affiliate, any other affiliate, or SBC/AT&T with respect to the terms and conditions under which the post-merger entity provides special access services or any other services; (4) to offer competitors in Virginia any services and facilities that the post-merger entity purchases from other incumbent local exchange carriers ("ILECs") out-of-region, and at the same rates, terms and conditions that it obtains them from those other ILECs out-of-region; (5) to give existing Verizon wholesale customers a "fresh look" right to terminate their contracts following the merger without any termination liability; and (6) to provide stand-alone DSL service on reasonable terms. Qwest further states that the Commission should, together with these conditions, establish specific reporting and enforcement mechanisms to ensure that the post-merger entity adheres to these conditions.

<sup>2</sup> On June 16, 2005, XO/Covad timely filed its notice of intent to participate in this case.

<sup>3</sup> See Va. Code § 56-90.

<sup>4</sup> Va. Code § 56-235.5:1.

<sup>5</sup> On June 13, 2005, Qwest timely filed notice of its intent to participate in this case.

On July 18, 2005, Consumer Counsel filed comments.<sup>6</sup> Consumer Counsel states that in order to approve the Joint Petition, the Commission must, based on a complete evidentiary record, find that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by the proposed merger.<sup>7</sup> Consumer Counsel also asserts that § 56-235.5:1 of the Code applies to the instant case, that the burden of proof lies with the Petitioners, and that the Commission has authority to impose conditions on its approval of the proposed merger. Consumer Counsel concludes that, in an effort to make certain the proposed merger complies with the statutory standards, the Commission should consider, as it may deem proper and the circumstances warrant, imposing the following conditions on any approval of the Joint Petition: (1) a requirement that the merged company maintain service quality; (2) a requirement that the merged company commit to a minimum level of investment in Virginia telecommunications infrastructure; (3) a requirement that limits, for a period of time, future rate increases under Verizon's Alternative Regulatory Plan; and (4) a requirement that Verizon make any non-price term of any interconnection agreement between Verizon and MCI available to any CLEC, including a requirement that any commercial contract affecting interconnection be filed with the Commission.

On July 19, 2005, XO/Covad filed comments, which include the testimony of William Page Montgomery attached as an exhibit thereto.<sup>8</sup> XO/Covad state that the proposed merger poses a great threat to the public interest in numerous and important ways, that the Joint Petition fails to meet the statutory requirements for approval under §§ 56-90 and 56-235.5:1 of the Code, and that the Joint Petition should be rejected. XO/Covad contend that if Verizon is allowed to acquire MCI and to terminate MCI's independent local activities, retail competition in the mid-size business market will diminish materially and the supply of competitive local facilities and services available on a wholesale basis to Verizon's remaining competitors would be severely undercut. XO/Covad assert that the Commission must engage in a careful analysis of the competitive consequences of the merger in Virginia before taking action on the Joint Petition. For example, XO/Covad argue that: (1) with respect to the residential market, Petitioners have not suggested any definition of the "relevant product market" and have not offered evidence in support of their proposed analytical approach; (2) with respect to business services, the availability of competitive alternatives to Verizon's local business services after the conclusion of the proposed merger is less promising than with respect to residential services, especially in the market of users of DS1 and greater services; (3) with respect to wholesale competition in the business market, the acquisition by the carrier with overwhelming capacity advantages over its competitors of the direct horizontal competitor with the next largest available capacity would be a clear threat to competition; and (4) the likelihood of either Verizon or SBC aggressively competing in the other's home territory is almost nil. XO/Covad further assert that, at a minimum, the Commission should mandate all the recommended conditions in Mr. Montgomery's testimony attached to its comments.

On August 12, 2005, the Commission's Staff ("Staff") filed its report on the Joint Petition. The Staff states that it is not convinced that Petitioners have met their burden of proof for the Commission to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by the proposed merger. The Staff suggests that the Commission consider two alternatives. The Staff asserts that the Commission could disapprove the Joint Petition without prejudice for the Petitioners to re-file with additional and sufficient information. Alternatively, the Staff states that the Commission could approve the Joint Petition, subject to appropriate conditions that ensure adequate service to the public at just and reasonable rates will not be impaired or jeopardized. In this regard, the Staff proposes the following conditions: (1) require Verizon VA and Verizon South to file notice with the Commission of their affiliate agreements with MCImetro having an annual value in excess of \$250,000 between either Verizon VA or Verizon South and MCImetro for two years; (2) require Verizon's affiliates providing intrastate interLATA long distance service in Virginia to submit revenue monitoring information to the Staff consistent with that required by the Commission's IXC Rules (20 VAC 5-411-10 *et seq.*); (3) require Verizon VA and Verizon South to respond to, and to resolve when possible, Commission complaints within 10 business days; (4) require Verizon VA, Verizon South, and MCImetro to offer and purchase unbundled network elements ("UNEs") and/or interconnection arrangements through interconnection agreements (including interconnection agreements filed with the Commission pursuant to § 252 of the federal Telecommunications Act of 1996), and require the companies to file other commercial interconnection agreements between the companies (outside § 251 obligations) with the Commission; (5) require Verizon VA and Verizon South to file to reclassify ATM and Frame Relay services as Other Local Exchange Telephone Services ("OLETS") under their Alternative Regulatory Plan;<sup>9</sup> (6) require Verizon VA and Verizon South to modify their high capacity UNE impairment wire center analysis (and corresponding availability) required by the FCC in its Triennial Review Remand Order ("TRRO") to reflect MCI as a nonaffiliated fiber-based collocator in Virginia wire centers; (7) require Petitioners to track the merger costs and savings for Verizon VA, Verizon South, and MCImetro for a minimum of three years; (8) deny or defer approval of the proposed merger subject to the FCC and Department of Justice ("DOJ") reviews to allow evaluating the potential impact of any of their merger conditions on Virginia; and (9) require Petitioners to file a report of action with the Commission within 30 days of consummation of the merger.

On August 12, 2005, the Staff, by counsel, also filed a memorandum of law regarding the applicability of § 56-235.5:1 of the Code to the Transfers Act. The Staff states that the comments filed by Qwest, Cavalier, Cox, XO/Covad, and Consumer Counsel either explicitly or inferentially maintain that § 56-235.5:1 of the Code is to be applied by the Commission when reviewing the Joint Petition. The Staff asserts that the plain language of § 56-235.5:1 provides that "[t]he Commission, in resolving issues and cases concerning local exchange telephone service under the federal Telecommunications Act of 1996 (P.L. 104-104), *this title*, or both, shall, consistent with federal and state laws, consider it in the public interest to . . ." (emphasis added). The Staff further notes that the Transfers Act, § 56-88 *et seq.*, is unquestionably part of *this title* of the Code as referenced in § 56-235.5:1. Accordingly, the Staff concludes that given the broad language of the enactment, unless there is a specific reason to exclude the application of § 56-235.5:1 of the Code, then it must be applied to Transfers Act proceedings.

On August 26, 2005, Petitioners filed a response, which includes statements from Margaret C. Hallbach and William E. Taylor attached as exhibits thereto. Petitioners assert, among other things, that: (1) § 56-235.5:1 of the Code does not import a "public interest" requirement into the Transfers Act; (2) Petitioners have met their burden of proof that the transaction will neither impair nor jeopardize adequate service at just and reasonable rates; (3) none of the Staff's or Consumer Counsel's proposed conditions is necessary for the Joint Petition to meet the statutory standard; (4) the various wholesale issues raised by CLECs in this case are either outside the Commission's jurisdiction or properly addressed in a different forum; and (5) none of the competitive harms to competition raised by the CLECs will jeopardize adequate service at just and reasonable rates.

<sup>6</sup> On May 20, 2005, Consumer Counsel timely filed notice of its intent to participate in this case.

<sup>7</sup> See Va. Code § 56-90.

<sup>8</sup> On July 21, 2005, the Commission issued an order granting XO/Covad's July 19, 2005, motion to accept its comments one-day late.

<sup>9</sup> Verizon South's ATM is currently classified as OLETS under the Alternative Regulatory Plan. See Case Nos. PUC-2004-00092 and PUC-2004-00142.

The public evidentiary hearing was held on September 1, 2, 6, and 9, 2005. Lydia R. Pulley, Esquire, Jennifer McClellan, Esquire, and Thomas A. Clare, Esquire, appeared on behalf of Verizon. Michelle Painter, Esquire, Dulaney L. O'Roark, III, Esquire, and Eric M. Page, Esquire, appeared on behalf of MCI. C. Meade Browder, Jr., Esquire, and Ashley Beuttel, Esquire, appeared on behalf of Consumer Counsel. JoAnne L. Nolte, Esquire, Kiva Bland Pierce, Esquire, Barbara J. Brohl, Esquire, Lynn Anton Stang, Esquire, and Robert C. Brown, Esquire, appeared on behalf of Qwest. Anthony Hansel, Esquire, appeared on behalf of Covad. Harry Davidow, Esquire, and Jason R. Karp, Esquire, appeared on behalf of XO. Robert M. Gillespie, Esquire, and Raymond L. Doggett, Jr., Esquire, appeared on behalf of the Staff.

Martin Clift, Vice President of Regulatory Affairs for Cavalier, testified as a public witness. Robert W. Woltz, Jr., President of Verizon in Virginia, William E. Taylor, Senior Vice President of NERA Economic Consulting, and Margaret C. Hallbach, Vice President – Mass Markets Strategy & Business Development for MCI, testified on behalf of Petitioners. Charles L. Ward, Vice President, Public Policy of Qwest Services Corporation, testified on behalf of Qwest. Don J. Wood, a Principal of Wood & Wood Consulting, Inc., testified on behalf of XO. Robert C. Dalton, Manager of Regulatory Analysis in the Commission's Division of Public Utility Accounting, Farris M. Maddox, Principal Financial Analyst in the Commission's Division of Economics and Finance, Penny Sedgley, Principal Research Analyst in the Commission's Division of Economics and Finance, Amy Gilmour, Telecommunications Competition Specialist in the Commission's Division of Communications, Steven Bradley, Deputy Director in the Commission's Division of Communications, and Kathleen Cummings, Deputy Director in the Commission's Division of Communications, testified on behalf of the Staff.

On September 9, 2005, Cavalier filed a Motion for Leave to Intervene for Limited Purpose, Motion to Strike from Evidence, and Motion to Initiate Investigation. Cavalier states that it seeks redress for the improper use in this proceeding of its confidential and proprietary data by the Petitioners. Cavalier states that it learned in the previous day or two that the Petitioners seem to have relied improperly upon line count information and other data from the 911 and E911 databases. Cavalier contends that it provided such information to Verizon under contractual restrictions contained in its interconnection agreement and that its misuse is a violation of the interconnection agreement and most likely also a violation of the Virginia Uniform Trade Secrets Act.<sup>10</sup> Thus, Cavalier requests that the Commission grant it leave to intervene for the limited purpose of halting the Petitioners' misconduct in this case. Cavalier also requests that the Commission strike from the record all evidence derived from Cavalier's confidential and proprietary data provided to Verizon in Verizon's capacity as administrator of the 911 or E911 database. Finally, Cavalier requests that the Commission initiate an investigation into Verizon's use of data from the 911 or E911 database to protect the public interest, protect competition, and prevent the wholesale violation of interconnection agreements and federal and other law.

The following filed post-hearing briefs on September 23, 2005: Petitioners; Qwest; XO/Covad; Consumer Counsel; and the Staff.<sup>11</sup>

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds as follows. The Joint Petition is approved subject to the requirements ordered herein.

#### Transfers Act

Petitioners request approval of the proposed merger under the Transfers Act, § 56-88 *et seq.*, of the Code. The General Assembly has set forth the criteria that the Commission must apply in evaluating the Joint Petition under the Transfers Act. Specifically, § 56-90 of the Code states as follows:

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. . . .

We must evaluate the Joint Petition, the support therefor, the objections thereto, and the requirements proposed by others according to this statutory criteria. Based on the evidence presented in this case, we find that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition subject to the requirements ordered herein, which we deem proper and the circumstances require.

Some of the participants also contend that the Commission must separately find that the Joint Petition is in the "public interest" in order to approve it under the Transfers Act. We disagree. When the General Assembly has intended to give the Commission authority to apply a public interest criterion in implementing a particular statute, it has expressly done so as part of that statute.<sup>12</sup> The General Assembly has not done so in the Transfers Act. In addition, the portion of § 56-90 stating that "the Commission shall make such order in the premises as it may deem proper and the circumstances require," does not create an *implicit* public interest criterion. Rather, the Transfers Act directs the Commission to make such order as it may deem proper and circumstances require, in order to 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.

Commission precedent also does not create a statutory public interest criterion in the Transfers Act that does not otherwise exist. Specifically, the briefs include citations to a prior Commission decision under the Transfers Act, involving electric and natural gas utilities, which referenced the public interest.<sup>13</sup> In that decision, however, the Commission observed in *dicta* that the petition was in the public interest; the Commission did not find that the Transfers Act included an implicit public interest criterion that had to be met prior to approval thereunder. Indeed, the Commission has held that our

<sup>10</sup> See Va. Code § 59.1-336 *et seq.*

<sup>11</sup> In addition, Cavalier filed a letter in lieu of post-hearing brief in the event it is permitted to file a post-hearing brief. Cavalier states that it supports, and adopts as fully set forth in its letter, the arguments made in the September 12, 2005, filing by XO.

<sup>12</sup> See, e.g., Va. Code §§ 56-235.5 B (iv), 56-481.1, and 56-481.2.

<sup>13</sup> *Joint Petition of Dominion Resources, Inc., and Consolidated Natural Gas Co., for approval of agreement and a plan of merger under Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUA-1999-00020, 1999 S.C.C. Ann. Rept. 169 (Sept. 17, 1999) ("*Dominion Resources I*").

statutory obligation under the Transfers Act is strictly limited as follows: "to find 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 law requires us to make the above finding, and no other."<sup>14</sup>

Finally, we agree with the Staff that "a merger between two telecommunications companies must be evaluated in light of the Commission's method of regulation of the carriers implicated (or their affiliates/subsidiaries) and give consideration to the markets in which they operate."<sup>15</sup> Moreover, as we explained in evaluating a prior telecommunications merger, in considering applications under the Transfers Act "our role is to be protective of rates and service quality that should already be in place."<sup>16</sup>

#### Section 56-235.5:1 of the Code

Section 56-235.5:1 of the Code mandates as follows:

The Commission, in resolving issues and cases concerning local exchange telephone service under the federal Telecommunications Act of 1996 (P.L. 104-104), this title, or both, shall, consistent with federal and state laws, consider it in the public interest to, as appropriate, (i) treat all providers of local exchange telephone services in an equitable fashion and without undue discrimination and, to the greatest extent possible, apply the same rules to all providers of local exchange telephone services; (ii) promote competitive product offerings, investments, and innovations from all providers of local exchange telephone services in all areas of the Commonwealth; and (iii) reduce or eliminate any requirement to price retail and wholesale products and services at levels that do not permit providers of local exchange telephone services to recover their costs of those products and services.

The Staff, Qwest, XO/Covad, and Consumer Counsel contend that the Commission must apply § 56-235.5:1 to this case and, as a result, must make a separate finding that the Joint Petition is in the public interest in order to approve it. We disagree.

As explained above, we do not make a separate public interest finding in order to grant a petition under the Transfers Act. In addition, § 56-235.5:1 does not create a public interest criterion in federal and state statutes that do not otherwise already contain such standard.<sup>17</sup> Section 56-235.5:1 also specifies that the Commission shall, "consistent with federal and state laws," consider certain items in the public interest, "as appropriate." We find that it is neither appropriate, nor consistent with state laws, to apply § 56-235.5:1's public interest standards to a Transfers Act case that does not include a separate public interest criterion.<sup>18</sup>

#### Deny Joint Petition

The Staff recommends that the Commission deny the Joint Petition without prejudice. Qwest asserts that the Joint Petition should be denied because Petitioners did not carry their burden of establishing that the requirements of § 56-90 have been satisfied. XO/Covad state that the Commission could deny the Joint Petition based on Petitioners' failure to meet their burden as required by the Code. Cavalier also asserts that the Commission should deny the Joint Petition.

We note that the Staff, Qwest, and XO/Covad also state that the Commission could approve the merger if we adopt the specific requirements requested by that party. Although we do not adopt all the conditions requested by these participants, we agree that the Joint Petition can satisfy the Transfers Act if additional requirements are imposed on the Petitioners. Indeed, any matters that would cause us to deny the Joint Petition have been addressed in the requirements ordered herein. Thus, we do not find that the Joint Petition must be denied.

In reaching this conclusion, we also find that Petitioners have met their burden of proof under the Transfers Act, subject to the requirements imposed by this Order Granting Approval. We note that this proceeding is not analogous to *Bell Atlantic I*, which was cited by participants throughout this case. In *Bell Atlantic I*, we dismissed the application without prejudice and afforded petitioners an opportunity to re-file a new application. In that case, however, we explained that petitioners did not provide any analysis in the application, did not supplement the application with testimony or analysis when given a chance to do so, and did not come forth with evidence or information to justify approval after concerns were identified in the Staff report. Thus, the Commission concluded that the "'record,' such as it is in support of the petition, consists almost entirely of argument of counsel."<sup>19</sup> Contrary to *Bell Atlantic I*, the Petitioners have presented sufficient analysis and evidence in this proceeding to meet their burden of proof and to support our findings herein.

<sup>14</sup> *Joint Petition of Bell Atlantic Corporation and GTE Corporation for approval of agreement and plan of merger*, Case No. PUA-1998-00031, 1999 S.C.C. Ann. Rept. 138, 142 (March 31, 1999) ("*Bell Atlantic I*") (quoting Va. Code § 56-90).

<sup>15</sup> Ex. 40, Part C at 1-2.

<sup>16</sup> *Bell Atlantic I* at 141.

<sup>17</sup> For example, if the Commission is resolving an issue or a case concerning local exchange telephone service under a provision of the federal Telecommunications Act of 1996 that does *not* contain a public interest criterion, then § 56-235.5:1 of the Code does not amend the federal statute to insert a new, additional standard therein. Similarly, if the Commission is resolving an issue or a case concerning local exchange telephone service under Title 56 of the Code, § 56-235.5:1 does not amend all relevant provisions of Title 56 to insert a new, additional public interest standard therein. Certain participants also note that the Commission recently applied § 56-235.5:1 in establishing intrastate access rates. See *Petition of AT&T Communications of Virginia, LLC, for reductions in the intrastate carrier access rates of Verizon Virginia Inc. and Verizon South Inc.*, Case No. PUC-2003-00091, Final Order (Feb. 9, 2005). However, that was not a proceeding under the Transfers Act.

<sup>18</sup> Finally, Petitioners argue in their post-hearing brief, at 14, that even if § 56-235.5:1 of the Code were applicable to this case, the Joint Petition satisfies the standards therein. Based on the record and the requirements attached to our approval herein, we agree.

<sup>19</sup> *Bell Atlantic I* at 141.

### FCC and DOJ Review

The Staff recommends that the Commission defer final approval until after the FCC and DOJ complete their reviews. Alternatively, the Staff recommends that the Commission condition any approval subject to further review of any federal conditions. XO/Covad contend that the Commission should delay ruling until after the FCC and DOJ act so that the Commission can retain jurisdiction to oversee the effects of any remedies on the telecommunications market in Virginia and tailor Virginia-specific remedies accordingly. Our findings in this Order Granting Approval, however, are not dependent upon any potential federal condition that may or may not be imposed on the merger, or on any specific action by the FCC and/or DOJ. Thus, based on the record herein, we conclude that the requested deferral is not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. Furthermore, if the FCC and/or DOJ direct Petitioners to take certain actions that require state approval under applicable Virginia law, Petitioners obviously must seek such approval forthwith.

### Report of Action

The Staff recommends that Petitioners file a report of action with the Commission within 30 days of consummation of the merger. Petitioners state that they would not object to such an order. Petitioners shall file a report of action with the Clerk of the Commission within 30 days of consummation of the merger, subject to administrative extension by the Commission's Director of Public Utility Accounting.

### Merger Savings

The Staff requests that Verizon VA, Verizon South, and MCImetro track merger costs and savings for a minimum of three years. Petitioners state that they would not object to this requirement. Verizon VA, Verizon South, and MCImetro shall track merger costs and savings for a minimum of three years and shall make the same available to the Staff upon request.

### Affiliate Agreements

The Staff requests that Verizon VA and Verizon South file notice with the Commission of their affiliate agreements with MCImetro having an annual value in excess of \$250,000 between Verizon VA or Verizon South and MCImetro for two years. Petitioners state that they would not object to providing such notice with the Staff once the list of affiliate agreements is no longer maintained on its web page until the two-year anniversary of the close of the transaction. We are not satisfied, however, that the web page listing is a reasonable substitute for the filing requested by the Staff. Thus, Verizon VA and Verizon South shall file notice with the Clerk of the Commission of their affiliate agreements with MCImetro having an annual value in excess of \$250,000 between Verizon VA or Verizon South and MCImetro for two years after consummation of the merger.

### Service Quality

The Staff requests that the Commission – until new service quality rules are adopted – require Verizon VA and Verizon South to respond to and resolve, when possible, Commission complaints within 10 business days. Consumer Counsel suggests that the Commission could impose an affirmative requirement that the merged companies at least maintain current levels of service quality. NTELOS asserts that the Commission should require Verizon to improve its wholesale billing process before approving the Joint Petition.

We find that these requirements are not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. Based on the evidence in this case, we do not conclude that the merger is the cause of Verizon VA's and Verizon South's service quality problems as addressed during the hearing, or that the merger will exacerbate such problems to the extent that adequate service will be impaired or jeopardized.<sup>20</sup> Nonetheless, we share the Staff's serious concern over Verizon's continued service quality problems, and we accept Verizon Witness Woltz's personal assurance that he will see that the problems are corrected.<sup>21</sup> In addition, we recently issued an order establishing local exchange service quality rules and conclude that such rules also present a vehicle with which to address service quality issues that may arise after the merger.<sup>22</sup>

### Directory Listings

Cox states that approval of the merger should be conditioned upon Verizon setting aside adequate personnel and resources to implement reforms in its directory listing process that may result from the Commission's investigation of this process in Case No. PUC-2005-00007. NTELOS asserts that the Commission should require Verizon to improve its directory listings before approving the Joint Petition.

We find that these requirements are not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. There is insufficient evidence in this case for us to conclude that the directory listing problems are related to the proposed merger or that the merger will exacerbate such problems to the extent that adequate service to the public at just and reasonable rates will be impaired or jeopardized. Moreover, we need not impose a requirement on our Transfers Act approval in order to implement any reforms that may result from the Commission's investigation in Case No. PUC-2005-00007.

<sup>20</sup> In addition, there is no evidence in this case for the Commission to find that specific wholesale billing problems exist, or are related to the merger, as alluded to by NTELOS.

<sup>21</sup> Tr. 1168-1171, 1174.

<sup>22</sup> Ex Parte: Establishment of Rules for Service Quality Standards for the Provision of Local Exchange Telecommunications Services, Case No. PUC-2003-00110, Final Order (Sept. 30, 2005).

ATM and Frame Relay

The Staff recommends that the Commission require Verizon VA and Verizon South to file to reclassify ATM and Frame Relay services as OLETS under their Alternative Regulatory Plan. The Staff is concerned that these services, which recently were deemed competitive by the Commission,<sup>23</sup> may no longer be competitive after the merger. Petitioners, however, assert in this case that there is no basis to find that competition will no longer effectively regulate the prices of ATM and Frame Relay after the merger. Petitioners also state that: (1) evidence relied upon by the Commission to find that Frame Relay was competitive included five contracts that Verizon VA lost to competitors, only one of which, the Covanet contract, was lost to MCI;<sup>24</sup> (2) in addition to Verizon VA and MCImetro, two other carriers – AT&T and Sprint – bid on that contract;<sup>25</sup> and (3) even if MCImetro had not been awarded the contract, AT&T or Sprint would have won before Verizon.<sup>26</sup>

We do not find, based on the record before us, that ATM and Frame Relay will no longer be competitive after the merger. This does not mean, however, that we could not find differently based on a different record. Specifically, ¶ D 4 of the Alternative Regulatory Plan provides an appropriate mechanism so that "Verizon Virginia, Verizon South, or any interested party may petition for the reclassification of a Verizon Virginia or Verizon South service." The Staff or any other interested party may initiate such a proceeding to reclassify ATM and Frame Relay as OLETS. We find that it is not necessary to require Verizon to make such a filing in order for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition.

Monitoring Long Distance Revenues

The Staff recommends that the Commission require Verizon's affiliates providing intrastate interLATA long distance service in Virginia to submit revenue monitoring information to the Staff consistent with that required by the Commission's IXC Rules (20 VAC 5-411-10 *et seq.*). We find that this requirement is not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. No other resellers of long distance service are required to provide this information. Obtaining this limited data from one group of resellers will not provide sufficient information to fully evaluate market power. We also note, as alluded to by Petitioners, that after an appropriate rulemaking proceeding the Commission could change its policy regarding the regulation and/or informational requirements of resellers of long distance service.

Infrastructure Investment

Consumer Counsel suggests that the Commission could impose a requirement that the merged company commit to a minimum level of investment in Virginia telecommunications infrastructure. Consumer Counsel, however, does not assert that we must impose such requirement in order to satisfy the Transfers Act.

We find that this requirement is not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. The Staff testified that Verizon VA's and Verizon South's capital and maintenance expense spending has remained relatively constant for the last three calendar years (2002-2004) and that, assuming Verizon's financial resources remain sufficient, the Staff expects Verizon VA and Verizon South to continue to invest in a manner that ensures adequate service in their entire service areas.<sup>27</sup> Petitioners agree with the Staff and assert that Verizon's financial resources will be sufficient for this purpose after the merger. In addition, Verizon currently is continuing its significant investment in fiber-to-the-premise deployment in Virginia,<sup>28</sup> and Verizon Witness Woltz testified that such deployment will not divert resources that Verizon VA and Verizon South need to provide service in Virginia.<sup>29</sup> Finally, we note that, regardless of the merger, local exchange providers also must make necessary investments in order to meet the Commission's service quality standards.

Alternative Regulatory Plan Rates

Consumer Counsel suggests that the Commission could impose a requirement that limits, for a period of time, future rate increases under Verizon's Alternative Regulatory Plan. Consumer Counsel, however, does not assert that we must impose such requirement in order to satisfy the Transfers Act.

We find that this requirement is not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. In approving Verizon's Alternative Regulatory Plan, we concluded – as required by § 56-235.5 B of the Code – that such plan protects the affordability of basic local exchange telephone service as such service is defined by the Commission. Section 56-235.5 B provides an alternative or exception to § 56-235.2 A of the Code, which otherwise limits just and reasonable rates to the traditional rate base, rate of return formulation outlined in § 56-235.2 A. That is, as noted by the Staff, for telephone companies such as Verizon VA and Verizon South

<sup>23</sup> See *Application of Verizon Virginia Inc., to Reclassify ISDN PRI Service (IntelliLinQ) and its associated Features, ATM Cell Relay Service and Frame Relay Services as Competitive under its Plan for Alternative Regulation*, Case No. PUC-2004-00141, Order Approving Reclassifications (Feb. 16, 2005); *Application of Verizon South Inc., to Reclassify ISDN PRI (IntelliLinQ) and its associated Features and Frame Relay under its Plan for Alternative Regulation*, Case No. PUC-2004-00142, Order Approving Reclassifications (Feb. 16, 2005).

<sup>24</sup> See Ex. 48.

<sup>25</sup> Tr. 1159.

<sup>26</sup> *Id.*

<sup>27</sup> Ex. 40, Part C at 16.

<sup>28</sup> Tr. 1171-1173.

<sup>29</sup> Woltz, Tr. 1173.

operating under an alternative regulatory plan, the ratemaking methodology by which just and reasonable rates are determined for basic local exchange telephone services has been replaced by the standard of affordable rates as provided in § 56-235.5 B.

#### Divestiture

Qwest argues that the Commission should deny the proposed merger unless the Petitioners agree to divest MCI's local overlapping facilities and customers in the Commonwealth. Qwest asserts that such divestiture is necessary to sustain the competitive pressure placed on Verizon in the wholesale loop and transport market and is critical to mitigating the harmful ramifications of the merger. Cavalier also argues that if the Commission approves the proposed merger, it should require the divestiture of MCI's current dedicated transport facilities in Virginia and MCI's current UNE-P customers in Virginia.

Although we do not perform (under the Transfers Act) the typical antitrust analysis that may be undertaken by the DOJ and/or FCC, the Commission has the authority to require divestiture if we find that such requirement is necessary to satisfy the Transfers Act.<sup>30</sup> However, based on (i) evidence regarding Verizon's and MCI's facilities and services in Virginia,<sup>31</sup> (ii) the Commission's continuing ability to regulate intrastate services under Virginia law, and (iii) our finding that the question of divestiture has been raised before the FCC and possibly DOJ,<sup>32</sup> we find that divestiture of MCI's overlapping facilities and customers in the Commonwealth is not needed for us to be satisfied that adequate service at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. We emphasize that our analysis herein is independent of, and does not duplicate, the specific examination of potential divestitures that may be undertaken by the FCC and/or DOJ for purposes of interstate services.

#### Stand-Alone DSL

Qwest asserts that the Commission should deny the proposed merger unless the Petitioners agree that Verizon will offer to competitors in Virginia stand-alone DSL on reasonable terms. We find that this requirement is not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition.

A requirement by this Commission for the provision of stand-alone DSL on "reasonable terms" is too vague to be effective for the purpose requested herein. Moreover, there is insufficient evidence in this case for us to determine "reasonable" rates and terms in this regard. Petitioners also state that Verizon VA currently offers stand-alone DSL service to wholesale providers, who can then package it with their own retail services for sale to: (1) existing Verizon VA retail customers who port their voice service to a facilities-based carrier or wireless carrier and want to retain DSL service without the voice service; (2) retail customers who purchase voice service from a CLEC using a UNE-P replacement product under a wholesale contract; and (3) retail customers who do not currently have voice service with Verizon.<sup>33</sup> In addition, Verizon Witness Woltz assures that Verizon is working to implement stand-alone DSL for the remaining customers in the near future.<sup>34</sup>

Finally, we again note that our analysis herein is independent of, and does not duplicate, the specific examination of potential requirements for DSL that may be undertaken by the FCC and/or DOJ for purposes of interstate services.

#### Special Access / High Capacity Facilities

XO/Covad request that the Commission require Verizon's existing special access prices to be reset to earn no more than 11.25% and require Verizon to make available the existing special access plans with such recalculated pricing for both intrastate and interstate services. Qwest asserts that the Commission should deny the proposed merger unless Petitioners agree that Verizon will continue to offer intrastate and interstate special access and private line or its equivalent to other carriers at the lowest rates currently offered by either Verizon or MCI. Qwest also states that the Commission should deny the proposed merger unless Petitioners agree that Verizon will not favor MCI or any other affiliate, or SBC/AT&T, with respect to the terms and conditions under which it provides special access or any other services, compared to the terms and conditions under which it offers those services to other competitors. We find that these specific requirements are not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition.

First, intrastate special access only represents approximately 5% of the special access provided by Verizon in Virginia. Qwest, for example, purchases no intrastate special access from Verizon in Virginia.<sup>35</sup> The Commission also currently regulates private line and intrastate special access as

<sup>30</sup> See, e.g., *Dominion Resources I* at 170-71.

<sup>31</sup> For example, MCI serves end-user buildings with its own fiber in Northern Virginia and Richmond, and these overlapping facilities are located in 12% of Verizon's wire centers in Virginia. Ex. 22, 23; Taylor, Tr. 432, 509. Other competitors have deployed fiber in Virginia where there is overlap. Taylor, Tr. 433, 508-511. There are an average of four additional competitors (*i.e.*, excluding Verizon and MCI) that have their own fiber facilities in Verizon wire centers where MCI has fiber as well. Ex. 23; Taylor, Tr. 433. Petitioners asserted that MCI has a relatively small percentage of the 4,000-plus different buildings lit by CLECs in Virginia. Exs. 5, 23; Taylor, Tr. 531-32, 1100. Petitioners also provided illustrations of self-reported data from some, but not all, fiber providers that depicted local fiber encompassing Richmond and Northern Virginia – specifically, illustrating Verizon wire centers with CLEC fiber-based collocation arrangements and CLEC fiber routes. Exs. 22 and 27. Petitioners also asserted that there are 15 known CLECs with fiber in the Virginia portion of the Washington, D.C., cluster and seven CLECs with known fiber in the Richmond cluster – *i.e.*, the two areas of the Commonwealth where Petitioners have overlapping facilities. Taylor, Tr. 433. In addition, Ex. 45S provides information on competitive lines in Virginia.

<sup>32</sup> See, e.g., Ward, Tr. 710; Petitioners' post-hearing brief at 65.

<sup>33</sup> See, e.g., Petitioners' post-hearing brief at 72-74.

<sup>34</sup> Woltz, Tr. 160-164, 171-172.

<sup>35</sup> See Ward, Tr. 680; Ex. 29.

OLETS under Verizon's Alternative Regulatory Plan.<sup>36</sup> Based on (i) the limited amount of intrastate special access provided by Verizon in the Commonwealth, and (ii) our regulation of such and private line under the Alternative Regulatory Plan, we find that the requested requirements attendant to intrastate service are not necessary for approval under the Transfers Act.

Next, we note that respondents raise serious concerns, for example, that eliminating MCI as a separate competitor in the special access market may negatively impact competition and harm the wholesale market for interstate special access.<sup>37</sup> We recognize and share some of these same concerns, especially regarding mid-size business customers. Petitioners, on the other hand, submit evidence arguing that MCI is not a significant provider of special access and other services in Virginia and that MCI does not have any unique purchasing power.<sup>38</sup> Based on (i) evidence regarding Verizon's and MCI's facilities and services in Virginia, and (ii) our finding that questions regarding interstate special access and related services have been raised before the FCC and are part of a scheme of federal regulation,<sup>39</sup> we conclude that it is not necessary to condition our approval on the specific requirements requested by XO/Covad and Qwest. Consistent with our discussions above, we note that our analysis herein is independent of, and does not duplicate, the specific examination of these issues that may be undertaken by the FCC and/or DOJ for purposes of interstate services.

XO/Covad also request that the Commission require Verizon: (1) to make available high capacity loops, transport, and loop transport combinations at just and reasonable rates and under such terms and conditions to offset the alleged anti-competitive aspect of the merger and to promote competition; and (2) to match the rates that MCI has offered pre-merger for wholesale loop and transport facilities. In addition, Qwest asserts that the Commission should deny the proposed merger unless the Petitioners agree that Verizon will offer to competitors in Virginia any services or facilities that the post-merger entity purchases from other ILECs out-of-region, and at the same rates, terms, and conditions that the post-merger entity obtains from those ILECs out-of-region.

We find that these specific requirements are not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. Similar to our discussion of interstate special access, this conclusion is based on (i) evidence regarding Verizon's and MCI's facilities and services in the Commonwealth, and (ii) our finding that the matters involved in the requested conditions are part of a scheme of federal regulation.<sup>40</sup> This analysis is independent of, and does not duplicate, the specific examination of these issues that may be undertaken by the FCC and/or DOJ for purposes of interstate services.

Finally, although we do not adopt XO/Covad's and Qwest's specific requests, which apply to both Verizon and MCI, we find that a related requirement applicable only to MCI is necessary to satisfy the Transfers Act. There is significant evidence in this case on how the departure from the market of an independent MCI may ultimately impact the provision of local services to Virginia consumers, especially mid-size business customers that rely upon T1/DS1 and greater connectivity.<sup>41</sup> As a requirement of our approval, MCI must continue to offer to wholesale customers in Virginia its available intrastate and interstate special access, private line or its equivalent, and high capacity loop and transport facilities, without undue discrimination, at pre-merger terms and conditions and at prices that do not exceed pre-merger rates. Thus, existing and future wholesale customers of MCI in Virginia shall be entitled to purchase these services at like rates, terms, and conditions as those for comparable services pre-merger. The requirement ordered herein shall continue until the Commission issues an order finding that such is no longer necessary for us to be satisfied that removing MCI as an independent provider of these services will not impair or jeopardize adequate service to the public at just and reasonable rates. Petitioners or any interested person may initiate a case at any time requesting that the Commission remove this requirement.

In addition, we disagree with Petitioners' claim that the Commission lacks the authority to order such a requirement in this case. The Commission is not, for example, prohibited from conditioning Transfers Act approval on matters related to federal authority.<sup>42</sup> Furthermore, these intrastate and interstate wholesale services are used by competitive carriers to provide local service to Virginia consumers. In order to fulfill our duty under the Transfers Act to protect just and reasonable rates for Virginia consumers, the Commission may condition a merger by imposing requirements on intrastate and interstate services such as these. As previously explained, "our role is to be protective of rates and service quality that should already be in place."<sup>43</sup> In

<sup>36</sup> Petitioners assert that the Commission is prohibited from impacting intrastate special access rates in this proceeding, because such rates are part of the Alternative Regulatory Plan. We disagree. If required in order to satisfy the Transfers Act, the Commission has the authority to impact rates under an alternative regulatory plan as part of any merger approval. See, e.g., *Joint Petition of Bell Atlantic Corporation and GTE Corporation for approval of agreement and plan of merger*, Case No. PUC-1999-00100, 1999 S.C.C. Ann. Rept. 321, 323 (Nov. 29, 1999) ("*Bell Atlantic II*").

<sup>37</sup> See, e.g., Qwest's post-hearing brief at 9-20; XO/Covad's post-hearing brief, *passim*.

<sup>38</sup> See, e.g., Petitioners' post-hearing brief at 32-36.

<sup>39</sup> See, e.g., Taylor, Tr. 517; Ward, Tr. 680-81; Petitioners' post-hearing brief at 68-70.

<sup>40</sup> See, e.g., Petitioners' post-hearing brief at 74-79.

<sup>41</sup> For example, there is evidence that: (1) MCI provides high capacity services to other carriers in the mid-size business market (Wood, Tr. 751); (2) one of the largest CLECs in Virginia, next to MCI and AT&T, purchases almost all of its non-Verizon high capacity transport from MCI (Ex. 34); (3) for one of the largest CLECs in Virginia, next to MCI and AT&T, in more than 90% of the central offices where such CLEC purchases high capacity fiber transport from carriers other than Verizon, there is no alternative competitive supplier to Verizon or MCI of such transport (Ex. 34; Wood, Tr. 833); and (4) MCI currently offers lower prices than Verizon for transported loop services (Wood, Tr. 751-52). See also XO/Covad's post-hearing brief at 35-39.

<sup>42</sup> See, e.g., *Joint Petition of Cypress Communications Holding Co. of Virginia, Inc., Cypress Communications Holding Co., Inc., and Techinvest Holding Co., Inc., for approval of a transfer of control*, Case No. PUC-2004-00146, Order Granting Approval at 6 (Apr. 13, 2005) (Transfers Act approval "conditioned upon approval by the FCC, [Committee on Foreign Investment in the United States], DOJ, and [United States Department of Homeland Security]"); *Bell Atlantic II* at 324 (ordering that petitioners "shall not consummate the proposed merger unless the FCC authority to continue GTE South's interLATA local calling plans is received"); and *Joint Petition of Dominion Resources, Inc., and Consolidated Natural Gas Co., for approval of agreement and a plan of merger under Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUA-1999-00020, 1999 S.C.C. Ann. Rept. 173, 174 (Sept. 27, 1999) (prohibiting petitioners from consummating the merger pending subsequent review by the Commission of pending SEC orders on the merger).

<sup>43</sup> *Bell Atlantic I* at 141.

this regard, we find that to the extent other providers have relied upon MCI as a competitive alternative to Verizon for these services in Virginia, the above requirement is necessary to ensure the continuation of MCI's pre-merger rates, terms, and conditions in Virginia until we can conclude that the departure from the market of an independent MCI will not result in the potential harms identified in this proceeding. If Petitioners are correct that MCI's role in Virginia is limited for these purposes, then the required condition should have limited impact on the merged company.<sup>44</sup>

#### Interconnection Agreements

The Staff states that the Commission should require Verizon VA, Verizon South, and MCImetro to offer and purchase UNEs and/or interconnection arrangements through interconnection agreements (including interconnection agreements filed with the Commission pursuant to § 252 of the Telecommunications Act of 1996), and require the companies to file other commercial interconnection agreements between the companies (outside § 251 obligations) with the Commission. Consumer Counsel also suggests that the Commission could impose a requirement that any commercial contract affecting interconnection be filed with the Commission. In response, Verizon states that it intends to provide interconnection and/or network elements required under § 251 to MCImetro in Virginia pursuant to interconnection agreements entered into under §§ 251 and 252. In addition, Verizon states that if it removes the commercial agreements from its web page, or otherwise takes the web page down, Verizon will make the commercial agreements available to the Staff. Similar to our finding regarding affiliate agreements, we are not satisfied that the web page listing is a reasonable substitute for the filing requested by the Staff. Thus, Verizon VA, Verizon South, and MCImetro shall: (1) provide and purchase interconnection and/or network elements required under § 251 in Virginia pursuant to interconnection agreements entered into under §§ 251 and 252; and (2) file other commercial interconnection agreements between the companies (outside § 251 obligations) with the Clerk of the Commission.

Next, the participants propose a series of conditions that would affect the operation of interconnection agreements. For example:

- Qwest asserts that the Commission should deny the proposed merger unless Petitioners agree that Verizon will give its wholesale customers in Virginia a "fresh look" right to terminate their contracts with Petitioners without termination liability;
- XO/Covad request that the Commission require Verizon to reinitialize all existing interconnection agreements – and entitle CLECs to take a "fresh look" at existing un-expired interconnection agreements in order to terminate any non-compliant agreements without penalty;
- XO/Covad request that the Commission limit any interconnection agreement arbitrations to those changes of law arising out of the FCC's Triennial Review Remand Order or TRRO;
- XO/Covad request that the Commission establish uniform contract amendment provisions that will apply to new interconnection agreements;
- XO/Covad request that the Commission require Verizon to enter into interconnection agreements with three- to five-year terms;
- Cox states that the Commission should require a three-year extension of existing interconnection agreements – with CLECs retaining the unilateral right to terminate such agreements any time within that three-year extended period;
- Cox states that the Commission should require Verizon to permit CLECs to adopt interconnection agreements anywhere within the Verizon footprint; and
- Consumer Counsel suggests that the Commission could impose a requirement that Verizon make any non-price terms of any interconnection agreement between Verizon and MCI available to any CLEC.

We find that these requirements are not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. This conclusion is based on (i) evidence regarding Verizon's and MCI's facilities and services in the Commonwealth, (ii) Petitioners explanation that Verizon VA, Verizon South, and MCImetro will, and must, honor their contracts with wholesale customers after consummation of the merger, and, similar to discussions above, (iii) our finding that matters involved in the requested conditions are part of a scheme of federal regulation. Our analysis herein is independent of, and does not duplicate, the specific examination of these issues that may be undertaken by the FCC and/or DOJ for purposes of interstate services.

#### Section 251 UNEs / Section 271 UNEs

The Staff recommends that the Commission require Verizon VA and Verizon South to modify their high capacity UNE impairment wire center analysis (and corresponding availability) required by the FCC in its TRRO to reflect MCI as a non-qualifying fiber-based collocater in Virginia wire centers. In addition, XO/Covad request the following requirements related to §§ 251 and 271 UNEs:

- that the Commission require Verizon to recalculate the wire center locations where § 251 high capacity loops, transport, and dark fiber UNEs are provided, treating AT&T and MCI as non-qualifying collocators;
- that the Commission specify a pricing process for UNEs to replace the time consuming process to identify forward looking costs;
- that the Commission require rates for § 251 UNEs be capped at the rates in effect as of July 1, 2005;
- that the Commission require enforcement of Verizon's obligation to provide access to loops and transport regardless of whether impairment exists and § 251 UNEs are required;
- that the Commission require Verizon to waive the cap of ten on the number of DS1 loops and transport circuits that can be ordered to a building or a particular route;

<sup>44</sup> Indeed, Petitioners argue that MCImetro is not a significant provider of wholesale high capacity services. Petitioners' post-hearing brief at 22.

- that the Commission require Verizon to offer DS1 and DS3 loops and transport as § 271 UNEs in all locations where high capacity loop and transport UNEs are no longer provided under § 251; and
- that the Commission create transition pricing rules for UNEs that Verizon and other ILECs are required to provide under § 271.

We find that these requirements are not necessary for us to be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Joint Petition. This conclusion is based on (i) evidence regarding Verizon's and MCI's facilities and services in the Commonwealth, and (ii) our finding that matters involved in the requested conditions are part of a scheme of federal regulation. Our analysis herein is independent of, and does not duplicate, the specific examination of these issues that may be undertaken by the FCC and/or DOJ for purposes of interstate services.

#### Motion to Strike E911 Data

Finally, we deny XO's motion to strike from the record the E911 data used by Petitioners in this proceeding. Petitioners note that XO's motion was made for the first time during the hearing, even though Petitioners first disclosed their reliance on such information through discovery responses available in June 2005. More importantly, XO provides no authority to support its requested remedy. XO asserts, for example, that Verizon's use of such data violates interconnection agreements and may represent a criminal conversion. Even if correct, XO cites no authority to establish that the specific information is incompetent, inaccurate, unreliable, or otherwise inadmissible. Finally, we note that we need not rely on the E911 data to support our conclusions herein; *i.e.*, there is evidence in this record from other sources regarding CLEC lines that we relied upon for our findings in this Order Granting Approval.<sup>45</sup>

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the Joint Petition is granted subject to the requirements established in this Order Granting Approval.

(2) It is further ordered as follows.

(a) Petitioners shall file a report of action with the Clerk of the Commission within 30 days of consummation of the merger, subject to administrative extension by the Commission's Director of Public Utility Accounting.

(b) Verizon VA, Verizon South, and MCImetro shall track merger costs and savings for a minimum of three years and shall make the same available to the Staff upon request.

(c) Verizon VA and Verizon South shall file notice with the Clerk of the Commission of their affiliate agreements with MCImetro having an annual value in excess of \$250,000 between Verizon VA or Verizon South and MCImetro for two years after consummation of the merger.

(d) MCI shall continue to offer to wholesale customers in Virginia its available intrastate and interstate special access, private line or its equivalent, and high capacity loop and transport facilities, without undue discrimination, at pre-merger terms and conditions and at prices that do not exceed pre-merger rates. Existing and future wholesale customers of MCI in Virginia shall be entitled to purchase these services at like rates, terms, and conditions as those for comparable services pre-merger. The requirement ordered herein shall continue until the Commission issues an order finding that such is no longer necessary for us to be satisfied that removing MCI as an independent provider of these services will not impair or jeopardize adequate service to the public at just and reasonable rates.

(e) Verizon VA, Verizon South, and MCImetro shall: (i) provide and purchase interconnection and/or network elements required under § 251 in Virginia pursuant to interconnection agreements entered into under §§ 251 and 252; and (ii) file other commercial interconnection agreements between the companies (outside § 251 obligations) with the Clerk of the Commission.

(3) The remedies for violation of any of the Commission's orders herein include the penalties set forth in § 12.1-13 of the Code.

(4) XO's motion to strike the E911 data from the record is denied.

(5) Cavalier's motion for leave to intervene is denied.

(6) This matter is dismissed.

<sup>45</sup> See, e.g., Ex. 45S. In addition, Cavalier's motions to strike and to initiate an investigation also relate to the use of E911 data, which we have ruled on for purposes of this proceeding in response to XO's motion to strike this same information. We do not find good cause to grant Cavalier's untimely motion for leave to intervene.

**CASE NO. PUC-2005-00055  
MAY 6, 2005**

APPLICATION OF  
STICKDOG TELECOM, INC.

For cancellation of a certificate of public convenience and necessity to provide interexchange telecommunications services

**ORDER CANCELLING CERTIFICATE**

On April 27, 2005, Stickdog Telecom, Inc. ("Stickdog" or the "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity to provide interexchange telecommunications services ("Certificate"). The Commission granted Certificate No. TT-140A to Stickdog in Case No. PUC-2000-00306 on March 21, 2001.

In the application, Stickdog states that it has no tariff nor any customers.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Certificate granted to Stickdog should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00055.
- (2) Certificate TT-140A authorizing Stickdog Telecom, Inc., to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (3) There being nothing further to be done, this matter is dismissed from the Commission docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00062  
AUGUST 23, 2005**

APPLICATION OF  
THE CITY OF RADFORD

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On May 17, 2005, the City of Radford ("Radford" or "Applicant"), completed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to provide local exchange telecommunications services in the City of Radford and the Counties of Montgomery and Pulaski.

By Order for Notice and Comment dated June 9, 2005, the Commission directed the Applicant to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report.

No comments or notices of participation have been filed in this matter. No one filed a request for a hearing on the certification application of Radford.

On July 15, 2005, the Applicant filed proof of publication and proof of service as required by the June 9, 2005, Order.

On August 5, 2005, the Staff filed its Report finding that Radford's application was in compliance with 20 VAC 5-417-10 *et seq.*, the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers. The Staff Report notes that Radford will initially be providing high-speed broadband Internet access services.<sup>1</sup> Radford did file illustrative tariffs for local exchange telecommunications services with its application. These tariffs were not reviewed at this time, but at such time that Radford does propose to offer or provide local exchange telecommunications services, Staff will perform a full tariff review to ensure compliance with all applicable Commission rules and requirements. The Staff, based upon its review of Radford's application, determined it would be appropriate to grant the Applicant a certificate to provide local exchange telecommunications services subject to the following condition: at such time as Radford provides local exchange telecommunications services, it shall comply with all applicable requirements of competitive local exchange carriers and municipal local exchange carriers ("MLECs") in the Local Rules.<sup>2</sup>

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Applicant should be granted a certificate to provide local exchange telecommunications services in the City of Radford and the Counties of Montgomery and Pulaski.

<sup>1</sup> The Staff notes that the Federal Communications Commission has determined Internet access to be jurisdictionally interstate and, therefore, not regulated by this Commission. Therefore, until Radford offers jurisdictional local exchange telecommunications services, intrastate tariffs are not necessary.

<sup>2</sup> As the Staff stated in prior Staff Reports for the certification of MLECs, the Staff believes the Local Rules address the requirements of § 56-265.4:4 regarding the certification and regulation of localities to provide local exchange telecommunications services.

Accordingly, IT IS ORDERED THAT:

(1) The City of Radford is hereby granted a certificate of public convenience and necessity, No. T-641, to provide local exchange telecommunications services in the City of Radford and the Counties of Montgomery and Pulaski, subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Radford shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations before it begins offering local exchange telecommunications services.

(3) Radford is hereby ordered, at such time as it provides local exchange telecommunications services, to comply with all applicable requirements of new entrants and MLECs in the Local Rules.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2005-00063  
MAY 23, 2005**

APPLICATION OF  
KMC TELECOM IV OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity

**ORDER**

By Order dated October 18, 2000, in Case No. PUC-2000-00054, the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-512, permitting the provision of local exchange telecommunications service, to KMC Telecom IV of Virginia, Inc. ("KMC-IV" or "Company").

By Joint Petition filed May 3, 2001, the Company, together with a number of affiliated entities sought Commission approval of a plan of reorganization which, among other things, would result in KMC IV ceasing to exist. By Order entered June 29, 2001, in Case No. PUA-2001-00018 ("PUA Order"), the Commission approved the proposed intra-corporate reorganization. Therefore, the corporate existence of KMC IV has been voluntarily terminated. The PUA Order noted that KMC IV had not filed tariffs with our Division of Communications.

Finally, the Order directed KMC IV to notify the Commission when the transactions approved therein had been consummated so that its certificate could be cancelled. The Commission has only recently been advised that the approved transactions have been consummated.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate No. T-512, previously issued to KMC IV.

Accordingly, IT IS ORDERED THAT:

(1) This matter should be docketed as Case No. PUC-2005-00063.

(2) Certificate No. T-512, issued to KMC Telecom IV of Virginia, Inc., is hereby cancelled.

(3) This matter is dismissed.

**CASE NO. PUC-2005-00067  
SEPTEMBER 29, 2005**

APPLICATION OF  
NAVIGATOR TELECOMMUNICATIONS, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On June 3, 2005, Navigator Telecommunications, LLC ("Navigator" or the "Company"), filed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated June 17, 2005, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On July 27, 2005, the Company filed proof of publication and proof of service as required by the June 17, 2005, Order.

On August 31, 2005, the Staff filed its Report finding that Navigator's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers,

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20 VAC 5-411-10 et seq. Based upon its review of Navigator's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following condition: Navigator should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its letter of credit and should provide a replacement bond or letter of credit at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Navigator Telecommunications, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-212A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Navigator Telecommunications, LLC, is hereby granted a certificate of public convenience and necessity, No. T-642, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Navigator shall notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its letter of credit and shall provide a replacement bond or letter of credit at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2005-00069  
AUGUST 22, 2005**

PETITION OF  
EUREKA BROADBAND CORPORATION  
and  
INFOHIGHWAY OF VIRGINIA, INC.

For authority to transfer control of authorized carriers

**ORDER GRANTING AUTHORITY**

On June 22, 2005, Eureka Broadband Corporation ("Eureka") and InfoHighway of Virginia ("InfoHighway - VA," together with Eureka, "Petitioners") filed a petition with the State Corporation Commission ("Commission"), pursuant to § 56-88.1 of the Code of Virginia, requesting authority to transfer control of InfoHighway - VA to Eureka. In connection with the acquisition, the Petitioners are seeking approval for a corporate restructuring where Eureka will create a holding company above its operating subsidiaries and for Eureka shareholder AP EUREKAGGN LLC to acquire a controlling interest in Eureka, and indirectly InfoHighway - VA and Eureka's subsidiary, Elink Telecommunications of VA, Incorporated.<sup>1</sup>

Eureka is a privately held Delaware Corporation d/b/a Eureka Networks. Through its subsidiaries, Eureka provides a variety of regulated and unregulated services, including facilities-based Internet services, high-speed Internet access, IP (Internet protocol) - based application services to business customers, and local and long distance products. In Virginia, Eureka's subsidiary, Elink Telecommunications of VA, Incorporated ("Elink - VA"), holds certificates of public convenience and necessity ("CPCN") Nos. T-575 and TT-167A to provide local exchange and interexchange telecommunications services, respectively. IH Acquisition Corp. ("Acquisition") is a newly created, wholly owned indirect subsidiary of Eureka, created for the purpose of the proposed transaction.

InfoHighway is a Delaware corporation that provides integrated communications solutions. A.R.C. Networks, Inc. ("A.R.C. Networks"), is a wholly owned direct subsidiary of InfoHighway. InfoHighway of Virginia, Inc. ("InfoHighway - VA"), is a wholly owned subsidiary of A.R.C. Networks. Both A.R.C. Networks and InfoHighway - VA provide telecommunications services including local and long distance telephone services, point-to-point data services, high speed Internet services, and network design and wiring. In Virginia, InfoHighway - VA holds CPCN No. T-562 to provide local exchange telecommunications services.

Pursuant to § 56-88.1 of the Code of Virginia, the Petitioners request authority to transfer control of InfoHighway - VA to Eureka. Specifically, Eureka and InfoHighway - VA's ultimate parent company, InfoHighway, have entered into an Agreement and Plan of Merger where Acquisition will merge with and into InfoHighway and as a result, Acquisition will cease to exist and InfoHighway will be the surviving company. Upon completion of the proposed transaction, InfoHighway, A.R.C. Networks, and InfoHighway - VA will become wholly owned indirect subsidiaries of Eureka. In connection with the proposed transaction, Eureka plans to create a new holding company, Eureka Holdings Incorporated, as a new intermediate holding company

<sup>1</sup> Eureka's subsidiary is identified in the petition as "Elink Telecommunications of VA, Incorporated." However, Communications Division records show the entity as "eLink Telecommunications of Virginia, Inc."

between Eureka and its operating subsidiaries. Following the proposed transaction, the newly established holding company, Eureka Holdings, will become the direct parent of InfoHighway and Elink - VA.

In connection with the proposed merger, each share of preferred stock of InfoHighway will be converted into the right to receive a portion of the merger proceeds, which will be paid in cash. Eureka will then indirectly own all the outstanding stock of InfoHighway.

In association with the transaction, Eureka expects to receive a capital infusion in which certain of Eureka's existing shareholders will participate in the financing. One of Eureka's existing shareholders and currently a major holder by owning approximately 25%, Spectrum Equity Investors, will not participate in the financing arrangements and as a result, the voting interest held by Spectrum Equity Investors will drop below 10%. Conversely, certain current shareholders will participate in the financing and will gain a larger share of ownership in Eureka. Lazard Freres & Co., LLC, and Gigaline, L.P., both currently own less than 10% of Eureka, but after their contributions to the financing, their ownership will increase to 12% and 11%, respectively. Trimaran Investments II, L.L.C., and AP EUREKAGGN LLC will also increase their ownership of Eureka by participating in financing the transaction. Trimaran Investments II, L.L.C., will increase its percentage to 24% from 20%, and AP EUREKAGGN LLC will increase its percentage to 27% from 11%. Petitioners are seeking approval for AP EUREKAGGN LLC to acquire control of Eureka since AP EUREKAGGN LLC will own a controlling interest in Eureka and indirectly in InfoHighway - VA and Elink - VA.

The Petitioners represent that the proposed transaction will have no effect on the rates, terms, and conditions under which InfoHighway - VA and Elink - VA provide service in Virginia. The Petitioners further represent that there will be no interruption of services to the customers of InfoHighway - VA and Elink - VA, and both companies will continue operating under their same names. The Petitioners, therefore, conclude that the proposed transaction will be transparent to the Virginia end use customer. At Staff's request, the Petitioners provided a copy of the notice sent to customers as a bill insert.

Although the proposed transaction will not change the services provided to customers, the Petitioners believe that it will have a positive impact on their business operations. Specifically, it is expected that InfoHighway will benefit from the management and financial resources provided by Eureka, although most of the existing management of InfoHighway - VA is expected to continue to oversee on-going operations.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the Petitioners are hereby granted approval of the Agreement and Plan of Merger resulting in the transfer of control of InfoHighway of Virginia, Inc., to Eureka Broadband Corporation and AP EUREKAGGN LLC acquiring a controlling interest in Eureka and indirectly in InfoHighway - VA and Elink - VA as described herein.

(2) The Petitioners shall file a report of action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to the administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00070  
JULY 6, 2005**

APPLICATION OF  
CYPRESS COMMUNICATIONS HOLDING COMPANY OF VIRGINIA, INC.

To reissue certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect new corporate name

**FINAL ORDER**

On September 3, 2002, in Case No. PUC-2002-00104, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services, Certificate Nos. T-590 and TT-181A, respectively, to Cypress Communications Holding Company of Virginia, Inc. ("Cypress-Inc.").

As the result of a corporate conversion, on March 8, 2005, Cypress-Inc. changed its name to Cypress Communications Holding Company of Virginia, LLC ("Cypress-LLC" or the "Company").

On June 14, 2005, Cypress-LLC filed a letter notifying the Commission that the Company had changed its corporate name and requesting that the Commission reissue the Company's certificates. Cypress-LLC included documentation from the Clerk of the Commission effecting the corporate conversion. The Company indicated that it will file a replacement interexchange tariff to reflect the name change.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services issued to Cypress-Inc. should be cancelled and new certificates should be issued reflecting the new corporate name of Cypress-LLC.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2005-00070.

(2) Certificate No. T-590 authorizing Cypress Communications Holding Company of Virginia, Inc., to provide local exchange telecommunications services throughout the Commonwealth is hereby canceled.

(3) Cypress Communications Holding Company of Virginia, LLC, is hereby granted a certificate of public convenience and necessity, Certificate No. T-590a, to provide local exchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. T-590.

(4) Certificate No. TT-181A authorizing Cypress Communications Holding Company of Virginia, Inc., to provide interexchange telecommunications services throughout the Commonwealth is hereby canceled.

(5) Cypress Communications Holding Company of Virginia, LLC, is hereby granted a certificate of public convenience and necessity, Certificate No. TT-181B, to provide interexchange subject to all restrictions and conditions imposed on Certificate No. TT-181A.

(6) Within 30 days from the date of this Order, Cypress Communications Holding Company of Virginia, LLC, shall file revised interexchange tariffs to reflect the name change.

(7) There being nothing further to be done, this matter shall be dismissed from the Commission docket of active cases, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00072  
AUGUST 23, 2005**

APPLICATION OF  
GLOBAL COMMUNICATIONS INTEGRATORS, L.L.C.

For entry of order consenting to cancellation of letter of credit

**ORDER CONSENTING TO CANCELLATION OF LETTER OF CREDIT**

On February 15, 2005, in Case No. PUC-2005-00022, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity granted to Global Communications Integrators, L.L.C. ("GCI" or "Company"), by Final Order dated March 5, 2004, in Case No. PUC-2003-00173.

On June 2, 2005, GCI filed Motions to Reopen Proceeding and for Entry of Order Consenting to Cancellation of Letter of Credit. By Order dated June 24, 2005, the Commission ordered that GCI's Motions be treated as an Application. That Order also provided an opportunity for interested persons to file comments on GCI's Application, directed the Commission Staff ("Staff") to file comments as to the reasonableness of GCI's Application, and provided the Company an opportunity to respond to any comments filed.

The Staff filed comments on July 21, 2005. In its comments, the Staff stated that it had requested and received from GCI a notarized affidavit attesting to the facts that GCI never provided any telecommunications services to any Virginia end users/customers and that there are no outstanding service or financial obligations or potential remaining service or financial obligations of the Company in Virginia. Under these circumstances, specifically GCI's affidavit and given that its certificates of public convenience and necessity are now cancelled, the Staff stated it has no objection to GCI's request to direct Wachovia Bank, N.A., to cancel the Irrevocable Standby Letter of Credit Number SM206370W provided to the Commission.

No other comments or Company response were filed.

NOW, UPON CONSIDERATION of the matter, the Commission finds that GCI's Application should be granted.

Accordingly, IT IS ORDERED THAT:

(1) As the Beneficiary of the Wachovia Bank, N.A., Irrevocable Standby Letter of Credit Number SM206370W originally issued on December 30, 2003, and renewed and amended annually thereafter, the Commission hereby consents to the cancellation of said Irrevocable Standby Letter of Credit.

(2) The Commission's Division of Economics and Finance shall forward to counsel for GCI the original Letter of Credit so that GCI may effectuate the cancellation of the Letter of Credit.

(3) There being nothing further to be done, this matter is dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00073  
JULY 18, 2005**

APPLICATION OF  
AMERICAN LONG LINES OF VIRGINIA, INC.

For cancellation of certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

On June 17, 2005, American Long Lines of Virginia, Inc. ("American Long Lines" or the "Company"), filed an application with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth and any associated tariffs on file with the Commission. Certificate No. T-610 granting local exchange telecommunications services authority was granted to the Company by Commission Order dated March 21, 2003, in Case No. PUC-2002-00224.

In its application, American Long Lines states that due to the recent transfer of control to PAETEC Corp. and changes in its business plan, the Company has determined that it should relinquish its authorization to provide local exchange telecommunications services in Virginia. The Company further represents that it is not currently serving any customers in Virginia.

NOW UPON CONSIDERATION of the matter, the Commission finds that the certificate of public convenience and necessity granted to American Long Lines should be cancelled. The Commission further finds that any tariffs on file with the Division of Communications in the name of American Long Lines should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00073.
- (2) Certificate No. T-610 granting local exchange authority to American Long Lines of Virginia, Inc., is hereby cancelled.
- (3) Any tariffs associated with Certificate No. T-610 on file with the Division of Communications are hereby cancelled.
- (4) There being nothing further to come before the Commission, this case is hereby closed.

**CASE NO. PUC-2005-00077  
AUGUST 18, 2005**

APPLICATION OF  
NOW COMMUNICATIONS OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local telecommunications services

**ORDER CANCELLING CERTIFICATE**

On July 1, 2005, NOW Communications of Virginia, Inc. ("NOW" or the "Company"), filed by its successor corporation Cleartel Telecommunications of Virginia, Inc., a letter application with the State Corporation Commission ("Commission") requesting cancellation of NOW's certificate of public convenience and necessity to provide local telecommunications services ("Certificate"). The Commission granted Certificate No. T-466 to NOW in Case No. PUC-1999-00060 on October 18, 1999.

In its application, NOW states that the transaction has been consummated between the Company and Cleartel Communications of Virginia, Inc., as approved by Commission Order dated July 9, 2004, in Case No. PUC-2004-00050.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Certificate granted to the Company should be cancelled and that any tariffs filed by the Company also should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00077.
- (2) Certificate T-466 authorizing NOW Communications of Virginia, Inc., to provide local telecommunications services throughout the Commonwealth is hereby cancelled.
- (3) Any tariffs filed by the Company with the Commission's Division of Communications are hereby cancelled.
- (4) There being nothing further to be done, this matter is dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00078  
OCTOBER 17, 2005**

APPLICATION OF  
VERIZON VIRGINIA INC.

For exemption from physical collocation at its Parksley central office

**ORDER GRANTING EXEMPTION**

On July 5, 2005, Verizon Virginia Inc. ("Verizon Virginia") filed with the State Corporation Commission ("Commission") a request for exemption (hereinafter "Application") from the requirement to provide physical collocation in its Parksley central office. In its Application, Verizon Virginia states that the information provided to support the request fulfills the requirements set out in the Commission's rules governing collocation exemptions, 20 VAC 5-400-200.<sup>1</sup>

On July 21, 2005, the Commission entered a Preliminary Order granting interested parties an opportunity to comment on Verizon Virginia's request and further directed the Commission's Staff to investigate the request for exemption and file a report.

On September 16, 2005, the Staff filed its Report in this case. Based upon its investigation, the Staff recommends that Verizon Virginia's requested exemption for the Parksley central office should be granted, provided that the exemption for this central office terminate once space becomes available through the removal of equipment or when a building addition is completed.

No comments were received, and Verizon Virginia did not respond to the Staff's Report.

NOW THE COMMISSION, having considered the Application, the Staff Report, and the applicable law, is of the opinion and finds that Verizon Virginia's request for exemption from the requirement to provide physical collocation at its Parksley central office should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Verizon Virginia's request for exemption from the requirement to provide physical collocation at its Parksley central office is hereby granted.
- (2) This case shall remain open for any subsequent requests to terminate the exemption that may be necessary in the future.

<sup>1</sup> Effective October 17, 2001, the cited regulation was repealed, rewritten, and redesignated as 20 VAC 5-421-10 and 20 VAC 5-421-20 (Chapter 421), Rules Governing Exemption From Providing Physical Collocation Pursuant to § 251(c)(6) of the Telecommunications Act of 1996.

**CASE NO. PUC-2005-00081  
JULY 13, 2005**

APPLICATION OF  
NET2000 COMMUNICATIONS OF VIRGINIA, LLC

For cancellation of certificates of public convenience and necessity

**ORDER**

By Orders dated May 5, 1999, in Case No. PUC-1999-00077, and May 5, 2000, in Case No. PUC-2000-00010, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-405a, permitting the provision of local exchange telecommunications service, and No. TT-92A, permitting the provision of interexchange telecommunications services, to Net2000 Communications of Virginia, LLC ("Net2000" or "Company").

By action of the Commission effective February 27, 2002, Net2000 was granted a certificate of cancellation for its existence as a limited liability company, at its request. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificates of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-405a and TT-92A, previously issued to Net2000.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2005-00081.
- (2) Certificate Nos. T-405a and TT-92A, issued to Net2000 Communications of Virginia, LLC, are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00082  
JULY 13, 2005**

APPLICATION OF  
GLOBAL METRO NETWORKS DC, LLC

For cancellation of certificates of public convenience and necessity

**ORDER**

By Order dated March 1, 2001, in Case No. PUC-2000-00296, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-544, permitting the provision of local exchange telecommunications service, and No. TT-137A, permitting the provision of interexchange telecommunications services, to Global Metro Networks DC, LLC ("Global DC" or "Company").

By action of the Commission effective November 18, 2004, Global DC was granted a certificate of cancellation for its existence as a limited liability company, at its request. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificates of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-544 and TT-137A, previously issued to Global DC.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2005-00082.
- (2) Certificate Nos. T-544 and TT-137A, issued to Global Metro Networks DC, LLC, are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00084  
OCTOBER 25, 2005**

APPLICATION OF  
FIBERLIGHT OF VIRGINIA, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On July 12, 2005, FiberLight of Virginia, LLC ("FiberLight" or the "Company"), filed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated July 28, 2005, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On August 31, 2005, the Company filed proof of publication and proof of service as required by the July 28, 2005, Order.

On October 3, 2005, the Staff filed its Report finding that FiberLight's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of FiberLight's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following condition: FiberLight should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its letter of credit and should provide a replacement bond or letter of credit at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

- (1) FiberLight of Virginia, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-213A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (2) FiberLight of Virginia, LLC, is hereby granted a certificate of public convenience and necessity, No. T-643, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) FiberLight should notify the Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of its letter of credit and should provide a replacement bond or letter of credit at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2005-00085  
NOVEMBER 4, 2005**

PETITION OF  
TMC OF VIRGINIA, INC.

For Injunction Against Verizon Virginia Inc. and Request For Emergency Expedited Relief

**DISMISSAL ORDER**

On July 12, 2005, TMC of Virginia, Inc. ("TMC"), filed its Petition for Injunction Against Verizon Virginia Inc. and Request for Emergency Expedited Relief ("Petition") with the Virginia State Corporation Commission ("Commission"). The Petition alleges that Verizon Virginia Inc. ("Verizon VA") has threatened to suspend and then to terminate services that it furnishes TMC and that any such termination would violate both Rule 20 VAC 5-423-80 of the Commission's Rules Governing the Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers ("Rules") and the Interconnection Agreement between TMC and Verizon VA.

By order entered July 15, 2005, the Commission invited a response from Verizon VA and directed that Verizon VA not terminate service to TMC until the requirements of Rule 20 VAC 5-423-80 had been fulfilled.

On August 8, 2005, TMC filed for a partial discontinuance of service under the Commission's Rules.<sup>1</sup> The petition was docketed as Case No. PUC-2005-00104. An Order was issued August 23, 2005, approving the request with a discontinuance date of September 12, 2005.<sup>2</sup> The date for the requested discontinuance of service has passed; therefore, TMC's petition for an injunction against Verizon VA is now moot.

Accordingly, IT IS ORDERED THAT this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

<sup>1</sup> The petition was specifically for TMC's customers for whom TMC had contracted directly with Verizon VA for services. Such customers could not be moved to another underlying carrier's system.

<sup>2</sup> While the original petition requested a partial discontinuance of service, the actual discontinuance affected all TMC customers for whom TMC had contracted directly with Verizon VA for service.

**CASE NO. PUC-2005-00086  
AUGUST 11, 2005**

APPLICATION OF  
VERIZON SOUTH INC.

To withdraw its request for exemption from physical collocation at its Arcola Central Office

**ORDER GRANTING REQUEST**

On November 2, 2000, in Case No. PUC-2000-00001, the State Corporation Commission ("Commission") granted Verizon South Inc. ("Verizon South") an exemption from the requirement to provide physical collocation at its Arcola Central Office.

On July 5, 2005, Verizon South filed a withdrawal of its request for exemption from physical collocation for its Arcola Central Office. Verizon South stated in its request that the exemption is no longer necessary due to the completion of a building addition.

NOW THE COMMISSION, having considered the request, finds that it should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Verizon South's withdrawal of its request for exemption from physical collocation for its Arcola central office is hereby accepted.

(2) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00088  
DECEMBER 22, 2005**

APPLICATION OF  
MATRIX TELECOM OF VIRGINIA, INC.

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On September 1, 2005, Matrix Telecom of Virginia, Inc. ("Matrix" or the "Company"), completed an application for a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

By Order for Notice and Comment dated September 19, 2005, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report.

On November 1, 2005, Matrix moved the Commission to grant an extension of the time for publication and notice requirements set forth in the September 19, 2005, Order. Matrix's Motion was granted, and the remaining procedural schedule was adjusted accordingly in an Order Granting Motion to Extend Deadline to Complete Publication and Service dated November 4, 2005.

On December 2, 2005, the Company filed proof of publication and proof of service as required by the September 19, 2005, Order, as modified by the November 4, 2005, Order.

On December 16, 2005, the Staff filed its Report finding that Matrix's application was in compliance with 20 VAC 5-417-10 *et seq.*, the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers.

Based upon its review of Matrix's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange telecommunications services subject to the following condition:

Matrix should notify the Division of Economics and Finance no less than thirty (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 Staff or the Commission determines it is no longer necessary.

On December 19, 2005, Matrix filed a response stating that it has reviewed the Staff Report and does not object to the condition recommended therein.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services.

Accordingly, IT IS ORDERED THAT:

(1) Matrix is hereby granted a certificate of public convenience and necessity, No. T-646, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(3) Matrix shall notify the Division of Economics and Finance 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) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2005-00089  
AUGUST 4, 2005**

APPLICATION OF  
SYNIVERSE NETWORKS OF VIRGINIA, INC.

To cancel existing certificate of public convenience and necessity to provide local exchange telecommunications services and to revise certificate reflecting new name

**FINAL ORDER**

By letter application filed July 18, 2005, Syniverse Networks of Virginia, Inc. ("Syniverse Networks"), informed the State Corporation Commission ("Commission") that it had changed its corporate name to Syniverse Technologies of Virginia, Inc. ("Syniverse Technologies").

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In its application, Syniverse Networks stated that it had filed Articles of Amendment with the Commission to change its name and that on June 30, 2005, the Commission issued a Certificate of Amendment changing the corporate name from Syniverse Networks of Virginia, Inc., to Syniverse Technologies of Virginia, Inc.

NOW, UPON CONSIDERATION of the foregoing, the Commission is of the opinion and finds that certificate of public convenience and necessity No. T-631, issued to Syniverse Networks, should be cancelled, and a new certificate of public convenience and necessity should be reissued to Syniverse Technologies reflecting its new name.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is hereby docketed and assigned Case No. PUC-2005-00089.
- (2) Certificate of public convenience and necessity No. T-631, issued to Syniverse Networks, is hereby cancelled.
- (3) Certificate of public convenience and necessity No. T-631a is hereby issued to Syniverse Technologies of Virginia, Inc., authorizing it to provide local exchange telecommunications services, subject to the restrictions set forth in the Commission's Rules Governing the Offering of Competitive Local Exchange Telephone Service (codified in 20 VAC 5-417-10 et seq.), § 56-265.4:4 of the Code of Virginia, and the provisions previously set out in the Commission's December 21, 1999, Final Order entered in Case No. PUC-2004-00016.
- (4) Syniverse Technologies of Virginia, Inc., shall file revised tariffs no later than sixty (60) days from the date of this Order with the Commission's Division of Communications that conform with all applicable Commission rules and regulations and which use Syniverse Technologies of Virginia, Inc.'s name rather than that of Syniverse Networks of Virginia, Inc.
- (5) There being nothing further to be done in this matter, this case shall be removed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00093  
AUGUST 4, 2005**

APPLICATION OF  
AEP COMMUNICATIONS, LLC

For cancellation of certificate of public convenience and necessity to provide interexchange telecommunications services

**ORDER CANCELLING CERTIFICATE OF  
PUBLIC CONVENIENCE AND NECESSITY**

On July 25, 2005, AEP Communications, LLC ("AEPC"), filed an application with the State Corporation Commission ("Commission") requesting cancellation of certificate of public convenience and necessity No. TT-56A, previously issued in Case No. PUC-1998-00097.

In the application, AEPC states that it is not currently serving any customers in Virginia, that it has no interconnection agreements with other telephone companies, and that it does not maintain any facilities in Virginia.

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds that Certificate No. TT-56A granted to AEPC, should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00093.
- (2) Certificate No. TT-56A, authorizing AEPC to provide interexchange telecommunication services, is hereby cancelled.
- (3) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active cases, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00095  
AUGUST 4, 2005**

APPLICATION OF  
FIRST REGIONAL TELECOM, LLC

For cancellation of certificate of public convenience and necessity

**ORDER**

By Order dated February 17, 1998, in Case No. PUC-1997-00178, the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-404, permitting the provision of local exchange telecommunications services, to First Regional TeleCOM, LLC ("First Regional" or "Company").

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

By action of the Commission effective December 31, 2001, First Regional was notified of the cancellation of its existence as a domestic limited liability company for its failure to pay its annual registration fee. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificate of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate No. T-404 previously issued to First Regional.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2005-00095.
- (2) Certificate No. T-404 issued to First Regional TeleCOM, LLC, is hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00096  
AUGUST 22, 2005**

APPLICATION OF  
EAGLE COMMUNICATIONS, INC.

For cancellation of certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

By Order dated June 7, 1999, in Case No. PUC-1998-00165, the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-447, permitting the provision of local exchange telecommunications service, to Eagle Communications, Inc. ("Eagle" or "Company").

By action of the Commission effective July 26, 2004, Eagle was granted a certificate of termination for its corporate existence, at its request. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificate of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate No. T-447, previously issued to Eagle.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2005-00096.
- (2) Certificate No. T-447, issued to Eagle Communications, Inc., is hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00097  
AUGUST 4, 2005**

APPLICATION OF  
ZEPHION NETWORKS COMMUNICATIONS OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity

**ORDER**

By Order dated June 6, 2001, in Case No. PUC-2001-00003, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-561, permitting the provision of local exchange telecommunications service, and No. TT-155A, permitting the provision of interexchange telecommunications services, to Zephion Networks Communications of Virginia, Inc. ("Zephion" or "Company").

By action of the Commission effective January 25, 2002, Zephion was granted a certificate of termination for its corporate existence, at its request. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificates of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-561 and TT-155A, previously issued to Zephion.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2005-00097.

- (2) Certificate Nos. T-561 and TT-155A, issued to Zephion Networks Communications of Virginia, Inc., are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00098**  
**AUGUST 19, 2005**

APPLICATION OF  
VIVO-VA, LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

On August 1, 2005, VIVO-VA, LLC ("VIVO" or the "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting that its certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services, Certificate Nos. T-552 and TT-148A respectively, be cancelled.

The Commission granted Certificate Nos. T-552 and TT-148A to VIVO in Case No. PUC-2000-00333 on April 2, 2001. VIVO states that the Company has no customers in the Commonwealth and does not hold any deposits.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Company's certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00098.
- (2) Certificate No. T-552 authorizing VIVO-VA, LLC to provide local exchange telecommunications services throughout the Commonwealth is hereby canceled.
- (3) Certificate No. TT-148A authorizing VIVO-VA, LLC to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (4) Any tariffs associated with Certificate Nos. T-552 and TT-148A on file with the Commission's Division of Communications are hereby cancelled.
- (5) There being nothing further to be done, this matter shall be dismissed from the Commission docket of active cases, and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00100**  
**AUGUST 26, 2005**

PETITION OF  
KMC TELECOM OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity and to withdraw its tariffs

**ORDER**

By Order dated December 19, 1996, entered in Case No. PUC-1996-00116,<sup>1</sup> the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. TT-29A to KMC Telecom of Virginia, Inc. ("KMC Virginia" or the "Company"), to provide interexchange telecommunications services and certificate of public convenience and necessity No. T-370, permitting KMC Virginia to provide local exchange telecommunications services.

On November 19, 1998, in Case No. PUC-1998-00141, the Commission granted KMC Virginia's request to expand the Company's service territory to encompass the entire Commonwealth of Virginia.<sup>2</sup> In its November 19, 1998 Order, the Commission cancelled certificate of public convenience and necessity No. T-370, and reissued certificate No. T-370a to reflect that the local exchange telecommunications service territory of KMC Virginia had been expanded to compass the entire Commonwealth.

<sup>1</sup> See Application of KMC Telecom of Virginia, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications service, Case No. PUC-1996-00116, 1996 S.C.C. Ann. Rep. 231.

<sup>2</sup> See Application of KMC Telecom of Virginia, Inc., To expand its service territory for the provision of local exchange service, Case No. PUC-1998-00141, 1998 S.C.C. Ann. Rep. 307.

On August 4, 2005, KMC Virginia, by counsel, filed a Petition with the Commission to cancel KMC Virginia's certificates of public convenience and necessity to provide local exchange and intrastate interexchange telecommunications services<sup>3</sup> in the Commonwealth of Virginia. The Company also requested leave to withdraw its tariffs on file with the Division of Communications.

In support of its Petition, KMC Virginia maintains that it has received Commission approval to transfer its assets and customer base to TelCove, Inc. ("TelCove").<sup>4</sup> KMC Virginia advises that the transfer transaction has now been completed. KMC Virginia, therefore, requests cancellation of its certificates and tariffs. KMC Virginia states in its Petition that it has no customers in Virginia that will be affected by the proposed cancellation of its certificates and tariffs and that there are no customers to be notified of the proposed action. The Company represents that there are many carriers actively providing local exchange and intrastate interexchange telecommunications services in the Commonwealth of Virginia and that the recent transfer of KMC Virginia's assets and customer base to TelCove contributes to the continued competitiveness of the telecommunications marketplace in Virginia. KMC Virginia further alleges that its request will have no adverse effects upon Virginia consumers or upon the growth and economic strengths of the local and intrastate interexchange telecommunications services markets in Virginia.

NOW UPON CONSIDERATION of the foregoing, the Commission is of the opinion and finds that the certificates of public convenience and necessity granted to KMC Virginia should be cancelled. The Commission further finds that KMC Virginia's request to withdraw its tariffs is granted.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00100.
- (2) Certificate No. T-370a, granting local exchange telecommunications services authority to KMC Telecom of Virginia, Inc., is hereby cancelled.
- (3) Certificate No. TT-29A, granting KMC Telecom of Virginia, Inc., authority to provide interexchange telecommunications services is also cancelled.
- (4) The tariffs in the name of KMC Telecom of Virginia, Inc., on file with the Division of Communications are hereby withdrawn.
- (5) There being nothing further to be done in this matter, this case is hereby dismissed, and the papers filed herein shall be placed in the Commission's files for ended causes.

<sup>3</sup> Counsel for KMC Virginia filed a letter clarifying its Petition and confirming that the Company wished to cancel certificate of public convenience and necessity No. TT-29A, authorizing the Company to provide interexchange telecommunications services.

<sup>4</sup> See Joint Application of KMC Telecom III LLC, KMC Telecom of Virginia, Inc. and TelCove of Virginia, LLC, For approval of a transfer of assets and customer base, Case No. PUC-2005-00041, Order Granting Approval (June 3, 2005).

**CASE NO. PUC-2005-00102  
DECEMBER 20, 2005**

APPLICATION OF  
SHENANDOAH TELEPHONE COMPANY  
SHENANDOAH TELECOMMUNICATIONS COMPANY  
SHENANDOAH CABLE TELEVISION COMPANY  
SHENTEL SERVICE COMPANY  
SHENTEL WIRELESS COMPANY  
SHENANDOAH MOBILE COMPANY  
SHENANDOAH LONG DISTANCE COMPANY  
SHENANDOAH NETWORK COMPANY  
SHENTEL FOUNDATION  
SHENANDOAH PERSONAL COMMUNICATIONS COMPANY  
SHENTEL COMMUNICATIONS COMPANY  
SHENTEL MANAGEMENT COMPANY  
SHENTEL CONVERGED SERVICES, INC.  
NTC COMMUNICATIONS, L.L.C.  
SHENTEL CONVERGED SERVICES OF WEST VIRGINIA, INC.

For approval of transactions pursuant to the Affiliates Act, Virginia Code Sections 56-76 *et seq.*

**ORDER GRANTING APPROVAL**

On August 5, 2005, Shenandoah Telephone Company ("Shenandoah") along with its affiliates listed above (collectively, "Applicants") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") requesting approval to amend the current affiliates agreement (the "SMC Agreement"), approved and on file with the Commission in Case No. PUC-2004-00125, with Amendment No. 1. On November 2, 2005, Applicants filed an amendment to the application. On November 3, 2005, the Commission issued its Order Amending Application accepting Applicants' amendment and finding that the review period under § 56-77 shall commence on November 2, 2005.

In the application and amendment, Applicants request approval of Amendment No. 1 of the SMC Agreement. Amendment No. 1 updates the current allocation procedures as to the factor for allocating the Accounting/Finance Cost Center and to establish an intra-holding company funding mechanism to allow funds to be used more efficiently among the Applicants.

Shenandoah is a regulated utility that provides incumbent telecommunications services in the northern Shenandoah Valley of Virginia and is a wholly owned subsidiary of Shenandoah Telecommunications Company ("ShenCom"). Shentel Converged Services of West Virginia, Inc. ("SCSWVA"), is a West Virginia telecommunications company that provides voice, data, and video services to business and residential customers in West Virginia and is a subsidiary of ShenCom as well. ShenCom is the holding company for the following affiliates: Shenandoah, SCSWVA, Shenandoah Cable Television Company, Shentel Service Company, Shentel Wireless Company, Shenandoah Mobile Company, Shenandoah Long Distance Company, Shenandoah Network Company, Shentel Foundation, Shenandoah Personal Communications Company, Shentel Communications Company, Shentel Management Company, Shentel Converged Services, Inc., and NTC Communications, L.L.C.

The first part of Amendment No. 1 is an update of the current allocation procedures as to the factor for allocating the Accounting/Finance Cost Center. The allocation factor currently used for Accounting/Finance is based solely upon the proportion of revenue of each individual company to the total revenue of ShenCom. Applicants have determined that this method of allocation has effectively and improperly eliminated ShenCom from sharing in the costs of the Accounting/Finance function as ShenCom has little direct revenue. To alleviate this problem, Applicants propose to change the allocation factor to one based on 50% revenue-50% total assets, excluding in the case of ShenCom the stock of the wholly owned subsidiaries. Applicants represent that this change will ensure that the ownership of assets will be taken into account when allocating the costs of the Accounting/Finance functions. Applicants state that because ownership of assets creates accounting and financial workloads, such as calculations of property taxes, depreciation, and gains/losses on sales, the proposed allocation factor is better suited than the current allocator based on revenue alone.

The second part of Amendment No. 1 creates an inter-company, short-term loan program for the Applicants. The current short-term loan program takes left over funds and "sweeps" them into a bank account where they earn a small overnight or temporary investment rate paid by the bank. If an affiliate needed to borrow money for short-term purposes, the company would use the funds in the bank account. The Applicants propose to use an account where the lender of funds would receive and the borrower of funds would pay the one-year London Inter-Bank Offer Rate ("LIBOR"), which generally has been 100-150 basis points higher than the overnight or temporary investment rates.

As stated in the application, there are limitations on the proposed program. Each borrowing affiliate will be required to "zero out" its loans as of February 28 of each year to assure the short-term nature of the loans. As a check on the amount that Shenandoah as the lending affiliate could commit to this program, Shenandoah will be allowed to have loans outstanding at any one time in an amount no greater than 12% of its total capitalization. Moreover, ShenCom will guarantee each such loan to the lending affiliate. If the borrowing affiliate did not repay such loan, ShenCom would repay the loan and all unpaid interest.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that requested Amendment No. 1 to the SMC Agreement appears to be in the public interest and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code, Applicants are hereby granted approval to amend the SMC Agreement with Amendment No. 1 under the terms and conditions and for the purposes described herein.
- 2) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.
- 3) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.
- 4) Shenandoah Telephone Company shall include the transactions in connection with Amendment No. 1 to the SMC Agreement in its Annual Report of Affiliate Transactions submitted to the Director of Public Utility Accounting of the Commission.
- 5) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00103  
NOVEMBER 1, 2005**

JOINT PETITION OF  
WINSTAR OF VIRGINIA, LLC,  
and  
GVC NETWORKS, LLC

For approval of an indirect transfer of control

**ORDER GRANTING APPROVAL**

On August 8, 2005, Winstar of Virginia, LLC ("Winstar"), and GVC Networks, LLC ("GVC") (collectively "Petitioners"), filed a joint petition pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval of an indirect transfer of control of Winstar to GVC wherein GVC would acquire, indirectly, 100% of the equity interest in Winstar.

Winstar is a limited liability company organized under the laws of the State of Delaware with its principal business office in Newark, New Jersey. Winstar is a wholly owned subsidiary of Winstar Communications, LLC ("Winstar Communications"), which in turn, is wholly owned by Winstar Holdings, LLC ("Winstar Holdings"). IDT Corporation ("IDT") is a publicly held Delaware company and is the ultimate owner of Winstar Holdings and, therefore,

Winstar. Winstar is authorized to provide local and interexchange telecommunications services in the Commonwealth of Virginia pursuant to certificates of public convenience and necessity ("CPCN") Nos. T-588 and TT-179A. Winstar, LLC ("Winstar NewCo"), is a newly-created subsidiary of Winstar Holdings.

GVC is a Delaware limited liability company with its principal business office in Detroit, Michigan. GVC Holdings, Inc., is the parent company of GVC, and GVC is the parent company of newly-created GVC NewCo. GVC is a minority-owned enterprise formed to provide facilities-based local, long distance, and high speed data communications services to business and multi-tenant residential entities in multiple markets throughout the United States, including Virginia. GVC is currently authorized to provide these services in the State of Michigan.

Pursuant to Chapter 5 of Title 56 of the Code, Petitioners are requesting approval to consummate a transaction that will result in the indirect transfer of control of Winstar to GVC. In connection with the proposed transaction, Winstar Holdings will form Winstar NewCo, which will merge with and into GVC NewCo. Winstar NewCo was created solely for the proposed transaction. Winstar NewCo will be the surviving entity after the merger and as a result, Winstar NewCo, along with Winstar, will be spun off from Winstar Holdings, whereby GVC will acquire, indirectly, 100% of the equity interest in Winstar through its ownership interest in Winstar NewCo.

The Petitioners state that this proposed transaction is essential for the continuing business operations of Winstar. The Petitioners further state that IDT has recently ceased funding Winstar and without the funding, Winstar will have an inadequate amount of resources to maintain its switching equipment and back office systems. Petitioners represent that under GVC ownership, Winstar will have greater access to financial resources to operate and maintain its facilities and equipment.

The Petitioners further represent that Winstar does not currently have any customers and does not currently provide any services in Virginia. The Petitioners represent that, because they are not currently operating in Virginia, there will be no impact on rates, terms, and conditions under which Winstar provides service. Petitioners further represent that this transaction will be in the public interest as it will ensure the continuation of Winstar's business and its position in the telecommunications market.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control of Winstar to GVC by GVC's indirect acquisition of 100% of the equity interest in Winstar will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval of the transfer of control of Winstar of Virginia, LLC, to GVC Networks, LLC, under the terms and conditions and for the purpose as described herein.

(2) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to the administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00104  
AUGUST 23, 2005**

PETITION OF  
TMC OF VIRGINIA, INC.

For authority for partial discontinuance of service

**ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICES**

On August 8, 2005, TMC of Virginia, Inc. ("TMC" or the "Company"), filed a petition with the State Corporation Commission ("Commission") requesting approval to partially discontinue its provision of local exchange and long distance telecommunications services to certain of its business customers in Virginia effective September 12, 2005.

TMC states that, as a result of a dispute between the Company and Verizon Virginia Inc. ("Verizon"), Verizon has indicated that it may terminate service to TMC and its customers on September 12, 2005. The Company indicates that approximately 350 customer accounts may be disconnected. According to the petition, the Company has placed orders to migrate nearly all of its affected customers to other underlying carriers. However, not all of the affected customer locations can be served by TMC's other providers. TMC states that those customers that cannot be migrated have access to comparable local exchange and long distance services offered by other telecommunications carriers at competitive prices.

The Commission's primary concern with authorizing discontinuance is providing adequate notice to affected customers. Pursuant to 20 VAC 5-423-20, a competitive local exchange carrier must furnish prescribed notice to customers. TMC has provided notice of its planned discontinuance to customers whom the Company can no longer serve by means of a directly mailed letter. A sample copy of that notice is attached to the Petition as Attachment A.

NOW THE COMMISSION, being sufficiently advised that adequate notice has been given, will grant the requested partial discontinuance of services.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00104.
- (2) TMC shall provide a copy of its petition upon written request by interested parties to counsel for the Company, Glenn S. Richards, Esquire, Tony Lin, Esquire, and Matthew Anzaldi, Esquire, Pillsbury Winthrop Shaw Pittman LLP, 2300 N Street, N.W., Washington DC 20037. The petition is also available for public inspection Monday through Friday, 8:15 a.m. to 5:00 p.m., at the Commission's Documents Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia, or may be downloaded from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.
- (3) TMC is hereby granted authority to partially discontinue the provision of local exchange and long distance telecommunications services to certain of its business customers effective September 12, 2005, as described in the Company's application and herein.
- (4) On or before September 2, 2005, TMC shall report to the Commission's Division of Communications on the status of its remaining customers in Virginia.
- (5) Any deposits held by TMC for affected customers shall be returned to customers, either as a credit on the final bill or by check, including any interest, on or before November 1, 2005.
- (6) Any tariff revisions needed to reflect the partial discontinuance of services to certain business customers shall be filed within thirty (30) days of the entry of this Order.
- (7) TMC shall respond to written interrogatories or data requests within five (5) days after receipt of same.
- (8) This case shall be closed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. PUC-2005-00105  
DECEMBER 22, 2005**

APPLICATION OF  
ATX TELECOMMUNICATIONS SERVICES OF VIRGINIA, LLC

For a certificate of public convenience and necessity to provide interexchange telecommunications services

**FINAL ORDER**

On August 10, 2005, ATX Telecommunications Services of Virginia, LLC ("ATX" or the "Company"), filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to provide interexchange telecommunications services throughout the Commonwealth of Virginia.<sup>1</sup> The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated September 29, 2005, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On November 23, 2005, ATX filed proof of publication and proof of service as required by the September 29, 2005, Order.

On November 30, 2005, the Staff filed its Report finding that ATX's application was in compliance with the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of ATX's application, the Staff determined it would be appropriate to grant the Company a certificate to provide interexchange telecommunications services.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

- (1) ATX Telecommunications Services of Virginia, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-217A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (2) The Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.
- (3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.
- (4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

<sup>1</sup> The Company currently holds a local exchange certificate.

**CASE NO. PUC-2005-00107  
AUGUST 22, 2005**

APPLICATION OF  
LD TOTAL CONNECT, INC.

For cancellation of certificate of public convenience and necessity to provide interexchange telecommunications services

**ORDER**

By Order dated June 22, 2000, in Case No. PUC-1999-00199, the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. TT-98A, permitting the provision of interexchange telecommunications services, to LD Total Connect, Inc. ("LDTC" or "Company").

By action of the Commission effective February 28, 2002, LDTC was notified of the termination of its corporate existence, for its failure to pay its annual registration fee. As a result, the Company is no longer in existence nor authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificate of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate No. TT-98A, previously issued to LDTC.

Accordingly, IT IS ORDERED that:

- (1) This matter should be docketed as Case No. PUC-2005-00107.
- (2) Certificate No. TT-98A, issued to LD Total Connect, Inc., is hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00108  
AUGUST 19, 2005**

APPLICATION OF  
CONNECT CCCVA, INC.

For cancellation of certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

By Order dated June 23, 2000, in Case No. PUC-1999-00178, the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-494, permitting the provision of local exchange telecommunications services, to Connect CCCVA, Inc. ("Connect" or "Company").

By action of the Commission effective April 1, 2002, Connect was notified of the termination of its corporate existence for its failure to pay its annual registration fee. As a result, the Company is no longer in existence nor authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificate of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate No. T-494, previously issued to Connect.

Accordingly, IT IS ORDERED that:

- (1) This matter should be docketed as Case No. PUC-2005-00108.
- (2) Certificate No. T-494, issued to Connect CCCVA, Inc., is hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00109  
AUGUST 19, 2005**

APPLICATION OF  
IPVOICE COMMUNICATIONS OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

By Order dated December 20, 2000, in Case No. PUC-2000-00221, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-528, permitting the provision of local exchange telecommunications services, and TT-124A, permitting the provision of interexchange telecommunications services, to IPVoice Communications of Virginia, Inc. ("IPVoice" or "Company").

By action of the Commission effective November 30, 2001, IPVoice was notified of the termination of its corporate existence, for its failure to pay its annual registration fee. As a result, the Company is no longer in existence nor authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificates of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificates No. T-528 and TT-124A, previously issued to IPVoice.

Accordingly, IT IS ORDERED that:

- (1) This matter should be docketed as Case No. PUC-2005-00109.
- (2) Certificates No. T-528 and TT-124A, issued to IPVoice Communications of Virginia, Inc., are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00110  
AUGUST 19, 2005**

APPLICATION OF  
EVOLUTION NETWORKS NORTH, INC.

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

By Order dated January 23, 2001, in Case No. PUC-2000-00235, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-535, permitting the provision of local exchange telecommunications services, and No. TT-130A, permitting the provision of interexchange telecommunications services, to Evolution Networks North, Inc. ("Evolution North" or "Company").

By action of the Commission effective November 5, 2002, Evolution North was notified of the termination of its corporate existence, for its failure to pay its annual registration fee. As a result, the Company is no longer in existence nor authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificates of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-535 and TT-130A, previously issued to Evolution North.

Accordingly, IT IS ORDERED that:

- (1) This matter should be docketed as Case No. PUC-2005-00110.
- (2) Certificate Nos. T-535 and TT-130A, issued to Evolution Networks North, Inc., are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00111  
AUGUST 22, 2005**

APPLICATION OF  
INLEC COMMUNICATIONS VA, LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

By Order dated November 8, 2000, in Case No. PUC-2000-00177, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-514, permitting the provision of local exchange telecommunications services, and TT-113A, permitting the provision of interexchange telecommunications services, to INLEC Communications VA, LLC ("INLEC" or "Company").

By action of the Commission effective December 31, 2002, INLEC was notified of the termination of its existence as a limited liability company for its failure to pay its annual registration fee. As a result, the Company is no longer in existence nor authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificates of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-514 and TT-113A, previously issued to INLEC.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2005-00111.
- (2) Certificate Nos. T-514 and TT-113A, issued to INLEC Communications VA, LLC, are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00112  
AUGUST 22, 2005**

APPLICATION OF  
IG2, INC.

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

By Order dated February 29, 2000, in Case No. PUC-1999-00195, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-481, permitting the provision of local exchange telecommunications services, and TT-87A, permitting the provision of interexchange telecommunications services, to IG2, Inc. ("IG2" or "Company").

By action of the Commission effective January 31, 2003, IG2 was notified of the termination of its corporate existence for its failure to pay its annual registration fee. As a result, the Company is no longer in existence nor authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificates of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-481 and TT-87A, previously issued to IG2.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2005-00112.
- (2) Certificate Nos. T-481 and TT-87A, issued to IG2, Inc., are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00114  
SEPTEMBER 29, 2005**

APPLICATION OF  
ELINK TELECOMMUNICATIONS OF VIRGINIA, INC.

To cancel existing certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services and to reissue certificates reflecting new corporate name

**FINAL ORDER**

By application filed August 25, 2005, eLink Telecommunications of Virginia, Inc. ("eLink" or "Company"), informed the State Corporation Commission ("Commission") that it had changed its corporate name to Eureka Telecom of VA, Inc.

In its application, eLink included a copy of its Certificate of Amendment issued by the Commission on August 19, 2005, changing the Company's name from eLink Telecommunications of Virginia, inc., to Eureka Telecom of VA, Inc.

Although eLink failed to request cancellation of the certificates of public convenience and necessity ("certificates") issued in its name and the reissuance of certificates reflecting its new name, we take notice that this should be done. This is the procedure we have followed for name changes for other telecommunications companies, and we find a similar procedure should be followed here.

NOW THE COMMISSION, having considered the application, is of the opinion and finds that certificates of public convenience and necessity, Nos. T-575 and TT-167A, issued to eLink should be cancelled, and new certificates of public convenience and necessity should be issued reflecting the Company's new corporate name.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is hereby docketed and assigned Case No. PUC-2005-00114.
- (2) Certificates of public convenience and necessity, Nos. T-575 and TT-167A, issued to eLink, are hereby cancelled.
- (3) Certificate of public convenience and necessity, No. T-575a, is hereby issued to Eureka Telecom of VA, Inc., authorizing it to provide local exchange telecommunications services subject to all restrictions and conditions imposed in Certificate No. T-575, the restrictions set forth in the Commission's Rules Governing the Offering of Competitive Local Exchange Telephone Service (codified at 20 VAC 5-417-10 et seq.), and § 56-265.4:4 of the Code of Virginia.
- (4) Certificate of public convenience and necessity, No. TT-167B, is hereby issued to Eureka Telecom of VA, Inc., authorizing it to provide interexchange telecommunications services subject to all restrictions and conditions imposed in Certificate No. TT-167A, the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers (codified at 20 VAC 5-411-10 et seq.), and § 56-265.4:4 of the Code of Virginia.
- (5) Eureka Telecom of VA, Inc., shall provide tariffs, for the sole purpose of updating the name of the entity, to the Division of Communications within thirty (30) days of the date of this Order.
- (6) There being nothing further to be done in this matter, this case shall be removed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00115  
DECEMBER 20, 2005**

APPLICATION OF  
PAC-WEST TELECOMM OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On September 27, 2005, Pac-West Telecomm of Virginia, Inc. ("Pac-West" or the "Company") completed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated October 19, 2005, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report.

On November 15, 2005, the Company filed proof of service, and on December 1, 2005, proof of publication as required by the October 19, 2005, Order.

On December 9, 2005, the Staff filed its Report finding that Pac-West's application was in compliance with 20 VAC 5-417-10 et seq., the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers and 20 VAC 5-411-10 et seq., the Rules Governing the Certification of Interexchange Carriers.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Based upon its review of Pac-West's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following condition: Pac-West should notify the Division of Economics and Finance no less than thirty (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 Staff or the Commission determines it is no longer necessary.

On December 13, 2005, Pac-West filed a letter response to the Staff Report indicating that Pac-West concurs with Staff's conclusion that Pac-West's application should be approved and that Pac-West has no further comments.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Pac-West is hereby granted a certificate of public convenience and necessity, No. TT-214A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Pac-West is hereby granted a certificate of public convenience and necessity, No. T-644, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Pac-West shall notify the Division of Economics and Finance 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 Staff or the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2005-00122  
SEPTEMBER 19, 2005**

APPLICATION OF  
TELEPHONE COMPANY OF CENTRAL FLORIDA, INC.

For cancellation of certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

By Order dated December 10, 1997, in Case No. PUC-1997-00112, the State Corporation Commission ("Commission") issued Certificate of Public Convenience and Necessity No. T-398 permitting the provision of local exchange telecommunications services to Telephone Company of Central Florida, Inc. ("TCCF" or "Company").

By action of the Commission effective November 20, 1998, TCCF was notified of the termination of its corporate existence for its failure to pay its annual registration fee. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificate of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate No. T-398, previously issued to TCCF.

Accordingly, IT IS ORDERED THAT:

(1) This matter should be docketed as Case No. PUC-2005-00122.

(2) Certificate No. T-398, issued to Telephone Company of Central Florida, Inc., is hereby cancelled.

(3) This matter is dismissed.

**CASE NO. PUC-2005-00125  
SEPTEMBER 20, 2005**

APPLICATION OF  
MAXCESS OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

By Order dated July 26, 2000, in Case No. PUC-2000-00127, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-499, permitting the provision of local exchange telecommunications services, and No. TT-103A, permitting the provision of interexchange telecommunications services, to Maxcess of Virginia, Inc. ("Maxcess" or "Company").

By action of the Commission effective September 5, 2002, Maxcess was notified of the termination of its corporate existence, for its failure to pay its annual registration fee. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the above-named certificates of public convenience and necessity should be cancelled.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-499 and TT-103A, previously issued to Maxcess.

Accordingly, IT IS ORDERED that:

- (1) This matter should be docketed as Case No. PUC-2005-00125.
- (2) Certificate Nos. T-499 and TT-103A, issued to Maxcess of Virginia, Inc., are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2005-00126  
NOVEMBER 23, 2005**

PETITION OF  
COX VIRGINIA TELCOM, INC.

For treatment of confidential information submitted by Cox Virginia Telcom, Inc., to Staff

**FINAL ORDER**

Cox Virginia Telcom, Inc. ("Cox Telcom"), filed a Petition with the State Corporation Commission ("Commission") on September 12, 2005, pursuant to 5 VAC 5-20-100 B and C of the Commission's Rules of Practice and Procedure. Cox Telcom requests that the Commission treat the economic reporting data submitted by Cox Telcom as confidential and refrain from disclosing such data absent prior notice to Cox Telcom with an opportunity to propose safeguards as to the manner of such disclosure.

Specifically, Cox Telcom requests that the Commission afford its economic reports confidentiality in two ways. First, Cox Telcom requests prior notice when the Staff of the Commission ("Staff") is going to disclose specific Cox Telcom information to parties other than the Commissioners or other members of the Staff. Second, Cox Telcom requests restrictions upon the manner of disclosure so as to ensure that disclosure does not give Cox Telcom's retail competitors access to its information. For example, Cox Telcom suggests restricting disclosure to one copy made available at the Commission's offices that may only be examined by competitors' counsel and outside experts without taking notes. Cox Telcom asserts that such a procedure would be necessary to ensure that the disclosure does not unduly harm Cox Telcom by exposing confidential data to personnel of its competitors who are engaged, directly or indirectly, in marketing or business development.

The Staff filed a response on October 3, 2005, pursuant to Rule 5 VAC 5-20-100 B, addressing the issues raised by Cox Telcom in the Petition. The Staff states that the economic reporting data referred to by Cox Telcom are semi-annual reports filed by certificated Competitive Local Exchange Carriers ("CLECs") providing service in Virginia, as required by Rule 5 VAC 5-417-60 of the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("CLEC Rules"). Specifically, the Staff explains that the CLEC Rules require as follows:

At a minimum annually, or as deemed necessary by the staff or the commission, a new entrant shall be required to provide information to the Division of Economics and Finance that includes the number of access lines served, reported by residential lines and business lines, number of customers, reported by residential customers and business customers, and Virginia intrastate revenue.

Rule 5 VAC-417-60 B 1. The Staff further notes that the CLEC Rules do not specifically provide whether the economic reporting data filed by a CLEC, as required above, are to be treated as confidential. The Staff states that it has treated such filings as confidential as a matter of practice and does not release this information to other parties except as authorized by the Commission.

Accordingly, the Staff does not object to the request by Cox Telcom for formal recognition that its economic reporting data be afforded confidential status. However, the Staff asserts that a blanket rule requiring notice to Cox Telecom before its data may be disclosed is unnecessary. The Staff notes that there are presently close to 200 CLECs in Virginia and that a requirement to notify each CLEC before using data as part of a proceeding before the Commission would be prohibitively time consuming. The Staff further responds that in a recent case before this Commission, the Staff took steps to protect

CLEC economic reporting data, such as issuing a proprietary version of its report and masking the identity of non-parties. Moreover, the Staff explains that the Commission ultimately established protective measures in that proceeding which are akin to those requested by Cox Telecom herein; *i.e.*, certain information derived from the CLECs' economic reporting data was only available for review at the Commission, with no copying permitted, by parties' counsel who had signed a confidentiality agreement.<sup>1</sup>

Finally, the Staff also suggests that the Commission could create a generic proceeding to consider confidentiality guidelines for the economic reporting data submitted by CLECs. Alternatively, the Staff requests the Commission to conclude that the economic reporting data provided by CLECs to the Staff are confidential, that Staff has afforded such proper treatment, and that Staff should continue to do so.

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds that the Petition is denied. We note that the Staff has routinely treated the economic reporting data submitted by CLECs as confidential, and have no reason to believe that Staff will not continue that practice. We decline to establish general requirements or restrictions herein for the Staff's disclosure of specific information in future proceedings before the Commission; rather, such matters will be appropriately addressed on a case-by-case basis as part of the particular proceeding.

Accordingly, IT IS HEREBY ORDERED THAT Cox's Petition is denied and THAT this case is dismissed.

<sup>1</sup> See *Joint Petition of Verizon Communications Inc. and MCI, Inc., for approval of agreement and plan of merger*, Case No. PUC-2005-00051, Order on Motion (Sept. 21, 2005).

**CASE NO. PUC-2005-00129  
OCTOBER 7, 2005**

APPLICATION OF  
COMM SOUTH COMPANIES OF VIRGINIA, INC.

To discontinue local exchange telecommunications services

**ORDER PERMITTING DISCONTINUANCE OF SERVICES**

On September 15, 2005, Comm South Companies of Virginia, Inc. ("Comm South" or "Company"), filed an Application to Discontinue Service ("Application") with the State Corporation Commission ("Commission") requesting approval to discontinue its provision of local exchange and interexchange telecommunications services to customers in the Commonwealth of Virginia.<sup>1</sup>

According to the Application, Comm South currently provides prepaid local exchange and resold interexchange telecommunications services to approximately 40 customers. Comm South also provides business (payphone) telecommunications services to a single customer, Davtel Communications Inc. ("Davtel").<sup>2</sup> The Application requests that Company's residential local customers' service be discontinued effective October 10, 2005. The Application requests that the Company's payphone customer be discontinued effective January 1, 2006. Comm South states that it has filed for Chapter 7 bankruptcy protection and is in the process of liquidating its business and discontinuing telecommunications services.

Pursuant to Rule 20 VAC 5-423-20 of the Commission's Rules Governing Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers ("Discontinuance Rules"), a competitive local exchange carrier ("CLEC") must furnish notice to customers in the prescribed manner before services may be discontinued. The Commission's primary concern with authorizing discontinuance is providing adequate notice to the affected customers. It appears that Comm South has provided notice in the form of letters mailed directly to subscribers. The notice appears to be adequate in substance, but untimely for purposes of approving discontinuance effective October 10, 2005. Exhibit D to the Comm South Application is a copy of the notification letter sent to customers. This letter is dated September 10, 2005. Rule 20 VAC 5-423-20 B of the Discontinuance Rules provides that "[c]ustomers shall be provided at least 30 days' notice of the proposed discontinuance of service." A letter mailed September 10, 2005, would not provide the requisite notice for discontinuance planned for October 10, 2005. To allow time for the mailed notice of proposed discontinuance to be received by Comm South's customers, said disconnection will be approved effective October 14, 2005.

The United States Bankruptcy Court for the Northern District of Dallas issued an Order on August 19, 2005, approving an agreement between Comm South and Davtel whereby Comm South will continue to provide payphone access lines to Davtel while Davtel commences the process of transitioning to an alternate carrier(s) of its choice. Said transition is to commence upon approval of the agreement and is to be completed by December 31, 2005. This agreement, having been executed by Davtel and approved by the Bankruptcy Court, satisfies the provisions of 20 VAC 5-423-20. Service to Comm South's one payphone customer may continue past the October 14, 2005, discontinuance of its residential local exchange customers. Discontinuance for Comm South's one payphone customer is approved effective January 1, 2006.

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds Comm South's Application to discontinue local exchange telecommunications services should be granted with the limitations discussed herein.

<sup>1</sup> Comm South holds a certificate of public convenience and necessity ("CPCN") to provide local exchange telecommunications services in Virginia. The application also requested approval to discontinue the provision of its interexchange services provided to Virginia customers. Comm South's interexchange service is provided via resale, therefore, the Company is not required to have a CPCN nor tariffs on file with the Commission. Therefore, this Order will address only discontinuance of Comm South's local exchange telecommunications services.

<sup>2</sup> Davtel is a payphone service provider in Virginia.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00129.
- (2) Comm South's request to discontinue provision of residential local exchange telecommunication services to its customers in the Commonwealth of Virginia effective October 10, 2005, is hereby denied.
- (3) Comm South is hereby granted authority to discontinue its provision of residential local exchange telecommunications services to its customers in the Commonwealth of Virginia effective October 14, 2005.
- (4) Comm South is hereby granted authority to discontinue its provision of business payphone service to its remaining payphone customer effective January 1, 2006.
- (5) On or before October 12, 2005, Comm South shall report to the Commission's Division of Communications the number of its remaining residential local exchange customers in Virginia.
- (6) On or before December 16, 2005, Comm South shall report to the Commission's Division of Communications on the status of the transition of payphone lines by its remaining payphone customer.
- (7) Comm South shall provide to the Commission's Division of Communications a listing of the sections of the tariffs on file with the Commission that may be cancelled upon discontinuance of services approved herein.
- (8) Comm South shall provide a copy of this Application upon written request by any interested parties to the Company's representative, Sheri Pringle, Director, Regulatory Affairs, Comm South Companies, Inc., 8035 E. RL Thornton, Suite 410, Dallas, Texas 75228. The Application is also available for public inspection Monday through Friday, 8:15 a.m. to 5:00 p.m., at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia or may be downloaded from the Commission's website: <http://www.sec.virginia.gov/caseinfo.htm>.
- (9) This case shall be closed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. PUC-2005-00133  
NOVEMBER 22, 2005**

APPLICATION OF  
CORECOMM VIRGINIA, INC.

For cancellation of its local and interexchange certificates of public convenience and necessity and for authority to discontinue service to one interexchange customer

**ORDER**

By Order dated August 10, 1999, in Case No. PUC-1999-00027, the State Corporation Commission ("Commission") granted CoreComm Virginia, Inc. ("CoreComm" or the "Company"), Certificate No. TT-75A to provide interexchange telecommunications services and Certificate No. T-456 to provide local exchange telecommunications services in Virginia.

By letter application filed September 21, 2005, CoreComm requested that the Commission cancel its certificates because CoreComm was ceasing operations and would no longer exist. The application also sought authority to discontinue service to its only remaining Virginia customer on or before November 9, 2005. That customer was located in northern Virginia and received interexchange service, intrastate, interstate, and international, from CoreComm. The Company had furnished that customer notice of its discontinuance of such services by a mailing on September 9, 2005. CoreComm has applied for authority to the Federal Communications Commission for authority to cease interstate and international interexchange service.

NOW THE COMMISSION, having considered the matter, is of the opinion that CoreComm's application should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2005-00133.
- (2) Certificate Nos. T-456 and TT-75A are hereby cancelled.
- (3) The existing tariffs of the Company currently on file with the Commission's Division of Communications are hereby cancelled.
- (4) CoreComm is authorized to cease service to its one remaining interexchange customer as of November 9, 2005.
- (5) This matter is hereby dismissed.

**CASE NO. PUC-2005-00138  
DECEMBER 22, 2005**

APPLICATION OF  
THE CITY OF BRISTOL D/B/A BRISTOL VIRGINIA UTILITIES

For a certificate of public convenience and necessity to provide interexchange telecommunications services

**FINAL ORDER**

On October 5, 2005, the City of Bristol d/b/a Bristol Virginia Utilities ("Bristol" or the "Company") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to provide interexchange telecommunications services in the cities of Bristol and Norton, and the counties of Washington, Scott, Lee, Wise, Tazewell, Russell, Smyth, and Grayson.<sup>1</sup> The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order for Notice and Comment dated October 21, 2005, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On November 23, 2005, Bristol filed proof of publication and proof of service as required by the October 21, 2005, Order.

On November 30, 2005, the Staff filed its Report finding that Bristol's application was in compliance with the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of Bristol's application, the Staff determined it would be appropriate to grant the Company a certificate to provide interexchange telecommunications services.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that Bristol should be granted a certificate to provide interexchange telecommunications services. Having considered § 56-481.1 of the Code of Virginia, the Commission further finds that Bristol may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) The City of Bristol d/b/a Bristol Virginia Utilities is hereby granted a certificate of public convenience and necessity, No. TT-216A to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

<sup>1</sup> Bristol currently holds a local exchange certificate.

**CASE NO. PUC-2005-00142  
NOVEMBER 21, 2005**

PETITION OF  
RGT UTILITIES OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local telecommunications services and for entry of an order consenting to cancellation of letter of credit

**ORDER CANCELLING CERTIFICATE AND  
CONSENTING TO CANCELLATION OF LETTER OF CREDIT**

On October 18, 2005, RGT Utilities of Virginia, Inc. ("RGT" or the "Company"), filed a petition with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity to provide local telecommunications services ("Certificate"). The Commission granted Certificate No. T-640 to RGT in Case No. PUC-2004-00144 on June 6, 2005. RGT further requests that the Commission enter an order consenting to the cancellation of the Letter of Credit that RGT provided in lieu of a surety bond as a prerequisite to providing telecommunications service in Virginia.

In the petition, RGT states that it has no tariff and has never provided service. RGT also provided as an exhibit to its petition an affidavit of Robert C. Paul, Vice President & General Counsel, attesting to the facts that RGT has never had any customers, collected customer deposits, or filed a tariff to provide services in Virginia, and that RGT has no interconnection agreements for providing service in Virginia. The affidavit further states that RGT has no outstanding service or financial obligations and will not have any potential service obligations that would require the Commission to retain RGT's Letter of Credit, because the Company has never had any customers.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Certificate granted to RGT should be cancelled and that RGT's Petition for entry of an Order Consenting to Cancellation of Letter of Credit should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00142.
- (2) Certificate T-640 authorizing RGT Utilities of Virginia, Inc., to provide local telecommunications services throughout the Commonwealth is hereby cancelled.
- (3) As the Beneficiary of the Bank of Tokyo-Mitsubishi, Ltd., New York Branch, Irrevocable Standby Letter of Credit No. S013266 issued February 18, 2005, the Commission hereby consents to the cancellation of said Irrevocable Standby Letter of Credit.
- (4) The Commission's Division of Economics and Finance shall forward to counsel for RGT the original Letter of Credit so that RGT may effectuate the cancellation of the Letter of Credit.
- (5) There being nothing further to be done, this matter is dismissed from the Commission's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00143  
DECEMBER 14, 2005**

JOINT APPLICATION OF  
COMTEL TELCOM ASSETS LP AND COMTEL VIRGINIA LLC  
and  
VARTEC TELECOM, INC.,  
VARTEC TELECOM OF VIRGINIA, INC.,  
EXCEL TELECOMMUNICATIONS, INC.,  
EXCEL TELECOMMUNICATIONS OF VIRGINIA, INC.,  
AND VARTEC SOLUTIONS, INC.

For approval of transfer of assets and control

**ORDER GRANTING APPROVAL**

On November 2, 2005, Comtel Telcom Assets LP ("Comtel Telcom") and Comtel Virginia LLC ("Comtel Virginia") (the "Comtel Companies"), along with VarTec Telecom, Inc. ("VarTec"), VarTec Telecom of Virginia, Inc. ("VarTec Virginia"), Excel Telecommunications, Inc. ("Excel"), Excel Telecommunications of Virginia, Inc. ("Excel Virginia"), and VarTec Solutions, Inc. ("VarTec Solutions") (the "VarTec Companies") (Comtel Companies and VarTec Companies, collectively referred to as the "Applicants"), completed their joint application originally filed with the State Corporation Commission ("Commission") on October 18, 2005.

The Applicants request authority to transfer assets and control of the VarTec Companies to the Comtel Companies. Assets shall include all telecommunications equipment, customer accounts and records, and business records and licenses and permits of the VarTec Companies.

The VarTec Companies have entered into an asset purchase agreement ("MA") with Comtel Investments LLC ("Comtel Investments"), as part of a bankruptcy process.<sup>1</sup> Comtel Investments, having the same owners as Comtel Telcom, assigned its rights and obligations under the APA to Comtel Telcom as of August 1, 2005. Comtel Telcom created a wholly owned subsidiary, Comtel Virginia, to hold the Virginia assets acquired through the APA. The APA was executed on July 25, 2005, and approved by the Bankruptcy Court on July 27, 2005.

Comtel Telcom is a limited partnership organized under the laws of the State of Texas, with headquarters in Boston, Massachusetts. Comtel Virginia, a wholly owned subsidiary of Comtel Telcom, is a limited liability company, organized under the laws of the Commonwealth of Virginia, whose principal business will be the provision of telecommunications services. Concurrently with this joint application, Comtel Virginia filed an Application with the Commission for a Certificate of Public Convenience and Necessity ("CPCN") to provide local exchange telecommunications services in Virginia.<sup>2</sup>

Comtel Telcom's general partner, Comtel Assets Inc. ("Comtel Inc."), is a Texas corporation and owns 1% of the equity of Comtel Telcom. Comtel Telcom's limited partner, Comtel Assets Corp. ("Comtel Corp."), is a Delaware corporation which owns 99% of the equity of Comtel Telcom. Comtel Inc. and Comtel Corp. are both 100% owned by Sowood Commodities Partners Fund III LP ("Sowood Fund III"), an investment company organized in Delaware as a limited partnership, with offices in Boston, Massachusetts. Most of the equity of Sowood Fund III is held by Harvard Private Capital Holdings, a passive institutional investor, owned and controlled by the President and Fellows of Harvard University.

VarTec is a privately-held general corporation organized under the laws of the State of Texas, with headquarters in Carrollton, Texas. Through a wholly-owned subsidiary, VarTec Telecom Holding Company, VarTec holds 100% of the stock of three companies formed to provide telecommunications services: VarTec Telecom of Virginia, Inc. ("VarTec Virginia"), Excelcom, Inc. ("Excelcom"), and Telco Communications Group, Inc. ("Telco"). Excelcom's wholly owned subsidiary is Excel, whose wholly owned subsidiary is Excel Virginia. Telco's wholly owned subsidiary is VarTec Solutions.

VarTec Virginia and Excel Virginia were granted authority to provide local exchange telecommunications services in Virginia, in Case Nos. PUC-2001-00179 and PUC-1999-00032, respectively. VarTec, Excel, and VarTec Solutions are resold interexchange telecommunications service providers

<sup>1</sup> The VarTec Companies voluntarily filed for Chapter 11 bankruptcy on November 1, 2004, in the Dallas Division of the United States Bankruptcy Court for the Northern District of Texas, Case No. 04-81694-HDH-11. Order approving sale to Comtel Investments was entered July 29, 2005.

<sup>2</sup> Case No. PUC-2005-00141.

within Virginia and, as such, do not require a CPCN. VarTec and Excel primarily provide telecommunications services to residential customers while VarTec Solutions serves commercial customers. VarTec provides resold interexchange telecommunications services within Virginia and elsewhere under the trade name Clear Choice Communications.

Comtel Telcom intends to operate its telecommunications business from the Dallas, Texas area once the transaction with the VarTec Companies is consummated. Comtel Telcom intends to provide resold interexchange telecommunications services under the existing trade names of VarTec Telecom, Excel Telecommunications and VarTec Solutions, in addition to the Comtel Telcom name, as a means to facilitate the seamless transfer of the VarTec Companies' customers to the Comtel Companies. Similarly, Comtel Virginia intends to provide local exchange telecommunications services under the trade names, VarTec Virginia and Excel Virginia, in addition to the Comtel Virginia name.

The joint application asserts that approval of the transfer of control and assets will serve the public interest by enabling the seamless continuation of telecommunications services to the VarTec Companies' existing Virginia customers, with the potential for expanded service offerings in the future. The joint application asserts that consummation of the transaction will greatly increase the financial viability of the VarTec Companies' existing products and services.

The Applicants also assert that approval of the proposed transaction will serve the public interest by stimulating increased competition in the telecommunications market, noting that more effective competition has the net economic effect of lower consumer prices, combined with the introduction and availability of more consumer products and services.

The Applicants represent that the transfer of assets and control will not affect the current level of services provided by the VarTec Companies to its Virginia customers. Comtel Virginia will provide local exchange telecommunications services in Virginia under the same tariffs as filed with the Commission for VarTec Virginia and Excel Virginia.

NOW THE COMMISSION, upon consideration of the joint application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the transaction, as described herein, involving transfer of assets and control of the VarTec Companies, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, approval is hereby granted for the transfer of assets and control of the VarTec Companies to the Comtel Companies, as described herein.
- 2) The Applicants shall file a report of action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUC-2005-00148  
DECEMBER 28, 2005**

JOINT PETITION AND APPLICATION OF  
ELANTIC TELECOM, INC.,  
ELANTIC NETWORKS, INC.,  
and  
CAVALIER TELEPHONE CORPORATION

For approval to transfer control of Elantic Telecom, Inc., to Cavalier Telephone Corporation, and request for expedited consideration

**ORDER GRANTING APPROVAL**

On November 17, 2005, October 21, 2005, Elantic Telecom, Inc. ("Elantic"), Elantic Networks, Inc. ("ENI"), and Cavalier Telephone Corporation ("Cavalier") completed a joint petition and application with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval to transfer control of Elantic to Cavalier. Specifically, Cavalier and ENI have entered into an agreement whereby Cavalier will realize control of ENI and, therefore, ultimate indirect control of Elantic, and request for expedited consideration.

Elantic is a Virginia public utility company that provides dark fiber and lit services to other telecommunications carriers and to several large commercial customers. Elantic provides such services to approximately 45 customers in Virginia pursuant to certificates of public convenience and necessity ("CPCNs") issued in Case No. PUC-2004-00097. CPCN No. TT-38C authorizes Elantic to provide interexchange telecommunications services and CPCN No. T-457c authorizes Elantic to provide local exchange telecommunications services. Elantic Networks, Inc. ("ENI"), is a Delaware corporation and the parent company of Elantic. ENI does not operate as a telephone company in Virginia.

Cavalier Telephone Corporation ("Cavalier") is a Delaware corporation whose subsidiaries provide local exchange and interexchange telecommunications services in Virginia, Pennsylvania, New Jersey, Maryland, Delaware, and the District of Columbia. Through its operating companies, Cavalier provides an array of telephone and data services via more than 300,000 access lines to more than 200,000 business and residential customers. Cavalier Telephone LLC ("Cavalier Virginia") is a direct wholly owned subsidiary of Cavalier and holds CPCNs to provide local exchange and interexchange telecommunications services in Virginia. Cavalier Virginia serves approximately 150,000 residential and business customers and has 260,000 telephone lines throughout the areas it serves. It serves approximately 76,000 customers in Virginia.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Petitioners are requesting approval from the Commission for the indirect transfer of control of Elantic from ENI to Cavalier. In connection with the transfer, Petitioners have entered into a combination agreement and plan of reorganization ("Agreement") to consummate a merger, whereupon ownership and control of ENI, and the upstream control of Elantic, will be transferred to Cavalier. By way of a reverse triangular merger and in accordance with the Agreement, ENI will merge with CTC Merger Sub, Inc., a wholly owned subsidiary of Cavalier created for the purposes of the proposed transaction, with ENI as the surviving company. The merger will be an all-stock transaction where all ENI stock will be exchanged with Cavalier common and preferred stock. Upon completion of the merger, ENI will be a wholly owned subsidiary of Cavalier and will continue to wholly own Elantic. Petitioners represent that because only the ultimate ownership of Elantic will change, the day-to-day operations and a substantial amount of the ownership structure will remain unchanged.

Petitioners represent that the proposed transaction is in the public interest. Petitioners further represent that the transaction will be seamless and transparent to customers, vendors, and the public. Petitioners state that the proposed merger will accomplish a financial and operational consolidation that is the logical outgrowth of the fact that 100% of ENI is owned by the same investors who own more than 70% of Cavalier, and Cavalier Virginia has been managing all Elantic operations for more than a year pursuant to a management services contract. Also, according to Petitioners, the merger will allow Elantic to emerge from bankruptcy with new sources of capital, will lead to greater inter-company integration and operating efficiencies, and will create a stronger competitor in the Virginia market without any increased cost to ratepayers.

NOW THE COMMISSION, upon consideration of the joint petition and application and representations of Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval of the transfer of control of Elantic Telecom, Inc., to Cavalier Telephone Corporation under the terms and conditions and for the purpose as described herein.
- 2) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to the administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.
- 3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00149  
DECEMBER 14, 2005**

APPLICATION OF  
AX TELECOMMUNICATIONS, INCORPORATED

For cancellation of its local certificate of public convenience and necessity and for authority to discontinue service to its customers

**ORDER**

By Order dated May 7, 1999, in Case No. PUC-1998-00169, the State Corporation Commission ("Commission") granted Ax Telecommunications, Incorporated ("Ax" or the "Company"), Certificate No. T-443 to provide local exchange telecommunications services in Virginia.

By letter application filed on October 31, 2005, Ax requested that the Commission cancel its certificate because Ax was ceasing operations in Virginia. The application also sought authority to discontinue service to its remaining Virginia customers on December 20, 2005. Ax provides resold local exchange service to approximately 81 Virginia customers. The Company furnished those customers notice of its discontinuance of such services by a mailing on October 17, 2005.

The Commission's primary concern with authorizing discontinuance is providing adequate notice to affected customers. Pursuant to 20 VAC 5-423-20, a competitive local exchange carrier must provide at least 30 days written notice of the proposed disconnection of service. The Commission's finds that Ax's proposed discontinuance date of December 20, 2005, meets the required 30 days' notice to customers.

NOW THE COMMISSION, having considered the matter, is of the opinion that Ax's application should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2005-00149.
- (2) Certificate No. T-443 is hereby cancelled as of December 20, 2005.
- (3) The existing tariffs of the Company currently on file with the Commission's Division of Communications are hereby cancelled as of December 20, 2005.
- (4) Ax Telecommunications, Incorporated, on December 19, 2005, shall report to the Commission's Division of Communications the number of its remaining customers in Virginia.
- (5) Ax Telecommunications, Incorporated, is authorized to cease service to its remaining Virginia customers as of December 20, 2005.
- (6) This matter is hereby dismissed.

**CASE NO. PUC-2005-00153  
DECEMBER 21, 2005**

JOINT PETITION OF  
CINERGY CORP.,  
KDL OF VIRGINIA, INC.,  
DUKE ENERGY HOLDING CORP.  
and  
DUKE ENERGY CORPORATION

For approval of Agreement and Plan of Merger to transfer Cinergy Corp.'s indirect, ultimate control of KDL of Virginia, Inc., to Duke Energy Holding Corp.

**ORDER GRANTING APPROVAL**

On November 1, 2005, Cinergy Corp. ("Cinergy") and Duke Energy Corporation ("Duke Energy") filed a joint petition pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval of an indirect transfer of control of KDL of Virginia, Inc., ("KDL"), from Cinergy to Duke Energy Holding Corp. ("Duke Energy Holding") upon completion of such proposed transaction involving the proposed Cinergy/Duke Energy merger. In connection with the proposed transfer, Cinergy and Duke have entered into an Agreement and Plan of Merger ("Plan of Merger") whereby Duke Energy Holding will acquire control of Cinergy and, therefore, indirectly gain ultimate control of KDL.<sup>1</sup>

On November 18, 2005, a Motion and Amendment was filed requesting that KDL, the regulated entity whose control is being transferred, and Duke Energy Holding, the entity acquiring control of a telephone company within the meaning of § 56-88.1 of the Code, be added as Petitioners. The Motion and Amendment also included the required verifications to complete the joint petition. The joint petition was deemed complete as of November 18, 2005. Cinergy, KDL, Duke Energy Holding, and Duke Energy are collectively referred to herein as "Petitioners."

Cinergy is a registered holding company under the Public Utility Holding Company Act of 1935 headquartered in Cincinnati, Ohio, with subsidiaries serving approximately 1.5 million retail electric customers and 500,000 retail gas customers in Ohio, Kentucky, and Indiana. In addition to regulated utility operations, Cinergy's subsidiaries are primarily involved in wholesale power generation and sales, energy marketing and trading, and other energy related businesses.

KDL is a Virginia public service corporation authorized to provide regulated retail local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity, Nos. T-615 and TT-194A, respectively. KDL is a direct wholly owned subsidiary of Kentucky Data Link, Inc., which, in turn, is a direct wholly owned subsidiary of Q-Comm Corporation ("Q-Comm"). Cinergy indirectly owns an approximately thirty percent (30%) equity interest in Q-Comm<sup>2</sup> and holds an ultimate ownership interest in KDL. KDL does not currently have any customers of regulated services in Virginia.<sup>3</sup> Duke Energy is a North Carolina corporation with subsidiaries operating in gas and electric businesses, both regulated and non-regulated, and real estate. Duke Energy supplies, delivers, and processes energy for customers in the United States and selected international markets. Through its Duke Power business unit, it generates, transmits, distributes and sells electricity to approximately 2.2 million residential, commercial, and industrial customers in a service area that covers about 22,000 square miles in central and western North Carolina and western South Carolina. Duke Energy Holding is a newly created subsidiary of Duke Energy and was created solely for the purpose of consummating the proposed transaction.

As stated in the joint petition, Cinergy will continue to hold its indirect ownership interest in KDL, and KDL's business and operations will continue to be managed by the same companies and individuals. Petitioners state that the Plan of Merger does not call for the merger of any assets, operations, lines, plants, franchises or permits of KDL with assets, operations, lines, plants, franchises, or permits of any Duke Energy entity. After the proposed transaction takes place, KDL will become a sixth-tier subsidiary of Duke Energy Holding. The proposed transaction does not call for any change in any rates, terms, or conditions for the provision of any telecommunications services provided by KDL in Virginia.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of indirect, ultimate control of KDL from Cinergy to Duke Energy Holding will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) The November 18, 2005 Motion and Amendment are hereby accepted.

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval for the transfer of indirect, ultimate control of KDL from Cinergy to Duke Energy Holding under the terms and conditions and for the purpose as described herein.

<sup>1</sup> Since Cinergy does not hold a certificate of public convenience and necessity and does not provide utility services to customers in Virginia, approval of the transfer of control of Cinergy to Duke Energy does not require Commission approval.

<sup>2</sup> The remaining 70% of Q-Comm is held by other third-party investors

<sup>3</sup> While KDL does not have accepted local exchange tariffs on file with the Division of Communications, it does have accepted interexchange tariffs on file with the Division.

(3) The Petitioners shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to the administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2005-00166  
DECEMBER 9, 2005**

APPLICATION OF  
METRO TELECONNECT, INC.

For cancellation of its local certificate of public convenience and necessity and for authority to discontinue service to its customers

**ORDER**

By Order dated February 16, 2000, in Case No. PUC-1999-00179, the State Corporation Commission ("Commission") granted Metro Teleconnect, Inc. ("Metro" or the "Company"), Certificate No. T-477 to provide local exchange telecommunications services in Virginia.

By letter application filed and amended on December 7, 2005, Metro requested that the Commission cancel its certificate because Metro was ceasing operations as a result of bankruptcy proceedings. The application also sought authority to discontinue service to its remaining Virginia customers on December 10, 2005. Metro provides prepaid local exchange service to approximately 460 Virginia residential customers. The Company furnished those customers notice of its discontinuance of such services by a mailing on November 10, 2005.

The Commission's primary concern with authorizing discontinuance is providing adequate notice to affected customers. Pursuant to 20 VAC 5-423-20, a competitive local exchange carrier must provide at least 30 days written notice of the proposed disconnection of service. The Commission's finds that Metro's proposed discontinuance date of December 10, 2005, falls short of the required 30 days' notice to customers, and therefore, should be extended to December 15, 2005.

NOW THE COMMISSION, having considered the matter, is of the opinion that Metro's application should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2005-00166.
- (2) Certificate No. T-477 is hereby cancelled as of December 15, 2005.
- (3) The existing tariffs of the Company currently on file with the Commission's Division of Communications are hereby cancelled as of December 15, 2005.
- (4) Metro Teleconnect, Inc., is authorized to cease service to its remaining Virginia customers as of December 15, 2005.
- (5) This matter is hereby dismissed.

## DIVISION OF ENERGY REGULATION

**CASE NOS. PUE-1988-00082, PUE-1990-00054, PUE-1991-00048,  
PUE-1992-00048, PUE-1994-00059, PUE-1995-00094, PUE-1996-00226  
PUE-1997-00904, PUE-1998-00727, PUE-1999-00717  
PUE-2000-00585, PUE-2002-00377, and PUE-2003-00285  
APRIL 29, 2005**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

To close open fuel factor proceedings

### FINAL ORDER

In this Order, the State Corporation Commission ("Commission") will grant the relief requested in the December 20, 2004, petition ("Petition") of Virginia Electric and Power Company ("Dominion Virginia Power," "DVP," or "Company") by which the Company seeks to close all of its fuel factor dockets that have not been previously closed by Order of this Commission.<sup>1</sup> The Company asserted in its Petition that these dockets need not remain open for the purpose of auditing them because changes in the law governing the Company's fuel factor render such audits legally moot. Specifically, amendments to § 56-249.6 of the Code of Virginia ("Code") enacted as part of Senate Bill 651 ("SB 651") passed by the Virginia General Assembly during its 2004 Session, freeze the Company's current fuel costs recovery tariffs through June 30, 2007. Under this legislation, the Company's fuel tariffs will be adjusted thereafter to recover the Company's fuel costs incurred during the period July 1, 2007, through December 31, 2010. Moreover, SB 651's amendments to Code § 56-249.6 eliminate deferred accounting with respect to the over- or under-collection of fuel costs under the Company's current fuel factor.<sup>2</sup>

Prior to our issuance of any procedural order in this case, the Staff of the Commission ("Staff" or "Commission Staff"), filed a response to the Petition on January 10, 2005 ("Staff Response" or "Response"). In its Response, the Staff stated that it does not oppose the relief sought in the Petition. Nevertheless, the Staff urged this Commission to make clear in any Order approving the Company's Petition, that closing the Company's open fuel dockets does not, in any way, foreclose the Commission's authority to "obtain from the Company all information and data that the Commission or its Staff may require to monitor and evaluate the Company's historical and future fuel costs." Staff Response at 3.

On February 9, 2005, we issued an Order for Comment in this matter, docketing the Petition, and directing that interested persons be given an opportunity to file comments and to request a hearing concerning the Petition. The Commission Staff was also permitted to supplement its Response, and the Company was authorized to reply to any comments filed, as well as to any supplementary report filed by the Staff.

Thereafter, on February 25, 2005, the Division of Consumer Counsel of the Office of the Attorney General ("Consumer Counsel"), filed comments concerning the Company's Petition. Consumer Counsel stated that it agrees with the Staff's position stated in its Response, and does not object to the relief sought by the Company in this proceeding. However, Consumer Counsel also stated that (i) "the closure of these dockets, however, should in no way limit the Company's continuing fuel cost reporting obligations as set forth in the Commission's Order of February 1, 2005, in Case No. PUE-2004-00102," and (ii) the General Assembly's amendments to Code § 56-249.6 do not prohibit the Staff from completing its outstanding audits, and, therefore, "should the Commission find that a final fuel audit [in these dockets proposed to be closed] would be in the public interest," the Staff could complete these audits and prepare final reports, notwithstanding the amendments to § 56-249.6. Consumer Counsel comments at 3.

No other party filed comments concerning the Company's Petition. Moreover, on March 22, 2005, the Commission Staff, by counsel, filed with the Clerk of the Commission a letter stating that the Staff did not intend to supplement the Response it filed prior to the Commission's issuance of its Order for Comment. Thereafter, on March 25, 2005, the Company, by its counsel, filed correspondence with the Clerk of the Commission advising that the Company did not intend to file reply comments in the case.

NOW THE COMMISSION, having considered the Company's Petition herein, the Commission Staff's Response and Consumer Counsel's Comments, is of the opinion and finds as follows:

We would note, first of all, that in addition to the Company, the sole parties participating in this docket are the Commission Staff and Consumer Counsel. Neither the Commission Staff nor Consumer Counsel objects to closing out the fuel case dockets subject of this Petition. However, it is apparent from the Staff's Response that the Staff seeks to ensure that no Order issued by this Commission approving the Petition serve hereafter as a barrier to this Commission's review of the Company's fuel expenses—irrespective of whether audits of these fuel cases occur. The Consumer Counsel urges this Commission to leave open the opportunity for Staff audit of these fuel cases, if doing so would be in the public interest. The Consumer Counsel also

<sup>1</sup> On February 2, 2005, the Company filed with the Clerk of the Commission, a supplement to its Petition, adding three additional fuel factor dockets to the list of those dockets it proposed for closure under its Petition. These additional dockets are: PUE-1996-00226, PUE-1997-00904, and PUE-2000-00585.

<sup>2</sup> The Company also emphasizes that "[T]o the extent that the Commission Staff needs to continue its oversight of the Company's current fuel expenses, this can be achieved through Dominion Virginia Power's monthly fuel reports. Additionally, pursuant to Virginia Code § 56-35, the Commission continues to have authority to review the Company's books and records, including those related to fuel and usage." Petition at 4. We would note that the Company's petition in Case No. PUE-2004-00102, Application of Virginia Electric and Power Company for Modification of Fuel Monitoring Procedures Pursuant to Va. Code §§ 56-249.3 and 56-249.4, sought to change the frequency with which the Staff's Fuel Monitoring System reports concerning the Company's fuel data would be made available to the general public. Under the Company's proposal, such reports would be made available to the public on a quarterly basis (instead of monthly, under current procedures); the Company would continue its monthly reporting of fuel data to the Commission and its Staff. In our Order of February 1, 2005, in that docket, this Commission approved the Company's application, in part, on a trial basis.

emphasizes that closing these dockets should not limit the Company's continuing fuel cost reporting obligations as set forth in our February 1, 2005, Order in Application of Virginia Electric and Power Company For Modification of Fuel Monitoring Procedures Pursuant to Va. Code §§ 56-249.3 and 56-249.4, Case No. PUE-2004-00102. As noted above, the Company does not disagree with this last proposition.

As discussed by the Company, the Staff and Consumer Counsel, the amendments to Code § 56-249.6 resulting from Senate Bill 651's enactment in 2004, both legislatively established the Company's current fuel factor and directed this Commission to establish DVP's next fuel factor in a way that significantly diverges from the methodology by which the Commission has historically established the Company's fuel rates. Therefore, because of these statutory changes and their practical consequences in DVP's currently open fuel dockets (i.e., eliminating the Commission's additional consideration of fuel cost over- and under-recoveries associated with those dockets),<sup>3</sup> we will order that such cases be closed.

However, we strongly emphasize that such closure is without prejudice to this Commission's authority to obtain from the Company all information and data that the Commission or its Staff may require to review and evaluate the Company's historical and future fuel costs, as necessary to enable us to discharge our duties and responsibilities under Virginia law. Moreover, the Company's continuing statutory responsibility to report fuel data, subject to the provisions of our recent order in Case No. PUE-2004-00102, is not modified or altered in any respect by this Order.

Finally, we would note further that to the extent that the Company purchases fuel through affiliate arrangements that are subject to this Commission's oversight under the provisions of Chapter 4 (§ 56-76, et seq.) of Title 56 of the Code of Virginia, this Commission will monitor such arrangements, and revise and amend the terms and conditions thereof, if, when and as necessary to protect the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Petition is granted as provided herein.
- (2) The relief granted herein is without prejudice to this Commission's authority to obtain from the Company all information and data that the Commission or its Staff may require to review and evaluate the Company's historical and future fuel costs, as necessary to enable us to discharge our duties and responsibilities under Virginia law.
- (3) The relief granted herein is also without prejudice to the Company's continuing obligation to provide fuel data and reports to this Commission pursuant to §§ 56-249.3 and 56-249.4 of the Code of Virginia, subject to the provisions of our February 1, 2005, Order in Case No. PUE-2004-00102.
- (4) These cases are dismissed, and the papers herein shall be placed in the files for ended causes.

<sup>3</sup>As a matter of historical record, the Commission had, prior to 2004, annually reviewed and adjusted fuel expenses for DVP employing a methodology, described by Code § 56-249.6 A 1, as "designed to recover the fuel costs determined by the Commission to be appropriate for that period, adjusted for any over-recovery or under-recovery of fuel costs previously incurred." Over- or under-recovery was addressed by a "correction factor" employed in each succeeding fuel factor proceeding.

**CASE NO. PUE-1991-00007  
AUGUST 3, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For an extension of time for filing certain contracts with qualifying facilities

**ORDER CLOSING CASE**

By Order of January 20, 1992, the State Corporation Commission ("Commission") directed Virginia Electric and Power Company ("Virginia Power" or "Company") to file copies of power supply contracts it had negotiated with certain providers "in a protected manner not to be disclosed to the public" until the Company concluded its negotiations with certain other providers. Virginia Power filed the contracts as directed on or about January 23, 1992.

By letter of counsel dated November 30, 1995, Virginia Power advised that it had concluded or terminated its outstanding negotiations and that the filed contracts no longer required protected status.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that the protected status of the designated contracts shall be withdrawn; that there is nothing further to be done in this matter, and that it shall be and is, DISMISSED, and the papers transferred to the file for ended causes.

**CASE NO. PUE-1995-00133  
AUGUST 8, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
A&C ENERCOM, INC., formerly known as A&C ENERCOM ACQUISITIONS, INC.

For approval of affiliate transactions pursuant to Chapter 4 of Title 56, Code of Virginia

**ORDER CLOSING CASE**

On November 8, 1996, the State Corporation Commission ("Commission") entered its Order Granting Approval of certain affiliate transactions between Virginia Electric and Power Company ("Virginia Power" or "Company") and A&C Enercom, Inc. ("A&C"), formerly known as A&C Enercom Acquisitions, Inc., a wholly owned subsidiary of Virginia Power.

This matter generated an unusual level of interest during 1996, when it was before the Commission. Protests to the Application were filed by the Central Virginia Chapter, the National Capital Chapter and the Hampton Roads Chapter of the Air Conditioning Contractors of Virginia, Inc. (collectively "ACCA"), the gravamen of which was concern that Virginia Power could use information it gathered in its role as a public service provider to unfairly advantage A&C's entry and participation in several markets served by ACCA members. In response, the Company made modifications to its Application, which ACCA deemed acceptable, and agreed to notify ACCA before making any further modifications.

The Application also drew comments from the National Association of Energy Service Companies and a Protest from the Consulting Engineers Council of Virginia, Inc., also expressing various concerns about the relationship between a regulated, then-monopoly provider of electricity and its subsidiary, which aimed to compete for business routinely provided by their members to the public.

The November 8, 1996 Order Granting Approval acknowledged the above concerns and noted that the Commission had reviewed similar charges in the past, citing a number of prior decisions. The Order further noted that in an affiliate application, such as the instant case, "we typically limit our review to those issues of cost for services between a utility and its affiliate. Accordingly, we will reserve our decision regarding the issues of abuse of monopoly power for the time when an appropriate complaint is filed against the Company."

No complaint has been filed. The Commission's authority over transactions between a utility and its affiliates is set out in Chapter 4 of Title 56 of the Code of Virginia ("Code"), and was preserved with respect to electric utilities by enactment of § 56-590 G of the Electric Utility Restructuring Act, § 56-576 *et seq.* of the Code. Section 56-80 of the Code grants the Commission continuing supervisory authority over the terms and conditions of agreements between utilities and their affiliates "so far as necessary to protect and promote the public interest."

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that this matter should be, and hereby is, DISMISSED. The Commission retains full continuing supervisory authority to deal with a complaint, should any ever arise, in the context of a new docket.

**CASE NO. PUE-1996-00297  
AUGUST 3, 2005**

PETITION OF  
DOMINION RESOURCES, INC.

In the matter of Doe Corporation

**ORDER CLOSING CASE**

This docket was established by Protective Order of the State Corporation Commission ("Commission") entered November 6, 1996, granting protected and confidential status to a Petition filed by Dominion Resources, Inc. ("DRI" or "Company"), at the Company's request. The Petition concerned DRI's proposed acquisition of a foreign utility and contained sensitive commercial information.

The Protective Order was thereafter modified by the Commission on two occasions, once at the request of the Company and once at the request of the Commission Staff, with the Company's assent. DRI successfully acquired, and subsequently disposed of, the target foreign utility several years ago.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that there is nothing further to be done in this docket and the same shall be and is, DISMISSED, and the papers transferred to the file for ended causes.

**CASE NO. PUE-1996-00298  
AUGUST 3, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: Investigation of Electric Utility Industry Restructuring – Kentucky Utilities Company

**ORDER CLOSING CASE**

By Order entered November 12, 1996, the State Corporation Commission ("Commission") established this docket in which the entity then known as Kentucky Utilities Company ("KU" or "Company") was directed to file, should it choose to do so, any form of alternative regulation it wished the Commission to consider. The Company did not choose to make a filing in this docket, which has been overtaken by events, including, inter alia, the enactment of the Virginia Electric Utility Restructuring Act (§ 56-576 et seq. of the Code of Virginia) during the 1999 Session of the Virginia General Assembly, and the modifications and amendments made to that bill in the years since its passage.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that there is nothing further to be done in this docket, and that it shall be and is, DISMISSED, and the papers transferred to the file for ended causes.

**CASE NO. PUE-1996-00299  
AUGUST 8, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: Investigation of Electric Utility Industry Restructuring – Delmarva Power & Light Company

**ORDER CLOSING CASE**

By Order entered November 12, 1996, the State Corporation Commission ("Commission") established this docket in which the Delmarva Power & Light Company ("Delmarva" or "Company") was directed to file, should it choose to do so, any form of alternative regulation it wished the Commission to consider. The Company did not choose to make a filing in this docket, which has been overtaken by events, including, inter alia, the enactment of the Virginia Electric Utility Restructuring Act (§ 56-576 et seq. of the Code of Virginia) during the 1999 Session of the Virginia General Assembly, and the modifications and amendments made to that bill in the years since its passage.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that there is nothing further to be done in this docket, and that it shall be and is, DISMISSED, and the papers transferred to the file for ended causes.

**CASE NO. PUE-1996-00300  
AUGUST 8, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: Investigation of Electric Utility Industry Restructuring – The Potomac Edison Company

**ORDER CLOSING CASE**

By Order entered November 12, 1996, the State Corporation Commission ("Commission") established this docket in which The Potomac Edison Company ("Potomac Edison" or "Company") was directed to file, should it choose to do so, any form of alternative regulation it wished the Commission to consider. The Company did not choose to make a filing in this docket, which has been overtaken by events, including, inter alia, the enactment of the Virginia Electric Utility Restructuring Act (§ 56-576 et seq. of the Code of Virginia) during the 1999 Session of the Virginia General Assembly, and the modifications and amendments made to that bill in the years since its passage.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that there is nothing further to be done in this docket, and that it shall be and is, DISMISSED, and the papers transferred to the file for ended causes.

**CASE NO. PUE-1997-00613  
OCTOBER 14, 2005**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For approval of a special contract under § 56-235.2 of the Code of Virginia

**DISMISSAL ORDER**

On July 24, 1997, the State Corporation Commission ("Commission") received an application by Delmarva Power & Light Company ("Delmarva" or the "Company") requesting approval, pursuant to § 56-235.2 of the Code of Virginia, of a special contract to supply electric service to Tyson Foods, Inc. ("Tyson"). Tyson was previously served under Delmarva's General Service-Primary Rate Schedule. That application was revised on November 13, 1997 to convert the proposed special contract to an experimental real time pricing-firm rate schedule ("RTP-F") pursuant to § 56-234 of the Code of Virginia.

On January 15, 1998, the Commission entered an order approving Delmarva's application for a Schedule RTP-F for a three year period, subject to the Commission's ongoing oversight. The Commission required that Delmarva file a status report every six months during the term of the pilot program and a final report and analysis of the pilot program no later than six months following the end of the implementation period. The matter was to be continued until further order of the Commission. Tyson was the only Delmarva customer to contract for service on this schedule. That contract terminated on May 14, 2004. No other customers contracted with Delmarva for service on Schedule RTP-F during the three-year period authorized by the Commission, which closed on January 15, 2001.

On March 30, 2001, the Commission entered an order in Case No. PUE-2000-00740 adopting a schedule for transition to full retail choice for electric generation.<sup>1</sup> The Commission directed Delmarva to be fully open to choice for retail generation services, for all customers, on and after January 1, 2002, with no transition or phase in period.

NOW UPON CONSIDERATION that the date for implementation of retail competition in the Company's service territory has passed and that the Company has filed the required status reports and the final report on the pilot program, the Commission finds that Case No. PUE-1997-00613 should be dismissed from the docket of active proceedings.

ACCORDINGLY, IT IS ORDERED THAT the captioned matter should be dismissed from the Commission's docket of active cases and the papers filed therein placed in the Commission's file for ended cases.

<sup>1</sup> Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter concerning a draft plan for phase-in of retail electric competition, Case No. PUE-2000-00740, 2001 S.C.C. Ann. Rept. 495.

**CASE NO. PUE-2000-00569  
JULY 26, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

Ex Parte, In re: Kentucky Utilities Company d/b/a Old Dominion Power Company; Regional Transmission Entities

**ORDER GRANTING MOTION TO DISMISS**

Sections 56-577 and 56-579 of the Virginia Electric Utility Restructuring Act (the "Restructuring Act"), Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia ("Code"), requires Virginia incumbent electric utilities to join or establish regional transmission entities ("RTEs"), and to seek approval from the State Corporation Commission ("Commission") prior to transferring the ownership or control of their transmission assets to RTEs. On July 19, 2000, the Commission adopted, in Case No. PUE-1999-00349, rules and regulations governing incumbent electric utilities' transfer of ownership or control of transmission assets, or entitlements thereto, to an RTE, 20 VAC 5-320-10 et seq. (the "RTE Rules").

On October 16, 2000, Kentucky Utilities, a Virginia public service company doing business in Virginia as Old Dominion Power Company ("ODP" or the "Company"), filed an application for Commission approval to transfer the operational control over its transmission assets to the Midwest Independent Transmission System Operator, Inc. ("MISO"), pursuant to the Restructuring Act and the RTE Rules. In the alternative, the Company requested that the Commission exempt it from the RTE Rules on the basis of the Company's existing agreement with MISO.

On May 31, 2001, the Commission issued an Order Prescribing Notice and Inviting Comments and/or Requests for Hearing that directed the Company to provide public notice of its application, established a procedural schedule for the filing of comments and requests for hearing, and directed the Commission Staff to review the application and file a Report detailing the results of its investigation. By Order dated September 26, 2001, the Commission temporarily suspended the procedural schedule because of certain proceedings pending before the Federal Energy Regulatory Commission ("FERC") that could impact the Company's application.

On April 11, 2002, the Commission issued an Order Reestablishing Procedural Schedule which, among other things, directed the Company to update the information contained in its original application, directed the Staff to review the application and file a Report detailing the results of its investigation, and provided the Company and interested persons an opportunity to file a response to the Staff's Report.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On June 7, 2002, the Company filed a revised application with the Commission updating the information in its original application, as directed by the Commission's April 11, 2002, Order. On July 24, 2002, the Staff filed its Report recommending that the Commission defer any decision on the Company's application until such time as certain issues surrounding the formation and operation of MISO were resolved. No comments were filed in response to the Company's application or the Staff's Report. The proceeding has remained inactive since the filing of the Staff Report on July 24, 2002.

On June 28, 2005, the Company filed a Motion to Dismiss Application. In support of its motion, the Company states that the Virginia General Assembly approved House Bill No. 2637 on March 19, 2003, which added subsection G to § 56-580 of the Code of Virginia. Section 56-580 G provides that:

The applicability of this chapter to any investor-owned incumbent electric utility supplying electric service to retail customers on January 1, 2003, whose service territory assigned to it by the Commission is located entirely within Dickenson, Lee, Russell, Scott, and Wise Counties shall be suspended effective July 1, 2003, so long as such utility does not provide retail electric services in any other service territory in any jurisdiction to customers who have the right to receive retail electric energy from another supplier. ...

The motion further states that § 56-580 G suspends the applicability of the Restructuring Act to the Company because the Company supplied electric service to retail customers on January 1, 2003; the Company's service territory is located entirely within Dickenson, Lee, Russell, Scott, and Wise Counties; and the Company does not currently provide retail electric services in any other service territory in any jurisdiction to customers who have the right to receive retail electric energy from another supplier. Accordingly, since § 56-580 G suspends any requirements imposed on the Company by the Restructuring Act, including the requirement that the Company apply for Commission approval prior to transferring the ownership or control of its transmission assets to an RTE, the Company requests that its application be dismissed without prejudice. No comments or responses were filed to the Company's Motion to Dismiss Application.

NOW THE COMMISSION, having considered the Company's motion and applicable law, is of the opinion and finds that the Company's Motion to Dismiss Application should be granted. We therefore find the Company's application should be dismissed without prejudice.

Accordingly, IT IS ORDERED that the Company's Motion to Dismiss Application be GRANTED and the papers herein placed in the file for ended causes.

**CASE NO. PUE-2001-00154  
JUNE 9, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For a certificate of public convenience and necessity for facilities in Loudoun County: Beaumeade-Beco 230 kV Transmission Line and Beaumeade-Greenway 230 kV Transmission Line

**ORDER**

On May 11, 2005, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its Motion for Extension of Construction and In-Service Date (hereinafter "Motion for Extension"). As recited in its Motion for Extension, the Commission's Order Granting Approval and Remanding for Further Proceedings of June 27, 2002, 2002 S.C.C. Ann. Rep. 398, included a condition of the granted certificate of public convenience and necessity that the transmission line be constructed and in service by January 1, 2006. Id. at 401. The condition also provided that the Company could apply for an extension of the date. In this Motion for Extension, Dominion Virginia Power seeks to extend to May 30, 2007, the date for completing construction and placing in service. The Commission will grant the requested relief.

In support of its request, the Company noted the passage of time between the granting of the certificate on June 27, 2002, and the refinement of a segment of the route. (Motion for Extension at 2.) Dominion Virginia Power also encountered delay in acquiring a necessary substation site. (Id. at 2-3.) The Company now expects to move forward with construction of the line.

Attached to the Motion for Extension was a certificate of service of a copy of the motion on counsel to all parties in this case. No responses were filed.

The Commission finds that good cause for extending the date for completing construction of the line and placing it in service has been shown.

Accordingly, IT IS ORDERED THAT:

(1) Case No. PUE-2001-00154 be placed in active status in the records maintained by the Commission Clerk and be restored to the Commission's docket.

(2) The Company's Motion for Extension be granted.

(3) Ordering Paragraph (11) of the Order Granting Approval and Remanding for Further Proceedings of June 27, 2002, 2002 S.C.C. Ann. Rep. at 401, be modified to provide as follows:

As a condition of the certificate granted in this case, the transmission lines must be constructed and in-service by May 30, 2007; however, the Company is granted leave to apply for an extension for good cause shown.

(4) Case No. PUE-2001-00154 be placed in closed status in the records maintained by the Commission Clerk and be removed from the Commission's docket.

**CASE NO. PUE-2001-00154  
SEPTEMBER 22, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For a certificate of public convenience and necessity for facilities in Loudoun County: Beaumeade-Beco 230 kV Transmission Line and Beaumeade-Greenway 230 kV Transmission Line

**ORDER GRANTING MOTION**

On August 23, 2005, Virginia Electric and Power d/b/a Dominion Virginia Power ("Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") a Motion of Virginia Electric and Power Company for Modification of Certificate Condition and Request for Expedited Consideration ("Motion"). In its Motion, Virginia Power requests the Commission to modify a condition of the certificate of public convenience and necessity for the 230 kV transmission project relative to the location of a vegetative buffer. Additionally, the Company seeks expedited consideration of the Motion.

In the Final Order of June 12, 2003,<sup>1</sup> the Commission approved the construction of the Beaumeade-Beco and Beaumeade-Greenway 230 kV transmission line. However, Ordering Paragraph 3 of the Final Order conditioned granting the certificate on the Company planting a new buffer immediately north of the W&OD Trail that screens that portion of the trail from view of the north.<sup>2</sup> Moreover, Ordering Paragraph 4 of the Final Order conditioned granting the certificate on the Company, prior to construction of the project along the W&OD Trail, submitting to the Director of the Commission's Division of Energy Regulation a detailed plan for erecting a new buffer which screens that portion of the W&OD Trail from view of the north, along with verification that the Company has obtained any legal rights needed to implement such plan, and received written acceptance of such submittal from the Division of Energy Regulation.<sup>3</sup>

In support of its Motion, the Company asserts that after conducting detailed engineering for the transmission line project far fewer trees in the existing buffer of the W&OD Trail will need to be removed. Additionally, the Company asserts that the while working with the Northern Virginia Regional Park Authority ("NVRPA")<sup>4</sup> and in consultation with the City of Fairfax, Virginia, a plan was developed to retain much of the existing vegetation buffer and to plant additional trees and shrubs to maintain the existing buffer of the W&OD corridor and screens views from the trail to the north. The Company further asserts that the NVRPA supports the plan<sup>5</sup> and that this plan will fulfill the goal of the condition in the Final Order, which is to screen the view from the W&OD Trail to the north.<sup>6</sup>

Attached to the Motion was a certificate of service of a copy of the Motion on counsel to all parties in this case. No responses to the Motion were filed.

NOW THE COMMISSION, having considered the Motion submitted herein, is of the opinion and finds that good cause having been shown, it hereby grants the relief requested by the Company.

Accordingly, IT IS ORDERED THAT:

(1) Case No. PUE-2001-00154 be placed in active status in the records maintained by the Commission Clerk and be restored to the Commission's docket.

(2) The Company's Motion is granted.

(3) Ordering Paragraph 3 of the Final Order of June 12, 2003, is modified to provide that a buffer may be located in the W&OD corridor rather than on adjacent land north of the Trail.

(4) The proposed modification of the existing buffer on the W&OD corridor shall be maintained in accordance with the W&OD Trail Buffer Agreement and attachments thereto identified as Exhibit 1 to the Motion.

<sup>1</sup> *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For a certificate of public convenience and necessity for facilities located in Loudoun County: Beaumeade-Beco 230 kV Transmission Line and Beaumeade-Greenway 230 kV Transmission Line*, Case No. PUE-2001-00154, 2003 S.C.C. Ann. Rept. 314.

<sup>2</sup> *Id.* at 316.

<sup>3</sup> *Id.* at 316.

<sup>4</sup> The NVRPA owns and maintains the W&OD Trail subject to the Company's easement for transmission and distribution facilities.

<sup>5</sup> Motion at 3.

<sup>6</sup> Attached as Exhibit 1 of the Motion is a copy of the plan with attachments.

(5) The W&OD Buffer Agreement and attachments identified at Exhibit 1 to the Motion shall be appended to this Order.

(6) Ordering Paragraph 4 of the Final Order of June 12, 2003, is stricken.

(7) Case No. PUE-2001-00154 be placed in closed status in the records maintained by the Commission Clerk and be removed from the Commission's docket.

**CASE NO. PUE-2001-00306  
OCTOBER 19, 2005**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of considering requirements relating to wires charges pursuant to the Virginia Electric Utility Restructuring Act

**FINAL ORDER**

On November 19, 2001, the State Corporation Commission ("Commission") entered an Order ("November 19, 2001, Order") in this docket establishing generation market pricing methodologies for the purposes of establishing wires charges for Virginia Electric and Power Company ("DVP" or "Company") and Appalachian Power Company d/b/a American Electric Power ("AEP-VA"). Subsequently, on May 24, 2002, the Commission entered an Order establishing wires charges methodologies for electric distribution cooperatives operating in Virginia.

Pursuant to Ordering Paragraph (5) of the November 19, 2001, Order, incumbent electric utilities seeking to impose wires charges in calendar year 2003 and beyond were required to make an annual filing by July 1 of each year for any proposed revisions to their fuel factor, as well as for "corresponding changes in capped rates and market price proposals." Ordering Paragraph (6) kept this docket open for consideration of any other matters that may arise concerning market price determinations and wires charges.

On July 1, 2005, DVP filed an Application to Revise its Market Prices for Generation and Resulting Wires Charges for Calendar Year 2006. DVP does not propose any changes to the methodology used to derive market prices for generation and resulting wires charges. However, the Company proposes two changes relating to the inputs used for the development of 2006 wires charges in order to provide more useful data to be applied to the Commission's previously approved methodology.

The first change proposed by DVP is to limit the historical load research information used to calculate the projected market prices for generation. In previous filings in this docket, DVP has included an additional year of historical load research information to the calculation in each year following its initial wires charges filing in 2001. For example, in the calculation of 2004 wires charges, DVP used four years of historical load research information, covering the period 1999 to 2002. For calculation of the 2005 wires charges, DVP used five years of historic load research information, covering the period from 1999 to 2003. If DVP continued this approach, six years of historical load research information would be used in the current filing, covering the period 1999 through 2004.

As an alternative to including an additional year of historical load research information to calculate wires charges in this and future filings, DVP proposes to use only the five most recent years of historical load research data for the development of its annual wires charges. Accordingly, under DVP's proposal, wires charges for calendar year 2006 would be based on historical load research information covering the period 2000 through 2004. Wires charges for January 1 through July 1, 2007, the end of wires charges collection period, would be based on data from 2001 through 2005.

The second change proposed by DVP relates to the use of supplemental information for on-peak and off-peak pricing. In 2004, DVP proposed, and the Commission subsequently approved, the use of supplemental information for off-peak pricing if the Staff determined such information was necessary. The supplemental information for off-peak pricing was gathered from assessments of monthly, bi-monthly, and quarterly contracts trading on the Intercontinental Exchange ("ICE"). DVP continues to support the use of supplemental monthly, bi-monthly, and quarterly off-peak information if the Staff deems such information necessary. However, due to a reduction in the volume of transactions and decreasing availability of bid and offer quotes for the firm on-peak and off-peak contracts with liquidated damages ("Firm LD"), DVP proposes an additional change relating to the use of supplemental information for pricing purposes.

The change proposed by DVP relates to the use of ICE PJM Financial Swap contracts and New York Mercantile Exchange ("NYMEX") PJM Futures contracts as supplemental information for on-peak and off-peak pricing. Currently, DVP uses two data sources for on-peak pricing: forward market assessments from Platts Energy Trader ("Platts") and Firm LD forward contracts from ICE. DVP currently uses only one data source in assessing off-peak pricing, Firm LD forward contracts from ICE.

DVP proposes to use, as supplemental information for both on-peak and off-peak contracts, the ICE PJM Financial Swap contracts based on the real-time index and the NYMEX PJM Futures contracts. Under DVP's proposal, if the Staff administratively determines that sufficient information does not exist for the Firm LD on-peak and off-peak contracts to be used to determine the projected market price for generation, the supplemental information from ICE PJM Financial Swap contracts and NYMEX PJM Futures contracts would be used. Specific examples of how this additional supplemental information would be used to calculate the projected market price for generation are shown on Attachments 1 and 2 of DVP's application.

Also on July 1, 2005, AEP-VA filed a letter with the Commission stating that it does not propose to implement wires charges during calendar year 2006. AEP-VA further states that no change in its tariffs is necessary because the tariffs currently in effect reflect wires charges set at zero for all customers. Finally, AEP-VA states that it reserves the right to impose wires charges after calendar year 2006 if circumstances warrant such action.

On July 12, 2005, the Virginia electric cooperatives<sup>1</sup> and the Virginia, Maryland & Delaware Association of Electric Cooperatives (collectively "Cooperatives") filed Comments in this proceeding and a Motion for Leave to File Comments Out of Time. In support of their motion, the Cooperatives state they failed to file their Comments on a timely basis on or before July 1 because of an administrative oversight and a change in certain key personnel. In their Comments, the Cooperatives state they continue to support the general methodology by which changes in their wholesale power and fuel costs and corresponding changes in their capped rates can be recognized and calculated monthly. The Cooperatives also continue to support the Commission's method of establishing market prices based on forward pricing data from the relevant trading hubs.

On July 21, 2005, the Commission entered an Order for Notice and Comment granting the Cooperatives' Motion for Leave to File Comments Out of Time; establishing a procedural schedule for the filing of comments or requests for hearing by interested persons; and directing the Commission Staff to investigate the filings by DVP, AEP-VA, and the Cooperatives, and to file a report containing its findings and recommendations. DVP, AEP-VA, and the Cooperatives were also given an opportunity to file responses to the Staff Report or any comments or testimony filed by interested persons or respondents.

On August 15, 2005, Direct Energy Services, LLC ("Direct Energy"), filed a Notice of Participation of Direct Energy Services, LLC, and Conditional Request for Hearing. In its August 15, 2005, filing, Direct Energy requests the Commission to determine the level of wires charges, if any, that will apply to all incumbent electric utilities from January 1, 2006, through July 1, 2007 – the remainder of the wires charges collection period authorized by § 56-583 of the Code of Virginia ("Act" or "Restructuring Act"). Direct Energy maintains that setting wires charges for the remaining wires charges collection period would foster the goals of the advancement of competition and economic development in the Commonwealth as required by § 56-596 A of the Restructuring Act. Finally, Direct Energy requests ". . . the opportunity for a hearing only in the event that the Commission determines that testimony would be helpful in ascertaining whether the Commission should exercise its discretion as proposed herein" and establish wires charges for the remaining wires charges collection period. (Notice of Participation of Direct Energy Services, LLC, and Conditional Request for Hearing at 4).

On August 29, 2005, Direct Energy filed Comments in lieu of testimony addressing the applications filed by DVP, AEP-VA, and the Cooperatives. In its Comments, Direct Energy renewed its request that the Commission determine in this proceeding the level of wires charges, if any, for the remainder of the wires charges collection period as set forth in § 56-583 of the Restructuring Act.

Direct Energy also addressed DVP's proposal to use only the five most recent years of historical load research information when developing its annual wires charges. Direct Energy states that it does not oppose DVP's proposal in principle. However, Direct Energy recommends that DVP's proposal be approved by the Commission only if DVP can demonstrate that its proposal will not negatively impact the development of the competitive market. In order to make this showing, Direct Energy recommends that DVP be required to perform two calculations – one using historical load research information from 1999-2004 and another using historical load research information from 2000-2004 – and use the historical load research information that produces the lowest wires charges.

On September 7, 2005, Northern Virginia Electric Cooperative ("NOVEC") filed a Motion to Accept Comments Out of Time ("Motion") and Comments. NOVEC has historically joined in the Comments submitted by the Cooperatives in the wires charges proceeding, but was omitted from the Cooperatives' Comments filed for calendar year 2006 wires charges. NOVEC's Motion states that it only recently learned that it was not included in the Cooperatives' Comments filed on July 12, 2005, and it now seeks to file its Comments Out of Time. NOVEC's Motion further states that the Staff and parties in this proceeding will not be prejudiced by granting its Motion because NOVEC merely adopts the Cooperatives' July 12, 2005, Comments as its own.

On September 8, 2005, the Commission Staff filed its Report recommending that no changes be made to the Commission approved methodology to derive market prices for generation and resulting wires charges. However, the Staff notes that evolving wholesale power markets have caused some of the traditional pricing inputs used to determine wires charges to be of limited usefulness. Accordingly, the Staff recommends that the relevant trading hubs and the sources of pricing information used to determine projected market prices for generation be modified.

First, the Staff recommends that the PJM Western Hub be used as the sole trading hub from which forward or futures market prices should be collected. Based on the methodology established by the Commission, the base market prices used in the determination of projected market prices for generation are the higher of the PJM Western Hub or the Cinergy trading hub. Since DVP and AEP-VA are now members of PJM, the Staff believes that the prices that prevail at PJM's Western Hub are more appropriate to use when determining projected market prices for generation when developing wires charges for incumbent electric utilities. The Staff therefore recommends that the Cinergy trading hub no longer be used as a source for forward market prices, and that the PJM Western Hub be the sole pricing point for determining forward market prices.

The Staff Report also recommends that Platts be discontinued as a source of forward pricing data for the determination of projected market prices. The Staff Report notes that Platts does not report actual trading data, such as the volume or number of transactions for its forward price assessments, but reflects analysts' estimates of market prices after conducting a survey of market participants. The Report further notes that it is prudent to assume that declining trading volume in the Firm LD forward contracts exhibited on ICE extends generally to wholesale power markets and thus, affects the reliability of Platts' assessments. Staff therefore recommends that Platts no longer be used as a source for the determination of projected market prices.

The Staff Report further states that the trading volume in the Firm LD Peak and Firm LD Off-Peak contracts on ICE has declined significantly since the fall of 2001 when the Commission-approved methodology for determining projected market prices and resulting wires charges was first implemented. The Staff Report further finds that there is insufficient liquidity in these contracts to continue using them as a source of pricing information. The Staff therefore recommends that the use of pricing information based on Firm LD Peak and Firm LD Off-Peak contracts on ICE be discontinued. Similarly, the Staff Report indicates that the pricing data for off-peak contracts from TradeSpark has been unavailable in recent years and therefore recommends that TradeSpark no longer be considered as a source of off-peak pricing data by the Commission.

In concluding its Report, the Staff recommends that the on-peak and off-peak trading data from the PJM Financial Swap contracts and the NYMEX PJM Electricity Futures contracts, obtained from ICE and NYMEX, respectively, be the only pricing data collected and employed to determine projected market prices for generation. The Staff Report further states that the currently approved data and data sources to be employed in determining

<sup>1</sup> A&N Electric Cooperative, BARC Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative, Inc.

projected market prices are general to all incumbent electric utilities seeking to impose wires charges and, therefore, recommends that the changes and modifications described in the Report be applied generally to all incumbent electric utilities seeking to impose wires charges in 2006 and beyond.

On September 26, 2005, DVP filed Comments addressing the Staff Report and the proposals of Direct Energy. In its Comments, DVP supports all of the Staff's proposed modifications to the sources and data used for determining projected market prices for generation and resulting wires charges. However, DVP opposes Direct Energy's proposal to set wires charges for the remaining wires charges collection period, as well as Direct Energy's proposal that DVP be required to perform two calculations and use whatever historical load research information (1999-2004 or 2000-2004) produces the lower wires charges.

DVP states that setting wires charges for the remainder of the wires charges collection period would be a significant departure from the Commission's approved methodology for establishing wires charges for calendar year periods, subject to annual review and adjustment. DVP argues that under § 56-584 of the Restructuring Act, stranded costs are recoverable either through capped rates or wires charges. It further points out that the Commission has held that the wires charges mechanism was designed to make an incumbent electric utility indifferent as to whether a customer switches to a competitive service provider ("CSP") or continues to take electricity supply service from the utility. While DVP acknowledges that current market prices make it likely that wires charges will be set at zero for calendar year 2006, DVP argues that market prices fluctuate over time and may be reduced to a level that could result in positive wires charges for the first six months of 2007. Accordingly, fixing wires charges at zero for the period January 1, 2006, through July 1, 2007, would create additional unintended risks for incumbent electric utilities and could deny utilities the opportunity to recover their stranded costs as provided for in § 56-584 of the Restructuring Act.

DVP also opposes Direct Energy's proposal to require DVP to perform two wires charges calculations – one using historical load research information from 1999-2004 and second using historical load research information from 2000-2004 – and then using the historical load research information that produces the lowest wires charges. Direct Energy's suggested analysis, according to DVP, is not based upon sound analytical principles, but is designed solely to produce the lowest wires charges. DVP further argues that its proposal to use the most recent five-year period of historical load research information will be more representative of the current load patterns of its customers.

On September 27, 2005, the Cooperatives filed Comments addressing the Staff Report and the Comments submitted by Direct Energy. In their Comments, the Cooperatives stated they have no objection to the Staff's proposed modifications to the sources and data to be used to determine projected market prices for generation. However, the Cooperatives oppose Direct Energy's request that wires charges established in this proceeding remain in effect through July 1, 2007 – the remaining wires charges collection period established by § 56-583 of the Restructuring Act. The Cooperatives state that Direct Energy's proposal is contrary to the Commission's long standing, approved methodology for establishing wires charges for calendar year periods, subject to annual adjustment, and should be rejected. The Cooperatives further argue that the wires charges mechanism is designed to make utilities indifferent as to whether a customer elects to switch to a CSP or continues to take electricity supply from the incumbent electric utility. Direct Energy's proposal, according to the Cooperatives, would upset the careful balance of interests between incumbent electric utilities and customers, and it would expose utilities to risks that were not contemplated by the Restructuring Act. Further, Direct Energy's proposal could deprive utilities of wires charges revenues which, if justified by updated market data, they would otherwise be entitled to under § 56-583 of the Restructuring Act.

NOW THE COMMISSION, having considered the applications, pleadings, comments, and Staff Report is of the opinion and finds as follows.

We first find NOVEC's Motion for Leave to File Comments Out of Time should be granted. NOVEC's Comments merely adopt the Comments previously filed by the Cooperatives in this case, and no party will be prejudiced by granting NOVEC's Motion and accepting NOVEC's Comments out of time. Accordingly, we will grant NOVEC's Motion for Leave to File Comments Out of Time and accept NOVEC's Comments into the record.

We further find there is no need to schedule an evidentiary hearing to address the issues raised by Direct Energy. In its Notice of Participation and Conditional Request for Hearing, Direct Energy requested "...the opportunity for a hearing only in the event that the Commission determines that testimony would be helpful in ascertaining whether the Commission should exercise its discretion..." and establish wires charges for the remaining wires charges collection period terminating on July 1, 2007. Having considered the pleadings and comments herein, we have determined that a hearing is not necessary to resolve the issues raised by Direct Energy. Indeed, there appear to be no significant factual matters in dispute that would require a hearing before we rule on Direct Energy's proposals.

Having considered the Comments of the parties filed in this case and the Staff Report, we will not establish wires charges for the remaining wires charges collection period set to expire on July 1, 2007. In our Final Order dated November 19, 2001, in this proceeding, we established a procedure whereby wires charges are set on a calendar year basis, subject to annual review. This procedure has the advantage of maintaining a degree of flexibility when establishing wires charges in order to recognize the constantly evolving nature of wholesale power markets while, at the same time, complying with the requirement in § 56-583 A of the Restructuring Act that wires charges not be changed more than once annually. We believe our established procedure to review and establish wires charges annually represents a fair and balanced approach that does not benefit or disadvantage any party.

Direct Energy's proposal to establish wires charges for a period longer than one year, particularly at a time when current wholesale electricity prices make it unlikely that wires charges will be imposed, would not only eliminate the flexibility established by our procedure, but it could also deny incumbent electric utilities the right to collect wires charges during the first six months of 2007 should wholesale electricity prices decrease from current levels. Accordingly, we find Direct Energy's proposal to establish wires charges for the remaining wires charges collection period set to expire on July 1, 2007, should be rejected. We will not take any action that could potentially deprive incumbent electric utilities of the wires charges revenues granted by § 56-583 of the Restructuring Act.

We will also grant Virginia Power's proposal to limit the historical load research information used in determining projected market prices to the most recent five years of data. The Commission Staff suggested that DVP limit its load research data to the most recent five years during a meeting with DVP held on December 14, 2004. The Staff made this suggestion based on its belief that current load patterns more closely resemble customer usage patterns than load patterns exhibited in the distant past. We agree with our Staff. Customer usage and load patterns change over time due to many factors, including new, more efficient electric appliances, insulation materials, and conscious efforts by customers to curtail energy use. We, therefore, find that DVP's proposal should be accepted because it will promote the development of wires charges based on accurate up-to-date data that reflects current customer usage and load patterns.

Finally, we find that the Staff's proposed modifications to the sources and data used as pricing information for determining projected market prices should be adopted. Given the evolution of wholesale power markets, the continued use of Platts, Firm LD Peak and Off-Peak contracts on ICE, and TradeSpark do not appear to be appropriate sources of data to use when developing wires charges on a going forward basis for the reasons stated in the Staff Report. We will, therefore, adopt the Staff's proposal to use the ICE PJM Financial Swap contracts and the NYMEX Electricity Futures contracts collected at the PJM Western Hub to determine the incumbent electric utilities' wires charges. We find the ICE PJM Financial Swap contracts and the NYMEX Electricity Futures contracts are adequately functioning markets that exhibit sufficient liquidity to provide meaningful and reliable forward pricing data.

Accordingly, IT IS ORDERED THAT:

- (1) NOVEC's Motion to Accept Comments Out of Time is granted, and NOVEC's Comments are accepted and filed in this docket.
- (2) The methodology to derive market prices for generation and resulting wires charges for the incumbent electric utilities for calendar year 2006 shall remain the same as approved in our November 5, 2004, Order for calendar year 2005.
- (3) Direct Energy's proposal to establish wires charges for the remaining wires charges collection period set to expire on July 1, 2007, is denied.
- (4) DVP's proposal to use the most recent five (5) years of historical load research information to determine its wires charges for calendar year 2006 is approved.
- (5) The Staff's proposal to use the On-Peak and Off-Peak trading data for the PJM Financial Swap contracts and the NYMEX PJM Electricity contracts, obtained from ICE and NYMEX, respectively, is approved and this data shall be the only pricing data collected and employed to determine projected market prices for generation and resulting wires charges, if any.
- (6) The base forward market information used in establishing wires charges shall be collected from the PJM Western Hub for the following ten days: August 31, 2005; September 6, 2005; September 12, 2005; September 20, 2005; September 28, 2005; October 6, 2005; October 7, 2005; October 10, 2005; October 11, 2005; and October 12, 2005.
- (7) Incumbent electric utilities seeking to impose wires charges between January 1 and July 1, 2007, shall make an annual filing by July 1, 2006.
- (8) This docket shall remain open for the receipt of reports to be filed herein and for consideration of other matters concerning market price determination and wires charges, as they may arise.

**CASE NO. PUE-2001-00354  
OCTOBER 5, 2005**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For approval of an amendment to its Purchased Gas Charge provisions

**FINAL ORDER**

On June 27, 2005, Washington Gas Light Company ("WGL" or the "Company") filed an application with the State Corporation Commission ("Commission") requesting approval of a proposed amendment to its Purchased Gas Charge ("PGC") provision in its gas tariff that would make permanent the provision authorizing WGL to recover through its PGC costs related to gas price hedging activity conducted in accordance with the proposed permanent tariff provision. In support of its application, WGL related that it had originally filed an application on June 20, 2001 (the "Initial Application"), docketed as Case No. PUE-2001-00354, jointly with its Shenandoah Gas Division ("Shenandoah")<sup>1</sup> to amend the PGC provision of its gas tariff to provide for the recovery, through its PGC, of costs associated with hedged commodity transactions.

On September 28, 2001, the Commission entered a Final Order ("September 28, 2001, Order") that, among other things, approved the Company's gas hedging proposal through the 2005-2006 winter heating season.<sup>2</sup> Ordering Paragraph (5) of the September 28, 2001, Final Order directed the Company to file a pleading with the Clerk of the Commission requesting authority to continue the hedging program, amend the hedging program, or terminate the same.<sup>3</sup>

In accordance with Ordering Paragraph (5) of the September 28, 2001, Order, the June 27, 2005, application seeks to make permanent the authority granted in the September 28, 2001, Order that allows the Company to recover costs associated through its PGC provisions. The Company

<sup>1</sup> WGL's June 27, 2005, application explained that WGL and Shenandoah maintained separate gas tariffs in June 2001 when the original joint application was filed in the captioned matter. According to the application, Shenandoah's and WGL's separate tariffs were merged into a single tariff with separate rate elements, designated as Washington Gas Light Company-Virginia, Va. S.C.C. No. 9, following the issuance of the Commission's Final Order in Case No. PUE-2002-00364. See Application of Washington Gas Light Company and Shenandoah Gas Division of Washington Gas Light Company, For general increase in natural gas rates and charges and approval of performance-based rate regulation methodology pursuant to Va. Code § 56-235.6, Case No. PUE-2002-00364, 2003 S.C.C. Ann. Rep. 383. Hereafter, all further discussion of the application docketed as Case No. PUE-2001-00354 will refer only to the Company or WGL.

<sup>2</sup> See Application of Washington Gas Light Company and The Shenandoah Gas Division of Washington Gas Light Company, For approval of an amendment to their respective Purchased Gas Charge Provisions, Case No. PUE-2001-00354, 2001 S.C.C. Ann. Rep. 596.

<sup>3</sup> Id., 2001 S.C.C. Ann. Rep. at 598.

represented that it did not propose any other changes to the hedging program approved by the Commission in its September 28, 2001, Order. It explains that it will continue to use only price cap,<sup>4</sup> price band,<sup>5</sup> and fixed price contracts<sup>6</sup> and would limit the maximum hedged volumes to 75 percent of the Maximum Daily Take Obligation<sup>7</sup> during each month of its winter heating season.

The Company represented in its June 27, 2005, application that it would continue to account for hedging activities as it has to date and to file a report with the Clerk of the Commission on or before June 30 of each year describing the terms of the hedged gas contracts, any costs associated with hedged gas contracts, and the calculation of the Maximum Daily Take Obligation that will govern the hedging contract volumes in the next heating season.

On July 13, 2005, the Commission issued its procedural Order in this matter. Among other things, the July 13, 2005, Order suspended the proposed amendment to the PGC provisions of WGL's tariff through November 24, 2005. The July 13, 2005, Order also (i) directed the Company to publish notice of its application and to serve a copy of that Order on local officials in WGL's service territory, (ii) invited interested parties to file comments or requests for hearing on the June 27, 2005, application on or before August 23, 2005, (iii) directed the Staff to file a report or testimony as appropriate on the Company's application on or before September 15, 2005, and (iv) authorized the Company to file a response on or before October 4, 2005, to the Staff's Report or testimony and any comments or requests for hearing filed herein.

On August 24, 2005, WGL filed its proof of the notice and service required by Ordering Paragraph (8) of the July 13, 2005, procedural Order with the Clerk of the Commission.

No comments or requests for hearing were filed in this case.

On September 15, 2005, the Staff filed its Report in the captioned matter. In its Report, among other things, the Staff summarized the Company's proposal and explained that the change being proposed to WGL's tariff found on proposed Second Revised Page No. 75 replaces the language "through the 2005-2006 winter heating season" with "during the winter heating season" to reflect continuing authorization of the hedging program for each year hereafter, until otherwise ordered by the Commission. Staff reported that all other terms applicable to the Company's hedged commodity transactions would remain the same as those currently in the tariff and related WGL's representation that the Company would continue to administer the hedging program within the policies and procedures set out in the Company's initial application.

Staff commented in its Report that it had reviewed the annual hedging reports filed by the Company in this docket and related that the Company had developed a credit policy requirement for its wholesale suppliers and implemented an incremental bidding process for purchasing its hedged volumes of natural gas. According to Staff, the Company's incremental purchasing process produces a blended market price of gas for the winter period, which is intended to reduce the price risk associated with securing all of the volumes of natural gas at one time. The Staff recommended that WGL's hedging program as approved by the September 28, 2001, Order should be approved on a continuing basis for each year hereafter, subject to the condition that annual reports detailing the results of the hedging program for the previous winter and the calculation of the maximum daily take obligation governing the hedging contract volumes for the next heating season continued to be filed with the Commission by June 30 of each year.

On September 22, 2005, the Company filed its Response to the Staff Report. In its Response, WGL supported the conclusions set forth in the Staff Report, and concurred with Staff's assertion in its Report that the objective of a gas hedging program is to reduce the volatility of gas prices for the Company's sales customers. WGL also agreed to (i) utilize only price cap, price band, and fixed price contracts, (ii) limit the maximum hedged gas volumes to 75% of the Maximum Daily Take Obligation during each month of the winter heating season, as described in the Company's application, and (iii) file a report with the Clerk of the Commission detailing the results of the hedging program for the previous winter and the calculation of the Maximum Daily Take Obligation governing the hedging contract volumes in the next heating season by June 30 of each year.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the Company should be permitted to revise the PGC portion of its tariff to replace the language "through the 2005-2006 winter heating season" with "during the winter heating season." As we noted in our September 28, 2001, Order, the prudence of the recovery of costs related to WGL's gas hedging activities "is more approximately determined in a rate case or some other proceeding in which specific facts may be adduced."<sup>8</sup> All other provisions of WGL's tariff applicable to the Company's hedged commodity transactions should remain unchanged from those that were in effect before the June 27, 2005, application was filed with the Commission. The Company should file revised tariffs conforming with the directives set out herein with the Division of Energy Regulation, effective for service rendered on and after the date of the Order.

Additionally, we find that the Company should file a report on or before June 30 of each year that, at a minimum, describes in detail the terms of the hedged gas contracts utilized in the prior heating season, any costs associated with the hedged gas contracts, and the calculation of the 75 percent maximum daily take obligation that will govern the hedging contract volumes of natural gas for the next heating season. In the event WGL wishes to expand the proportion of its gas supply portfolio that will be hedged or to change its proposed hedging methodology, the Company should file an appropriate application with the Commission seeking authority to make these changes in advance of any such changes.

<sup>4</sup> A "price cap" contract establishes a maximum price for a specified volume of natural gas over a specified period. Below the cap, the price of gas is based on a market index price plus a fixed premium to compensate the entity obliged to supply gas to the purchaser under the terms of the hedged contract ("counterparty") for the capped price obligation.

<sup>5</sup> A "price band" contract obliges the purchaser to pay a market index price up to the maximum price and down to a minimum floor price. The counterparty would receive compensation for its assumption of the maximum price cap risk through the purchaser's obligation related to the floor or minimum price.

<sup>6</sup> A "fixed price" contract establishes a specific price for a specific volume of gas over a specific period. The cost of this type of contract is embedded in the difference between the fixed price and the current price of gas.

<sup>7</sup> The "Maximum Daily Take Obligation" for each month is equivalent to (Minimum Daily Firm Load in the Month + Storage Injection Capability) - (Firm Delivery Service + Excess Interruptible Delivery Service).

<sup>8</sup> Application of Washington Gas Light Company and The Shenandoah Gas Division of Washington Gas Light Company, For approval of an amendment to their respective purchased Gas Charge Provisions, Case No. PUE-2001-00354, 2001 S.C.C. Ann. Rep. at 597.

Accordingly, IT IS ORDERED THAT:

- (1) The Company is authorized to modify the PGC portion of its tariffs relating to its gas price hedging activity to replace the language "through the 2005-2006 winter heating season" with "during the winter heating season."
- (2) The Company shall forthwith file with the Division of Energy Regulation revised tariffs conforming with the directives of this Order, to be effective for service rendered on and after the date of this Order.
- (3) The Company shall file a report with the Clerk of the Commission on its hedging activities on or before June 30 of each year. Said Report shall, at a minimum, describe in detail the terms of the hedged gas contracts utilized in the prior heating season, any costs associated with hedged gas contracts, and the calculation of the maximum daily take obligation that will govern the hedging contract volumes of natural gas for the next heating season.
- (4) If WGL desires to expand the proportion of its gas supply portfolio that will be hedged or change its proposed hedging methodology, it shall file an appropriate application with the Commission seeking approval to do so in advance of any such change.
- (5) As provided in Ordering Paragraph (7) of the September 28, 2001, Order entered herein, the Company shall account for its hedging activities as indicated on Exhibit No. 2 to the Staff's August 29, 2001, Report filed earlier in this docket in response to the Company's Initial Application.
- (6) There being nothing further to be done herein, this matter shall be 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-2002-00237 and PUE-2005-00028  
APRIL 29, 2005**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For extension of its Weather Normalization Adjustment Rider

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For an Annual Informational Filing

**ORDER ON MOTIONS**

On June 4, 2004, Virginia Natural Gas, Inc. ("VNG" or the "Company"), filed an application with the State Corporation Commission ("Commission") to extend the experiment of the Weather Normalization Adjustment ("WNA") Rider to the Company's tariff for approximately three years, until July 1, 2007. As required by the Commission's September 27, 2002, Order Approving Experiment, VNG also included a fully adjusted cost of service study and the schedules for a general rate case with its application. By orders dated September 17 and October 22, 2004, the Commission approved the extension of the experiment for a period of two years, expiring on September 27, 2006.

The Commission's Order of September 17, 2004, also granted leave to the Commission's Staff ("Staff") "to continue its investigation of VNG's earnings and fully adjusted cost of service results and to supplement its Staff Report and make such recommendations therein as appropriate." Accordingly, on March 2, 2005, the Staff filed a Supplemental Staff Report in this proceeding. The Supplemental Staff Report concluded, among other things, that VNG's rates are no longer just and reasonable as required by §§ 56-234 and 56-235.2 of the Code of Virginia ("Code"). The Staff recommended that the Commission direct VNG to demonstrate: (1) why current rates should not be made interim and subject to refund; and (2) why this case should not be converted to a general rate proceeding and set for hearing.

In addition, on March 9, 2005, the Staff filed a Motion, which "respectfully requests the Commission to require VNG to demonstrate why the Company's current rates and charges should not be the subject of a hearing to take evidence on the justness and reasonableness thereof and why such rates should not be made interim and subject to refund pending the Commission's final determination of these issues." On March 11, 2005, the Commission issued an Order directing the Company to respond to the Supplemental Staff Report and to the Staff's Motion on or before April 11, 2005.

On March 29, 2005, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a Response to the Staff's Motion. Consumer Counsel states that VNG's "filing of a cost of service study and rate case schedules was a required condition of the August 1, 2002, Offer of Settlement entered between VNG and Consumer Counsel that lead to approval of the initial two-year WNA term. Thus, Consumer Counsel's willingness to negotiate with VNG in structuring an appropriate WNA mechanism was not intended to insulate VNG from regulatory scrutiny of its earnings." Consumer Counsel further explains that it "therefore fully supports in this instance, as in all cases, the Commission's authority to ensure that VNG's rates are just and reasonable."

On April 11, 2005, the Company filed its Response to the Supplemental Staff Report and to the Staff's Motion. VNG, among other things: (1) "vigorously disputes the allegation that its current rates are excessive;" (2) asserts that "there is no factual or legal basis for declaring its lawful rates 'interim and subject to refund' without notice and an opportunity to be heard on the facts in dispute;" (3) argues that "the only proper way to address these disputes is in the context of a rate case;" (4) commits "to filing a rate case on or before December 31, 2005;" (5) further states that "a rate case is necessary given renewed inflation, recent increases in capital costs, needed investments to improve its information systems infrastructure and relieve capacity constraints, and the need to accelerate pipeline safety initiatives;" and (6) concludes that "its forthcoming rate case . . . will demonstrate the need for additional revenue."

On April 22, 2005, in Case No. PUE-2005-00028, VNG filed a Motion for Waiver of Annual Informational Filing. The Company states that it is required to submit its Annual Informational Filing ("AIF") for the test year ended December 31, 2004, by May 2, 2005. However, VNG explains that it intends to file a general rate case on or before December 31, 2005, "or on such date as otherwise scheduled by the Commission." VNG also asserts that it "intends to use the same test year – December 31, 2004 – in its general rate case filing in 2005." Thus, "[t]o avoid unnecessary duplication, and to allow the Company time to prepare its general rate case filing, VNG believes a waiver of the requirement to file its 2004 AIF would be appropriate. Data that would be included in that AIF filing will be included as part of the Company's general rate case filing."

On April 25, 2005, the Staff filed a Reply to VNG's April 11, 2005, Response. The Staff states that "[b]oth VNG and Staff find that the Company's current rates and charges are no longer just and reasonable and that a rate case is now necessary." The Staff "submits that VNG's assertion that there is no basis for the Commission to declare existing rates and charges interim and subject to refund pending disposition of this case is incorrect." The Staff argues that since it is not requesting the Commission "to summarily make any finding or ruling with respect to the permanent level of the justness and reasonableness of rates," the Commission, "therefore, would make no finding that would be prejudicial to the Company." The Staff concludes "that the Commission has a legal basis to implement rates on an interim basis and subject to refund, and that the Commission should do so in order to provide immediate protection to both VNG and its ratepayers." The Staff also discusses certain ratemaking adjustments that remain in dispute and require resolution by the Commission. In addition, the Staff contends that VNG's Motion for Waiver of Annual Informational Filing "should be granted only if VNG agrees to file a general rate application by no later than July 1, 2005, or otherwise agrees to make the Company's existing rates and charges interim and subject to refund."

On April 26, 2005, VNG filed an Objection to the Reply of the Commission Staff, or, in the Alternative, Request to Respond ("Objection"). The Company "requests that the Commission refuse to permit, receive or consider the Staff's Reply to the Company's April 11, 2005 Response in this matter, or in the alternative, allow VNG ten days in which to respond to the Commission Staff's Reply."

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

We will not at this time make VNG's current, lawful rates interim and subject to refund. The Company disputes the assertion that it currently is over-earning. We will not order VNG's rates interim and subject to refund without affording VNG an opportunity to submit testimony and be heard.<sup>1</sup> Moreover, the pleadings establish that the issues in dispute are likely to be numerous and complex. Accordingly, we agree with the Staff and VNG that these matters should be addressed in a general rate case.

However, we disagree with VNG that such rate case should be initiated as late as December 31, 2005. Rather, we find that the Company should file a general rate case in full compliance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30, on or before July 1, 2005.<sup>2</sup> As noted above, VNG asserts that the Commission cannot declare its existing rates interim and subject to refund "without notice and an opportunity to be heard on the facts in dispute." The rate case proceeding to be initiated on or before July 1, 2005, provides VNG with such opportunity. Thus, we will hold in abeyance Staff's March 9, 2005, Motion pending the Company's filing of a general rate case as directed herein.

Next, having found that VNG should file a rate case by July 1, 2005, we conclude that good cause exists to waive the requirement that the Company file an AIF for the test year ended December 31, 2004.

Finally, based on the decisions reached herein, we find that we need not rule on VNG's April 26, 2005, Objection at this time.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) VNG shall file a general rate case on or before July 1, 2005, as directed herein.
- (2) The Staff's March 9, 2005, Motion is held in abeyance pending the Company's filing of a general rate case as directed herein.
- (3) The Company's April 22, 2005, Motion for Waiver of Annual Informational Filing is granted.
- (4) Case No. PUE-2005-00028 shall be closed.
- (5) Case No. PUE-2002-00237 shall be continued pending further order of the Commission.

<sup>1</sup> For example, the Staff and VNG cite a prior case in which the Commission declared a utility's rates interim and subject to refund after receiving pre-filed testimony and hearing oral argument. See *Commonwealth of Virginia ex rel. State Corporation Commission v. Virginia Electric and Power Company*, Case No. PUE-1987-00014, Order, 1987 S.C.C. Ann. Rep. 280. In addition, the attendant opinion issued by Commissioner Shannon in that matter explained that "[h]ere, even predicated only on the Company's own filing, without considering the substantial evidence filed by other parties and the Staff in this case, it is apparent that the Company must be found to be in an over-earning status and, therefore, its rates are presently unjust and unreasonable." *Id.*, Opinion, 1987 S.C.C. Ann. Rep. 280, 281.

<sup>2</sup> As noted above, VNG currently is required to file its AIF on May 2, 2005, and the Company explains that "[d]ata that would be included in that AIF filing will be included as part of the Company's general rate case filing." We find that a filing date of July 1, 2005, gives the Company a reasonable amount of time to prepare and file a general rate case in this instance, for which a new docket will be established. Case No. PUE-2002-00237 will remain open for purposes of the WNA.

**CASE NO. PUE-2002-00514  
APRIL 27, 2005**

APPLICATION OF  
NEW ERA ENERGY, INC.

For a license to conduct business as an electric aggregator

**ORDER SUSPENDING LICENSE**

On September 12, 2002, New Era Energy, Inc. ("New Era" or "the Company") filed an application with the State Corporation Commission ("Commission") for a license to provide competitive electric aggregation services. By Order dated November 4, 2002, the Commission granted New Era License No. A-13 to provide competitive electric aggregation services.

By letter filed with the Commission's Document Control Center on April 12, 2005, New Era stated that its intent was to aggregate certain classes of customers to seek better rates on their behalf from Competitive Service Providers. New Era notes that a vibrant competitive market of Competitive Service Providers has not emerged in Virginia. Therefore, New Era has no Competitive Service Providers to approach. As such, New Era states that it desires to place its license in suspension pending the emergence of competitive markets.

NOW UPON CONSIDERATION of New Era's request that its license, License No. A-13, be suspended, the Commission is of the opinion and finds that New Era's request should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) New Era's license, License No. A-13, is hereby suspended pending further action of the Commission.
- (2) New Era shall not provide aggregation services in the Commonwealth of Virginia until its license is reinstated by the Commission.
- (3) This matter shall be continued generally.

**CASE NO. PUE-2002-00654  
NOVEMBER 28, 2005**

APPLICATION OF  
STAND ENERGY CORPORATION

For a license to conduct business as a natural gas competitive service provider

**ORDER REISSUING LICENSE**

On October 14, 2005, Stand Energy Corporation ("Stand" or "Company"), completed an application with the State Corporation Commission ("Commission") for a license<sup>1</sup> to conduct business as a natural gas competitive service provider ("CSP") pursuant to Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312 10 et seq. ("Retail Access Rules"). In its October 14, 2005, application, Stand requests a license to serve commercial and industrial customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. Stand paid the fee of \$250.

On October 21, 2005, the Commission issued an Order for Notice and Comment in the case, requiring that notice of the application be given to natural gas utilities and other interested persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of Stand's application and present its findings in a Staff Report. The Company filed proof of publication of its notice on October 24, 2005. No comments from the public on Stand's application were received.

The Staff filed its Report on November 10, 2005, concerning Stand's fitness to conduct business as a natural gas CSP. In its Report, the Staff summarized Stand's proposal and evaluated its financial condition and technical fitness. The Staff recommended that Stand be granted a license to conduct business as a natural gas competitive service provider to commercial and industrial customers throughout the Commonwealth of Virginia. The Company filed no comments in response to the Staff's Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, the Commission finds that Stand's License No. G-17 should be cancelled and reissued to authorize Stand to provide competitive natural gas supply service to commercial and industrial customers throughout the Commonwealth of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) License No. G-17 authorizing Stand Energy Corporation to provide competitive natural gas supply services in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc., is hereby cancelled, and shall be reissued as License No. G-17A, granting Stand Energy Corporation authority to provide competitive natural gas supply service to commercial and industrial customers throughout the Commonwealth of

<sup>1</sup> On January 23, 2003, Stand was granted License G-17 to provide competitive natural gas supply service to commercial and industrial customers in the service territories of Washington Gas Light Company and Columbia Gas of Virginia.

Virginia. This license to act as a competitive service provider is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) Failure of Stand to comply with the Retail Access Rules, the provisions of this Order, other State Corporation Commission orders and rules, or other applicable state or federal laws may result in an enforcement action by the Commission that includes, without limitation, the revocation, suspension, or modification of the license granted herein, the refusal to renew such license, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(4) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2003-00118  
MARCH 3, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For approval of retail access pilot programs

**ORDER APPROVING REVISIONS**

On May 25, 2004, the State Corporation Commission ("Commission") issued an Order Approving Revisions approving modifications to Virginia Electric and Power Company d/b/a Dominion Virginia Power's ("Virginia Power" or "Company") retail access pilot programs, including the Competitive Bid Supply Service Pilot ("CBS Pilot").<sup>1</sup> The proceeding was left open for other matters concerning the pilot programs as they arise.

On December 23, 2004, Virginia Power filed with the Commission proposed revisions to the CBS Pilot. In addition to a technical update to the average Pilot Price-to-Compare, Virginia Power proposes that the bidding process be revised to permit any prequalified competitive service provider ("CSP") to submit bids on any business day, rather than on a specific due date, as currently provided in the CBS Pilot. The Company would then notify all other pre-qualified CSPs and permit them to submit a competing bid the next business day. The original bidder would also be able to "refresh" its bid within the same time period. Virginia Power further proposes to modify the bidding period. Rather than two separate bidding periods as currently provided, the Company proposes to modify the bidding period so that there would be one bid service period extending through the October 2007 meter read date for each participating customer. Finally, Virginia Power proposes extending the time period for providing the customer volunteer list to CSPs awarded a bid in the CBS Pilot from 14 days to 30 days.

On January 18, 2005, the Commission issued an Order Permitting Response which gave parties to this proceeding and the Staff an opportunity to file comments on Virginia Power's proposed revisions. The Company was permitted to respond to any comments filed.

On January 28, 2005, the Division of Consumer Counsel of the Office of Attorney General ("Consumer Counsel") and Direct Energy Services, LLC ("Direct Energy"), filed comments generally supporting the proposed revisions.

Consumer Counsel stated that, while Virginia Power's proposal for open ended bidding submission constitutes a substantial departure from the current terms and conditions of the CBS Pilot that will need to be effectively communicated to CSPs, Consumer Counsel believes it may provide CSPs with flexibility to react to fluctuating market conditions without compromising consumer interests. Consumer Counsel stated that it does not oppose the extension of time from 14 to 30 days for Virginia Power to provide customer volunteer lists to CSPs, but noted that it hopes that the Company will endeavor to provide the lists earlier than 30 days. Consumer Counsel further indicated that the Company's proposal for one bid service period was reasonable.

In its comments, Direct Energy stated that an open bidding period is more reflective of truly competitive markets. Direct Energy also noted that it had previously requested that the duration of the CBS Pilot duration be extended through the end of the wires charges period. In addition, among other things, Direct Energy proposed greater CSP access to a competitive wholesale market, expansion of the CBS Pilot to a minimum of 150,000 customers, elimination of wires charges in 2006 and 2007, and 100 percent receivables risk borne by the Company.

On February 4, 2005, the Staff filed comments on the proposed revisions and comments filed. The Staff stated that, as an attempt to encourage CSP participation in the CBS Pilot, the Staff does not object to the proposed revision to eliminate an established monthly date for bids and to allow CSPs to submit a bid at any time. However, the Staff expressed concern that such revision may be at the expense of conducting a bidding process that will more closely resemble one used for procurement of default service in the future. The Staff states that the bidding process for default service will likely utilize a fixed bid date. The Staff further reiterated its concern that it may not be able to adequately analyze and select winning bids within two business days. With regard to the bid service period, the Staff indicated that it does not oppose the Company's proposal for one bid service period extending through the October 2007 meter read date for each participating customer. Finally, the Staff stated that it does not fully understand why it is necessary to extend the time period for providing a list of customer volunteers to CSPs awarded a bid from 14 days to 30 days.

On February 11, 2005, Virginia Power filed its Response. In addressing concerns raised by the Staff, the Company stated that an open bidding process that is not date specific will provide a better opportunity for a greater number of bids to be submitted which, in turn, will allow for a greater opportunity to gain experience in evaluating and selecting bids. The Company argued that administering a bidding process, evaluating bid proposals, and selecting the winning proposals is not dependent on having fixed bid dates. Virginia Power further noted that it is necessary to extend the time period for providing the list of customer volunteers to CSPs from 14 days to 30 days because of the open bidding process. The Company stated that the administrative

<sup>1</sup> The Company's CBS Pilot, Municipal Aggregation Pilot, and Commercial and Industrial Pilot originally were approved by the Commission in its Final Order entered September 10, 2003.

processes required to provide winning bidders with customers may require additional time given the unpredictability of bids being submitted. Virginia Power declined to address the proposals made by Direct Energy as beyond the scope of the Commission's January 18, 2005, Order Permitting Response.

NOW THE COMMISSION, upon consideration of the revisions proposed by Virginia Power, the comments filed by parties to this proceeding and the Staff, and the response to Staff concerns filed by the Company, is of the opinion and finds that the modifications to the CBS Pilot should be approved. We will direct the Company to file revised Terms and Conditions for the CBS Pilot and a revised Tariff Rider RAP – Retail Access Pilot.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed revisions to the Competitive Bid Supply Service Pilot are hereby approved.
- (2) On or before March 16, 2005, Virginia Power shall file an original and fifteen (15) copies of the revised Terms and Conditions for the Competitive Bid Supply Service Pilot reflecting the Company's proposal as approved herein. The revised Terms and Conditions shall be subject to the review of the Staff for conformity with this Order.
- (3) On or before March 16, 2005, DVP shall file an original and fifteen (15) copies of the revised Tariff Rider RAP – Retail Access Pilot. The revised Rider RAP shall be subject to the review of the Staff for conformity with this Order.
- (4) This matter shall remain open for the receipt of reports by DVP as required by the Commission's September 10, 2003, Final Order, as well as for other matters concerning the Pilots as they may arise.

**CASE NO. PUE-2003-00120  
JULY 29, 2005**

APPLICATION OF  
ROANOKE GAS COMPANY

For authority to issue short-term debt

**ORDER AMENDING AUTHORITY GRANTED**

On May 8, 2003, the Commission issued an Order authorizing Roanoke Gas Company ("Roanoke" or "Company") to incur short-term indebtedness not to exceed the aggregate principal amount of \$22,000,000 through July 1, 2006.

By letter dated July 21, 2005, Roanoke requested that the Commission amend the authority in its May 8, 2003, Order and increase its authorized level of short-term borrowing from \$22,000,000 to \$25,000,000 through the same period. In support of its request, Roanoke states that the original request for borrowing authority of up to \$22,000,000 was based on estimates of gas costs in 2003 and forecasts of gas cost at that time. Roanoke also states that based on current forecasts of natural gas prices through the upcoming winter, the \$22,000,000 may be inadequate.

THE COMMISSION, having considered the representations of Roanoke and having been advised by its Staff, is of the opinion and finds that Roanoke's request for amended authority should be granted.

Accordingly, IT IS ORDERED THAT:

- 1) Roanoke is hereby authorized to issue up to \$25,000,000 in short-term debt through July 1, 2006, under the terms and conditions and for the purposes set forth in the application, and as amended by its letter dated July 21, 2005.
- 2) All other provisions of the May 8, 2003, Order shall remain in full force and effect.

**CASE NO. PUE-2003-00173  
MAY 4, 2005**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

2002 Annual Informational Filing

**FINAL ORDER**

On August 13, 2003, Delmarva Power & Light Company ("Company") completed with the State Corporation Commission ("Commission") its Annual Informational Filing ("AIF") for the calendar year 2002.

On April 4, 2005, the Staff filed its Staff Report which notes that the Company's fully adjusted return on equity on a bundled basis is 1.70%. On a functionalized basis, the adjusted returns on equity are (9.52%), 7.01%, 0.71%, for generation, distribution, and transmission, respectively.

These returns on equity fall below the authorized 10.80-11.80% return on equity range established by the Commission on February 23, 1994, in Case No PUE-1993-00036. Since Delmarva's rates are capped under the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia, the Staff believes no additional action is necessary. The Company provided no comments on the Staff Report.

NOW THE COMMISSION, upon consideration of the Company's application, the Staff Report, and the applicable statutes, is of the opinion and finds that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT, this matter 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. PUE-2003-00178  
NOVEMBER 9, 2005**

APPLICATION OF  
KENTUCKY UTILITIES COMPANY d/b/a/ OLD DOMINION POWER COMPANY

2002 Annual Informational Filing

**FINAL ORDER**

In accordance with the State Corporation Commission's ("Commission") Rules Governing Increase Applications and Annual Information Filings, Kentucky Utilities Company ("KU") d/b/a Old Dominion Power Company ("ODP" or the "Company") was required to submit an Annual Information Filing ("AIF") for the test period ending December 31, 2002. The Company submitted its AIF on April 30, 2003.

On February 19, 2004, the Staff filed its Staff Report which contains two main sections, financial review and accounting analysis. The Staff Report notes that ODP's return on equity for the test period was 13.02%, which is slightly above its currently authorized return on equity range of 12.00-13.00% with a 50/50 sharing of projected merger savings. Following Staff adjustments to eliminate sharing and include all merger savings in jurisdiction earnings and returns, the Company's jurisdictional return on equity increased to 14.60%. The Staff determined that KU's capital structure produces a weighted cost of capital of 8.827%, based on a 13.00% return on equity. Both the Company's and the Staff's earnings tests indicated the Company achieved a rate of return on equity of 14.19% and, based on the bottom of the equity range, excess earnings equal to \$1.8 million.

The Virginia Electric Restructuring Act's capped rate period prohibits a reduction in rates. However, the Staff recommends that should the Commission be required to quantify stranded costs or stranded cost recovery at a future time, these excess earning should be taken into consideration.

On October 1, 2004, the Company filed a response to the Staff Report. The Company does not agree with the Staff's determination that excess earnings exist and that they should be taken into consideration in any future determination of stranded costs. The Company suggests that the Commission reject the Staff's recommendation and close the docket.

NOW THE COMMISSION, upon consideration of the Company's application, the Staff Report, and the applicable statutes, is of the opinion and finds that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT this mater shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended cases.

**CASE NO. PUE-2003-00222  
MAY 25, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish an inter-company credit agreement

**ORDER EXTENDING AUTHORITY**

On May 23, 2003, Virginia Electric and Power Company ("Virginia Power" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia wherein it requested authority to establish a \$1 billion inter-company credit agreement ("Credit Agreement") with its parent, Dominion Resources, Inc. ("Dominion" or "DRI"). By Order Granting Authority dated June 11, 2003, Virginia Electric and Power Company ("Virginia Power" or "Applicant") was authorized to establish the \$1 billion inter-company credit agreement with a termination date of May 30, 2005. The Order Granting Authority required Applicant to report its use of the Credit Agreement annually. On May 11, 2005, Virginia Power filed its final report, as ordered, and requested authorization to extend the Credit Agreement through May 30, 2007.<sup>1</sup>

Under the Credit Agreement, Virginia Power borrows from Dominion but the Credit Agreement does not allow Dominion to borrow from Virginia Power. Loans under the Credit Agreement are in the form of short-term demand notes with maturities of less than 365 days. Virginia Power stated in its May 23, 2003, application that on occasions, Dominion has cash available for use by its subsidiaries. On a DRI-consolidated basis, the best use of this available cash may be to reduce outstanding debt at Virginia Power. Approval of the Credit Agreement provided a means to execute such a transaction.

The interest rate or cost to Virginia Power is equal to or less than its displaced borrowing cost. Interest accrues daily at a rate no greater than the average rate of Virginia Power's outstanding commercial paper as determined on the business day immediately preceding the borrowing. If there is no

<sup>1</sup> The requested extension is contemplated in Section 2.10 of the approved Credit Agreement cost.

outstanding commercial paper on that day, the interest rate will be no greater than that as determined by adding 1) the spread over one-month London Inter-Bank Offering Rate ("LIBOR) of the average rate on outstanding commercial paper as of the most recent business day wherein commercial paper was outstanding; and 2) the one-month LIBOR rate effective on the business day immediately preceding the borrowing.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that Virginia Power's continued participation in the Credit Agreement will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to continue to participate in the \$1 billion credit agreement with its parent, Dominion, under the terms and conditions and for the purposes set forth in Virginia Power's May 23, 2003, application.
- 2) On or before June 30th of 2006 and 2007, Applicant shall file a report detailing use of the Credit Agreement to include the date, amount, applicable interest rate of any loans under the Credit Agreement, the basis for the interest rate, and the use of the proceeds.
- 3) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.
- 4) The Commission reserves the right, pursuant to § 56-79 of the Code of Virginia, 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.
- 5) The authority granted herein shall have no implications for ratemaking purposes.
- 6) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2003-00335  
JUNE 7, 2005**

APPLICATION OF  
MASSANUTTEN PUBLIC SERVICE CORPORATION

For an Annual Informational Filing

**ORDER**

On July 29, 2003, counsel for Massanutten Public Service Corporation ("Massanutten" or the "Company") filed a letter with the State Corporation Commission ("Commission") requesting an extension of time to file its Annual Informational Filing ("AIF") for the test period ending December 31, 2002. The Commission granted Massanutten's motion by Order dated July 31, 2003. On October 17, 2003, Massanutten filed its initial AIF, and the Staff subsequently determined that the 2002 AIF was complete and in accordance with the provisions of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-200-30 *et seq.* ("Rate Case Rules").

The Staff filed its Staff Report on October 15, 2004. In its Report, Staff recommended that: the Company should record the net acquisition adjustment approved by the Commission in Case No. PUE-1987-00038 and continue the approved amortization through 2018; the Company should continue to maintain accurate property records for water and sewer facilities; the depreciation and amortization of plant and contributions should continue at the 2% composite rate, and that the Company may complete a depreciation study if it believes a different depreciation rate is appropriate; the Company should not book state income tax because this liability does not exist; the Company should book availability revenues to Account 469 - Guaranteed Revenues, in accordance with the Uniform System of Accounts ("USOA") for Class A Water Utilities; the Company should eliminate all Allowance for Funds Used During Construction ("AFUDC") from its books and cease further accrual of AFUDC; the Company should file for Commission approval of any and all affiliates services provided to Massanutten in the performance of its public service obligation no later than December 31, 2004; the Company should conform to the Annual Requirements for investor owned utilities to file an annual financing plan no later than January 31 of each year; the Company should continue to provide capital structure information based on Utilities, Inc., financial statements, including back-up cost details for short and long-term debt; and, until such time that the Commission prescribes an appropriate return on equity for Massanutten, the Company should display the return of the most recently granted return on equity for a water and/or sewer utility by the Commission.

On February 7, 2005, Massanutten filed its response to the recommendations made by the Staff in its Report. Although Massanutten agreed with the majority of the Staff's recommendations, it took exception to the depreciation rate for plant and contributions, and to the suggestion that the Company should eliminate AFUDC from its books and should cease further accrual of AFUDC. Massanutten also filed separately a document setting forth its reasoning supporting the use of AFUDC. Additionally, regarding Staff's recommendation that the Company should file for approval of any and all affiliate transactions no later than December 31, 2004, Massanutten noted that it had filed for Commission approval of affiliate transactions in Case No. PUE-2005-00005. We note that on April 21, 2005, we granted Massanutten's request to withdraw its affiliate application in Case No. PUE-2005-00005. We will now require Massanutten to file a new affiliate application within 45 days of this Order.

NOW, UPON CONSIDERATION of the applicable statutes, the record, and the pleadings filed herein, the Commission is of the opinion and finds that the Staff's recommendations and refinements regarding Massanutten's AIF should be adopted as discussed below.

In its response to the Staff's Report, Massanutten purports to "choose" a 3% composite rate for all depreciable assets. The Company includes no documentation to support the use of a 3% composite rate. As Staff pointed out in its report, if Massanutten seeks a change in the 2% composite rate used in prior cases before the Commission, it should file a study to support the depreciation rates it believes appropriate with the divisions of Energy Regulation and Public Utility Accounting. We cannot find in this case that a 3% composite rate is reasonable.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Also in its response, Massanutten takes issue with Staff's recommendation to eliminate AFUDC from its books, and cease further accrual of AFUDC. Massanutten argues that allowing AFUDC "ensures full recovery of the Company's cost of financing the ongoing project that ultimately benefits ratepayers." As Staff correctly notes in its report, however, the Commission has not allowed the use of AFUDC since the early 1980s, favoring instead the use of Construction Work in Progress ("CWIP"). Including CWIP in rate base provides Massanutten an opportunity to earn a return on the investments it makes in water and sewer facilities. We do not find that the record before us supports a departure from this long standing policy.

Additionally, we find that the Company should file a new affiliate application pursuant to Chapter 4 of Title 56 of the Code of Virginia within forty-five (45) days of the date of this Order.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, the recommendations and refinements to Massanutten's cost of service set forth in the October 15, 2004, Staff Report are hereby adopted.

(2) Massanutten shall file a new affiliate application pursuant to Chapter 4 of Title 56 of the Code of Virginia within forty-five (45) days of the date of this Order, or July 22, 2005.

(3) There being nothing further to be done in this proceeding, 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 files for ended causes.

**CASE NO. PUE-2003-00428  
NOVEMBER 9, 2005**

APPLICATION OF  
VALLEY RIDGE WATER COMPANY, INC.

For a change in rates pursuant to § 56-265.13:5 of the Code of Virginia

**ORDER**

By notice dated August 8, 2003, Valley Ridge Water Company, Inc. ("Valley Ridge" or "Company"), pursuant to the Small Water or Sewer Public Utility Act<sup>1</sup> ("Act"), notified its customers and the Division of Energy Regulation ("Division") of the State Corporation Commission ("Commission") of its intent to increase its rates effective for service rendered on and after October 1, 2003 ("Application").

On September 30, 2003, the Commission entered a Preliminary Order, which, among other things, suspended the Company's proposed rate increase for a period of 60 days, directed the Company to file certain financial information with the Division, and continued the case until further order of the Commission.

An evidentiary hearing on Application was initially scheduled for May 6, 2004, in the Commission's Courtroom. A Hearing Examiner's Ruling, dated February 27, 2004, rescheduled the hearing to May 4, 2004, in the Alleghany County Courthouse.

On April 5, 2004, counsel for Valley Ridge informed the Commission that the Company was withdrawing its Application for a rate increase. Thereafter, the Division filed a Motion to Suspend Procedural Schedule and Cancel Hearing. The Division did not oppose the Company's withdrawal of the Application, but requested that the case remain open while the Division and Company resolved outstanding accounting, tariff and refund issues.

The Hearing Examiner Ruling of April 6, 2004, granted the Motion to Suspend Procedural Schedule and Cancel Hearing, and the case was continued generally.

On October 19, 2005, the Division filed a Motion Seeking Dismissal. In support of its motion, the Division indicated that the accounting, tariff and refund issues had been resolved successfully and the Company had sold its water system to Alleghany County in 2004.<sup>2</sup> Moreover, the Division indicated that the Company ceases to exist.

On October 20, 2005, the Report of Michael D. Thomas, Hearing Examiner, was entered into the record. In the Report, the Hearing Examiner found, among other things, that the Company ceases to exist and recommended that the Commission enter an order adopting his findings and dismissing this case from its docket of active cases.

NOW THE COMMISSION, after reviewing the record herein, is of the opinion that the findings and recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Division's Motion Seeking Dismissal is hereby granted.

<sup>1</sup> Section 56-265.13:1 *et seq.* of the Code of Virginia.

<sup>2</sup> The Commission approved the sale of the Company in *Application of Valley Ridge Water Company, For Approval of a Transfer of Assets*, Case No. PUE-2004-00081, 2004 S.C.C. Ann. Rep. 490.

- (2) The Application of Valley Ridge for a change in rates is hereby dismissed.
- (3) The papers herein are placed in the file for ended causes.

**CASE NO. PUE-2003-00507  
JANUARY 7, 2005**

APPLICATION OF  
ATMOS ENERGY CORPORATION

For an increase in rates

**FINAL ORDER**

On February 27, 2004, Atmos Energy Corporation ("Atmos" or the "Company") filed a rate application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an increase in rates. Atmos' application sought to increase the Company's annual revenues by \$949,111, an increase of approximately 2.13% in overall revenues. The Company filed financial and operating data for the twelve months ended September 30, 2003 ("test year"), in support of its application. The Company's proposed \$949,111 increase to annual revenues was based in part upon a proposal to increase Atmos' authorized return on common equity from 11% to 12%.

The Company's February 27, 2004, application proposed to initiate a Weather Normalization Adjustment ("WNA") to protect the Company and its customers from unanticipated fluctuations in gas margins due to weather changes. The Company also proposed changes to its Purchased Gas Adjustment ("PGA") rider (as noted in the attached Stipulation) to (a) include interest on the Actual Gas Cost Adjustment ("ACA") balances; (b) include within the ACA the cost of gas for uncollectible accounts written off by the Company; (c) permit the Company to project billing determinants, sales volumes, and supplier rates in its PGA computations; and (d) remove the credit for Company use from the ACA.

On March 24, 2004, the Commission entered its Order for Notice and Hearing. In that Order, the Commission docketed the application, suspended the Company's proposed rates for a period of 150 days to and through July 26, 2004; appointed a Hearing Examiner to the case; set the case for hearing on October 26, 2004, before a Hearing Examiner; established a procedural schedule for the filing of testimony by the Company, Staff, and respondents; and provided for the participation of public witnesses. The March 24, 2004, Order for Notice and Hearing prescribed the notice for the Company's application to be published throughout the Company's service territories within the Commonwealth of Virginia and provided for the service of the Order on local officials in the city, counties, and towns in Virginia in which the Company provides service.

On August 11, 2004, the Company filed certain revisions to its accounting adjustments and supporting schedules to its application, together with additional testimony and a Motion to Amend its application.

On August 12, 2004, the Hearing Examiner granted the Company's Motion to Amend its application.

On October 19, 2004, the Company, by counsel, filed a Motion to suspend the date for filing the Company's rebuttal testimony and to limit the October 26, 2004, hearing to the presentation of the testimony of public witnesses.

On October 21, 2004, the Hearing Examiner entered a Ruling that suspended the filing date for Atmos' rebuttal testimony and provided that the October 26, 2004, hearing would be convened for the sole purpose of receiving testimony from public witnesses.

On October 26, 2004, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. Counsel appearing included Richard D. Gary, Esquire, and D. Zachary Grabill, Esquire, counsel for the Company; C. Meade Browder, Jr., Senior Assistant Attorney General, and D. Mathias Roussy, Jr., Assistant Attorney General, counsel for the Division of Consumer Counsel, Office of the Attorney General ("AG"); and Robert M. Gillespie, Esquire, and Sherry H. Bridewell, Esquire, counsel for the Commission Staff. During the October 26, 2004, hearing, proof of the Company's notice and service were received into the record as Exhibit 1. No public witnesses appeared. At the conclusion of the hearing, the case was continued generally.

On October 29, 2004, the Hearing Examiner entered a Ruling, wherein he noted that the case participants had reached an agreement concerning the issues in controversy and desired to schedule the case for hearing. The Hearing Examiner directed that a hearing on the application be reconvened at 10:00 a.m. on November 4, 2004, in the Commission's second floor courtroom.

On November 4, 2004, the case was reconvened before the Hearing Examiner. Counsel appearing included Richard D. Gary, Esquire, and D. Zachary Grabill, Esquire, counsel for the Company; C. Meade Browder, Jr., Senior Assistant Attorney General, and D. Mathias Roussy, Jr., Assistant Attorney General, counsel for the AG; and Robert M. Gillespie, Esquire, and Sherry H. Bridewell, Esquire, counsel for the Commission Staff. By agreement of counsel, the respective prefiled testimonies of the Company, Staff, and AG were identified and received into the record as exhibits in the case without cross-examination and without the witnesses taking the stand. A Stipulation, identified as Exhibit 20, purporting to resolve all of the issues in the proceeding was received into evidence. The case participants waived the right to file comments to the Hearing Examiner's Report in the event that the Hearing Examiner recommended that the Commission accept the Stipulation received into evidence in the proceeding.

On December 16, 2004, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Examiner's Report") was issued. The Examiner's Report discusses the features of the Stipulation that was submitted by the parties and recommends its adoption. The Examiner noted that the parties and Staff have agreed to waive the right to file comments responsive to his Report.

As the Hearing Examiner noted, the Stipulation results in an increase in annual revenue of \$371,735, based upon an authorized Return on Equity ("ROE") range from 9.5% to 10.5%, with a midpoint of 10.0% used for the designing of rates. For purposes of the Company's future earnings tests, Staff and the parties agree that a 10.0% ROE benchmark will be used for determining overearnings and will continue to be used until there is a change in the authorized ROE range.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Stipulation also contains an agreement by the Company not to file an application for an increase in rates prior to July 1, 2006, except under emergency conditions as set out in § 56-245 of the Code of Virginia. The Report recommends adoption of this rate increase moratorium, and we concur.

As outlined in the Stipulation, the Staff and parties agreed to a WNA similar to the one adopted by the Commission for Roanoke Gas Company in Case No. PUE-2002-00373. As with Roanoke Gas, the proposed WNA protects customer bills and company revenues from the drastic changes that result from the volatility of gas prices during extremely cold weather. The Examiner's Report recommends adoption of the proposed WNA described in the Stipulation, and we concur.

The Stipulation provides for a revenue requirement of \$53,500 for the cost of services that an affiliate, Atmos Energy Services ("AES"), furnishes to Atmos. When the Commission approved the affiliate arrangement between Atmos and AES, it stated: ". . . Atmos should bear the burden of proving, in any rate proceeding, that no market exists for the energy administrative services obtained from AES or, if a market exists, that Atmos is paying AES the lower of cost or market." See, Joint Application of Atmos Energy Corporation and Atmos Energy Services, LLC. For authority to enter into a services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2004-00016, Order Granting Authority at 4, April 28, 2004. The Staff and parties recognized that there has not yet been sufficient examination of the market availability and costs for the services furnished by AES but agreed that the designated amount was appropriate for this rate proceeding. Atmos agreed to fund a study, based upon 2004 information, to review the costs and market availability of such services. Such study will be filed with Staff and Consumer Counsel around mid-year 2005. Staff and Consumer Counsel have reserved the right to challenge the results of such a study and to submit additional evidence regarding the issues in the study, but no challenge can affect retroactively the rates determined in this proceeding. We agree that the amount of \$53,500 is appropriate for services furnished to Atmos by AES for purposes of determining Atmos' overall revenue requirement in this case. In future rate proceedings, these costs will be reevaluated based upon the study to be submitted by Atmos and any other pertinent evidence. Atmos must prove the reasonableness of the entire amount. No presumption will be accorded the figure used in this case.

Other matters covered by the Stipulation and discussed in the Examiner's Report include Atmos' four proposed changes to its PGA rider; the use of bi-monthly meter readings; imposing no fee for hand delivering a door tag containing a notice of disconnect for nonpayment; implementation of a \$40 charge for account activation or reconnection; implementing a procedure for "soft close;" providing that the Company will submit a "soft close" operating and maintenance procedure to the Division of Utility and Railroad Safety; continued funding for the Gas Technology Institute by means of base-rate recovery as of January 1, 2005, rather than the PGA mechanism, which expires at the end of 2004; and amending Atmos' criteria for customers to qualify for transportation service. The Commission agrees with the Examiner's Report on each of these matters and adopts the Stipulation in its entirety. The terms of the Stipulation are incorporated into the Order by attachment hereto.

Upon consideration of the Examiner's Report and the foregoing discussion of issues, the Commission finds as follows:

1. The use of a test year ending September 30, 2003, is proper in this proceeding;
2. Atmos' test year operating revenues, after all adjustments, were \$44,084,281;
3. The Company's test year operating deductions, after all adjustments, were \$41,719,260;
4. The Company's current rates produce a return on adjusted rate base of 7.66%;
5. A reasonable return on equity for the Company is in the range of 9.50% to 10.50%, and the midpoint of 10.00% shall be used to calculate rates;
6. The Company's adjusted test year rate base is \$30,671,821;
7. The Company requires an additional \$371,735 in gross annual revenues to earn a return on rate base of 8.41% and a return on common equity of 10.00%;
8. The Company shall refund with interest excess revenues collected under interim rates;
9. The Stipulation agreed upon by Staff and the parties is reasonable and is adopted; and
10. A WNA, as set forth in the Stipulation, is adopted in this proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's application for a general increase in rates is granted to the extent found above and is otherwise denied.
- (2) Pursuant to § 56-238 of the Code of Virginia, the rates, charges, and tariff provisions found just and reasonable above are fixed and substituted for the rates, charges, terms, and conditions which took effect on an interim basis, subject to refund with interest, on July 27, 2004.
- (3) The Company shall submit to the Commission's Division of Energy Regulation revised tariff sheets incorporating the stipulated rates, charges, terms, and conditions in accordance with the provisions of this Order and the Stipulation attached hereto.
- (4) Atmos shall forthwith submit revised "soft close" operating and maintenance procedures to the Division of Utility and Railroad Safety.
- (5) The Company shall use the rates and charges prescribed in Ordering Paragraph (2) to recalculate all bills rendered which were calculated using, in whole or in part, the rates and charges which took effect on July 27, 2004. Where application of the rates prescribed by this Order results in a reduced bill, the difference in all bills shall be refunded with interest within ninety (90) days of the entry of this Order, as directed in the Ordering Paragraphs below.

(6) The refunds with interest directed in Ordering Paragraph (5) for current customers may be made by a credit to the customers' accounts and shown on bills. The bills shall show the refunds as a separate item or items. For former customers, refunds with interest which exceed \$1.00 shall be made by check mailed to the last known address of such customers. The Company may set off the credit or refund against any undisputed outstanding balance. No setoff shall be permitted against any disputed portion of an outstanding balance.

(7) The Company shall maintain a record of former customers due a refund of \$1.00 or less and shall promptly make the refund by check upon request. For any refunds not paid or claimed, the Company shall comply with § 55-210.6:2 of the Code of Virginia.

(8) The refund amounts calculated as directed in Ordering Paragraph (5) shall bear interest at a rate for each calendar quarter, which shall be the arithmetic mean, to the nearest one-hundredth of one percent of the "Bank prime loan" values published in 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 payments were due as shown on bills to the date of the bill showing the credit to current customers or the date of the refund check mailed to former customers.

(9) On or before June 1, 2005, the Company shall submit to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order and listing the expenses of refunding and the accounts charged.

(10) The Company shall not recover the interest paid or the expenses incurred to make refunds in rates and charges subject to the Commission's jurisdiction.

(11) There being nothing further to come before the Commission, this matter is dismissed, and the record developed herein shall be placed in the file for ended causes.

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.

**CASE NO. PUE-2003-00537  
SEPTEMBER 19, 2005**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For an Annual Informational Filing for test year ended September 30, 2003

**DISMISSAL ORDER**

On November 12, 2003, Virginia Natural Gas, Inc. ("VNG" or the "Company") filed a Motion with the State Corporation Commission ("Commission") requesting that the Company be permitted to change the date by which it must file its 2003 Annual Informational Filing ("AIF"). VNG requested that it be permitted to change its test period for its 2003 AIF from the twelve months ended September 30, 2003, to the twelve months ended December 31, 2003. VNG also proposed to file its AIF for 2003, by April 29, 2004, rather than January 2004.

On December 4, 2003, the Commission entered an Order granting the Company's Motion insofar as it requested leave to change its test year for its AIF and earnings test purposes from the twelve months ended September 30, 2003, to the twelve months ended December 31, 2003, and insofar as it proposed to file its 2003 AIF by April 29, 2004. Additionally, the Commission required the Company to include with its 2003 AIF one Schedule 7 that included data for the twelve months ending September 30, 2003, and a second Schedule 7 that included data for the twelve months ending December 31, 2003.

On April 29, 2004, VNG delivered its AIF for the test year ended December 31, 2003, to the Commission. The Commission's Staff ("Staff") subsequently requested that the filing be revised and additional information provided in order to complete the AIF. VNG filed the requested additional information on May 28, 2004, and the application was deemed complete on that date.

On July 14, 2005, the Staff filed its Audit Report in the captioned matter. In that Report, Staff noted that on June 4, 2004, VNG filed an application in Case No. PUE-2002-00237, to extend its experiment involving a Weather Normalization Adjustment Rider ("WNA Case" or "Case No. PUE-2002-00237"). According to Staff, VNG included with that extension request the schedules for a general rate case, including an earnings test and fully adjusted cost of service study. These rate case schedules were also based on a test year ended December 31, 2003. Staff explained in its Audit Report that as part of its investigation in Case No. PUE-2002-00237, it conducted an extensive audit of the Company's test year and proforma financial and operating results. Staff filed its analysis and conclusions in a Supplemental Staff Report on March 2, 2005, in Case No. PUE-2002-00237. Staff's Supplemental Report in Case No. PUE-2002-00237 was attached to and incorporated by reference in its July 14, 2005, Audit Report filed in Case No. PUE-2003-00537.

Staff's July 14, 2005, Audit Report filed in Case No. PUE-2003-00537 asserted that as demonstrated by the March 2, 2005, Supplemental Staff Report filed in Case No. PUE-2002-00237, VNG was earning a 15.96% return on equity and had surplus annual revenues of \$15,177,853 on a fully adjusted basis. Staff therefore concluded that VNG's rates were no longer just and reasonable and that the Company's existing rates provided an excessive rate of return. The July 14, 2005, Audit Report explained that since Staff's analysis in the WNA Case was similar, though more extensive, than the analysis that would typically be performed in an AIF proceeding, and was based on the same test year that was used in the AIF, Staff adopted the results of its analysis from Case No. PUE-2002-00237 for purposes of its Audit Report in Case No. PUE-2003-00537.

Staff also advised that the Commission had issued an Order on April 29, 2005, in Case No. PUE-2002-00237, that directed VNG to file a general rate case by July 1, 2005. The Staff therefore recommended that the justness and reasonableness of the Company's rates be addressed in the July 1, 2005, proceeding. The Staff further recommended that Case No. PUE-2003-00537 be dismissed.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On August 30, 2005, the Company, by counsel, filed its Response to the Staff Audit Report ("Response"). VNG noted that it had filed a Response on April 11, 2005, to the Supplemental Staff Report in the WNA Case. VNG related that its April 11, 2005, Response took issue with the Staff's findings and recommendations in Case No. PUE-2002-00237 and demonstrated that the Company's rates were deficient and that VNG required a rate increase. VNG attached a copy of its April 11, 2005, Response to its August 30, 2005, Response filed in Case No. PUE-2003-00537.

VNG's Response also noted that the Company had filed an application with the Commission for approval of a performance-based rate methodology pursuant to Va. Code § 56-235.6 ("PBR Application"). VNG stated that this application included a fully adjusted-cost of service study and accompanying rate schedules prepared in accordance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30 ("General Rate Case Filing").

VNG reported that on July 14, 2005, the Commission issued an Order for Notice and Hearing, docketing the Company's PBR Application as Case No. PUE-2005-00057, and its General Rate Case Filing as Case No. PUE-2005-00062. The Company advised, among other things, that the issue of the adequacy of its rates could be more fully addressed in the proceeding docketed in response to its PBR Application. VNG also addressed the proper legal standard to be applied to the Company's PBR Application.

NOW UPON consideration of the foregoing, the Commission is of the opinion and finds that the captioned application should be dismissed from the Commission's docket of active proceedings. In making this determination, we note that issues regarding the Company's rates are being addressed in Case Nos. PUE-2005-00057 and PUE-2005-00062. Consequently, we make no findings herein regarding those issues.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed from the Commission's docket of active proceedings, and that the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2003-00548  
MARCH 22, 2005**

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

**DISMISSAL ORDER**

By Commission Order dated December 23, 2003, Virginia Natural Gas, Inc. ("VNG" or "the Company"), AGL Resources Inc., ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants") were granted authority for VNG to: 1) issue up to \$100,000,000 of short-term debt through participation in the AGLR Utility Money Pool administered by AGL Services; 2) issue long-term debt to AGLR in an amount not to exceed \$250,000,000; and 3) issue and sell common stock to AGLR in an amount not to exceed \$300,000,000 through the period ending December 31, 2004.

VNG filed a final report of action on February 28, 2005. According to the information provided by VNG in its interim and final reports, the Company's actions consisted entirely of short-term borrowings which never exceeded the limit of \$100,000,000. Applicant never issued any long-term debt or common stock under the authority granted.

On consideration whereby, IT IS ORDERED that, there appearing nothing further to be done, this matter is hereby dismissed.

**CASE NO. PUE-2003-00596  
AUGUST 31, 2005**

APPLICATION OF  
VIVEX, INC.

For a permanent license to conduct business as an electric aggregator

**ORDER OF REVOCATION**

Pursuant to the Virginia Electric Restructuring Act, §§ 56-576 *et seq.* of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with licensing competitive service providers of electric and natural gas services, and governing implementation of retail access to competitive energy services. In fulfilling that responsibility, the Commission promulgated rules and regulations pursuant to § 56-577 D of the Code. Those rules are codified at 20 VAC 5-312-10 *et seq.*, Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

Vivex, Inc. ("Vivex" or "Defendant"), an S corporation incorporated in Texas on December 11, 2000, was granted a certificate of authority to transact business in Virginia by the Commission on November 5, 2003. On December 12, 2003, Vivex filed an application for a license to provide electric aggregation services in the retail access program of Virginia Electric and Power Company ("Dominion Virginia Power"). In that application, Vivex represented that it was engaged in business as an energy sales broker to resell energy from multiple providers to businesses in Texas and provided other information required by the Retail Access Rules to receive a license in Virginia. On February 19, 2004, the Commission granted Vivex license No. A-14 to provide electric aggregation services in Virginia. That license was granted pursuant to, and subject to, applicable statutes, including § 56-588 of the Code, and the provisions of the Retail Access Rules. The case also remained open for consideration of subsequent amendments or modifications to the license.

On June 22, 2005, the Staff of the Commission ("Staff") filed its Motion for Rule to Show Cause, alleging the Defendant's failure to file the annual report and pay the administrative fee due March 31, 2005, as required by 20 VAC 5-312-20 Q of the Retail Access Rules ("Rule 20"). Based upon Staff's Motion, a Rule to Show Cause was issued on June 23, 2005.

In the Rule to Show Cause, the Commission docketed this matter; appointed a Hearing Examiner; and set the matter for hearing on July 29, 2005, at which time the Defendant was directed to show cause, if it could, why its license should not be revoked. The Commission's Rule to Show Cause directed the Defendant to file a responsive pleading that expressly admitted or denied the allegations and to present any affirmative defenses that it intended to assert. The Rule to Show Cause also required the Defendant to state expressly whether it intended to appear and be heard on the scheduled hearing date. The Defendant did not file a responsive pleading.

On July 29, 2005, the scheduled hearing was convened. The Defendant did not enter an appearance. Staff appeared by counsel and presented testimony. Staff counsel offered a U.S. Mail return receipt addressed to the last known office address for the Defendant and signed by an individual identifying himself as agent for Vivex, which was received into evidence as proof of service of the Commission's Rule to Show Cause upon the Defendant.<sup>1</sup>

Staff also presented the uncontested testimony of David Eichenlaub, assistant director in the Division of Economics and Finance, to detail Staff's attempts to contact Vivex and to support the allegations that, despite Staff attempts, Defendant had failed to comply with the Commission's Retail Access Rules and, specifically Rule 20, by failing to update all information in its original application and pay the annual administrative fee.<sup>2</sup>

On August 12, 2005, the Report of Deborah V. Ellenberg, Chief Hearing Examiner, was filed. The Hearing Examiner found that Staff made exhaustive, but unsuccessful, efforts to contact Defendant at its last known addresses and phone numbers, as given in the Defendant's applications, in order to secure Defendant's compliance with Rule 20. The Hearing Examiner reported Staff witness Eichenlaub's testimony of the numerous attempts made to contact Defendant by e-mail, voice messages, and U.S. Postal Service mailings, which were all directed to Defendant's last known addresses and telephone numbers as given in Defendant's application.<sup>3</sup> The Hearing Examiner found that Staff's mailings were sent to Defendant's registered agent and registered office address, which were designated in both the Commission Clerk's records of companies authorized to do business and the initial application for licensure as an aggregator.<sup>4</sup>

The Hearing Examiner determined the pertinent statutory authority supporting the Commission's requirement to pay the \$100 administrative fee and to update all information given in the original application to be § 56-588 of the Code. The Hearing Examiner concluded that Staff witness Eichenlaub's uncontested testimony is clear that Vivex failed to file its annual report and failed to pay the annual administrative fee as required by § 56-588 of the Code and the Commission's Retail Access Rules at 20 VAC 5-312-20 Q.

The Hearing Examiner recommended that license No. A-14 authorizing Vivex, Inc., to provide electric aggregation services to customers in the service territory of Dominion Virginia Power in the Commonwealth of Virginia should be revoked and that this matter be dismissed.

NOW THE COMMISSION, having considered the record in this matter, the August 12, 2005, Hearing Examiner's Report, and the applicable statutes and Retail Access Rules, is of the opinion and finds that the findings and recommendations of the August 12, 2005, Hearing Examiner's Report should be adopted. We find that service of process on the Defendant was perfected. We find that license No. A-14 authorizing Vivex, Inc., to provide electric aggregation services to customers in the service territory of Dominion Virginia Power in the Commonwealth of Virginia should be revoked.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the August 12, 2005, Hearing Examiner's Report are hereby adopted.
- (2) License No. A-14 authorizing Vivex, Inc., to provide electric aggregation services to customers in the service territory of Dominion Virginia Power in the Commonwealth of Virginia is hereby revoked.
- (3) This case is hereby dismissed from the Commission's docket of active proceedings.

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<sup>1</sup> Exhibit 2.

<sup>2</sup> "A competitive service provider shall file a report with the State Corporation Commission by March 31 of each year to update all information required in the original application for licensure. A \$100 administrative fee payable to the State Corporation Commission shall accompany this report." 20 VAC 5-312-20 Q.

<sup>3</sup> A copy of the application showing all contact information given by the Defendant was received into evidence as Exhibit 1.

<sup>4</sup> While Vivex was granted a certificate of authority to transact business in Virginia as previously noted, Staff's Exhibit 3 was received into evidence to establish that Defendant's certificate of authority was revoked on March 31, 2005.

**CASE NO. PUE-2003-00598  
JANUARY 6, 2005**

APPLICATION OF  
VIRGINIA GAS PIPELINE COMPANY

For an Annual Informational Filing

**ORDER ADOPTING RECOMMENDATIONS  
AND DISMISSING PROCEEDING**

On December 16, 2003, Virginia Gas Pipeline Company ("VGPC" or the "Company"), by counsel, filed a Motion with the State Corporation Commission ("Commission") requesting an extension of time in which VGPC could file its 2003 Annual Informational Filing ("AIF") for the twelve months ending September 30, 2003, ("test year"). The Company requested that it be permitted to file its AIF for the test year on or before April 28, 2004, rather than on or before January 28, 2004. The Company represented that it had contacted Staff Counsel about its Motion and was authorized to state that the Commission Staff did not oppose VGPC's request for an extension.

In its December 23, 2003, Order Granting Motion, the Commission granted VGPC's December 16, 2003, Motion and extended the time in which VGPC could file its AIF to April 28, 2004. The Commission continued the case to receive VGPC's AIF for the test year ended September 30, 2003.

On April 8, 2004, VGPC, by counsel, filed a Motion ("April 8, 2004, Motion") requesting a further extension of time in which to file its 2003 AIF with the Commission. Specifically, VGPC requested that it be authorized to file its AIF for the test period ending September 30, 2003, within twenty-one (21) days of the date that audited information for its senior parent company, NUI Corporation ("NUI") was finalized and became available to the public. VGPC represented that it would notify the Commission by letter when the audited financial information for NUI had been finalized and made available to the public. In its April 12, 2004, Order Granting Further Extension of Time, the Commission granted VGPC's April 8, 2004, Motion, directed VGPC to file its 2003 AIF no later than twenty-one (21) days from the date that NUI's audited year-end financial information was finalized and made available to the public, directed VGPC to notify the Commission forthwith by a letter to be filed with the Clerk of the Commission when the audited year-end financial information of NUI was finalized and made available to the public, and continued the case generally.

After providing notice by a letter filed with the Commission on May 14, 2004, that NUI's audited financial information was made available to the public, VGPC filed its AIF for the test year ending September 30, 2003, with the Commission on June 2, 2004.

On December 15, 2004, the Staff filed its Report on the captioned application. This Report included both financial and accounting analyses. In its financial analysis, the Staff employed a 13.5% cost of equity since the Company did not have an authorized point or range for its return on equity. Staff explained that at the time VGPC filed its applications for certificates of public convenience and necessity to operate its storage and pipeline facilities, those facilities involved start-up operations and not going concerns. Because actual operating data was unavailable, these applications for certificates of public convenience and necessity were based on rates derived from revenues and costs. Such estimates included a cost of capital based on a capital structure that assumed 25% equity at a return on equity rate of 13.5%. VGPC received a certificate to provide gas storage and gas transmission service on the basis of the rates filed in its certificate application rather than on a specified return on equity range.

Staff supported the use of NUI's consolidated capital structure for use in the Company's AIF because NUI has been the ultimate source of any market capital available to VGPC since NUI acquired Virginia Gas Company ("VGC"), VGPC's immediate parent company.

The Staff also reported that after receiving all necessary regulatory and shareholder approvals, a merger between AGL Resources, Inc. ("AGLR") and NUI was consummated on November 30, 2004. Staff noted that VGPC's ratemaking capital structure would have to be re-evaluated in subsequent AIFs or rate applications to consider the impact of this acquisition on VGPC.

Staff commented that VGPC's September 30, 2003, capital structure included total capitalization of \$43,425,101, which consisted of 61.23% common equity and 38.77% long-term debt. For ratemaking purposes, Staff preferred to use the proportions of capitalization reflected in the NUI parent company capital structure to calculate VGPC's jurisdictional per books return on equity. Staff explained that the adjustment of VGPC's equity capital to match the lower proportion of equity in the consolidated NUI capital structure is the principal reason why VGPC's jurisdictional per books return on equity is higher than VGPC's total company per books return on equity.

In its accounting analysis, the Staff noted several areas of concern. Staff reported that it and the Company have reached an agreement regarding the treatment of capitalized interest and that the Commission adopted the agreed upon methodology for capitalized interest in Case No. PUE-1998-00627. Under the terms of the agreement, certain amounts of capitalized interest that had been booked by the Company were disallowed for ratemaking purposes. The Staff therefore adjusted accumulated depreciation for amounts that were related to disallowed capitalized interest. The Company adjusted its cost of service for purposes of the AIF to apply the current depreciation rate of 2.24% to the disallowed capitalized interest that was booked in each year, even to those years prior to 2002, when VGPC's approved depreciation rate was 3.33%. Staff therefore adjusted VGPC's cost of service to apply the correct depreciation rate to each year's capitalized interest to determine the amount of disallowed accumulated depreciation to be eliminated.

With regard to an earnings test for VGPC, the Staff noted that the sole regulatory asset on VGPC's books related to the abandonment of segment 5 of VGPC's P-25 intrastate pipeline. Staff's earnings test reflected a return on common equity of 6.719% after all adjustments. Staff therefore recommended that the Commission find there to be no need to accelerate the amortization of the regulatory asset related to the P-25 pipeline.

Further, in its accounting analysis, Staff corrected the Company's depreciation expense to include depreciation expense related to the allowed capitalized interest. Staff's adjustment exactly matches the adjustment to the fully adjusted rate of return statement. Staff also corrected the Company's plant in service to include plant related to the allowed portion of capitalized interest that the Company had eliminated in its AIF's cost of service.

With regard to accumulated depreciation, the Company's adjustment to its accumulated depreciation removed only the test year portion of accumulated depreciation related to the disallowed capitalized interest. Staff eliminated all of the accumulated depreciation related to disallowed capitalized interest.

The Staff also noted in its Report that on June 27, 2003, VGC had received Commission approval in Case No. PUE-2003-00129 to allocate corporate costs incurred at the NUI level to VGC and in turn, to VGC's regulated subsidiaries, including VGPC. VGPC did not choose to include any costs from NUI in its ratemaking costs of service for purposes of this AIF. Staff further observed that in the December 16, 2003, Order entered in Case No. PUE-2002-00701, the Commission adopted Staff's recommendation that VGC's allocation methodology include Saltville Gas Storage Company, L.L.C. ("Saltville"), an affiliated company of VGPC, in the formula used to allocate costs to VGPC once Saltville operating data became available. Saltville began operations on August 1, 2003; therefore, according to Staff, a full year of Saltville operating data should be available data when VGPC submits its next AIF or rate case. Staff recommended that VGPC comply with the Commission directive to include Saltville in the allocation methodology of costs from VGC to VGPC as part of the Company's next AIF or rate case.

On December 28, 2004, VGPC advised the Commission that it would not be filing any comments to the Staff Report and that it regarded the case as ripe for disposition.

NOW, UPON consideration of the Company's application, the December 15, 2004, Staff Report, and the applicable statutes, the Commission is of the opinion and finds that Staff's refinements to VGPC's cost of service and recommendations set out in the December 15, 2004, Staff Report should be adopted; that there should be no acceleration of the amortization of the regulatory asset related to VGPC's P-25 intrastate pipeline; that VGPC should include Saltville in the allocation methodology of costs from VGC to VGPC as part of VGPC's next AIF or rate case; and that the captioned application should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, the recommendations and refinements to VGPC's cost of service set out in the December 15, 2004, Staff Report are hereby adopted.

(2) There shall be no acceleration of the amortization of the regulatory asset associated with the abandonment of segment 5 of VGPC's P-25 pipeline as part of this AIF.

(3) VGPC is hereby directed to include Saltville in the formula for allocation of costs from VGC to VGPC as part of the Company's next AIF if it does not seek rate relief, or rate application, should it choose to seek rate relief.

(4) There being nothing further to be done in this proceeding, this application shall be dismissed from the Commission's docket of active cases, and the papers filed herein placed in the Commission's files for ended causes.

**CASE NO. PUE-2003-00599  
JANUARY 6, 2005**

APPLICATION OF  
VIRGINIA GAS DISTRIBUTION COMPANY

For an Annual Informational Filing

**ORDER ADOPTING RECOMMENDATIONS AND DISMISSING PROCEEDING**

On December 16, 2003, Virginia Gas Distribution Company ("VGDC" or the "Company") filed a Motion with the State Corporation Commission ("Commission") requesting an extension of time in which VGDC could file its 2003 Annual Informational Filing ("AIF") for the test year ended September 30, 2003. VGDC represented that its 2003 AIF was due on or before January 28, 2004, and asked that it be permitted to file its AIF for the test period ending September 30, 2003, on or before April 28, 2004. VGDC further asked that the Commission grant the Company a waiver from the filing requirements of Rule 20 VAC 5-200-30 A 9 of the Rules governing utility rate increase applications and annual informational filings ("Rate Case Rules") to the extent necessary to permit VGDC to omit Schedules 9 through 14 from its AIF.

In its December 23, 2003, Order Granting Motion, the Commission granted VGDC's December 16, 2003, Motion; authorized VGDC to file its AIF for the period October 1, 2002, through September 30, 2003, by no later than April 28, 2004; granted VGDC's request to omit Schedules 9 through 14 from its AIF; and kept the captioned docket open to receive on or before April 28, 2004, VGDC's AIF for the twelve months ended September 30, 2003.

On April 8, 2004, VGDC, by counsel, filed a Motion ("April 8, 2004, Motion") requesting a further extension of time in which to file its 2003 AIF with the Commission. Specifically, VGDC requested that it be authorized to file its AIF for the test period ending September 30, 2003, within twenty-one (21) days of the date that the audited financial information for its senior parent company, NUI Corporation ("NUI") was finalized and became available to the public.

In its April 12, 2004, Order Granting Further Extension of Time, the Commission granted VGDC's April 8, 2004, Motion; directed VGDC to file its 2003 AIF no later than twenty-one (21) days from the date that NUI's audited year-end financial information was finalized and made available to the public; directed VGDC to notify the Commission forthwith by a letter to be filed with the Clerk of the Commission when the audited year-end financial information of NUI was finalized and made available to the public; and continued the case generally.

After providing notice by a letter filed with the Commission on May 14, 2004, that NUI's audited financial information was made available to the public, VGDC filed its AIF for the test year ending September 30, 2003, with the Commission on June 2, 2004.

On December 15, 2004, the Staff filed its Report on the captioned application. This Report included both financial and accounting analyses. In its financial analysis, the Staff used an 11.5% return on equity for illustrative purposes since the Company did not have an authorized point or range for its return on equity. Staff explained that the lack of actual operating data made it necessary for the Company to base its application for a certificate of public

convenience and necessity, docketed as Case No. PUE-1993-00013, on rates derived from estimates of revenues and costs. Such estimates included a cost of capital that incorporated a return on equity rate of 11.5%.

VGDC filed an application for an increase in annual operating revenues of \$300,000 in August 1999, docketed as Case No. PUE-1999-00531. VGDC represented in its application that the amount of the requested increase was premised only on the recovery of higher costs related to its significant system expansion. VGDC elected not to seek an authorized return on equity, which would have supported a higher rate increase than it had requested in its application. The February 22, 2000, Order entered in Case No. PUE-1999-00531 permitted VGDC's proposed rate increase to take effect on January 23, 2000, under the terms of a joint stipulation reached between the Company and Staff.

The Staff reported that the joint stipulation accepted by the Commission in Case No. PUE-1999-00531 found Virginia Gas Company's ("VGC") consolidated capital structure as appropriate for ratemaking purposes. That capital structure was based on the use of the capital structure of the entity that directly accesses capital markets for funds to support regulated operations. Staff advised that it supported the use of the capital structure of the entity that raises debt capital in capital markets because it is subject to market constraints and scrutiny. Staff explained further that after NUI's acquisition of VGC and VGDC, NUI became the entity to supply capital to VGDC. Consistent with that change and Staff's general position regarding capital structure, Staff used NUI's consolidated capital structure for AIF reporting purposes. NUI's consolidated ratemaking capital structure for the test year had an equity ratio of 36.66% and produces an overall cost of capital of 7.14%. Given NUI's recent acquisition by AGL Resources, Inc. ("AGLR"), Staff advised that it will need to evaluate the use of a consolidated AGLR capital structure in VGDC's subsequent AIFs or rate applications.

In its accounting analysis, the Staff noted several areas of concern. The Staff corrected the amount of residential usage volumes for the month of March 2003, in its regression analysis, when making its weather normalization adjustment.

With regard to capitalized interest, Staff reported that in Case No. PUE-1998-00325, it had reached an agreement with the Company regarding the methodology to calculate capitalized interest. Staff determined that the Company did write off the disallowed capitalized interest related to plant in service but neglected to write off the disallowed capitalized interest related to accumulated depreciation and accumulated deferred income taxes ("ADIT"). The Company has advised Staff that it will write off the remaining disallowed capitalized interest relating to accumulated depreciation and ADIT during its 2004 fiscal year.

Additionally, Staff related that on June 27, 2003, VGC received Commission approval in Case No. PUE-2003-00129 to allocate corporate costs incurred at the NUI level down to VGC and subsequently to the regulated VGC subsidiaries, including VGDC. VGDC did not include any costs from NUI in its ratemaking cost of service for purposes of this AIF.

Staff also reported that in Case No. PUE-2002-00700, the Commission directed that VGC's allocation methodology include Saltville Gas Storage Company, L.L.C. ("Saltville"), an affiliate of VGDC, in the formula used to allocate costs to VGDC once Saltville operating data became available. Saltville began operation on August 1, 2003. According to Staff, a full year of Saltville operating data will be available when VGDC submits its next AIF or rate case. The Staff recommended that VGDC comply with the Commission directive to include Saltville in the allocation methodology of costs from VGC to VGDC as part of VGDC's next AIF or rate case. Staff concluded that it will need to evaluate the effect of AGLR's capital structure on VGDC's cost of capital and the impact of the acquisition of NUI on future cost allocations to VGDC. Staff recommended that the Commission take no action on the Company's rates.

On December 28, 2004, VGDC, by counsel, advised that it did not intend to file any comments responsive to the December 15, 2004, Staff Report and stated that it regarded the case as ripe for disposition by the Commission.

NOW, UPON CONSIDERATION of the Company's application, the December 15, 2004, Staff Report, and the applicable statutes, the Commission is of the opinion and finds that the Staff's recommendations and refinements to the Company's cost of service set out in the December 15, 2004, Staff Report should be adopted; that VGDC should write off the remaining disallowed capitalized interest relating to accumulated depreciation and ADIT during its 2004 fiscal year; that VGDC should comply with our directive in Case No. PUE-2002-00700 to include Saltville in the allocation methodology used to allocate costs from VGC to VGDC as part of the Company's next AIF or rate case; and that the captioned application should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

- (1) Consistent with the findings made herein, the recommendations and refinements to VGDC's cost of service set out in the December 15, 2004, Staff Report are hereby adopted.
- (2) Consistent with its representations to Staff, VGDC shall write off the remaining disallowed capitalized interest relating to accumulated depreciation and ADIT during its 2004 fiscal year.
- (3) VGDC shall include Saltville in the allocation methodology used to allocate costs from VGC to VGDC as part of the Company's next AIF or rate case.
- (4) There being nothing further to be done herein, this case shall be dismissed, and the papers filed herein shall be lodged in the Commission's files for ended causes.

**CASE NO. PUE-2003-00603  
APRIL 26, 2005**APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For an expedited increase in rates and charges and revisions to the tariffs and terms and conditions of service for natural gas service

**DISMISSAL ORDER**

On September 27, 2004, the State Corporation Commission ("Commission") entered its Final Order in the captioned matter. That Order, among other things, directed Washington Gas Light Company ("WGL" or the "Company") to file an earnings test using as its test period the twelve months ended December 31, 2003, with the Commission within ninety (90) days of the entry of the Final Order. Ordering Paragraph (14) of the September 27, 2004, Order permitted the Staff to file a response, which could take the form of a Report, to the Company's earnings test no later than ninety (90) days after the Company's earnings test was filed with the Commission.

WGL filed its earnings test for the twelve months ending December 31, 2003, on December 17, 2004, with the Clerk of the Commission.

On March 17, 2005, the Staff filed its Report on the Company's earnings test. Among other things, the Staff's Report considered the Company's adjustments for the earnings test, made certain revisions to the Company's adjustments and to WGL's earnings test, and concluded that the Company was earning 10.32%, a return below the mid-point of the Company's authorized return on equity range. Staff therefore recommended that no acceleration of the write-off of the Company's regulatory assets occur.

On March 24, 2005, the Commission entered an Order Permitting Responses to the March 17, 2005 Staff Report.

No Respondents filed comments on the March 17, 2005, Staff Report, but on April 15, 2005, the Company, by counsel, filed its Comments on the Commission Staff Report ("Comments"). In its Comments, WGL acknowledged that the Staff Report supports the Company's conclusion that there should be no accelerated write-off of regulatory assets under the earnings test filed for the test period for the twelve months ended December 31, 2003. The Company therefore did not request a hearing on any of the issues raised in the Staff Report on the grounds that any such hearing would unnecessarily consume Commission and Company resources.

Additionally, WGL observed the Staff Report proposed several adjustments that differed in certain respects from the adjustments approved in Case No. PUE-2002-00364, WGL's last general rate case, and on which the Company's current rates were based. The Company asserted these adjustments were inappropriate. It also acknowledged that the instant case, *i.e.*, Case No. PUE-2003-00603, was resolved through settlement, and that the Stipulation accepted therein provided that it was not to be regarded "as a precedent with respect to any ratemaking or any other principle in any future rate case in Virginia or in any other jurisdiction."

The Company's Response also cited Rule 20 VAC 5-200-30 A.10 of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules"). That Rule provides in part that "... except for good cause shown, issues specifically decided by Commission Order in the applicant's most recent rate case may not be raised by Staff or interested parties in Earnings Test Filings." The Company maintains that this rule, properly applied, ensures that the earnings test is based on the same adjustments used to establish underlying rates.

In its Response, WGL reserves the right to file future Annual Informational Filings ("AIFs") and earnings tests in accordance with the methodology approved in Case No. PUE-2002-00364. WGL's Response concludes that because the Staff analysis confirms the conclusion that no accelerated recovery of regulatory assets is warranted for the test period ending December 31, 2003, the Company does not request a hearing on the issues raised in its Response and requests the Commission to issue an order closing this docket.

NOW UPON CONSIDERATION of the foregoing, the Commission is of the opinion and finds that no acceleration of the Company's regulatory assets identified in the Staff's March 17, 2005 Report and the Company's earnings test filed on December 17, 2004, is necessary; and that this case should be dismissed from the Commission's docket of active proceedings.

In making these determinations, we observe that the record in this case is not sufficiently developed to allow us to determine whether the Staff's adjustments are proper in this case, nor is any conclusion on this issue necessary. In our opinion, this record does not clearly identify which individual accounting adjustments were made that differ from the adjustments accepted in Case No. PUE-2002-00364, or whether good cause exists to accept these adjustments in this case. Given the procedural posture of this case, especially in light of the Stipulation accepted herein and the Company's request that we dismiss the case, we find it unnecessary to determine which of the differing adjustments presented by the Company and Staff in their respective earnings test analysis should be employed in this case, particularly since both the Staff and the Company analyses in this proceeding have concluded that no acceleration of the recovery of the Company's regulatory assets is necessary. With regard to the Company's intent to use the methodology approved in Case No. PUE-2002-00364 in future AIFs and earnings tests, it is our expectation that the relevant instructions set out in our rate case rules will be followed when future AIFs or prospective general or expedited rate applications are filed.

Accordingly, IT IS ORDERED THAT:

- (1) No acceleration of the recovery of WGL's regulatory assets is necessary in this case.
- (2) This matter is hereby dismissed, and the papers filed herein shall be placed in the Commission's files for ended causes.

**CASE NO. PUE-2004-00011  
APRIL 25, 2005**

APPLICATION OF  
DAVID G. PETRUS, RECEIVER FOR AUBON WATER COMPANY

For an increase in rates

**FINAL ORDER**

On January 23, 2004, David G. Petrus ("Petrus" or "Receiver") filed a Receiver's Application for an Increase in Rates of Aubon Water Company ("Aubon" or the "Company") and Affidavit of Customer Notice with the State Corporation Commission ("Commission").<sup>1</sup> Comments were filed on behalf of more than 25% of the total number of customers served by Aubon, all objecting to the proposed rate increase.

On February 17, 2004, the Commission's Staff ("Staff"), by counsel, moved for a hearing on the Application and suspension of the proposed rates and charges for a period of 60 days, or until June 1, 2004, pursuant to § 56-265.13:6 of the Code of Virginia.

On February 24, 2004, the Commission issued an Order Redocketing Rate Application, which, among other things, redocketed the Application and all pertinent filings in Case No. PUE-2004-00011; found that the public notice given and filed by the Receiver satisfied the requirements of § 56-265.13:5 B of the Code of Virginia; suspended the proposed rates until June 1, 2004, and thereafter made the proposed rates interim, subject to refund with interest; and assigned the matter to a Hearing Examiner to conduct further proceedings.

By Hearing Examiner's Ruling dated March 18, 2004, a public hearing on this matter was scheduled for September 9, 2004, at 10:00 a.m., in the Commission's Second Floor Courtroom in Richmond, Virginia.

Letters from customers requesting that the hearing be moved from Richmond to the Moneta or Roanoke areas were received on May 14 and 17, 2004. Both requests pointed to the large requested increase and the hardships of traveling to Richmond. A Hearing Examiner's Ruling dated June 18, 2004, scheduled additional local hearings to receive public comments for August 31, 2004, at 2:00 p.m. and 7:00 p.m., in the General District Courtroom, Franklin County Courthouse, 275 South Main Street, Rocky Mount, Virginia.

On August 31, 2004, the local hearings to receive public comments in Rocky Mount were convened as scheduled. Five public witnesses appeared at the 2:00 p.m. hearing and sixteen witnesses appeared at the 7:00 p.m. hearing. All witnesses opposed the rate increase.

On September 9, 2004, the evidentiary hearing was convened in Richmond, as scheduled. At that time Staff informed the Examiner and Aubon that it had discovered an error in its prefiled testimony and would need to file corrections to its testimony. The parties agreed to a continuance to permit Staff to file its revised testimony and the Company the opportunity to respond.

On September 20, 2004, the Staff filed its revised testimony<sup>2</sup> and pursuant to a Hearing Examiner's Ruling dated September 30, 2004, the evidentiary hearing was then reset in Richmond for November 1, 2004. On November 1, 2004, the evidentiary hearing was convened in Richmond as scheduled. The Receiver presented testimony and exhibits in support of his Application and Staff witnesses Ashley Armistead, Jr., and Marc A. Tufaro presented testimony and exhibits analyzing the Application. The Receiver offered no rebuttal, and agreed to the recommendations of the Staff witnesses.

On January 20, 2005, the Report of Alexander F. Skirpan, Jr., Hearing Examiner ("Report") was filed. On February 7, 2005, the Staff filed comments supporting adoption of the Report's recommendations, including the rate structure recommended by the Hearing Examiner.<sup>3</sup>

On February 9, 2005, Mr. Parkhurst filed (on behalf of Long Island Estates customers) the documented results of certain water tests and responses to a questionnaire by Long Island Estates customers. This filing, which we will treat as comments, purports to show the Long Island Estates users "as a viable and responsible alternative to be receivers."<sup>4</sup>

On February 10, 2005, the Receiver filed comments to the Report, which affirmed the Receiver's agreement to Staff's recommended revenue requirement (as accepted in the Report) but objected to the Hearing Examiner's recommended rate structure, which the Receiver believes would be insufficient to produce the agreed revenue requirement.

On March 4, 2005, the Receiver filed a Motion to Suspend Deliberations Pending Settlement Negotiations. Pursuant to the Commission's Order of March 10, 2005, the Receiver was granted thirty days to conclude negotiations and report any proposed settlement and wind-up of the Receivership. On April 11, 2005, the Receiver filed a report that settlement negotiations with the Long Island Estates customers were unsuccessful. The Commission now will address the Application.

Petrus was appointed Receiver for Aubon, a small water utility located in Franklin County, Virginia on March 1, 2001. The Receiver operates and manages Aubon through a contract with Petrus Environmental Services, Inc. ("PES"), pursuant to the Amended Plan of Receivership approved by this

<sup>1</sup> The Receiver's Application was initially docketed in Case No. PUE-2001-00072.

<sup>2</sup> A revision to the Staff testimony that was filed on August 16, 2004.

<sup>3</sup> Also on February 7, 2005, a letter was filed by Charles W. Parkhurst requesting an extension of time to respond to the Report, which was denied by the Commission's Order of February 10, 2005.

<sup>4</sup> This comment attempts to raise the issue of whether the Receiver should continue to operate Aubon, which is outside the scope of this rate case. Commenters may address this issue in the receivership docket, Case No. PUE-2001-00072

Commission on March 30, 2001.<sup>5</sup> Aubon serves forty-seven customers living in Long Island Estates and sixty-four customers living in the Hillcrest and Alton Park subdivisions. The Company's permanent rates and charges became effective March 9, 1999.<sup>6</sup>

Virginia Code § 56-265.13:4 establishes the elements for just and reasonable rates for Aubon, a small water company. The Receiver for Aubon is entitled to an opportunity to earn sufficient revenues to pay all lawful and necessary expenses incident to the receivership, but at the lowest charges that are reasonable and just under Virginia Code § 56-265.13:4.<sup>7</sup> The Hearing Examiner notes the agreement of both counsel that application of the statutory requirements of § 56-265.13:4 to this case is not altered or affected by the receivership.

The Company's current rates and proposed rates (now in effect on an interim basis) are summarized in the Report as follows:

	Aubon's Current Bi-Monthly Rates	Aubon's Proposed Bi-Monthly Rates
Long Island Estates:		
Minimum Bill		
First 6,000 gallons	27.20	
First 10,000 gallons		139.00
Surcharge	37.84	37.84
Usage:		
6,000 to 16,000-Per 1,000	6.50	
Over 16,000-Per 1,000	9.00	
Over 10,000-Per 1,000		8.00
Hillcrest & Alton Park:		
Minimum Bill		
First 6,000 gallons	27.20	
First 10,000 gallons		106.40
Usage:		
6,000 to 16,000-Per 1,000	6.50	
Over 16,000-Per 1,000	9.00	
Over 10,000-Per 1,000		6.50

The Receiver's proposal restructures rates, as shown above, to increase the amount of water included in the minimum bi-monthly bill from 6,000 gallons to 10,000 gallons. Under the proposed rate structure, all bi-monthly usage up to 10,000 gallons pays only the minimum, which is \$139.00 for Long Island Estates and \$106.40 for the Hillcrest and Alton Park subdivisions.<sup>8</sup> The volumetric rate for each thousand gallons over the minimum is reduced from \$9.00 to \$8.00 for Long Island Estates and from \$9.00 to \$6.50 for the Hillcrest and Alton Park subdivisions.

#### Staff's Evidence

Staff witness Armistead audited the Company documents and records and determined that the Company, on a per books basis during the test year ending December 31, 2003, lost \$10,009 serving Long Island Estates and lost \$12,679 serving the Alton Park and Hillcrest subdivisions. Staff witness Armistead then made eleven ratemaking adjustments to determine adjusted net operating income for Long Island Estates, net of surcharge revenues, to be

<sup>5</sup> *Commonwealth of Virginia, ex rel., State Corporation Commission v. Aubon Water Company*, Case No. PUE-2001-00072, Order Extending Appointment of Receiver and Approving Amended Plan of Receivership, 2001 S.C.C. Ann. Rep. 546 ("Amended Receivership Plan Order").

<sup>6</sup> Exhibit No. 4, at 1, Appendix A-1-Revised. Separate from the Company's general rates and charges, the Commission approved a surcharge on Long Island Estates customers to finance the installation of the green sand filter ("surcharge"). See *Commonwealth of Virginia, ex rel., State Corporation Commission v. Aubon Water Company*, PUE-2001-00072, Order Making Final Certain Interim Rates and Emergency Surcharge and Closing Dockets, April 7, 2003. For ratemaking purposes in this case, all surcharge revenues, depreciation, interest expense and net plant associated with the green sand filter treatment facility have been excluded from Staff's analysis, (Exhibit No. 4 at 7). Therefore, nothing in the instant Order will affect the surcharge established.

<sup>7</sup> Virginia Code § 56-265.13:4 provides that rates charged by a small water company, must be nondiscriminatory, reasonable and just. This section defines "reasonable and just charges" to be the lowest charges as shall produce sufficient revenues to pay all lawful and necessary expenses incident to:

1. The operation of the system, including maintenance costs, operating charges, and interest charges on bonds or other obligations;
2. The providing for the liquidation of bonds or other evidence of indebtedness and the attraction of capital;
3. The providing of adequate funds to be used as working capital, as well as reasonable reserves and funds for making replacements, which may be escrowed and used only as working capital if the Commission so directs as a result of a proceeding conducted pursuant to § 56-265.13:6;
4. The providing for the payment of taxes that may be assessed against the small water or sewer utility or its property; and
5. Compensation of owners of the utility for their capital or property invested in the system, if any, and for their time and other resources expended in the operation of the system not otherwise recovered under subdivisions 1 through 4 of this section.

<sup>8</sup> Excluded from this discussion is the surcharge for Long Island Estates, which we noted in footnote 6, will remain unchanged.

\$(20,807) and \$(12,772) for Hillcrest and Alton Park. Mr. Armistead then determined separate revenue requirements for the Long Island Estates system and for the Hillcrest and Alton Park systems.<sup>9</sup>

Based on his adjustments, Mr. Armistead calculated that the Receiver's requested rates would produce annual operating revenue of \$40,142 and net operating income of \$5,350 for Long Island Estates and annual operating revenue of \$42,594 and net operating income of \$9,325 for the Alton Park and Hillcrest subdivisions, respectively.

Mr. Armistead calculated the Company's overall revenue requirement, excluding the surcharge, to be \$74,900, or \$38,027 for Long Island Estates and \$36,873 for Hillcrest and Alton Park. Consequently, Mr. Armistead recommended reducing the proposed bi-monthly minimum rate for Long Island Estates from \$139.00 to \$131.50, and reducing the proposed bi-monthly minimum rate for the Alton Park and Hillcrest subdivisions from \$106.40 to \$91.50. Mr. Armistead showed that the reduced rates would produce net operating income of \$3,281 for Long Island Estates and \$3,730 for the Alton Park and Hillcrest subdivisions. The Receiver agreed to Staff's recommended revenue requirement and reduced rates.

#### **Other Staff Recommendations**

Staff witness Armistead made certain general recommendations addressing ongoing operation of the Company by the Receiver and certain booking recommendations as follows.

Maintain, for future reference, property records on capitalized plant items;

Maintain all invoices in the utility company's file that pertain to both expenses and capital disbursements; and

In future rate proceedings have available time sheets of any amount of time all individuals actually spent on Aubon Water Company. This would also, include work done as part of the agreement between Aubon and PES, Inc.

Update agreements with PES, Inc. based on actual current services being provided.

Apply a 3% composite rate to all depreciable plant balances and to CIAC with the exception of the water treatment plant at Long Island Estates in the amount of \$141,000. This project should be depreciated at a rate of 5%; and

Restate plant, accumulated depreciation, CIAC and accumulated amortization of CIAC as of December 31, 2003, to levels reflected in Column (3) of Statement II, IIA & IIB attached to Staff's testimony.<sup>10</sup>

The Receiver agreed, in open hearing to all recommendations of the Staff. (Tr. 84)

#### **Hearing Examiner Findings**

The Hearing Examiner made the following findings:

- (1) The use of a test year ending December 31, 2003, is proper in this proceeding;
- (2) Aubon's test year operating revenues, after all adjustments and the elimination of the effects of the surcharge, were \$13,500 for Long Island Estates; and \$20,009 for Hillcrest and Alton Park;
- (3) Aubon's test year operating revenue deductions, after all adjustments and the elimination of the effects of the surcharge, were \$34,308 for Long Island Estates; and \$32,781 for Hillcrest and Alton Park;
- (4) Aubon's test year adjusted net operating income, after all adjustments and the elimination of the effects of the surcharge, were \$(20,807) for Long Island Estates; and \$(12,772) for Hillcrest and Alton Park;
- (5) Aubon's adjusted test year rate base is \$2,661 for Long Island Estates; and \$4,436 for Hillcrest and Alton Park;
- (6) Based on the record, Aubon requires additional gross annual revenues to satisfy the requirements of § 56-265.13:4 of \$24,527 for Long Island Estates; and \$16,864 for Hillcrest and Alton Park;
- (7) Aubon should be required to refund promptly, with interest, all revenues collected under its interim rates in excess of those recommended by Staff;
- (8) Aubon should be directed to implement rates as recommended by the Examiner herein on a prospective basis;
- (9) Aubon should be directed to maintain property records on capitalized plant items, as recommended by Staff;

<sup>9</sup> Staff's adjustments reflect annualized water revenue based upon test year end customer counts, elimination of non-recurring expenses, reduction of PES management fees to reflect actual services rendered and capitalization of new equipment, amortization of rate case expense, adjustment to depreciation expense, amortization of Contributions in Aid of Construction ("CIAC") at the same rate as depreciation, elimination of penalties and interest on county taxes, elimination of plant placed in service prior to receivership, increasing CIAC to include unbooked connection fees during 2002, adjustment to accumulated depreciation to reflect composite rate of 3%, and adjustment to accumulated amortization to reflect adjusted amortization expense.

<sup>10</sup> Exhibit No. 4 at 7-8.

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(10) Aubon should be directed to maintain all invoices that pertain to both expenses and capital disbursements, as recommended by Staff;

(11) Aubon should be directed to maintain time sheets of any amount of time all individuals, including PES, Inc. employees, spend on Aubon, as recommended by Staff;

(12) Aubon should be directed to update agreements with PES, Inc. to reflect current services performed, as recommended by Staff;

(13) Aubon should be directed to apply a 3% composite depreciation rate to all depreciable plant balances and to CIAC, with the exception of the Long Island Estates water treatment facilities, which should be depreciated at a rate of 5%; and

(14) Aubon should be directed to restate plant, accumulated depreciation, CIAC and accumulated amortization of CIAC as of December 31, 2003, to levels reflected in Statement II Revised of Staff witness Armistead's testimony.

The Hearing Examiner rejected the Receiver's proposed rate design in light of the public testimony<sup>11</sup> and comments<sup>12</sup> in opposition to it. The public testimony focused on the proposed increase in minimum bills as well as the shift in rate structure. The Hearing Examiner found that under the proposed rate restructuring, the minimum bi-monthly bill increase for customers in Long Island Estates from \$27.20 to \$131.50, is more than 383%; and the minimum bi-monthly bill increase for customers in Hillcrest and Alton Park from \$27.20 to \$91.50, is more than 236%.

The Hearing Examiner found that Staff's recommended overall revenue increase of \$41,391 is necessary to produce sufficient revenues to pay all lawful and necessary expenses. However, the Hearing Examiner concluded that following the statutory standard of § 56-265.13:4 and accepting Staff's proposed annual revenue increase of \$41,391, does not eliminate the issue of rate shock for some customers. The Hearing Examiner concluded that the current rate design should be maintained so that all customers in Long Island Estates receive an increase of 182% and all customers in Hillcrest and Alton Park receive an increase of 84%. By maintaining the current rate design, the Hearing Examiner found that increases to some customers that are solely the result of the proposed change in minimum billing (i.e., from 6,000 gallons to 10,000 gallons) could be avoided. The Hearing Examiner's recommended bi-monthly rates, compared to Aubon's current bi-monthly rates, are shown below.

	Aubon's Current Bi-Monthly Rates	Examiner's Recommended Bi-Monthly Rates
Long Island Estates:		
Minimum Bill		
First 6,000 gallons	27.20	76.62
Surcharge	37.84	37.84
Usage:		
6,000 to 16,000-Per 1,000	6.50	18.31
Over 16,000-Per 1,000	9.00	25.35
Hillcrest & Alton Park:		
Minimum Bill		
First 6,000 gallons	27.20	50.12
Usage:		
6,000 to 16,000-Per 1,000	6.50	11.98
Over 16,000-Per 1,000	9.00	16.59

Based upon his findings, the Hearing Examiner recommends that Aubon be granted an increase in gross annual revenues of \$24,527 for Long Island Estates; and \$16,864 for Hillcrest and Alton Park. Finally, the Hearing Examiner recommends that upon approving final rates for Aubon, this case be dismissed.

NOW THE COMMISSION, having considered the record, the Hearing Examiner's Report and Comments thereto, and the applicable law, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be accepted and approved. The Commission finds that the Receiver's proposed rate design would produce unreasonable rate shock to the customers of Aubon, particularly to those customers who have testified that they would be forced to pay for water that they would not use in excess of the current minimum of 6,000 gallons.

The Commission finds that the current rate design should be retained to implement the rate increase authorized herein. The Receiver objects in his comments to the Report that approval of the present rate design does not provide reasonable assurance that revenues sufficient to meet the revenue requirement will be produced. Nevertheless, the opportunity remains for the Receiver to earn the revenues authorized herein.

Accordingly, IT IS ORDERED THAT:

(1) The Hearing Examiner's Report is hereby approved and the recommendations therein are adopted.

(2) The Company is hereby ordered to comply with the findings and recommendations of the Hearing Examiner as set out above, the same as if repeated herein below.

<sup>11</sup> Twenty-one witnesses presented testimony opposing the rate increase, which is reviewed in the Report at pages 7-10.

<sup>12</sup> Fifty-nine comments were received by the Commission and those comments universally rejected the magnitude of the increase.

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(3) The Company shall implement the Hearing Examiner's recommended rates, effective May 1, 2005, by filing a revised tariff for approval by the Energy Division no later than ten (10) days from the date of this Order.

(4) The interim rates are hereby cancelled, and the Receiver shall promptly refund, with interest, all revenues collected under the interim rates in excess of the Staff's recommended rates.

(5) On or before July 15, 2005, the Receiver shall recalculate, using the rates and charges recommended by Staff, each bill the Receiver rendered that used, in whole or in part, the rates and charges that took effect June 1, 2004. Where application of the Staff's recommended rates results in a reduced bill, the Receiver shall refund the difference with interest as set out below.

(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 months of the preceding calendar quarter.

(7) The refunds ordered in Ordering Paragraph (5) above may be credited to current customers' accounts (each refund category shall be shown separately on each customer's bill). 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 Receiver 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 Receiver may retain refunds to former customers when such refund is less than \$1. The Receiver shall maintain a record of former customers for which the refund is less than \$1, and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code of Virginia.

(8) On or before September 15, 2005, the Receiver shall deliver to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order, detailing the costs of the refunds and the accounts charged.

(9) This case is hereby dismissed and the papers herein placed in the Commission's file for ended causes.

**CASE NO. PUE-2004-00029  
JANUARY 19, 2005**

APPLICATION AND PETITION OF  
FOUNDERS BRIDGE UTILITY COMPANY, INC.

For authority to acquire utility assets and for a certificate of public convenience and necessity

**ORDER**

Before the State Corporation Commission ("Commission") is the Motion for Extension of Procedural Schedule filed by Founders Bridge Utility Company, Inc. ("Founders Bridge" or "Company"), on January 18, 2005. Founders Bridge requested extension by one week of the date for filing comments on the Commission Staff report and customer comments on its applications. The Company stated in its motion that the Staff did not oppose an extension of the filing date from January 19, 2005, to January 26, 2005.

The Commission finds that the motion for extension should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Motion for Extension of Procedural Schedule of January 18, 2005, be granted.
- (2) The date for the Company's filing of any comments on the Commission Staff Report and on any other comments set in ordering paragraph (4) of the Commission's Order of December 13, 2004, be extended to January 26, 2005.
- (3) To the extent not modified, all provisions of the Order for Notice and Comment of August 26, 2004, and the Revised Order for Notice and Comment of October 22, 2004, shall remain in effect.

**CASE NO. PUE-2004-00029  
FEBRUARY 15, 2005**

APPLICATION AND PETITION OF  
FOUNDERS BRIDGE UTILITY COMPANY, INC.

For authority to acquire utility assets and for a certificate of public convenience and necessity

**FINAL ORDER**

Before the State Corporation Commission ("Commission") is the Application and Petition ("Application") of Founders Bridge Utility Company, Inc. ("Founders Bridge" or "Company"), for authority to lease from Gray Land and Development Company, LLC ("Gray Land"), facilities for the furnishing

of sewerage and water. Founders Bridge also seeks certificates of public convenience and necessity authorizing it to provide water and sewer services in Powhatan County.

Gray Land's Founders Bridge development is located in Chesterfield and Powhatan Counties. Chesterfield County provides water and sewer service to its residents. In addition, Chesterfield County has contracted with Gray Land to supply water and wastewater treatment to the Powhatan County portion of the Founders Bridge development and to adjacent properties. The Company would lease and operate the water distribution and wastewater collection facilities serving customers, which are owned by Gray Land.

By Order for Notice and Comment of August 26, 2004, the Commission directed Founders Bridge to give notice of its application filed on March 30, 2004, and supplemented on April 14, 2004, and August 6, 2004. On September 15, 2004, October 8, 2004, and October 15, 2004, the Company filed additional information and revisions to its application. A Revised Order for Notice and Comment was entered on October 22, 2004. Founders Bridge filed proof of compliance with the notice requirements on October 14, 2004, and November 30, 2004.

In response to the notice of the application, Thomas A. Fletcher, John L. Martin, and John B. Russell, Jr., filed on December 3, 2004, comments and a request for a hearing. The comments focused on the Company's proposed bimonthly metered rates for water usage between 10,000 and 25,000 gallons and for water usage over 25,000 gallons. According to the comments and attached materials, the proposed rates were excessive. A petition signed by 64 residents of the Founders Bridge development who opposed to the proposed rate design was attached as an exhibit to the comments. In addition to a hearing on the rate design, the commenters also requested a hearing on the issue of refunds of excess revenues collected by the Company under these rates. No other issues were identified in the comments.

On January 5, 2005, the Commission Staff filed its report on the application for certificates of public convenience and necessity and the petition for authority to lease utility property. The Staff recommended that the Commission approve the Agreement of Lease between Gray Land and Founders Bridge. With regard to this transaction, the Staff also recommended that Gray Land and the Company apply for Commission approval of any amendments to the Agreement of Lease. Further, the Staff recommended that Gray Land assign the Chesterfield County Water and Wastewater Contract, which provides for service to Powhatan County portion of Founders Bridge, to the utility.

The Staff recommended that the Commission issue certificates of public convenience and necessity to Founders Bridge. Based on its investigation, the Staff proposed a substantial reduction in annual revenues, which could be accomplished by reducing the rate blocks for water from three to two, the first 15,000 gallons at a bimonthly metered rate of \$1.75 per thousand gallons and all usage over 15,000 gallons at a bimonthly metered rate of \$4.08 per thousand gallons. In the Report, the Staff also made recommendations on booking certain costs and expenses and the proposed water service connection charge for services over 1/4 inch.

Founders Bridge filed on January 26, 2005, its Reply to the Report ("Reply") and revised rates, charges, rules, and regulations. With regard to the lease of utility property, Gray Land and Founders Bridge stated that the Chesterfield County Water and Wastewater Contract would be assigned as recommended by the Staff and that Commission approval of any modification of the lease would be requested. The Company also agreed to the Staff's accounting and reporting recommendations.

With regard to rate design for water service, Founders Bridge agreed to implement the Staff's recommendations on rate blocks and rates for each block. Revised rates and charges filed with the Reply included the Staff's proposal. In the Reply, the Company stated that the proposed rate blocks for water between 10,000 and 25,000 gallons and water usage over 25,000 gallons were intended to discourage usage so that a penalty provision in the Chesterfield County Water and Wastewater Contract for consumption in excess of purchased capacity would not apply. To address the issue, the Company proposed a surcharge for recovery of any penalty. In addition, the Company proposed in its Reply certain modifications to its water service connection charge for meters over 5/8 x 3/4 inches and sewerage service connections for multi-family dwellings.

The Commission has considered the record in this proceeding. As noted previously, Founders Bridge has filed proof of notification of customers and local officials as directed by our Order for Notice and Comment and Revised Order for Notice and Comment. We find notice has been given as required by §§ 56-265.2 A, 56-265.3 B, and related provisions of Title 56 of the Code of Virginia ("Code").

Based on the record developed in this proceeding, we find that a formal or informal hearing is not required to resolve all issues. In their comments filed on December 3, 2004, Messrs. Fletcher, Martin, and Russell identified the bimonthly metered rates for water usage between 10,000 and 25,000 gallons and for water usage over 25,000 gallons as the residents' concern, and they requested a hearing. As noted in the summary of the record, the Staff recommended a simplified rate structure with two blocks, consumption for the first 15,000 gallons and consumption in excess of 15,000 gallons, and lower bimonthly metered rates. The Company agreed to this recommendation. The Staff recognized, and the Commission agrees, that rate design should discourage excessive consumption. In contrast, the customers would have flat rates, which may not promote conservation. The issue of rate design has been addressed.

In their filing of December 3, 2004, the commenters also requested a hearing on "a refund of excess revenues collected by Founders Bridge Utility to date." In its Reply of January 26, 2005, to the Staff Report, at 5, the Company stated that it would "issue a rebate for amounts collected from its customers under the previously submitted tariff."

The Commission declined to grant the Company interim authority to provide water and sewer service in our Order for Notice and Comment of August 26, 2004, at 2. The record then before the Commission did not support such action. Likewise, the Commission has not declared any rates and charges interim in nature and subject to refund until such time as the Commission has determined the appropriateness of the rates and charges. The rebate issue concerns rates charged prior to the Commission's prescription of rates and charges. The rates, charges, rules, and regulations that we prescribe by this Order are prospective, and the rates will apply for service rendered on and after an established date. The Company must apply the prescribed rates until changed as provided by law. These rates are designed to recover the Company's anticipated costs of providing service developed in the record. The Founders Bridge costs and expenses considered do not include provision for rebates of past charges, and the record does not include an estimate of the total amount of rebates. It has not been established that rebates could be made from retained earnings and that payment of rebates would not jeopardize service.

The Commission's concern is the regulated public utility, Founders Bridge. The prescribed rates and charges must be applied on and after the date fixed in this Order. The financial integrity of the regulated utility must not be impaired. The customers and the developer are free to resolve any rebate or refund issue as they may agree so long as the prescribed rates are applied and the Company is not placed at risk.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In conjunction with the offer to make rebates made in the Reply, Founders Bridge also proposed a surcharge. The proposed surcharge was filed on January 26, 2005, and it could result in charges in excess of the rates and charges included in the public notice prescribed in the Revised Order for Notice and Comment of October 22, 2004. It must be rejected. The Company may propose the same or similar tariff provisions in the future, but, in the absence of notice, we cannot approve the tariff provisions in this proceeding.

The Commission will accept the modifications to the water service connection charge for meters over 5/8 x 3/4 inches and the sewerage service connections for multi-family dwellings, which were filed with the Reply on January 26, 2005. The public notice identified proposed service connection charges as a matter that would be considered in this proceeding. Further, the modifications proposed would be reductions from the proposed charges in the public notice.

Considering the size of the Company; the number of customers; the lower consumption in the winter season; and the potential administrative cost, the Commission will not require the prorating of bills for service rendered before and after the effective dates of the rates and charges prescribed in this Order. Based on the record, it does not appear that application of the prescribed rates for all bills rendered on or after the effective date will have a significant impact on the Company's financial position. Accordingly, the prescribed rates will apply to all bills rendered on and after the date of this Order.

As noted previously, the Staff recommended approval of the Agreement of Lease between Gray Land and Founders Bridge. We accept the recommendation. The Commission also finds that the Chesterfield County Water and Wastewater Contract service should be assigned to Founders Bridge. Future modification of the lease agreement would require Commission approval pursuant to the Utility Transfers Act, Chapter 5 (§ 56-68 *et seq.*) of Title 56 of the Code, and the Commission anticipates that Founders Bridge and Gray Land will comply with requirements of law.

The Staff addressed a number of accounting and ratemaking matters in its Report and recommended findings, which Founders Bridge accepted. Based on the Staff Report and the Company's Reply of January 26, 2005, the Commission makes the following findings:

1. A test period of the 12 months ended September 30, 2004, is reasonable;
2. For the test period, the Company had total operating revenues, after adjustments which the Commission adopts, of \$136,606;
3. For the test period, the Company had operating revenue deductions of \$84,614 and adjusted operating income of \$51,992;
4. As of September 30, 2004, the Company had a rate base of \$19,804, after adjustments which the Commission adopts;
5. Adjusted annual net operating income of \$51,992 from operations subject to the Commission's jurisdiction is excessive for the Company;
6. The Company should have a reasonable opportunity to earn annual net operating income of \$7,621, which is sufficient to maintain the financial integrity of the Company based on the test year of the 12 months ended September 30, 2004, and the rate base, including working capital, as of September 30, 2004;
7. The rates for water service proposed by the Staff are just and reasonable and will be prescribed;
8. The terms and conditions of service, the rates for sewer service, and the various charges proposed by the Company, including the modifications to its water service connection charge for meters over 5/8 x 3/4 inches and sewerage service connections for multi-family are just and reasonable and should be approved;
9. For the reasons discussed, the surcharge for penalty assessed pursuant to the Chesterfield County Water and Wastewater Contract must be rejected; and
10. The comprehensive business plan presented in the application and supplemented in subsequent filings reasonably assures that adequate water will be provided over the long term.

Based upon these findings, the Commission finds that the public convenience and necessity require the Company's lease of facilities and the furnishing of water and sewerage service in the territory allotted by this Order.

As noted in the Commission's Order for Notice and Comment of August 26, 2004, Gray Land and Founders Bridge seek a declaration that Gray Land is not a public utility and that Founders Bridge is a public utility. We have found that the required applications have been filed and that the necessary findings have been made to approve the Agreement of Lease and to grant the certificates of public convenience and necessity. By holding certificates of public convenience and necessity, Founders Bridge is a utility. Since there appear to be no further issues before the Commission, we need not address any other matters.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Utility Transfers Act, Chapter 5 (§ 56-68 *et seq.*) and related provisions of Title 56 of the Code, the application for approval of the Agreement of Lease, attached as Exhibit I to the Company's application filed with the Clerk of the Commission on March 30, 2004, and corrected by letter of December 8, 2004, between Gray Land and the Company be approved, subject to Gray Land's assignment of the Chesterfield County Water and Wastewater Contract to the Company.

(2) On or before April 15, 2005, the Company shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, in Case No. PUE-2004-00029, an original and 15 copies of a properly executed assignment of the Chesterfield County Water and Wastewater Contract attached as Exhibit C to the Company's application filed with the Commission Clerk on March 30, 2004, as modified by the Second Amendment to the Water and Wastewater Contract filed with the Commission Clerk on September 15, 2004.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (3) Pursuant to §§ 56-265.2, 56-265.3, 56-265.3:1 and related provisions of Title 56 of the Code, the Company's application for certificates of public convenience and necessity be granted.
- (4) The Company be issued certificate of public convenience and necessity W-316, which authorizes the furnishing of water service in Powhatan County as shown on maps attached to, and made part of, the certificate.
- (5) The Company be issued certificate of public convenience and necessity S-89, which authorizes the furnishing of sewerage service in Powhatan County as shown on maps attached to, and made part of, the certificate.
- (6) Within 21 days of the date of this Order, the Company shall submit to the Commission's Division of Energy Regulation its rates, charges, rules, and regulations with all changes to conform to our findings in this Order. The rates, charges, rules, and regulations shall bear as the effective date the date of this Order and shall be effective for all bills rendered on and after the effective date.
- (7) The Company shall maintain its books and records in accordance with the Uniform System of Accounts for Class C Water Utilities and shall submit annually to the Commission's Division of Public Utility Accounting an Annual Financial and Operating Report based on the previous calendar year's operations.
- (8) The Company shall restate its organizational costs as of September 30, 2004, as recommended in the Commission Staff Report.
- (9) The Company may discontinue the posting of documents directed by Ordering Paragraph (9) of the Order for Notice and Comment of August 26, 2004, and Ordering Paragraph (6) of the Revised Order for Notice and Comment of October 22, 2004.
- (10) This case be dismissed from the Commission's Docket and be placed in closed status in the records maintained by the Commission Clerk.

**CASE NO. PUE-2004-00031  
OCTOBER 21, 2005**

APPLICATION OF  
THE POTOMAC EDISON COMPANY d/b/a/ ALLEGHENY POWER

2003 Annual Informational Filing

**FINAL ORDER**

In accordance with the State Corporation Commission's Rules Governing Increase Applications and Annual Information Filings, The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison" or the "Company") was required to submit its Annual Information Filing ("AIF"), for the test period ending December 31, 2003, on or before April 30, 2004. Potomac Edison notified the State Corporation Commission ("Commission") that it would not be able to meet the deadline and requested an extension to June 30, 2004. By Order dated April 6, 2004, the Commission granted Potomac Edison an extension to June 30, 2004. The Company submitted its AIF on June 30, 2004.

On February 28, 2005, the Staff filed its Staff Report which contains a review of Potomac Edison's financial and operating conditions. The Staff Report notes that following Staff adjustments, Potomac Edison earned a 8.67% return on base rate and a 9.59% return on equity. The Staff did not make any adjustments to the Company's filing with regard to capital structure or cost of capital. After revisions to the Company's earnings test, the Staff indicates a return on average rate base of 9.04% and a return on average equity capital of 10.35%.

Given that Potomac Edison's rates are capped under the Virginia Electric Restructuring Act, the Staff concludes that no further action is necessary in this case. Potomac Edison expresses concern with respect to certain Staff adjustments and comments; however, the Company does not dispute the Staff's overall conclusion that no further action is required in this proceeding.

NOW THE COMMISSION, upon consideration of the Company's application, the Staff Report, and the applicable statutes, is of the opinion and finds that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT this matter 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. PUE-2004-00033 and PUE-2004-00098  
AUGUST 18, 2005**

APPLICATION OF  
B&J ENTERPRISES, L.C.

For a change in rates, rules and regulations

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
B&J ENTERPRISES, L.C.,  
Defendant

**FINAL ORDER**

By notice dated April 15, 2004, B&J Enterprises, L.C. ("B&J" or the "Company"), pursuant to the Small Water or Sewer Public Utility Act ("Act"), § 56-265.13:1 *et seq.* of the Code of Virginia ("Code"), notified its customers and the State Corporation Commission ("Commission") of its intent to increase its rates effective for service rendered on and after July 1, 2004. The new rates would be reflected on the August 2004 monthly billing statements. B&J proposed to raise its monthly sewer rates for residential customers from \$60.00 to \$113.00 and commercial customers from \$240.00 to \$500.00, until metering devices are installed. The proposed rates represent an increase of 88.33% per month for residential customers and an increase of 108.33% per month for commercial customers. The proposed rates result in an increase of more than 50% of the Company's annual revenues; therefore, the application triggers certain requirements set forth in § 56-265.13:6 C of the Act.<sup>1</sup>

On May 17, 2004, B&J filed a Motion for Extension of the Compliance Schedule Relating to the Refund Ordered by the Commission ("Motion for Refund Extension") in Case No. PUE-2001-00716 ("Rate Case II").<sup>2</sup> In its Motion for Refund Extension, the Company requested a one-year extension of the compliance schedule, from June 2004 to June 2005.

On June 18, 2004, the Commission issued a Preliminary Order ("Preliminary Order") which, among other things, suspended the Company's proposed rates and continued the matter. Moreover, the Preliminary Order directed B&J to file a refund status report, and permitted Staff and interested parties an opportunity to respond to the Company's report. Replies were filed by Blacksburg Country Club ("Country Club"),<sup>3</sup> Terry L. Strock and the Homeowners' Association ("Homeowners' Association"),<sup>4</sup> and Staff of the Commission ("Staff").<sup>5</sup> Additionally, the Homeowners' Association filed a Motion for Sanctions ("Motion for Sanctions") against B&J for failure to make refunds in the Rate Case II docket.<sup>6</sup>

Although the Motion for Refund Extension and Motion for Sanctions were filed in the Rate Case II docket, the Commission chose to address these requests as part of the current proceeding. On August 17, 2004, the Commission issued a Rule to Show Cause ("Rule") against B&J, Case No. PUE-2004-00098, directing the Company to show cause why its refund obligation should be extended and to show why it should not be fined or sanctioned for failing to comply with the Commission order directing refunds in Rate Case II.<sup>7</sup> The Rule docket was consolidated with the instant rate case proceeding.

On August 18, 2004, the Commission issued an order in the rate case proceeding permitting B&J to implement its proposed rates on an interim basis subject to refund with interest for service rendered on or after August 17, 2004. The Commission directed B&J to hold the funds produced by the increase in rates, fees, and charges in escrow pending a final order. Moreover, the order specifically denied B&J use of the escrowed funds unless so directed by the Commission. Additionally, this matter was assigned to a Hearing Examiner ("Examiner") to conduct all further proceedings.

A hearing on the Rule convened on November 15, 2004, in Richmond, Virginia. N. Reid Broughton, Esquire, appeared as counsel for the Homeowners' Association; Robert M. Gillespie, Esquire, appeared as counsel for Commission; and Daina T. Reynolds, II, superintendent of B&J, appeared

<sup>1</sup> Under § 56-265.13:6C of the Code, the utility must file financial data required by the Commission's Rules Implementing Small Water or Sewer Act simultaneously with providing notice of proposed rate changes. 20 VAC 5-200 *et seq.* B&J's initial notice and application were incomplete. On June 3, 2004, B&J filed an adjusted rate of return statement explaining the adjustments, and its application and notice were deemed complete. On June 9, 2004, Staff filed a Memorandum of Completeness.

<sup>2</sup> *Commonwealth of Virginia, ex rel. Terry L. Strock, et al. v. B&J Enterprises, L.C.*, Case No. PUE-2001-00716, 2003 S.C.C. Ann. Rep. 350. In Rate Case II, the Commission, among other things, directed the Company to commence refunds, with interest, from all revenues collected from the application of the interim rates that were effective for service beginning on February 11, 2002, to the extent that such revenues exceed the revenues produced by the rates approved herein. The Commission further directed B&J to file by June 1, 2004, a document verifying that all refunds had been lawfully made and itemizing the cost of the refund and accounts charged. *Id.* at 360.

<sup>3</sup> In its reply, Country Club disputed B&J's claim that it was not owed a refund.

<sup>4</sup> In its reply, the Homeowners' Association requested, among other things, that the Commission compel B&J to immediately comply with the Final Order in Rate Case II and refund the homeowners' funds, with interest.

<sup>5</sup> In its reply, Staff was not opposed to granting a one-year extension to complete the refunds.

<sup>6</sup> On June 11, 2004, in Rate Case II, the Homeowners' Association requested, among other things, that the Commission compel B&J to immediately comply with the Final Order and refund the homeowners' funds, with interest.

<sup>7</sup> In issuing the Rule, the Commission explained that the record in Rate Case II was closed and could not be re-opened. The Commission assigned a Hearing Examiner to the Rule proceeding.

*pro se*. At the conclusion of the hearing, the Examiner, among other things, granted B&J an extension of time to make Rate Case II refunds until June 30, 2005.<sup>8</sup>

On October 4, 2004, B&J filed a Motion to Release Escrowed Funds ("Motion"). In support of its Motion, B&J argued that the escrowed funds were needed to comply with environmental and health laws or regulations. The Examiner found no evidence that the Company required any funds presently and the Company failed to show that a release of funds was necessary for the Company to provide service. The Examiner denied B&J's Motion.

On November 17, 2004, the Examiner issued a Ruling in the rate case docket setting forth a procedural schedule, directing the Company to provide public notice of its application, along with the hearing date and location.

The hearing convened on January 10, 2005, at the Blacksburg, Virginia, Town Council and Courtroom. N. Reid Broughton, Esquire, appeared as counsel for the Homeowners' Association; Robert M. Gillespie, Esquire, appeared for the Commission Staff; and Daina Trimble Reynolds, II, superintendent of B&J, appeared *pro se*. Testimony was received into the record from eleven public witnesses.

On May 24, 2005, Examiner Howard P. Anderson, Jr., issued a report ("Report") on the proceedings. In his Report, the Examiner determined that with the exception of a surcharge,<sup>9</sup> the Company's rates should remain at \$60.00 per month for residential customers and \$240.00 per month for commercial customers. Additionally, the Examiner made the following findings and recommendations:

1. The test year ending December 31, 2003, is proper in this proceeding.
2. The Company's test year operating revenues, after all adjustments, were \$106,239.
3. The Company's test year operating expense, after all adjustments, was \$91,379.
4. The Company's test year operating income, after all adjustments, was \$14,859.
5. The Company's test year net income, after all adjustments, was \$7,284.
6. The Company's adjusted end of test period rate base is \$227,172.
7. The Company's current rates produced a return on adjusted end of test period rate base of 6.54% during the test year.
8. With the exception of the surcharge, the Company does not require additional gross annual revenues.
9. Staff's proposed surcharge of \$2.91 a month for residential customers and \$11.66 a month for commercial customers should be approved for a period of five years from the date of its inception. The Company should file a revised surcharge during any billing cycle in which customers are added to or deleted from the system. The revised calculations should be approved administratively by Staff. The Company should hold all funds from the surcharge in escrow and use only for funding the closure bond. The Company should maintain an accurate account of surcharge collections and should notify Staff annually when payment is made to DEQ.
10. The Company's monthly rate should remain at \$60.00 for residential customers and \$240.00 for commercial customers.
11. The return on rate base after the recommended rates and the surcharge is 8.74%, which is reasonable for this case.
12. The Company should be required to promptly refund with interest all revenues collected under its interim rates in excess of the amounts found just and reasonable herein.
13. The Motion to Release Escrowed Funds is denied. The escrowed funds should be used to make refunds in this case, fund the escrow account for the surcharge, and any remaining funds should be used to make any outstanding refunds in the 2001 rate case.
14. The Company's proposed tariff changes should not be approved.
15. Staff's adjustments, except as modified herein, are reasonable and should be adopted.
16. Staff's booking recommendations, consistent with the findings made herein, are reasonable and should be implemented.
17. The Commission should order the Company to properly book Commission directives and direct Staff to verify the Company's compliance.
18. Mr. Reynolds should maintain contemporaneous time and travel logs of his time spent on B&J business; the logs should be made available to Staff upon request.
19. The Company should maintain separate folders for invoices relating to each expense line item.
20. The Rule to Show Cause should be continued until all refunds from Case No. PUE-2001-00716 have been completed.

<sup>8</sup> Among other things, the Examiner directed the Company to: (i) complete the refunds before making any payments to CSW Associates ("CSW"), an affiliate company, (ii) report progress on the refunds to the Commission Staff on a monthly basis. Moreover, the Examiner denied the Motion for Sanctions.

<sup>9</sup> A surcharge of \$2.91 a month for residential customers and \$11.66 a month for commercial customers should be approved for a period of five years from the date of its inception to fund the Company's obligation to establish a Virginia Department of Environmental Quality ("DEQ") Closure Bond.

21. Staff should be directed to fully investigate any plant transfers and connection fee transactions since Staff's audit in the 2001 rate case.<sup>10</sup>
22. The Company should promptly reduce the debt on its books as recommended in this report.
23. The Company should immediately cease making interest and/or principal payments on any debt not approved by the Commission.
24. The proposed availability fee, facility fee, capital contribution, credit application fee and other tariff revisions should be denied.
25. The Company should be directed to investigate its inflow & infiltration ("I&I") situation and Staff should monitor the Company's progress.

Staff's record and booking recommendations for B&J,<sup>11</sup> mentioned above as finding sixteen (16) in the Examiner's Report, require the Company to:

1. Retain its invoices for expenses and capital expenditures.
2. Keep a separate folder for invoices to verify the cost of service.
3. Restate outstanding debt to a level found reasonable in the current proceeding that considers the rate base related debt found reasonable in Case No. PUE-2001-00716, connection fees that should have been collected by the Company during the test year, and excess interest expense paid from utility generated funds.
4. Record on its books and pay from utility generated funds interest expense only on Commission allowed debt.
5. Write off the Company's books the balance related to disallowed rate case expense.
6. Continue to maintain all invoices in the Company's file that pertain to both expenses and capital disbursements.
7. Defer and amortize over a five-year period: (1) \$6,000 associated with the renewal of its current DEQ permit, (2) the cost of cleaning the aeration basins.
8. Restate plant, accumulated depreciation, contributions-in-aid-of-construction (CIAC"), accumulated amortization of CIAC as of December 31, 2003, to the levels reflected in Column (3) of Statement III of Exhibit 19.
9. Include a cash flow statement with Annual Financial and Operating Reports filed with the Division of Public Utility Accounting.
10. Collect and record connection fees as CIAC, and escrow the funds for capital improvements or use the funds to pay down utility-related debt.
11. Recover the cost of the DEQ closure bond through a rate surcharge. The Company should track and report to the Commission surcharge collections and payments to DEQ.

The Examiner recommended that the Commission: (i) adopt the findings in his Report; (ii) deny the Company's request for an increase in rates; (iii) approve the surcharge for the DEQ closure bond; (iv) direct the prompt refund of amounts collected under interim rates in excess of the rate increase found reasonable herein; (v) dismiss Case No. PUE-2004-00033 from the Commission's docket of active cases and pass the papers herein to the file for ended causes only after the Company has completed all refunds and the Staff has completed its investigations; and (vi) continue the Rule to Show Cause (Case No. PUE-2004-00098) pending further ruling of the Commission. On June 21, 2005, B&J and the Homeowners' Association filed comments ("Comments") to the Report of the Examiner.

In this rate case proceeding, the Commission must ascertain rates on a prospective basis. As part of this rate setting process, the Commission must determine the reasonable and just charges for service to produce sufficient revenues to pay all lawful and necessary expenses of the Company. The Code of Virginia establishes the standards that must be met in setting the Company's rates, which include the following:

Reasonable and just charges for service within the meaning of this section shall be the lowest charges as shall produce sufficient revenues to pay all lawful and necessary expenses incident to:

1. The operation of the system, including maintenance costs, operating charges, and interest charges on bonds or other obligations;
2. The providing for the liquidation of bonds or other evidence of indebtedness and the attraction of capital;
3. The providing of adequate funds to be used as working capital, as well as reasonable reserves and funds for making replacements, which may be escrowed and used only as working capital if the Commission so directs because of a proceeding conducted pursuant to §56-265.13:6;
4. The providing for the payment of taxes that may be assessed against the small water or sewer utility or its property; and

<sup>10</sup> *Commonwealth of Virginia, ex rel. State Corporation Commission v. B&J Enterprise, L.C., and Edsel H. Lester, Individually, as a Member of B&J Enterprises, L.C. and Ellett Valley Development Company, LLC*, Case No. PUE-2005-00026. (May 19, 2005). The Commission issued a Rule to Show Cause against the Company and others for allegedly violating the Utility Transfers Act. The Commission believes that issues of alleged improper usage of connection fees and plant transfers will be fully developed in the show cause proceeding.

<sup>11</sup> Report at 21.

5. Compensation of owners of the utility for their capital or property invested in the system, if any, and for their time and other resources expended in the operation of the system not otherwise recovered under subdivisions 1 through 4 of this section.<sup>12</sup>

In identifying sufficient revenues to satisfy the aforementioned standards, the Commission performs such function by, among other things, undertaking a thorough examination and appraisal of total company costs in a recent test year. This involves identifying expenses most representative of the future and determining a proper level of expense for the Company on a going-forward basis. This process generally includes examining costs, normalizing non-recurring expenses, adjusting for known future changes in costs, and providing a fair return on the capital invested in the system providing the utility service.

NOW THE COMMISSION, having considered the record, the pleadings, the Report of the Hearing Examiner, the responses thereto, and the applicable law, is of the opinion and finds as follows herein. We adopt the findings and recommendations of the Examiner except as modified below by this Order. We address only those items modified.

#### **Accounting and Bookkeeping Fees**

The Company recorded \$2,500 in accounting fees for Mr. Dye, an accountant who provides service for B&J and other companies controlled by the Lester family.<sup>13</sup> The Homeowners' Association opposed the \$2,500 expense paid by B&J for Mr. Dye's service as duplicative since the Company also booked expenses for bookkeeping.<sup>14</sup> Staff made no adjustment to and does not oppose the Company's booking of accounting expenses. In fact, Staff acknowledges that Mr. Dye provides accounting services for B&J.<sup>15</sup> We do not find the accounting fee duplicative of the bookkeeping fee. The Commission finds the amount of accounting expense booked by the Company as reasonable and supported by the record. We approve the \$2,500 accounting fee.

#### **Miscellaneous Expenses**

During the test year, B&J booked miscellaneous expenses of \$7,886.88. The Examiner reduced the miscellaneous expense to \$851.04, a reduction of \$7,035.84. The Examiner derived this amount by annualizing the Company's 2004 miscellaneous expenses (\$780.12 for eleven months). Staff did not recommend an adjustment to the Company's miscellaneous expenses. In fact, Staff believed the miscellaneous expenses reported by the Company did not appear extremely out of the ordinary or unusual.<sup>16</sup> The Commission finds the amount of the miscellaneous expenses booked by the Company as reasonable and supported by the record. We approve the \$7,886.88 for miscellaneous expenses.

#### **Supplies and Chemicals**

B&J booked \$3,294.67 for supplies and chemicals during the test year. The Examiner reduced the booked expense to \$1,628.00, a reduction of \$1,666.67, by annualizing the Company's 2004 expenses for supplies and chemicals (\$1,492.26 for eleven months). The Examiner determined that B&J could not adequately explain the discrepancy between the 2003 and 2004 expenses for supplies and chemicals. Staff offered no adjustment to the Company's per book expenses for supplies and chemicals.

B&J offered testimony explaining that purchasing items in bulk at different times of the year or on an as needed basis could result in a different figure from one year to another.<sup>17</sup> Additionally, Mr. Reynolds testified that periods of increased rainfall cause an increased need for testing and consequently, an increased need for chemicals and supplies.<sup>18</sup>

The Commission finds the expense booked by B&J for chemicals and supplies during the 2003 test year are reasonable and supported by the record. We approve the \$3,294.67 for supplies and chemicals.

#### **Salary for Mr. Reynolds**

Mr. Reynolds is employed by CSW Associates ("CSW"), but charges his time to CSW, B&J, and Ellett Valley Development Company ("Ellett Valley"). B&J proposes to allocate 100% of Mr. Reynolds' salary to the Company. The Examiner determined that only 50% of Mr. Reynolds' salary should be attributed to B&J because the Company failed to justify its allocation due to improper data logs.

Staff initially determined that 76.6% of Mr. Reynolds' salary should be attributed to the Company. Upon review of additional data submitted by the Company, Staff determined that 52.58% of Mr. Reynolds' salary should be allotted to the Company.<sup>19</sup>

<sup>12</sup> Section 56-265.13:4 of the Code.

<sup>13</sup> Ellett Valley Development Company, LLC and CSW Associates.

<sup>14</sup> The Company booked \$8,400 for bookkeeping expenses during the test year, representing a \$4,000 increase over the previously approved level in Rate Case II. Since the Company provided no data supporting this substantial increase, the Examiner recommended removal of the \$4,000 increase for bookkeeping from B&J's cost of service.

<sup>15</sup> Transcript at 200. Testimony of Staff witness DeBruhl.

<sup>16</sup> Transcript at 173. Testimony of Staff witness DeBruhl.

<sup>17</sup> Transcript at 308-311. Testimony of Company witness Reynolds.

<sup>18</sup> *Id.*

<sup>19</sup> Transcript at 184-186. Testimony of Staff witness DeBruhl. Exhibit 19 at 12.

It is clear that Mr. Reynolds devoted time to operation and oversight of the sewer system. However, the Company provided insufficient data to justify 100% of Mr. Reynolds' salary to the Company. The Commission finds that 52.58% of Mr. Reynolds' salary attributed to B&J is reasonable and supported by the record. We approve 52.58% of the Mr. Reynolds' salary as attributable to the Company.

#### **DEQ Consent Order**

B&J has been required to enter into a consent order with DEQ because it exceeded 95% of its system design flow for three consecutive months. Due to the excessive flow, the Company was required to file a plan of action with DEQ to ensure compliance with the terms of its wastewater permit. As part of its plan, the Company committed to spending \$15,000 a year for the next five years to correct the problems.

The Examiner found this cost to be speculative at present and should be denied because the inflow and infiltration ("I&I") problem is not known. Consequently, the necessary repairs and associated cost are unknown.<sup>20</sup> He further found that the I&I problem should be investigated by the Company, and Staff should monitor the Company's actions and progress in this matter.

The Commission concurs with the Examiner's finding denying the cost for the I&I repair as speculative and not supported by the record. However, the Commission further finds it unnecessary for Staff to monitor the Company's actions and progress in this matter. We approve B&J's request that it be permitted to work with the appropriate agencies on a resolution and advise Staff upon the conclusion of this issue.<sup>21</sup>

#### **Rates**

The Company's monthly rate of \$60.00 for residential service and \$240.00 for commercial service became effective on February 11, 2002. The Company's proposed monthly rates of \$113.00 for residential service and \$500.00 for commercial service became effective on an interim basis on August 17, 2004.

Based on its review of the record herein, the Commission finds that after adjustments B&J has operating income of \$7,380 before interest expense is considered, and a net operating loss of \$196.00 after interest expense is considered. The Commission finds that B&J's revenues should be increased by approximately \$12,600 annually.<sup>22</sup> This level of revenues will provide the Company operating income of \$19,980 before interest expense and \$12,404 after interest expense. With the additional revenue, the Commission believes the Company can adequately cover its lawful and necessary operating expenses and reinvest in its rate base. The return on rate base produced by that level of operating income would be 8.74%.

To this end, the Commission approves a monthly residential sewer rate of \$69.25 and a monthly commercial rate \$277.01. Additionally, the Commission finds necessary and approves a \$2.91 monthly surcharge for residential customers and an \$11.66 monthly surcharge for commercial customers. We find that these rates satisfy the requirement of § 56-265.13:4 of the Code, which entitles the Company to recover a level of revenues sufficient to pay for its lawful and necessary expenses, and to compensate its owners for their investment in the system.

#### **Rule to Show Cause (Case No. PUE-2004-00098)**

In his Report of May 24, 2005, the Examiner found that the Rule should be continued until all refunds from Case No. PUE-2001-00716 have been completed. Moreover, he recommended that the Commission continue the Rule pending further ruling of the Hearing Examiner.<sup>23</sup>

On August 2, 2005, the Examiner issued a Report in the Rule docket. Therein, the Examiner references a report filed by Staff entitled Status of Refunds as of June 30, 2005 ("Refund Report"). The Refund Report indicates that B&J has completed its refund obligations from Case No. PUE-2001-00716.

Accordingly, the Examiner found that the Rule should be dismissed. He recommended the Commission enter an order adopting his finding and dismissing the Rule with prejudice.

We adopt this finding and recommendation.

#### **Rate Case Dismissal**

The Examiner recommends that the Commission dismiss the instant rate case docket, Case No. PUE-2004-00033, from its active cases only after the Company has completed all refunds.

Traditionally, when a utility is ordered to make refunds to its customers after a rate proceeding, the Commission directs the Company to complete the refunds by a date specific and dismisses the case concurrently with entry of the Order. In this case, since the interim rates were escrowed, the Company should be able to effect refunds efficiently with all due dispatch. Consequently, we see no need to change our general practice of dismissing the case prior to the completion of refunds. We choose to dismiss this matter upon entry of our Order herein.

#### **Modifications to Examiner's Findings and Recommendations**

Based on the review of the record herein, the Commission adopts the findings and recommendations of the Examiner except as modified below:

<sup>20</sup> Report at 17-18.

<sup>21</sup> B&J's Comments to the Report of the Hearing Examiner at 25.

<sup>22</sup> This increase is in addition to the revenue derived from the surcharge discussed below.

<sup>23</sup> Report at 26-27.

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- (1) The Company's test year operating revenues, after all adjustments, were \$111,239.
- (2) The Company's test year operating expenses, after all adjustments, were \$103,860.
- (3) The Company's test year operating income, after all adjustments, was \$7,380.
- (4) The Company's test year net income, after all adjustments, was negative \$196.00.
- (5) The Company adjusted end of test period rate base was \$228,559.
- (6) The Company's current rates produced a return on adjusted end of test period rate base of 3.23% during the test year.
- (7) Including the surcharge, the Company requires additional gross revenues of \$17,600.
- (8) Staff proposed surcharge of \$2.91 a month for residential customers and \$11.66 a month for commercial customers is approved for a period of five years from August 17, 2004. The Company should file a revised surcharge during any billing cycle in which customers are added to or deleted from the system. The revised calculations should be approved administratively by Staff. The Company should hold all funds from the surcharge in escrow and use only for funding the closure bond. The Company should maintain an accurate account of surcharge collections and should notify Staff annually when payment is made to DEQ.
- (9) The Company's monthly rates should increase to \$69.25 for residential customers and \$277.01 for commercial customers.
- (10) The Rule to Show Cause should be dismissed with prejudice.
- (11) The Company should continue working with DEQ and VDH in investigating and resolving the I&I situation and advise Staff upon conclusion of this matter.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Examiner are adopted, except as modified herein.
- (2) The Company may assess a monthly charge of \$69.25 for residential customers and \$277.01 for commercial customers.
- (3) The Company may assess a surcharge of \$2.91 a month for residential customers and \$11.66 a month for commercial customers for a period of five years from August 17, 2004. The Company shall file a revised surcharge during any billing cycle in which the customers are added to or deleted from the system. The revised calculations shall be approved administratively by Staff. The Company shall hold all funds in escrow and use only for funding the closure bond.
- (4) On or before September 30, 2005, B&J shall complete refunds from the funds held in escrow or through credits to customer bills, as directed below, to the extent that such revenues produced by interim rates exceed revenues produced by the rates and surcharges approved herein.
- (5) Interest from the escrowed funds shall be paid by check to customers who paid the full interim rate established in the Commission's Order of August 18, 2004. The interest shall be paid to these customers on a pro-rata basis at the same rate the bank paid on the escrow account.
- (6) The refunds ordered herein shall be accomplished by check to the appropriate customers who paid the interim rate amount into the Commission ordered escrow account. Refunds may be accomplished by credit to the customer bills of those who did not participate in funding the Commission ordered escrow account. B&J may offset the credit or refund to the extent no dispute exists regarding the outstanding balances of its current customers, or customers who are no longer on its system. To the extent that outstanding balances of such customers are disputed, no offset shall be permitted for the disputed portion. B&J may retain refunds owed to former customers when such refund amount is less than one-dollar (\$1.00); however, B&J will prepare and maintain a list detailing each of the former accounts for which refunds are less than one-dollar (\$1.00), and in the event such former customers contact the Company and request refunds, such refunds shall be made promptly. All unclaimed refunds shall be handled in accordance with § 55-210.6:2 of the Code of Virginia.
- (7) On or before October 30, 2005, B&J shall file with the Staff a document showing that all refunds have been lawfully made pursuant to this Order and itemizing the cost of the refund and accounts charged. Such itemization costs shall include, among other things, computer costs, and personnel-hours, associated salaries and costs for verifying and correcting the refund methodology and developing any computer program.
- (8) B&J shall bear all costs of the refund directed in this Order.
- (9) Within thirty-days (30) from the date of this Order, B&J shall file rates, rules, and regulations of service consistent with the terms of this Order with the Commission's Division of Energy Regulation.
- (10) The remaining charges, fees, and terms of conditions of service shall be as approved in this Order or, if not addressed in this Order, as recommended by the Hearing Examiner.
- (11) The Rule to Show Cause issued in Case No. PUE-2004-00098 shall be dismissed with prejudice.
- (12) The rate case proceeding, Case No. PUE-2004-00033, shall be dismissed from the Commission's docket of active cases and its papers passed to the file for ended causes upon entry of this Order.

**CASE NO. PUE-2004-00033  
SEPTEMBER 8, 2005**

APPLICATION OF  
B&J ENTERPRISES, L.C.

For a change in rates, rules and regulations

**ORDER DENYING RECONSIDERATION**

By notice dated April 15, 2004, B&J Enterprises, L.C. ("B&J" or "Company"), pursuant to the Small Water and Sewer Public Utility Act, § 56-265.13:1 *et seq.* of the Code of Virginia, notified its customers and the State Corporation Commission ("Commission") of its intent to increase rates effective for service rendered on or after July 1, 2004. On June 3, 2004, the Commission deemed the application complete. B&J proposed to raise its monthly sewer rates for residential customers from \$60.00 to \$113.00 and commercial customers from \$240.00 to \$500.00, until metering devices are installed.

On May 24, 2005, Hearing Examiner Howard P. Anderson, Jr., issued a report ("Report") on the proceedings.<sup>1</sup> In his Report, the Examiner determined, among other things, that with the exceptions of a surcharge,<sup>2</sup> the Company's rates should remain at \$60.00 per month for residential customers and \$240.00 a month for commercial customers. Moreover, the Examiner requested that the Commission adopt his findings and recommendations.

On August 18, 2005, the Commission entered a Final Order, which adopted and modified the findings and recommendations of the Examiner.

On September 7, 2005, Terry L. Strock and the Blacksburg Country Club Estates Homeowners' Association ("Homeowners' Association") filed a Motion for Reconsideration<sup>3</sup> requesting the Commission to enter an order suspending its Final Order of August 18, 2005, and to reconsider that Final Order.

NOW THE COMMISSION, having considered the Motion for Reconsideration is of the opinion and finds that the Commission has considered the arguments submitted in the comments of the Homeowners' Association and the total record herein and declines to reconsider its Order for the reasons set forth therein.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition for Reconsideration is hereby denied for the purposes of continuing our jurisdiction over such proceeding and for further consideration.
- (2) The Commission's August 18, 2005, Final Order remains in full force and effect.
- (3) This matter is dismissed and the papers herein are passed to the file for ended causes.

<sup>1</sup> The instant rate case proceeding was consolidated with a Rule to Show Cause proceeding, *Commonwealth of Virginia, ex rel., State Corporation Commission v. B&J Enterprises, L.C.*, Case No. PUE-2004-00098. Both dockets were assigned to a Hearing Examiner ("Hearing Examiner" or "Examiner") to conduct further proceedings.

<sup>2</sup> A surcharge of \$2.91 a month for residential customers and \$11.66 a month for commercial customers should be approved for a period of five years from the date of its inception to fund the Company's obligation to establish a Virginia Department of Environmental Quality Closure Bond.

<sup>3</sup> 5 VAC 5-20-220 of the Commission Rules of Practice and Procedure provides for a Petition of Reconsideration.

**CASE NO. PUE-2004-00035  
JANUARY 19, 2005**

APPLICATION OF  
DALE SERVICE CORPORATION

For an expedited increase in rates

**FINAL ORDER**

On May 28, 2004, Dale Service Corporation ("Dale Service" or "Company") filed an application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. The Company filed financial and operating data for the twelve months ending December 31, 2003, in support of its proposed increase of \$770,192. The Company's application, in accordance with the Stipulation approved in its last general rate case, included test year revenues of \$720,000 to recognize 400 new service connections at \$1800 per connection. In addition, the Company's total revenue requirement was based on a debt service coverage ("DSC") ratio of 1.20 times. *Application of Dale Service Corporation, For a general increase in rates*, 2003 S.C.C. Ann. Rep. 316 (Final Order, February 21, 2003).

On June 22, 2004, Dale Service filed an amended application that reduced its proposed increase to \$590,192. The Company's proposed rate increase was reduced to reflect a greater number of service connections collected by the Company during the test year. Dale Service's application indicates that the Company collected 1,054 connection fees during the test year, which far exceeds the 400 connections reflected in its original rate request. The Company therefore amended its application, after discussions with the Staff, to adjust its test year revenues to reflect a total of 500 new service connections.

This amendment to the Company's application increased the Company's test year revenues by an additional \$180,000, and reduced the Company's proposed increase to \$590,192.

Dale Service also filed proposed rates designed to recover the additional operating revenues proposed in its amended application. Under the Company's proposed tariff changes, the rates of residential customers would increase from \$73.75 to \$80 per quarter, and the rates of commercial customers would increase from \$92.60 to \$100.50 per tap per quarter.

On June 25, 2004, the Commission entered its Order for Notice and Hearing. The Order authorized the Company to place its proposed rates into effect on an interim basis, subject to refund, for service rendered on and after July 1, 2004. The June 25 Order also appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission; scheduled a public hearing on the application for December 2, 2004; established a procedural schedule for the filing of testimony and exhibits by the Company, Staff, and respondents; and provided for the filing of written comments by public witnesses.

On August 26, 2004, the Hearing Examiner issued a Ruling scheduling local public hearings in Prince William County on November 18, 2004, for the purpose of receiving public comments on the proposed rate increase from Dale Service's customers. The local hearings were scheduled in response to requests from local government officials that local hearings be held in Prince William County to accommodate the Company's customers. Four public witnesses appeared at the local hearings, three of whom made statements opposing the Company's proposed rate increase. The fourth public witness, a retired financial officer for Dale Service, appeared to support the Company's application.

On December 2, 2004, the application came on for hearing before Deborah V. Ellenberg, Chief Hearing Examiner. Counsel appearing at the hearing were Richard D. Gary, Esquire, and Renata M. Manzo, Esquire, for the Company; and Glenn P. Richardson, Esquire, for the Commission Staff. The Company's proof of notice was received into the record as Exhibit 8. The prefiled direct testimony and exhibits of all Company and Staff witnesses were received into evidence without cross-examination and without the witnesses taking the stand. No public witnesses appeared at the December 2, 2004, hearing.

When the hearing convened, the Company and Staff submitted a Stipulation to the Hearing Examiner that was designed to settle all accounting, financial, and rate design issues in dispute between the Company and Staff. The Stipulation was received into the record as Exhibit 9.

Under the terms and conditions of the Stipulation, the Company and Staff agree that the record in this case will support an increase of \$406,585, as shown in Mr. Armstrong's revised test year rate of return statement attached to the Stipulation. The revenue requirement proposed in the Stipulation adopts the accounting analysis contained in Staff witness Armstrong's prefiled direct testimony and exhibits, as amended to reflect several minor accounting adjustments to the Company's going-forward expenses. These adjustments include increases in the Company's rate year expenses for sludge hauling and disposal fees, bank fees, and insurance expenses, and a small decrease in the Company's depreciation expense. The Company also agreed to accept Staff witness Armstrong's booking and accounting recommendations.

The Stipulation also proposed rates designed to generate the \$406,585 in additional annual operating revenues proposed by the Company and Staff in the Stipulation. The proposed rates are \$78.30 per quarter for residential customers and \$98.30 per tap per quarter for commercial customers. The Company also agreed to refund the difference between the interim rates that went into effect on July 1, 2004, and those rates set forth in the Stipulation along with interest at the Commission determined rate.

Finally, the Company agreed to incorporate new tariff language for the purpose of calculating more accurate bills for its commercial customers beginning January 1, 2006. Under the proposed tariff language, as set forth in Attachment B to the Stipulation, the Company agreed to obtain each commercial customer's actual water usage for the previous twelve months period during the third quarter of 2005. The Company will then adjust each commercial customer's bill in accordance with the actual number of equivalent taps determined from actual water usage, with the number of taps being rounded up or down to the nearest whole number.

On January 5, 2005, Chief Hearing Examiner Deborah V. Ellenberg issued her Report finding that the Stipulation is just and reasonable and recommending that the Commission approve the terms and conditions of the Stipulation when ruling upon Dale Service's application. Specifically, the Hearing Examiner made the following findings in her Report:

- (1) The use of a test year ending December 31, 2003, is reasonable for this proceeding;
- (2) Dale Service's test year operating revenue, after proper adjustments, was \$7,533,475;
- (3) The Company test year operating revenue deductions, after proper adjustments, were \$6,467,686;
- (4) The Company's test year adjusted net operating income was \$1,065,789;
- (5) The Company's adjusted test year rate base was \$21,064,291;
- (6) Dale Service's current rates produce a return on rate base of 5.06%, a return on common equity of 3.42%, and a debt service coverage ratio of 1.08;
- (7) The revenue increase recommended in the Stipulation, \$406,585, would produce a return on rate base of 6.25%, a return on common equity of 7.89%, and a debt service coverage ratio of 1.20;
- (8) A debt service coverage ratio of 1.20 is reasonable and consistent with the Commission's order in the Company's last rate case;
- (9) The revenue increase recommended in the Stipulation is reasonable and should be approved by the Commission;
- (10) The Company should be directed to refund the difference between the interim rates that became effective on July 1, 2004, and the rates finally approved by the Commission within 90 days of the Commission's Final Order herein;

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- (11) The booking and ratemaking recommendations made by Staff and agreed to in the Stipulation are reasonable; and
- (12) The Company should also be directed to make the commercial rate apportionment changes agreed to in the Stipulation.

In concluding her Report, the Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; grants the Company an increase in annual revenues of \$406,585; directs the Company to comply with the other provisions in the Stipulation; directs a prompt refund, with interest, of any rates collected in excess of the rates approved by the Commission in this case; and dismisses this case from the Commission's docket of active cases. No comments were filed to the Hearing Examiner's Report.

NOW THE COMMISSION, having considered the record in this matter, the January 5, 2005, Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the January 5, 2005, Hearing Examiner's Report should be adopted and the Stipulation approved. We agree with the Hearing Examiner that the Stipulation reflects a fair and reasonable resolution of the issues in this case. Accordingly, we will approve the proposed revenue increase, rates, refunds, and proposals set forth in the Stipulation attached hereto as Attachment A.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the January 5, 2005, Hearing Examiner's Report are hereby adopted, and the terms and conditions of the December 2, 2004, Stipulation are hereby incorporated herein by attachment hereto.
- (2) Dale Service shall be granted an increase in gross annual operating revenues of \$406,585. Based on test year operations, the rate revisions will produce a return on rate base of 6.25%; a return on equity of 7.89%; and a debt service coverage ratio of 1.20 times.
- (3) The Company shall promptly file revised tariffs and terms and conditions of service with the Division of Energy Regulation that will produce the amount of additional annual operating revenues authorized herein and are consistent with the terms of the December 2, 2004, Stipulation.
- (4) The Company shall refund, with interest, the difference between the interim rates that became effective on July 1, 2004, and those rates set forth in the Stipulation. These refunds, along with interest at the Commission-determined rate, shall be initiated as credits to customers' bills commencing within ninety (90) days of the Commission's Final Order in this case.
- (5) Interest upon the ordered refunds shall be computed from the date payments of quarterly 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 months of the preceding calendar quarter.
- (6) Refunds ordered in Order Paragraph (4) above shall be credited to the bills of current customers. 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. Dale Service 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. Dale Service may retain refunds issued to former customers for which the refund is less than \$1. Dale Service shall maintain a record of former customers for which the refund is less than \$1, and such refunds shall be made promptly upon request of the customer. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code of Virginia.
- (7) This case is hereby dismissed from the Commission's docket of active proceedings.

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.

**CASE NO. PUE-2004-00047**  
**JULY 22, 2005**

APPLICATION OF  
 VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

**DISMISSAL ORDER**

On May 21, 2004, the State Corporation Commission ("Commission") issued an Order Granting Authority to Virginia Electric and Power Company ("Virginia Power") to establish a 3-year revolving credit and competitive loan facility ("3-year Facility") in the above-captioned case. This case remained open for continued review, audit and appropriate directive by the Commission.

On May 11, 2005, the Commission issued in Case No. PUE -2005-00027 an Order Granting Authority to Virginia Power which authorized the establishment of a 5-year revolving credit and competitive loan facility ("5-year Facility"), which replaced the 3-year Facility authorized in Case No. PUE-2004-00047. Pursuant to the Order Granting Authority in Case No. PUE-2005-00027:

The authority granted herein shall replace and supercede the authority granted in Case No. PUE-2004-00047.

(Ordering Para. 8)

NOW THE COMMISSION, upon consideration of its orders in Case Nos. PUE -2005-00047 and PUE -2005-00027, determines that Case No. PUE-2004-00047 should be dismissed.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed.

**CASE NO. PUE-2004-00048  
DECEMBER 21, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY d/b/a DOMINION VIRGINIA POWER

Earnings Test and Annual Informational Filing for 2003

**ORDER**

On April 30, 2004, Virginia Electric and Power Company ("Virginia Power" or "Company") filed its Annual Informational Filing ("AIF") for calendar year 2003 with the State Corporation Commission ("Commission"). On October 14, 2005, the Commission's Staff ("Staff") filed its Report in this matter. The Staff found, among other things, that the Company realized: (1) \$730 million in excess earnings in 2002 based on the Staff's revised earnings test using a 9.47% return on equity ("ROE"); (2) \$274 million in excess earnings in 2003 based on the Staff's earnings test results; and (3) \$1.2 billion of earnings available for stranded cost recovery accumulated between 1998 and 2003. The Staff further concluded that the Company will earn a 16.80% ROE on a going-forward basis for pro forma year 2004, which is in excess of the 9.30% to 10.30% ROE range discussed in the Staff Report, and that ratepayers may also be due a refund of \$29 million due to a true-up of a refund from the Internal Revenue Service related to a refund of excess deferred taxes ordered by the Commission in 1988 in Case No. PUE-1987-00014.

On November 16, 2005, Virginia Power filed a Response to the Staff Report. The Company asserts that the Staff Report is factually and legally incorrect. The Company contends that the Staff Report includes a number of improper adjustments and proposals related to, among other things: (1) ROE; (2) a parent debt adjustment; (3) a federal tax refund; (4) regional transmission organization costs; and (5) transmission and distribution depreciation rates related to the Company's 2002 depreciation study ("Revised Depreciation Study"). Virginia Power requests that "while the Commission presumably will accept the Staff Report for filing in this proceeding, the Staff's recommendations should not be accepted, and this case should be closed...."<sup>1</sup> Furthermore, the Company contends that the resolution of proper depreciation rates for transmission and distribution cannot wait until the current statutorily-imposed rate caps expire post-2010. Specifically, Virginia Power asserts that

[t]he present difference (\$13 million in depreciation expense, \$6.5 million in accumulated depreciation and \$2.2 million in accumulated deferred income taxes for the 7 months in 2002) has an annual revenue requirement impact of \$19.9 million, with that number increasing with plant additions. The Company is reflecting depreciation expense in its SEC-required reports in accordance with the new schedule. While the discrepancy between the Company and Staff is not material at this point, it may become material over time. In order to avoid investor confusion, the Company's financial reporting must be as transparent as possible, and it must not be put in the position of having to include multiple possible asset bases in its SEC reports (which might become necessary over time if there were material uncertainties as to the proper asset base on which it was entitled to a rate of return in the distribution business). Thus, long before the Company's next rate case, the difference may become 'material' and require financial disclosure, if the Staff asserts that there will be a future 'rate making' adjustment retroactive to 2002.<sup>2</sup>

As a result, the "Company respectfully urges the Commission to direct the Company and the Staff jointly to analyze the Revised Depreciation Study and other available information and attempt to reach agreement on the proper results."<sup>3</sup>

On December 9, 2005, the Staff filed a Reply to Virginia Power's November 16, 2005, Response. The Staff asserts that its proposed ROE and accounting adjustments and proposals are legally permissible in an AIF. The Staff further contends that

since the Company's base rates are capped through December 31, 2010, pursuant to § 56-582 F of the Virginia Electric Utility Restructuring Act (§ 56-576 *et seq.* of the Code of Virginia), there is no immediate need for the Commission to rule on the updated ROE and accounting adjustments and proposals made in the Staff Report. The resolution of these issues can be deferred until the Company's next rate case.<sup>4</sup>

In addition, the Staff states that it "is willing to further discuss the [Revised Depreciation Study] with the Company, provided the Company is willing to provide additional information to address the Staff's concerns."<sup>5</sup> The Staff, however,

<sup>1</sup> Virginia Power's November 16, 2005, Response at 20.

<sup>2</sup> *Id.* at 18.

<sup>3</sup> *Id.*

<sup>4</sup> Staff's December 9, 2005, Reply at 2.

<sup>5</sup> *Id.* at 9-10.

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opposes the Company's request that the Staff be 'directed' to do so. Staff's concern stems from the fact that this direction may be misinterpreted by the Company or others as a direction to the Staff to reach an agreement on revised transmission and distribution rates contained in the [Revised Depreciation Study].<sup>6</sup>

Accordingly, the Staff recommends that the Commission enter an order: (1) closing this case; (2) deferring consideration of the Staff's updated ROE and new accounting adjustments and proposals; and (3) allowing, but not directing, the Company and the Staff to further analyze the Revised Depreciation Study in an attempt to reach agreement on the proper depreciation results.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this case shall be closed. We need not resolve, as part of this AIF proceeding, the ROE and accounting issues raised by the Staff. In addition, we fully expect that the Staff, if requested by the Company, will engage in further discussions with the Company in an attempt to reach agreement on proper depreciation rates. Contrary to the Staff's concern, however, a direction to engage in further discussions is not the same as a direction to reach an agreement.

Accordingly, IT IS HEREBY ORDERED THAT this case is closed.

<sup>6</sup> *Id.* at 9.

**CASE NO. PUE-2004-00049  
AUGUST 11, 2005**

APPLICATION OF  
APPALACHIAN POWER COMPANY D/B/A AMERICAN ELECTRIC POWER

2003 Annual Informational Filing

**FINAL ORDER**

On April 30, 2004, Appalachian Power Company d/b/a American Electric Power ("APCO" or the "Company") filed with the State Corporation Commission ("Commission") its Annual Informational Filing ("AIF") for the year ended December 31, 2003.<sup>1</sup>

On April 27, 2005, the Staff filed its Staff Report which reviews APCO's financial performance, capital structure and cost of capital, and cost of equity. The Staff Report also provides the Company's earnings test results and the Staff's earnings test adjustments. Following the Staff's earnings test adjustments, APCO's return on equity on a bundled basis was 13.96%, which is above the Company's most recently authorized return on equity benchmark of 10.85%, established in Case No. PUE-1996-00301. On its generation function, APCO earned a return on equity of 9.60%, which was below the Company's authorized return. Based on the Staff's analysis, the Company had excess pre-tax earnings in the amount of \$27,365,525 on a bundled basis. The Staff Report indicates that the Company's excess earnings are available for stranded cost recovery or regulatory asset write-off. The Staff also looked at the Company's pro forma results. The Staff Reports finds that, on a pro forma, fully adjusted basis, APCO has a net revenue surplus of \$9,357,650 relative to the 9.8% midpoint of the Staff's estimated cost of equity range of 9.3% to 10.3%.

APCO filed a response to the Staff Report on June 24, 2005. APCO notes that the Staff's fully adjusted return on equity of 10.71% is below the Company's authorized return on equity. Therefore, the Company concludes that the Staff's finding of overearning on a pro forma basis is unsupported. APCO also indicates the Company's disagreement with certain Staff adjustments and reserves the right to argue against any accounting adjustment or ratemaking treatment proposed by the Staff in any future proceeding. The Company also argues that the Staff must look at the earnings test results for the entire capped rate period asserting that only an analysis of the entire capped rate period will show whether it is appropriate to conclude that the Company has any earnings available to offset stranded costs during the capped rate period.

NOW THE COMMISSION, upon consideration of the Company's application, the Staff Report, and the applicable statutes, is of the opinion and finds that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT, this matter 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.

<sup>1</sup> In response to the Commission Staff's request for additional information, the Company filed a revised Schedule 25 on October 26, 2004.

**CASE NO. PUE-2004-00060  
APRIL 20, 2005**

COMMONWEALTH OF VIRGINIA ex rel.  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of amending regulations governing net energy metering

**ORDER ADOPTING FINAL REGULATIONS**

Chapter 827 of the 2004 Acts of Assembly amended § 56-594 of the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia ("Restructuring Act"), which permits eligible customer-generators to engage in net energy metering by interconnecting their electrical generating facilities with a utility's electric grid and receiving credit for electricity generated and fed back to the electric grid. The 2004 General Assembly revised the definition of eligible customer-generator to mean, among other things, a nonresidential customer that owns and operates an electrical generating facility that has a capacity of not more than 500 kW. The current Regulations Governing Net Energy Metering, 20 VAC 5-315-10 et seq. ("Net Energy Metering Rules") reflect the original 25 kW capacity limit for nonresidential customers.

On June 3, 2004, the Commission entered an Order Establishing Proceeding to amend the Net Energy Metering Rules. Notice of this proceeding was published in the Virginia Register of Regulations and in newspapers of general circulation throughout the Commonwealth. Interested persons were directed to file any comments and requests for hearing on the revision of the definition of a customer-generator and how the capacity increase may otherwise need to be reflected in the Net Energy Metering Rules.

Appalachian Power Company ("APCO"); the Virginia Department of Environmental Quality ("DEQ"); Virginia Electric and Power Company ("Virginia Power"); the Maryland, District of Columbia, Virginia Solar Energy Industries Association ("MDV-SEIA"); and the Virginia Wind Energy Collaborative ("VWEC") filed comments on or before the July 19, 2004, deadline.

On August 5, 2004, Virginia Power filed a motion requesting leave to file reply comments and a modification of the procedural schedule, as well as the convening of a work group prior to the filing of the Staff Report and an opportunity to comment on the Staff Report ("Motion").

Ultimately, after receiving responses to the Motion and a reply from Virginia Power renewing its request for a work group, on September 17, 2004, the Commission issued an Order granting the Motion. The Commission directed the Staff to convene a work group on October 6, 2004, to focus on developing amendments to the Net Energy Metering Rules that are essential to increasing the capacity limit for nonresidential customer generators from 25 kW to 500 kW. The Staff was directed to file a report that included proposed rules and interested parties were afforded the opportunity to comment on the Staff Report.

On November 19, 2004, the Staff filed its report. The Staff Report noted that APCO, DEQ, Virginia Power, MDV-SEIA, VWEC, as well as Old Mill Power Company and the Virginia, Maryland & Delaware Association of Electric Cooperative participated in the work group. Based on the deliberations of the work group, the Staff drafted proposed rules ("Proposed Rules") which were included in the Staff Report. Among other things, the Proposed Rules amend the definition of "renewable fuel generator" to reflect the statutory change in capacity limit to 500 kW for nonresidential generators; require nonresidential renewable fuel generators with capacity in excess of 25 kW to submit notification to the electric distribution provider or energy service provider at least 60 days prior to the date of interconnection; and require all renewable fuel generators to be in compliance with the requirements of IEEE Standard 1547. Additional requirements for interconnection for nonresidential customer-generator systems with capacity in excess of 25 kW include: electric distribution facilities and customer impact limitations; secondary, service, and service entrance limitations; transformer loading limitations; integration with electric distribution company facilities grounding; and balance limitations. The Interconnection Notification form is revised to include a recommendation that a prospective net metering customer contact the electric distribution company prior to making financial commitments to the project.

The Staff Report made two suggestions, which although not directly related to increasing the capacity limit for nonresidential customer-generators to 500 kW, clarify the Net Energy Metering Rules and assure consistency with the Code. The Staff proposed to make clear in 20 VAC 5-315-40 that the 0.1% limit on the total renewable fuel generator capacity in each electric distribution company's service territory was intended to apply only to renewable fuel generators that net meter and only to the Virginia portion of the service territory. The Staff did not include these proposals in the Proposed Rules, but requested that the Commission consider the suggestions.

In addition, the Staff Report indicated that the work group discussed permitting currently prohibited time-of-use metering by net metering customers, but that no resolution was reached on the issue by the work group. Therefore, the Staff made no recommendation on reversing the prohibition against time-of-use metering.

On December 9, 2004, Mr. Alden M. Hathaway, who lives in a solar powered home and is net-metered, filed comments requesting the opportunity to be on a time-of-use rate schedule.

On December 10, 2004, comments on the Staff Report were received from APCO, Virginia Power, MDV-SEIA, and VWEC. APCO indicated satisfaction with the Proposed Rules. Virginia Power supported the Proposed Rules and did not oppose the Staff suggestions for clarification. In comments and in the work group, MDV-SEIA had argued that the restriction on time-of-use metering contained in the current Net Metering Rules should be eliminated. The Proposed Rules do not eliminate the prohibition and MDV-SEIA again asserted that such prohibition should be eliminated. In addition, MDV-SEIA suggested that the definition of net-metered customer should be amended to include a customer who leases its renewable fuel generating equipment. VWEC generally supported the Proposed Rules, but requested the elimination of the time-of-use prohibition and suggested changes in the definition of renewable fuel generator and the language pertaining to the grounding requirements for renewable fuel generators with capacity in excess of 25 kW.

On December 23, 2004, the Commission issued an Order for Notice and Inviting Comments and Requests for Hearing. The Proposed Rules were published in the Virginia Register of Regulations and in newspapers of general circulation throughout the Commonwealth. Interested persons were directed to file any comments and requests for hearing on or before February 14, 2005. The Commission specifically requested comments on the issue of time-of-use net metering.

On February 14, 2005, APCO filed a letter stating that it did not intend to file additional comments or to request a hearing. Also on February 14, 2005, Virginia Power filed a letter stating that it did not request a hearing and that it continued to support its comments filed December 10, 2004.

On February 15, 2005, Allegheny Power late-filed comments supporting the Proposed Rules and asserting that there is no conflict between the rule prohibiting time-of-use metering and the increase in capacity for nonresidential customer generators.

On March 2, 2005, MDV-SEIA filed additional comments on the issue of time-of-use metering and requested leave to file such comments out-of-time. MDV-SEIA argues, among other things, that the prohibition on time-of-use metering thwarts the intent of the Restructuring Act and the Net Energy Metering Rules.

On March 10, 2005, the Commission issued an Order Permitting Response and Reply accepting the late-filed comments and permitting the parties to the proceeding and the Staff to file any response to the filings by Allegheny Power, MDV-SEIA, and VWEC on or before March 24, 2005.

On March 24, 2005, APCO filed a response stating that time-of-use metering is not a proper subject for this proceeding and that the issue should not be considered on the basis of late-filed comments with limited time for reply comment. APCO suggested consideration of time-of-use metering in a separate proceeding. In addition, APCO asserted that MDV-SEIA misinterprets APCO's tariffs and stated that its customers with loads in excess of 25 kW are not required to have time-of-use meters.

Also on March 24, 2005, Virginia Power filed a response first arguing that the elimination of the prohibition on time-of-use customers participating in net metering is outside the scope of implementing the legislative change as directed by the Commission in this proceeding. Virginia Power stated that the increased capacity threshold should not impact the rule prohibiting time-of-use metering and that the time-of-use prohibition is not necessarily contrary to the public interest. Virginia Power further asserted that there are unresolved issues and that net metering on time-of-use rates for a large customer is extremely problematic and an administrative nightmare. In addition, Virginia Power argued that time-of-use net metering would require either two standard meters or one special bidirectional time-of-use meter, and that the customer should pay for any resulting increased metering and billing costs. Finally, Virginia Power indicated that it may better for the Commission to take a wait-and-see approach. Virginia Power asserted that other market options for customers with renewable systems are being developed and that the Committee on Electric Utility Restructuring ("CEUR") was recently appropriated money for a study to determine whether the purported benefits of increased use of renewable energy resources to generate electricity in Virginia outweigh the predicted increased costs, compared to the status quo.

As permitted by the Commission's March 24, 2005, Order Granting Motion for an extension, the Staff filed its response on March 28, 2005, noting that time-of-use metering was given limited consideration in the last rulemaking. The Staff stated its belief that arguments for the elimination of the time-of-use prohibition on net metering customer-generators are reasonable and, conceptually, have public interest merit. However, the Staff expressed its continuing concerns about the complexities and costs associated with metering and billing for time-of-use customer-generators. The Staff indicated that it now understands that time-of-use net metering may not necessarily require two meters as it may be possible to set up an electronic meter to act in a bidirectional manner, but that it would be necessary to determine who would be responsible for the costs associated with the special programming, maintenance, and inventory management for such meter. The Staff argued that issue should be fully explored, with the participation of interested parties, prior to the Commission making a definitive finding.

NOW THE COMMISSION, upon consideration of the record and the applicable law, is of the opinion and finds that the regulations attached hereto as Appendix A should be adopted. As described herein, the regulations we adopt contain several modifications to the Proposed Rules contained in our December 23, 2004, Order.

The Commission has incorporated the suggestion to clarify that the 0.1% limit on the total renewable fuel generator capacity in an electric distribution company's service territory applies only to renewable fuel generators that are net metered. The phrase "pursuant to a net metering arrangement" has been added to the definition of renewable fuel generator such that the term means, among other things, an electrical generating facility that is interconnected pursuant to a net metering arrangement governed by these rules and operated in parallel with the electric distribution company's facilities. In addition, the word Virginia has been added to the phrase "customer's electric distribution company's Virginia service territory" to clarify that the 0.1% limitation applies only to the Virginia portion of the electric distribution company's service territory. We also adopt the proposed language indicating that the grounding scheme of the renewable fuel generator shall be consistent with the scheme used by the electric distribution company and that, upon a customer's request, the electric distribution company shall assist a prospective net metering customer in selecting a proper scheme.

We will not at this time open a new investigation to explore time-of-use issues with respect to net metering. As noted above, this proceeding was initiated to implement a specific legislative change and it is not clear that the elimination of the prohibition on time-of-use net metering is essential to implementing such change. In addition, the CEUR has approved a study by the Virginia Center for Coal and Energy Research at Virginia Tech, which will include recommendations regarding incentives to promote the use of renewable energy and may address the issue of time-of-use net metering. We agree that it may be premature for the Commission to initiate an investigation into substantive modifications of the net metering program prior to the conclusion of such study.

Accordingly, IT IS ORDERED THAT:

- (1) The Regulations Governing Net Energy Metering are hereby adopted as shown in Attachment A to this Order.
- (2) A copy of this Order and the Regulations Governing Net Energy Metering shall be delivered forthwith to the Registrar of Regulations for publication in the Virginia Register of Regulations.
- (3) On or before June 15, 2005, all electric utilities in the Commonwealth subject to Chapter 10 (§ 56-232 *et seq.*) of Title 56 of Code of Virginia shall file with the Commission's Division of Energy Regulation revised tariff provisions necessary to implement the regulations as adopted herein.
- (4) There being nothing further to come before the Commission, this case shall be removed from the docket and the papers filed herein be placed in the file for ended causes.

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

**CASE NO. PUE-2004-00061  
DECEMBER 7, 2005**

PETITION OF  
VIRGINIA PILOT ASSOCIATION

For a declaratory judgment that the Virginia Pilot Association is correctly calculating pilotage fees for certain vessels operated by Carnival Corporation

**FINAL ORDER**

On May 20, 2004, J. William Cofer, a licensed branch pilot in the Commonwealth of Virginia, on his own behalf and on behalf of all other branch pilots who are members of the Virginia Pilot Association ("Petitioners" or "Association"), filed a petition for a declaratory judgment requesting that the State Corporation Commission ("Commission") enter an order declaring that the Association is correctly calculating the number of ship units for Destiny class vessels operated by Carnival Corporation ("Carnival"), which call upon the Port of Norfolk, Virginia.

The dispute in this proceeding involves the calculation of pilotage fees under the Association's tariff, which has been approved by and is on file with the Commission. Pursuant to the tariff, pilotage fees are determined by applying a volumetric measurement called ship units to a specific schedule of rates. The number of ship units for a vessel is determined by: (1) multiplying Overall Length x Extreme Breadth x Depth from Uppermost Continuous Deck ("UCD"); and (2) dividing the result by ten thousand. A larger number of ship units results in a larger pilotage fee. The Association and Carnival disagree on the UCD for the Destiny class vessels. The Association contends that the UCD is Deck 10. Carnival counters that the UCD is Deck 0.

On May 28, 2004, the Commission issued a Preliminary Order permitting Carnival to file a response and the Association to file a reply. Carnival filed its response on June 21, 2004. The Association filed a reply on July 1, 2004. On July 23, 2004, the Commission entered an order that, among other things, scheduled an evidentiary hearing, established a procedural schedule, and assigned this matter to a Hearing Examiner.

On July 21, 2005, Hearing Examiner Michael D. Thomas filed a very thorough Report in which he summarized the record, analyzed the evidence and issues in this proceeding, and made certain findings and recommendations. The Hearing Examiner found that: (1) for purposes of the Association's tariff, Deck 4 is the UCD on Carnival's Destiny class cruise ships; and (2) Carnival is entitled to a refund of overcharges for pilotage fees from the Association from the date of the invoices attached to Carnival's August 2003 letter of protest to the present.

On August 11, 2005, the Association filed comments on the Hearing Examiner's Report. The Petitioners request that the Commission: (1) find that, for purposes of the Association's tariff, Deck 10 is the UCD on Carnival's Destiny class cruise ships; (2) reject the Hearing Examiner's findings to the extent they do not conclude that the Association is correctly calculating pilotage charges for Carnival's Destiny class cruise ships; and (3) enter an order declaring that the pilotage charges for such vessels are being correctly calculated.

On August 11, 2005, Carnival filed comments on the Hearing Examiner's Report. Carnival requests that the Commission: (1) find that, for purposes of the Association's tariff, Deck 0 is the UCD on Carnival's Destiny class cruise ships; (2) find that the Association's measurement of depth has been incorrect since the vessel first called in the Port of Hampton Roads; (3) find that the Association has overcharged Carnival for its services since 1996; and (4) declare that a refund of such overcharged pilotage fees should be enforced by the Commission, including an award of pre- and post-judgment interest. In addition, Carnival requested oral argument on the Hearing Examiner's Report.

By orders dated August 23 and September 12, 2005, the Commission scheduled oral argument, which was held on October 25, 2005. C. William Waechter, Jr., Esquire, and Carter T. Gunn, Esquire, appeared on behalf of the Association. James L. Chapman, IV, Esquire, and Charles S. Cumming, Esquire, appeared on behalf of Carnival. Glenn P. Richardson, Esquire, appeared on behalf of the Commission's Staff.

NOW THE COMMISSION, having considered the Hearing Examiner's Report, the record, the pleadings, and the applicable law, is of the opinion and finds as follows.

The findings and recommendations of the Hearing Examiner are not adopted.

The Association's tariff provides that pilotage charges shall be calculated pursuant to the following:

Pilotage charges for vessels inbound and outbound shall be based on 'ship units.' 'Ship units' shall be determined by multiplying the overall length of the vessel by the extreme breadth of the vessel by the depth of the vessel from the uppermost continuous deck and dividing the result by ten thousand as expressed in the following formula:

$$\frac{\text{Depth from Uppermost Overall Length in Feet X Extreme Breadth in Feet X Continuous Deck in Feet}}{10,000}$$

= 'SHIP UNITS'

In addition, the tariff contains the following definition:

'DEPTH' is the vertical distance at amidships from the top of the keel plate to the uppermost continuous deck, fore and aft, and which extends to the sides of the vessel. The continuity of a deck shall not be considered to be affected by the existence of tonnage openings, engine space or a step in the deck.

We find that for Carnival's Destiny class vessel, Deck 0 must be used to calculate ship units under the tariff. The tariff is not ambiguous. The tariff lists specific criteria for determining the deck to be used in calculating depth for purposes of the ship units formula. The deck must be continuous fore and aft; *i.e.*, the deck must be continuous from stem to stern.<sup>1</sup> The deck also must extend to the sides of the vessel. If a deck is not continuous due to the existence of tonnage openings, engine space, or a step in the deck, then the continuity of the deck shall not be affected for purposes of the tariff.<sup>2</sup> Finally, the deck must be the uppermost deck that satisfies these criteria. For Carnival's Destiny class ship, Deck 0 is the uppermost deck that satisfies the tariff criteria.<sup>3</sup>

Furthermore, we reach the same conclusion if we utilize extrinsic evidence to determine the meaning of the tariff. The tariff contains technical words or phrases that, as opposed to an ordinary meaning, may have a peculiar meaning in the context of the tariff. In such instance, "extrinsic evidence may be necessary to determine the meaning of words appearing in the document."<sup>4</sup> We find that, under the generally accepted terminology in the industry, the depth of a vessel is customarily measured from the top of the keel to the deck beam supporting the UCD – and that the UCD is typically designated as the freeboard deck. We agree with Carnival that this finding is supported by numerous extrinsic sources, including the U.S. Coast Guard, Class Societies, and technical references.<sup>5</sup> The freeboard deck is generally regarded as the deck exposed to weather and sea, and which has permanent means of closing all opening in the weather part thereof, and below which all openings in the sides of the vessel are fitted with permanent means of watertight closing.<sup>6</sup> For the Destiny class ship, the freeboard deck is Deck 0 – above which no other deck is watertight or capable of being made so.<sup>7</sup> Moreover, the extrinsic evidence shows that, historically, both the Association and the industry did not contemplate that superstructure on passenger vessels would be included in depth measurement.<sup>8</sup> In this case, the evidence shows that every part of the Destiny class vessel above Deck 0 not only lacks watertight integrity, but also is built to different standards of strength and should be considered superstructure.<sup>9</sup> In sum, the use of extrinsic evidence also establishes that, under the tariff, Deck 0 is the UCD.<sup>10</sup>

Next, the Association asserts that using Deck 0 as the UCD violates § 54.1-918 of the Code of Virginia ("Code"), which states that the Commission "shall fix amounts that will be a fair charge for the service rendered." The Association contends that Deck 0 does not result in a "fair charge," because using Deck 0 does not provide a reasonable measurement of the ship's external bulk and produces pilotage charges for the Destiny class vessel that are less than charges for smaller vessels.<sup>11</sup>

The Association argues that since the approval of its published tariff over three decades ago, cruise ships with massive superstructures, such as the Carnival Destiny class, have been put into service. In other words, the ships changed but the tariff did not. The unfairness asserted by the Association results from the inadequacy of the unchanged tariffs to capture much of the revenue-producing volume of these ships when calculating "ship units." In effect, we are being urged to relieve this unfair result by reforming, if not ignoring, the tariff so as to permit the depth of the vessel to be measured to Deck 10, which we have found to be substantially above the UCD. This we cannot do.

<sup>1</sup> Fore and aft means "located along or parallel to a line from the stem to the stern." The Random House Dictionary of the English Language (1966).

<sup>2</sup> The tariff provides no other exceptions to continuity. For example, an atrium does not fall within the three specific exceptions listed in the tariff, and, thus, the existence of such would affect the continuity of the deck for purposes of the tariff.

<sup>3</sup> The decks above Deck 0 (a) include openings – other than the three listed in the tariff – that affect the continuity of the deck, (b) do not extend to the sides of the vessel, and/or (c) do not extend fore and aft. *See, e.g.*, Ex. 13.

<sup>4</sup> *Great N. Ry. Co. v. Merchants Elevator Co.*, 259 U.S. 285, 291-92, 42 S.Ct. 477, 479, 66 L.Ed. 943, 946-47 (1922) ("When the words of a written instrument are used in their ordinary meaning, their construction presents a question solely of law. But words are used sometimes in a peculiar meaning. Then extrinsic evidence may be necessary to determine the meaning of words appearing in the document.") In the opinion written by Mr. Justice Brandeis, the Supreme Court further explained that "[i]his is true where technical words or phrases not commonly understood are employed. Or extrinsic evidence may be necessary to establish a usage of trade or locality which attaches provisions not expressed in the language of the instrument." *Id.*, 259 U.S. at 292, 42 S.Ct. at 479, 66 L.Ed. at 947.

<sup>5</sup> *See* Carnival's August 11, 2005, Comments at 8 and Appendix 1.

<sup>6</sup> *Id.* (citing, for example, U.S. Coast Guard and International Maritime Organization regulations).

<sup>7</sup> *See* Carnival's August 11, 2005, Comments at 10.

<sup>8</sup> *See, e.g., id.* at 6 n.6, 11. Carnival cites, for example: (1) Hearing Examiner's Report at 20-21, n.22 (citing the transcript from the Commission's 1969 hearing, in Case No. 18736, wherein the Association explained that superstructure would not be included in the depth measurement); and (2) Royal Commission on Pilotage Report, Richard Lowery, R.I.N.A., S.N.A.M.E (1965) at 749 ("It would, of course, still ignore superstructures and erections above the uppermost continuous deck, no matter how extensive such erections might be.").

<sup>9</sup> *See, e.g., id.* at 11.

<sup>10</sup> Having made such finding, we note that the Association would not benefit if we determined that the tariff is ambiguous. That is, if the tariff is ambiguous, we would evaluate extrinsic evidence and conclude, as above, that Deck 0 is the UCD for purposes of the tariff.

<sup>11</sup> *See, e.g.*, Association's August 11, 2005, Comments at 11-13.

An unambiguous and duly published tariff is binding on the parties, and has the force of law regardless of the intentions or equities between them.<sup>12</sup> This fundamental principle is embodied in § 54.1-918 of the Code: "When such rates and charges have been fixed and prescribed by the Commission, they shall be the legal rates and charges of pilotage in Virginia, and shall be enforced as provided by law...." Moreover, the above Code section provides the appropriate process for altering rates or charges, a procedure the Association may follow if it wishes to modify the rates or rate design presently provided in the tariff.

Finally, Carnival requests the Commission to "declare that a refund of such overcharged pilotage fees should be enforced by the Commission, including an award of pre- and post-judgment interest."<sup>13</sup> We will not order the requested refunds. The Association initiated this proceeding as a declaratory judgment action, and we have denied the declaratory judgment requested by the Association. In keeping with the case authority cited by Carnival, any action by Carnival against the Association for monetary damages should be initiated in a court of general jurisdiction.<sup>14</sup>

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Association's petition for declaratory judgment is denied.
- (2) Carnival's request for refunds is denied.
- (3) This case is dismissed.

<sup>12</sup> See, e.g., *In re: Carolina Motor Express, Inc., et al., v. Delaware Valley Shippers, et al.*, 949 F.2d 107, 111 (4<sup>th</sup> Cir. 1991) (citations omitted), *rev'd on other grounds*, 507 U.S. 258, 113 S.Ct. 1213, 122 L. Ed. 604 (1993).

<sup>13</sup> Carnival's August 11, 2005, Comments at 22.

<sup>14</sup> *Id.* at 20 (citing *Chesapeake and Potomac Tel. Co. v. Bles*, 218 Va. 1010, 243 S.E.2d 473 (1978)).

**CASE NO. PUE-2004-00062  
JULY 15, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For a certificate of public convenience and necessity for facilities in Fauquier County: Bristers-Morrisville 500 kV Transmission Line and Bristers Switching Station

**FINAL ORDER**

On May 21, 2004, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an Application for Approval and Certification of Electric Facilities: Bristers-Morrisville 500 kV Transmission Line and 500 kV Bristers Switching Station, Application No. 225 ("Application"). Included with the Application was an Appendix and a Virginia Department of Environmental Quality ("DEQ") Supplement. Dominion proposes to construct and operate in Fauquier County a 500 kV transmission line, which would run approximately eight miles from Dominion's existing Morrisville Substation<sup>1</sup> to a new Bristers Switching Station. The proposed transmission line would be constructed within existing right-of-way and parallel to the existing Morrisville-Loudoun 500 kV Transmission Line. The Company previously acquired the site for the Bristers Switching Station.

The proposed transmission line route is approximately eight miles long and originates at the Morrisville Substation, which is located approximately 1800 feet south of the intersection of Route 17 and Old Shipp's Store Road (Route 637). The proposed route parallels the existing transmission line and proceeds east-northeast and crosses Morrisville Road (Route 835) and Route 17 in the general area of their intersection. The route then enters the Coventry Subdivision and crosses Lake Coventry Drive, Summersweet Lane, Hogue Lane, and Coventry Road, which are private roads. The route continues across Elk Run Road (Route 806) 0.4 mile north of its intersection with Elk Run Church Road (Route 634) and crosses Elk Run Church Road 0.8 mile southwest of its intersection with Ensors Shop Road (Route 637). Turning northwest, the line crosses Midland Road (Route 610) 1.1 miles west of its intersection with Bristersburg Road (Route 616) and crosses Bristersburg Road 1.6 miles north of that same intersection, to enter and terminate at the proposed Bristers Switching Station south of Cromwell Road (Route 639).

On July 30, 2004, the Commission entered an Order for Notice and Hearing. Therein the Commission, as required by §§ 56-46.1, 56-265.2 and related provisions of Title 56 of the Code of Virginia ("Code"), docketed the Application, required notice to the public, established a procedural schedule, and set this matter for hearing before a Hearing Examiner.

On September 24, 2004, Gabriel and Cynthia Adrian filed a Notice of Participation. On November 22, 2004, the Fauquier County Board of Supervisors ("Board") filed written comments in opposition to the Application. On January 20, 2005, two public hearings were convened in Bealton, Virginia; twelve public witnesses testified at the 4:30 p.m. and 7:00 p.m. hearings.

The evidentiary hearing was convened on January 26, 2005. Two public witnesses appeared and testified at this hearing. Stephen H. Watts, II, Esquire, and Jill C. Nadolink, Esquire, appeared on behalf of the Company. Wayne N. Smith, Esquire, appeared on behalf of Commission Staff ("Staff"). On February 22, 2005, the Staff filed a post-hearing memorandum. On February 28, 2005, the Company filed its post-hearing brief.

<sup>1</sup> The approval requested herein by Dominion also includes construction of approximately four new structures adjacent to the existing Morrisville Substation to reconfigure the terminations of the existing 500 kV transmission line and to accommodate termination of the proposed 500 kV transmission line.

On June 8, 2005, Hearing Examiner Michael D. Thomas issued a Report in which the Examiner summarized the record, analyzed the evidence and issues in this proceeding, and made certain findings and recommendations. Specifically, the Hearing Examiner's Report included the following findings.

(1) The Commission has jurisdiction to address citizen concerns related to high voltage electric transmission line electromagnetic fields ("EMFs").

(2) Dominion's offer to design and place vegetative buffers on the affected homeowners' property, as a result of clearing the vegetation from the transmission line right-of-way to construct the proposed transmission facilities, is a reasonable response to the homeowners' concerns raised in this case.

(3) Dominion provided the required notices of its Application to the public, local government, and the owners of the property adjacent to the proposed Morrisville-Bristers 500 kV transmission line and Bristers Switching Station.

(4) The proposed transmission facilities are needed for the Company's transmission system to meet North American Electric Reliability Council ("NERC") reliability standards in the summer of 2007.

(5) The proposed transmission facilities are the least impact alternative on the environment and the public.

(6) DEQ's five recommendations should be included in the certificate of public convenience and necessity issued by the Commission to construct the proposed transmission facilities.

(7) The proposed transmission facilities are needed to provide reliable electric power to sustain the growth occurring in Northern Virginia.

On June 29, 2005, the Company filed comments on the Hearing Examiner's Report ("Dominion's Comments").

NOW THE COMMISSION, having considered the record, the pleadings, the Hearing Examiner's Report, and the applicable law, is of the opinion and finds as follows.

#### Public Notice

We find that, as required by § 56-46.1 B of the Code, proper notice has been given and the Commission may consider the Application.

#### Code of Virginia

The Company seeks certification of the proposed transmission facilities pursuant to the Utility Facilities Act, §§ 56-265.1 – 265.9 of the Code, and for approval in accordance with § 56-46.1 of the Code. Section 56-265.2 A provides that "[i]t shall be unlawful for any public utility to construct ... facilities for use in public utility service ... without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege." For overhead lines of 150 kV or more, § 56-265.2 A also requires compliance with the provisions of § 56-46.1 of the Code.

Section 56-46.1 A directs the Commission to consider several factors in reviewing proposed new facilities. It provides:

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 (i) shall consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

In addition, § 56.46.1 B of the Code states that 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." Furthermore, § 56-46.1 C directs the applicant to "provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company."

#### Need

We find that the record establishes that the proposed transmission facilities are necessary for the Company to meet projected load growth in the Northern Piedmont Region<sup>2</sup> in a reliable manner and consistent with NERC reliability standards. In addition, we note that through public witness testimony it was argued that the new line would be unnecessary if Dominion reconnected an existing power line with a newer type of conductor, such as the new 3M ceramic fiber conductor. However, the Company established that the reconnection alternative would not resolve all of the overloading problems indicated by the Company's reliability models.

<sup>2</sup> The Northern Piedmont Region includes the counties of Arlington, Caroline, Culpeper, Fairfax, Fauquier, Fluvanna, Goochland, Hanover, Henrico, Loudoun, Louisa, King George, Orange, Prince William, Spotsylvania, and Stafford, and the cities of Alexandria, Falls Church, Vienna, Fairfax, Leesburg, Manassas, and Warrenton. Hearing Examiner's Report at 7 n.9.

### Route

We find that the new transmission line should follow the Company's preferred route. The Board argues that Dominion has not proven that all other reasonable alternatives to the proposed route have been considered and determined not to be viable. The Board also believes that the transmission line should be built through the areas that will receive the benefit, not Fauquier County. However, the Hearing Examiner explained that the evidence in the record indicates Dominion considered a number of other routes and concluded that, from the perspective of cost and impact on citizens and the environment, those alternatives were not as favorable as the one proposed in this case.<sup>3</sup> The Hearing Examiner also concluded that the alternative routes considered by the Company would be more costly, would not provide the same degree of reliability, or would require the acquisition or condemnation of additional rights-of-way.<sup>4</sup>

Although we have not discussed here all of the concerns expressed by each participant and public witness regarding the proposed route, we have considered and weighed the relevant factors raised in this proceeding. We also have considered and weighed the factors set forth in §§ 56-265.2 A and 56-46.1 of the Code; factors that are, to a large extent, interrelated and overlapping. We have reviewed all alternative proposals and have fully considered the adverse impacts of the Company's preferred route.

In sum, we find that Dominion's preferred route meets the Company's need to maintain adequate reliability of service while satisfying the legal standards of §§ 56-265.2 A and 56-46.1 of the Code. We have considered each statutory criterion on an individual basis and as part of the whole, in light of all the relevant statutory criteria, and with regard to the concerns raised by the participants and public witnesses. We find that the Company's preferred route reasonably minimizes adverse impact on scenic assets, historic districts, and environments of the areas concerned. In addition, we find that the Company's preferred route gives reasonable consideration to the effect of the new line on economic development within the Commonwealth.<sup>5</sup>

### Existing Rights-of-Way

Under § 56-46.1 C of the Code, Dominion is required to provide adequate evidence that existing rights-of-way cannot adequately serve its needs if it seeks to obtain new rights-of-way. In this instance, however, Dominion does not seek new rights-of-way. The Company's proposed route, which we approve herein, is entirely within an existing right-of-way and parallels the existing Morrisville-Loudoun 500 kV Line.

### Underground Construction

The Board and public witnesses request that the Commission require the Company to place the new transmission line underground. We do not adopt this proposal and do not require Dominion to place the new line underground. As explained by the Hearing Examiner, the evidence in the record indicates that it is not practical to place a 500 kV transmission line underground.<sup>6</sup> The Hearing Examiner also notes that, although it may be possible from an engineering perspective, there are no cross-country underground 500 kV lines in the United States.<sup>7</sup> Dominion has established that there are sufficient reliability concerns to reject underground installation of the new line and that underground installation will be substantially more expensive. As noted above, we have considered and weighed the factors set forth in §§ 56-265.2 A and 56-46.1 of the Code and have found that the route approved herein satisfies those legal standards. Our explanation for rejecting underground proposals in previous proceedings is applicable here as well: "There is no evidence that benefits will accrue to the Company or its ratepayers which outweigh the increased costs and risk of reliability problems associated with the underground installation of a portion of the proposed transmission line."<sup>8</sup>

### Electromagnetic Fields

We agree with the Hearing Examiner and the Company that the Commission has jurisdiction to consider EMF impacts as part of this proceeding.<sup>9</sup> Based on the facts presented in this case, we find that the claims of EMF impacts were refuted by evidence presented by the Company.

### Department of Environmental Quality

The Hearing Examiner explains that DEQ made the following five recommendations that are in addition to any other regulatory requirements:

1. Follow all recommendations regarding wetland and stream protection as outlined by DEQ;

<sup>3</sup> Hearing Examiner's Report at 21.

<sup>4</sup> *Id.* at 23.

<sup>5</sup> Dominion requests the Commission to state in this Final Order that we do not adopt particular language from the Hearing Examiner's Report regarding homeowners moving to the "nuisance." Dominion's Comments at 3 n.2; Hearing Examiner's Report at 20. Such a clarification is unnecessary, however, as portions of the Hearing Examiner's Report only are adopted if explicitly done so herein.

<sup>6</sup> Hearing Examiner's Report at 20.

<sup>7</sup> *Id.*

<sup>8</sup> *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For a Certificate of Public Convenience and Necessity for Facilities in Loudoun County: Brambleton-Greenway 230 kV Transmission Line*, Case No. PUE-2002-00702, Final Order (October 8, 2004); *Application of Virginia Electric and Power Company, To Amend its Certificate of Public Convenience and Necessity No. ET-73n Authorizing Operation of Transmission Lines and Facilities in the County of Chesterfield: Midlothian-Trabue 230 kV Transmission Line*, Case No. PUE-1988-00071, 1990 S.C.C. Ann. Rept. 269 (March 27, 1990).

<sup>9</sup> Hearing Examiner's Report at 19, 24; Dominion's Comments at 3 n.3.

2. Contact the Virginia Department of Transportation to schedule and minimize transportation impacts to the traveling public;
3. Limit the use of pesticides and herbicides when maintaining its transmission right-of-way;
4. Contact the Department of Conservation and Recreation prior to construction regarding the planting scheme for the Route 806 (a Virginia Scenic Byway) road crossing; and
5. Follow pollution prevention principles, including reduction of solid wastes at the source and the re-use and recycling of materials to the maximum extent practicable.<sup>10</sup>

The Company does not object to such recommendations and does not object to the Hearing Examiner's conclusion that these recommendations should be adopted by the Commission "as conditions of the authorizations requested by the Company in this proceeding."<sup>11</sup> Accordingly, the Company is directed to comply with DEQ's recommendations.

#### Vegetative Buffers

The Hearing Examiner explained that in response to public witness testimony, Dominion has offered certain homeowners the services of the Company's arborist to develop a landscape plan in consultation with the homeowner that is compatible with the transmission line easement, and Dominion has offered to pay for and install the plant material specified in the landscape plan.<sup>12</sup> We agree with the Hearing Examiner that Dominion's offer is a reasonable response to the affected homeowners<sup>13</sup> and direct the Company to comply with such.

#### Transmission Line Easement

The Board and public witnesses argued that the proposed 500 kV line would violate a provision in a 1974 easement creating the right-of-way through the Coventry Subdivision. The Hearing Examiner concluded that any restrictions in the easement would have to be enforced by the landowners from whom the easement was obtained and that this issue has no impact on whether the Commission should grant the Application.<sup>14</sup> The Company, however, states that it did not ask the Commission to address the application of this easement provision, asserts that this is a matter beyond the Commission's jurisdiction, and asks the Commission to state in this Final Order that it takes no position on the easement provision.<sup>15</sup> In this regard, we clarify that the Commission's decision in this proceeding does not address the application of this easement provision.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate a Bristers-Morrisville 500 kV Transmission Line, a 500 kV Bristers Switching Station, and approximately four (4) new structures adjacent to the existing Morrisville Substation, as set forth in the Application and provided for in this Order.

(2) Pursuant to §§ 56-265.2, 56-46.1 and related provisions of Title 56 of the Code of Virginia, Dominion's application for a certificate of public convenience and necessity is granted as set forth in this Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§§ 56-265.1 *et seq.*) of Title 56 of the Code of Virginia, Dominion is issued the following certificate of public convenience and necessity:

Certificate No. ET-80l which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities in Fauquier County, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2004-00062; Certificate No. ET-80l will cancel Certificate No. ET-80k.

(4) As a condition of the certificate granted in this case, Dominion shall comply with the recommendations prepared by the Department of Environmental Quality as discussed herein.

(5) As a condition of the certificate granted in this case, Dominion shall comply with its offer to certain affected homeowners regarding vegetative buffers as discussed herein.

(6) As a condition of the certificate granted in this case, the transmission lines must be constructed and in-service by September 1, 2007; however, Dominion is granted leave to apply for an extension for good cause shown.

(7) There being nothing further to come before the Commission in this proceeding, this case shall be removed from the docket and the papers transferred to the file for ended causes.

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<sup>10</sup> Hearing Examiner's Report at 23.

<sup>11</sup> Dominion's Comments at 3.

<sup>12</sup> Hearing Examiner's Report at 23.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 21.

<sup>15</sup> Dominion's Comments at 4 n5.

**CASE NO. PUE-2004-00080  
JANUARY 12, 2005**

PETITION OF  
ADELPHIA COMMUNICATIONS CORPORATION  
and  
FRONTIER VISION OPERATING PARTNERS, L.P.

For application of Sections 56-466.1, 56-247, and 56-6 of the Code of Virginia to the pole attachment rates of Northern Neck Electric Cooperative

**ORDER OF DISMISSAL**

On July 2, 2004, Adelphia Communications Corporation and FrontierVision Operating Partners, L.P. (collectively, "Adelphia"), filed a Petition requesting that the State Corporation Commission ("Commission") review the rates, terms, and conditions for Adelphia's attachments to the poles of Northern Neck Electric Cooperative ("NNEC"). On July 23, 2004, NNEC filed a Motion to Dismiss Petition ("Motion to Dismiss"), asking that the Commission either dismiss Adelphia's Petition, or allow NNEC the opportunity to file an answer pursuant to 5 VAC 5-20-100 B. Also, on July 23, 2004, the Virginia Cable Telecommunications Association ("VCTA") filed a Motion for Leave to Intervene or, in the Alternative, Motion for Leave to File Responsive Pleadings ("Motion to Intervene"). On July 30, 2004, the Commission issued its Preliminary Order, in which the Commission assigned the matter to a Hearing Examiner and directed the Examiner to: (i) rule on all pending motions and responses; (ii) establish a procedural schedule; (iii) hold further proceedings as necessary; and (iv) issue a report and recommendation to the Commission. In addition, the Commission directed the Staff to participate in this proceeding to the same extent as permitted by Rule 5 VAC 5-20-80 D.

On August 6, 2004, NNEC filed a Response to Motion of VCTA to Intervene or File Responsive Pleadings. On August 12, 2004, Adelphia filed its Response in Opposition to the Motion to Dismiss. On August 20, 2004, the VCTA filed its Reply to NNEC's Response to the Motion to Intervene. On August 26, 2004, NNEC filed its Reply to Adelphia's Response to the Motion to Dismiss. Both motions were denied and a procedural schedule was established in a Hearing Examiner's Ruling dated September 16, 2004.

On September 22, 2004, NNEC filed a Response to Hearing Examiner's Ruling, asking the Commission to reverse the Examiner's ruling on its Motion to Dismiss. On the same day, Adelphia filed a Motion to Strike NNEC's Response to Hearing Examiner's Ruling. The NNEC pleading was treated as a motion to certify to the Commission and denied in a Hearing Examiner's Ruling dated October 4, 2004.

On October 19, 2004, NNEC filed a Motion for Settlement Conference and Related Relief. On October 20, 2004, Adelphia filed a Response in Support of Motion for Settlement Conference. NNEC's motion was granted in a Hearing Examiner's Ruling dated October 21, 2004, which scheduled a settlement conference and suspended the procedural schedule.

On December 28, 2004, Adelphia, by counsel, filed a Motion for Leave to Withdraw Petition ("Motion to Withdraw"). In its Motion to Withdraw, Adelphia stated that the parties "reached a full and complete settlement of all claims regarding the rates, terms, and conditions for Adelphia's attachments to NNEC's facilities that were the subject of Adelphia's Petition."<sup>1</sup> In addition, Adelphia stated that neither NNEC nor Staff, the only other participants in this proceeding, objects to the withdrawal of Adelphia's Petition.

On January 4, 2005, the Report of Alexander F. Skirpan, Jr., Hearing Examiner ("Hearing Examiner Report"), was filed. The Hearing Examiner finds that Adelphia and NNEC have settled the issues underlying this case and that because of the settlement, the Commission no longer has jurisdiction in this matter. The Hearing Examiner recommends dismissal of this case.

No party filed comments on the Hearing Examiner Report.

The Commission is of the opinion and finds that all findings in the Hearing Examiner Report should be adopted and that the dismissal recommended should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) The findings of the Hearing Examiner Report are hereby adopted and the recommendation of dismissal is hereby approved.
- (2) This case is hereby dismissed from the docket of active matters.

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<sup>1</sup> Motion to Withdraw at ¶ 2.

**CASE NO. PUE-2004-00098  
SEPTEMBER 8, 2005**

COMMONWEALTH OF VIRGINIA, ex rel  
STATE CORPORATION COMMISSION  
v.  
B&J ENTERPRISES, L.C.,  
Defendant

**ORDER DENYING RECONSIDERATION**

In Case No. PUE-2001-00716<sup>1</sup> ("PUE-2001-00716 Docket"), the State Corporation Commission ("Commission") entered an Order on January 30, 2002, permitting B&J Enterprises, L.C. ("B&J" or "Company") to impose an interim sewer rate of \$95.00 per month. The Commission's Final Order in that case, dated June 27, 2003, permitted B&J a rate of \$60.00 per month. Consequently, the Commission directed B&J to refund to its customers the excess revenue collected during the interim rate period plus interest by June 1, 2004.

B&J did not complete the refunds as directed by the Commission. On May 11, 2004, in the PUE-2001-00716 Docket, the Company filed a Motion for Extension of Compliance Schedule ("Motion for Refund Extension").<sup>2</sup> On June 9, 2004, Terry L. Strock and the Blacksburg Country Club Homeowners' Association (Homeowners' Association") filed a Motion for Sanctions Against B&J Enterprises, L.C. ("Motion for Sanctions").<sup>3</sup>

On June 3, 2004, the Company filed a completed application (PUE-2004-00033) requesting a sewer rate increase ("Rate Case Docket").

The PUE-2001-00716 docket was closed by the entry of Commission Order on June 27, 2003; therefore, the Commission chose to address the respective relief requested by the aforesaid Motion for Refund Extension and Motion for Sanctions in the pending application proceeding (PUE-2004-00033).

On August 17, 2004, the Commission issued a Rule to Show Cause ("Rule") against B&J, Case No. PUE-2004-00098 ("Rule Docket"),<sup>4</sup> directing the Company to show cause why its refund obligation should be extended and to show why it should not be fined or sanctioned for failing to comply with the Commission Order directing refunds in the PUE-2001-00716 Docket. The Rule Docket and Rate Case Docket were consolidated and assigned to a Hearing Examiner ("Examiner" or "Hearing Examiner").

On May 24, 2005, the Hearing Examiner, Howard P. Anderson, Jr., filed a report ("Report") in the consolidated docket and found, among other things, that the Rule should be continued until all refunds from the PUE-2001-00716 Docket have been completed. On July 18, 2005, Staff of the Commission filed a report on the status of B&J's refund obligation ("Refund Report").<sup>5</sup> The Refund Report disclosed that the Company had completed its refund obligations in the PUE-2001-00716 Docket. On August 2, 2005, the Hearing Examiner issued a Report in the Rule Docket and recommended, among other things, that the Commission dismiss the Rule with prejudice. The Examiner provided the parties twenty-one days to file comments on the Report.

On August 18, 2005, the Commission entered an Order in the consolidated docket, which, among other things, dismissed the Rule with prejudice. On September 7, 2005, the Homeowners' Association filed a Motion for Reconsideration in the Rule Docket.<sup>6</sup> Therein, the Homeowners' Association contends that it filed timely comments to the Examiner's Report and the Commission entered its Final Order on August 18, 2005, before the time permitted to the Homeowners' Association to file comments.<sup>7</sup>

NOW THE COMMISSION, having considered the Motion for Reconsideration is of the opinion and finds that the Commission has considered the argument and authorities submitted in the comments of the Homeowners' Association and declines to reconsider its Order for the reasons set forth therein.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition for Reconsideration is hereby denied for the purposes of continuing our jurisdiction over such proceeding and for further consideration.
- (2) The Commission's August 18, 2005, Final Order remains in full force and effect.
- (3) This matter is dismissed and the papers herein are passed to the file for ended causes.

<sup>1</sup> *Commonwealth of Virginia, ex rel. Terry L. Strock, et al. v. B&J Enterprises, L.C.*, Case No. PUE-2001-00716

<sup>2</sup> In the Motion for Refund Extension, the Company requested a one-year extension to complete the refunds, from June 2004 to June 2005.

<sup>3</sup> In its Motion for Sanctions, the Homeowners' Association requested, among other things, that the Commission compel B&J to immediately comply with the Final Order entered in the PUE-2001-00716 Docket and refund to homeowners funds, with interest, and impose appropriate penalties to be paid by B&J or its members and not by the homeowners.

<sup>4</sup> *Commonwealth of Virginia, ex rel. State Corporation Commission v. B&J Enterprises, L.C.*, Case No. PUE-2004-00098.

<sup>5</sup> Status of Refund as of June 30, 2005, Case No. PUE-2004-00098.

<sup>6</sup> 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure provides for a Petition for rehearing or reconsideration.

<sup>7</sup> The comment period on the Hearing Examiner's Report expired August 23, 2005.

**CASE NO. PUE-2004-00101  
JULY 6, 2005**

APPLICATION OF  
COMMERCE ENERGY INC.

For a license to conduct business as an electric competitive service provider

**ORDER REISSUING LICENSE**

On October 8, 2004, the State Corporation Commission ("Commission") issued to Commonwealth Energy Corporation ("Commonwealth Energy"), License No. E-14 to provide competitive electric service to residential, commercial and industrial customers in the electric retail access programs throughout the Commonwealth of Virginia.

On June 29, 2005, Commonwealth made a filing with the Commission advising that it had changed its corporate name to Commerce Energy, Inc. ("Commerce"). Commerce requests that the Commission reissue the electric service license in the name of Commerce Energy, Inc.

NOW THE COMMISSION, upon consideration of this matter, finds that Commonwealth Energy's License No. E- 14 to conduct business as a competitive electric service provider, shall be canceled and reissued in the name of Commerce Energy, Inc.

Accordingly, IT IS ORDERED THAT:

- (1) License No. E-14 authorizing Commonwealth Energy to provide competitive electric supply service to commercial and industrial customers in conjunction with the retail access programs is hereby canceled, and shall be reissued as License No. E-14A in the name of Commerce Energy, Inc.
- (2) Commerce Energy, Inc., shall operate under the license as reissued pursuant to the same terms and conditions as set forth in our Order Granting License entered in this docket on October 8, 2004.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2004-00111  
OCTOBER 31, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

Ex Parte, In Re: Investigation of gas supply asset assignment and agency agreement between Virginia Natural Gas, Inc., and Sequent Energy Management, L.P., f/k/a AGL Energy Services, Inc.

**ORDER APPROVING AFFILIATE AGREEMENTS AND CLOSING INVESTIGATION**

On November 30, 2000, the State Corporation Commission ("Commission") approved an energy services agreement ("Agreement") between Virginia Natural Gas, Inc. ("VNG" or "Company"), and AGL Energy Services, Inc., now known as Sequent Energy Management, L.P. ("Sequent").<sup>1</sup> Under the terms and conditions of the Agreement, Sequent provides natural gas supply asset and management services for VNG's non-distribution assets and operates as VNG's agent for procuring natural gas supplies. As noted in the November 30, 2000, Order Granting Approval entered in Case No. PUA-2000-00085, an essential task of the energy manager is to find, create, and take advantage of physical and financial market opportunities by managing VNG's assets in combination with other assets in order to meet the requirements of VNG's customers more efficiently. By allowing VNG to obtain natural gas procurement and asset management services from a consolidated and centralized source, the Agreement was designed to allow VNG to take advantage of economies of scale and other business efficiencies that would minimize the price of natural gas and create value for VNG and its customers. Sequent is compensated for its asset management and gas procurement activities undertaken on VNG's behalf through a value sharing mechanism that shares margins generated by Sequent's activities between Sequent and VNG.

On May 4, 2004, United States Gypsum Company ("USGC") filed a Petition with the Commission requesting an audit and investigation of the Agreement approved in Case No. PUA-2000-00085 between VNG and Sequent. The Petition alleged that VNG and its agent and affiliate Sequent had mismanaged VNG's assets under the Agreement to the detriment of VNG's firm and transportation customers. On September 20, 2004, the Commission entered an Order granting USGC's Petition to the extent that it requested the Staff of the Commission ("Staff") to audit and investigate the Agreement to determine whether the Agreement remains in the public interest.<sup>2</sup>

On September 29, 2004, the Commission entered an Order Establishing Audit and Investigation in this docket. The September 29, 2004, Order directed the Staff to investigate the Agreement and to file a Report containing the Staff's findings and recommendations on whether the Agreement remains in the public interest. Specifically, the Staff was directed to: (i) review the terms and conditions of the Agreement to determine whether any amendments or revisions to the Agreement are necessary; (ii) examine how the Agreement has been implemented by VNG and Sequent; and (iii) audit transactions undertaken by VNG and Sequent under the Agreement to determine whether the Agreement continues to be in the public interest.

<sup>1</sup> Application of Virginia Natural Gas, Inc., and AGL Energy Services, Inc., For approval of an Energy Services Agreement under Chapter 4 of Title 56 of the Code of Virginia, Case No. PUA-2000-00085, 2000 S.C.C. Ann. Rep. 240.

<sup>2</sup> Petition of United States Gypsum Company v. Virginia Natural Gas, Inc., and Sequent Energy Management f/k/a AGL Energy Services, Inc., Case No. PUE-2004-00050, 2004 S.C.C. Ann. Rep. 460.

On October 14, 2005, the Staff filed its Report with the Commission summarizing the results of its investigation, and making specific findings and recommendations to address the issues and concerns raised by the Staff during the course of its investigation. The Staff Report indicates that during the latter stages of the investigation, extensive discussions were held between the Staff, VNG, and Sequent in an effort to resolve the Staff's concerns with certain terms and conditions of the current Agreement, as well as VNG and Sequent's implementation of and practices under the Agreement. The discussions were held in an effort to formulate a new agreement or agreements that would address Staff's concerns, protect VNG's customers, and promote the public interest.

As a result of their extensive efforts, VNG, Sequent, and the Staff have reached a proposed resolution designed to resolve all issues and concerns raised by the Staff during the course of its investigation. Under the proposed resolution, an initial upfront payment will be made to VNG's customers in the amount of \$1,000,000. This payment will be made to VNG's customers through VNG's Actual Cost Adjustment ("ACA") portion of the Company's purchased gas adjustment ("PGA") clause in the first quarter of 2006. In addition, VNG, Sequent, and the Staff have proposed a revised Asset Management and Agency Agreement ("AMAA") and a Gas Purchase and Sale Agreement ("GPSA") (collectively, "New Agreements") that would replace the current Agreement between VNG and Sequent. The Staff Report concludes that the initial upfront payment of \$1,000,000 to VNG's customers and the New Agreements, attached to the Staff Report as Appendix B, protect and promote the public interest and would resolve all the issues and concerns raised by the audit and investigation ordered by the Commission.

A discussion of the issues identified in the Staff Report, together with an analysis of the key provisions set out in the AMAA and GPSA that address these concerns, follow below.

### The Staff Report

The Staff's investigation examined all aspects of the current Agreement between VNG and Sequent, including the terms and conditions of the current Agreement, the implementation of the Agreement by VNG and Sequent, and transactions undertaken by Sequent on VNG's behalf under the Agreement. The Staff investigation identified several areas of concern with the current Agreement and, as a result, the Staff proposed several revisions to the current Agreement to promote the public interest for both VNG and its customers. The following revisions, agreed to by VNG, Sequent, and the Staff, are incorporated into the new AMAA and GPSA.

#### 1. Sequent's Access to VNG's Assets

The current Agreement provides that VNG shall assign certain gas transportation, storage, and supply contracts to Sequent. In actual practice, however, VNG's contracts have not been assigned to Sequent. Instead, Sequent has acted as VNG's agent when managing the contracts. The Staff Report concludes that an agency relationship is preferable to an assignment of VNG's contracts because an assignment may limit VNG's legal rights to the contracts during the term of the Agreement.

The current Agreement also provides that Sequent can use VNG's assets in furtherance of Sequent's business strategy. Staff recommends that, in order to protect the interests of VNG and its customers, Sequent's use of VNG's assets be specifically limited to those assets remaining after VNG's system supply needs are fully satisfied. While this is consistent with Sequent's current practices under the Agreement, the Staff believes that specific language should be incorporated into a new agreement clearly stating that only VNG's "unused" assets may be utilized by Sequent.

The current Agreement also allows Sequent to assign the Agreement to a third party without prior approval of the Commission. The Staff Report recommends that contract language be incorporated into the New Agreements providing that the AMAA and GPSA cannot be transferred or assigned without the prior approval of the Commission.

The new AMAA and GPSA incorporate the Staff recommendations on these matters. The new AMAA provides that Sequent operates as VNG's agent for the purpose of managing VNG's assets, and that Sequent can utilize only those assets that are unused after Sequent has supplied VNG's full gas supply requirements. Finally, both the new AMAA and GPSA require prior Commission approval before the agreements can be assigned to a third party.

#### 2. Gas Pricing for Sales to VNG

Under the current Agreement, Sequent is authorized to price gas to VNG using weighted average index prices of gas at each delivery point based on VNG's entitlements under its current transportation contracts with gas pipeline companies. Accordingly, gas delivered to VNG on any given day is not priced on the basis of the gas actually taken at each receipt point, but is priced based on the weighted average cost of what VNG is allowed to take and transport, *i.e.*, its entitlements under its existing transportation contracts. Sequent can capture value by beating the weighted average entitlement point price. According to Staff, this practice increases the value-sharing benchmark by weighting gas purchases according to entitlements rather than actual purchases. The Staff Report concludes that entitlement pricing increases the value created under the current Agreement, but it also increases VNG's cost of gas.

The Staff recommends a different approach for pricing VNG's gas purchases in the future. Staff recommends that VNG create virtual or "logical" dispatch plans on a continuing basis, as though VNG was actually dispatching the gas. The plans would be provided to Sequent, and Sequent would then be free to schedule actual dispatching in whatever way it deems appropriate. However, the price for gas billed to VNG would be based upon VNG's own dispatch plan. Using a virtual dispatch plan, VNG will create and pay for its own least-cost dispatch plan, and Sequent is free to maximize margins, taking VNG's plan into account. Any margins generated by Sequent would then be shared with VNG through the value sharing mechanism.

The Staff Report states that virtual dispatch has the advantage of approximating the dispatch that would take place if VNG was acquiring its own gas on a stand-alone basis. The measure of value under this approach, according to Staff, is a good approximation of the value attributable to Sequent's actions. The Staff notes, however, that it is crucial that VNG personnel creating the virtual dispatch plan operate independently from Sequent in order to act in the best interests of VNG and its customers.

The New Agreements proposed by VNG, Sequent, and the Staff incorporate a virtual dispatch model for pricing VNG's gas purchases. VNG has also agreed to prepare and retain detailed records of the virtual dispatch plans developed by its personnel, as well as VNG's supporting rationale for the virtual dispatch plans.

### 3. Use of Actual Prices versus Index Prices for Sharing Benchmark and Off-System Sales

One concern raised in the Staff Report relates to the price of gas used in the value sharing calculation under the current Agreement. The Staff believes that the current Agreement, as well as the Commission's Order Granting Approval of the current Agreement, requires the use of actual gas costs in the value sharing calculation. If Sequent purchases gas for VNG at a cost below the index price, the Staff believes that the difference between the actual cost and index cost of gas must be shared with VNG and its customers.

In actual practice, however, VNG and Sequent have used gas price indices as the basis for the sharing calculation. Under this approach, if Sequent beats the gas price indices by purchasing lower cost gas for VNG, any savings realized would not be shared with VNG or its customers. All savings would inure to the sole benefit of Sequent.

Sequent maintains that VNG has benefited from the use of price indices in the value sharing calculation. However, the Staff Report notes that if the actual cost of VNG's gas is unknown, Staff cannot verify whether the amount of revenue shared with VNG and its customers is accurate. In addition, the Staff Report states that actual cost information is needed in order to verify the reasonableness of the indices used to price VNG's gas.

The Staff Report also notes that Sequent uses indices for determining the sharing pool's off-system sales revenue for sales at pooling points. The Report indicates the Staff's investigation found instances where Sequent was crediting the value sharing pool at an index price, but then selling that gas to a third party at a different negotiated price. The incremental profit or loss that Sequent realized from third-party sales was not shared with VNG and its customers.

While Staff prefers that all aspects of the sharing calculation be based on actual costs, the Staff recognizes the difficulty of tracking and verifying actual prices for VNG's gas and off-system sales because Sequent's gas purchases and sales are not always VNG specific. Accordingly, the Staff has agreed to support the revised AMAA and GPSA, which allow pricing and value sharing calculations to be based on indices, with the explicit requirement that detailed records of all of Sequent's gas purchases and sales, at each VNG entitlement point, must be maintained by Sequent. Staff can then audit actual costs on a going-forward basis to determine the materiality of any difference between the actual cost and index cost of gas. Under the New Agreements, records must be retained for a period of two years after the agreements expire. Sequent has also agreed to report the actual cost of its monthly gas purchases on a quarterly basis to Staff and to maintain detailed supporting documents, including all relevant invoices.

### 4. Gas Storage

The Staff's investigation identified two areas of concern relating to Sequent's gas storage activities undertaken on VNG's behalf. The first concern relates to the filling of storage during the summer months. Under the current Agreement, VNG gives Sequent a target fill level for its gas storage capacity for the end of the storage-injection season, and Sequent fills to meet that target as it sees fit. Over the last two years, Sequent has injected greater-than-ratable quantities of gas in the early months of the April through October fill season and less-than-ratable quantities of gas in the later months of the fill season. The Staff believes the use of a ratable fill over the storage injection season would have resulted in lower overall costs to VNG. Staff therefore recommends that in the future, VNG dictate the fill pattern to Sequent for pricing purposes as part of VNG's virtual dispatch plan.

Staff's second concern relates to new gas storage capacity VNG added in 2004. Staff believes that Sequent's pattern of filling VNG's share of the new storage capacity may have had an adverse impact on the cost of gas to VNG's customers.

The Staff Report notes that VNG and Sequent disagree with Staff's analysis of Sequent's gas storage operations undertaken on VNG's behalf. However, VNG's agreement to use a virtual dispatch plan in the future should alleviate the Staff's concerns.

### 5. Capacity Release

In October of 2002, VNG ended its practice of making capacity releases to large industrial customers for the transportation of third-party supplied gas in order to make off-system sales to third parties. USGC filed a Petition alleging that this practice was operating to the financial disadvantage of VNG's firm and transportation customers because all proceeds from capacity releases flow back to firm customers through VNG's PGA clause, while only half of the margins generated from off-system sales flow back to customers. USGC alleged this practice represented a mismanagement of VNG's assets, and USGC therefore requested the Commission to audit and investigate the current Agreement.

The Staff Report indicates that Staff reviewed a month of detailed transactions from the time period in which USGC alleged that off-system sales were operating to the financial disadvantage of VNG's customers. The Staff's audit of February 2003 off-system sales clearly supported the claims of Sequent and VNG that off-system sales provide greater economic benefits to VNG's customers than capacity releases. All off-system sales generated more than twice the value of capacity releases. Accordingly, the Staff Report found that USGC's claim that VNG's customers were financially disadvantaged by off-system sales was unfounded. Instead, the Staff Report concluded that VNG's firm customers receive more value from off-system sales than capacity releases.

### 6. Indirect Sequent Costs

The Staff Report observed that Sequent has provided services indirectly to VNG through AGL Services Company, Inc. ("AGLSC"), since 2001. In other words, Sequent bills AGLSC for certain gas supply services provided on VNG's behalf, and AGLSC, in turn, bills VNG through a separate agreement between AGLSC and VNG. The Staff is concerned that there may be an overlap and conflict in services provided to VNG under its current Agreement with Sequent and the separate agreement between AGLSC and Sequent. The Staff therefore recommends that the agreement between VNG and Sequent, as well as the agreement between Sequent and AGLSC, be redrafted to make one the controlling agreement and to clarify exactly what services Sequent can charge to VNG. Although VNG and Sequent dispute the Staff's conclusions related to the Sequent costs flowed to VNG through AGLSC, they have agreed that Sequent will no longer flow charges to VNG through AGLSC.

The Staff, VNG, and Sequent have also agreed that regulatory compliance costs related to the Commission's regulation of the new AMAA and GPSA will not be included in the value sharing mechanism of the proposed AMAA, nor will the charges be recovered through any gas recovery mechanism. Sequent has also agreed not to charge VNG for any costs incurred as a result of the Staff's audit and investigation in this case.

#### 7. Agreement Structure and Duration

The current Agreement covers both asset management and gas purchasing activities undertaken by Sequent on VNG's behalf. The Staff believes that separate asset management and gas purchase agreements are preferable because the activities are separate and distinct and should therefore be unbundled. The current Agreement also allows VNG and Sequent to extend the term of the Agreement upon mutual agreement of the parties. There is no language in the Agreement that requires prior Commission approval before the term of the Agreement is extended.

VNG and Sequent have agreed to have separate agreements for asset management and gas procurement purposes. In addition, the new AMAA and GPSA do not provide for any extensions to the term of the agreements. VNG and Sequent also prefer that the New Agreements terminate at the end of the heating season. Accordingly, VNG and Sequent propose that the new AMAA and GPSA commence on November 1, 2005, and terminate on March 31, 2009. The Staff agrees with the proposed commencement date and term of the New Agreements.

#### 8. Information Systems and Internal Controls

Sequent implemented a new computer-based system of controls and databases (called "Endur") in October 2004 that has improved internal processes and related controls significantly. According to the Staff Report, Sequent's transaction processing and controls continue to evolve and improve. However, the Staff's investigation did find evidence of data entry and recording errors under the Endur system. The Staff Report concludes that the errors are immaterial when considered in the aggregate.

As a result of the Staff's audit, Sequent has agreed to implement a process for reconciling the prices and volumes of off-system sales at VNG's citygate delivery points with the prices and volumes that the value sharing pool receives. In addition, Sequent has agreed to continue to improve its controls and transaction processing, and it has further agreed to report its progress to the Staff on a quarterly basis.

#### 9. VNG Oversight of the Agreement

The Staff Report recommends that VNG establish a small management/operational group responsible for effective management oversight of Sequent's performance and operating practices under the new AMAA and GPSA. The Staff further recommends that VNG assign specific duties and responsibilities to the group and establish specific goals for cost containment.

VNG has agreed to significantly strengthen its oversight of Sequent's activities under the New Agreements. An outline of the steps VNG has agreed to in order to improve its oversight of Sequent is contained in VNG's work plan attached as Appendix C to the Staff Report.

#### 10. Recordkeeping

As previously mentioned in this Order, VNG, Sequent, and the Staff have agreed that gas pricing to VNG and gas sales to third parties shall be based on published index prices. However, in order to allow Staff to determine the reasonableness of the index prices, Sequent has agreed to maintain detailed records of the weighted average gas prices for Sequent purchases from and sales to third parties at each location. VNG, Sequent, and the Staff have further agreed that these records, as well as all records related to transactions undertaken pursuant to the New Agreements, shall be maintained for a minimum of two years after the agreements terminate.

#### 11. Reporting to the Commission

In the Commission's November 30, 2000, Order Granting Approval entered in Case No. PUA-2000-00085, VNG and Sequent were directed to provide the Staff with documentation and information with its quarterly PGA filings that would allow the Staff to monitor the operation of the current Agreement. The Staff Report recommends that the current quarterly reports be revised and supplemented to provide more relevant information, which will allow the Staff to monitor Sequent's performance under the New Agreements more effectively. Specifically, the Staff recommends the following changes to the quarterly report:

- (a) Inclusion of clear and comprehensive reporting of the net effects of storage arbitrage.
- (b) Inclusion of backup data for the following three storage arbitrage items in the current quarterly reports: storage revenue, storage costs, and realized financial gains.
- (c) Inclusion of a separate work sheet that reports, at a minimum, for each month: (1) the prices and volumes of gas injected into storage; (2) the prices and volumes of gas withdrawn from storage; (3) the Weighted Average Cost of Gas for gas in storage; (4) market-to-market value of outstanding financial positions; (5) a summary of actions undertaken during the month, including, physical gas bought, physical gas sold, financial positions settled, and incremental storage activity; and (6) a clear explanation of the computational logic in Work Sheet C and the Work Sheet on Storage Fill Pricing.

The Staff Report also recommends several technical changes to the quarterly reports, including a glossary of terms that clearly defines the technical jargon used in the reports; a change in the reporting periods to reflect the termination of the current Agreement on October 31, 2005; a revision to the quarterly reporting schedule to synchronize future reports with the terms of the new AMAA and GPSA; a rearrangement of the reports to arrange exhibits in order of priority and to eliminate redundancies in the current exhibits; and the submission of the quarterly reports in hard copy and compact disk format.

Further, the Staff Report proposes that VNG submit additional information to allow the Staff to monitor the virtual dispatch pricing methodology proposed in the new GPSA. Specifically, VNG and Sequent must provide VNG's detailed dispatch plan for each day and the resulting cost to VNG; Sequent's dispatch results for each day, for comparison purposes; and an explanation of any deviation in the virtual dispatch plan's cost from Sequent's actual dispatch costs greater than 10% for any month.

In order to allow the Staff to monitor the use of index pricing for value sharing purposes, the Staff proposes that Sequent report the average weighted cost of its monthly baseload purchases at VNG entitlement points and supporting calculations. As part of this recommendation, Sequent would also be required to maintain data that will allow Sequent and/or the Staff to compute the average weighted cost of its daily gas purchases.

Finally, the Staff Report recommends that Sequent and VNG be required to report, on a quarterly basis, their progress in addressing the Staff's findings regarding Sequent's data recording errors.

VNG and Sequent have agreed to implement the Staff's reporting recommendations described above. Staff has further agreed, unless otherwise ordered by the Commission, to maintain all the reports described above on a confidential basis given the commercially sensitive information contained in the quarterly reports.

The Staff Report concludes that the proposed AMAA and GPSA adequately address the Staff's concerns raised in the investigation and provide a satisfactory basis for implementing and monitoring the New Agreements. Accordingly, the Staff Report recommends that the Commission enter an Order approving the New Agreements under the Affiliates Act, § 56-76 *et seq.*, Title 56 of the Code of Virginia; approving the proposal to make an initial upfront payment of \$1,000,000 to VNG's customers; and closing the investigation.

VNG, Sequent, and the Staff also filed simultaneously with the Staff Report, a Joint Motion to Approve Affiliate Agreements and Close Investigation ("Joint Motion") on October 14, 2005. The Joint Motion requests the Commission to issue an Order accepting the Commission Staff's Final Report; finding that the revised AMAA and GPSA attached thereto as Appendix B are in the public interest; approving the revised AMAA and GPSA under Chapter 4, Title 56 of the Code of Virginia; and closing the investigation.

On October 14, 2005, the Commission entered an Order allowing interested persons to file, on or before October 24, 2005, responses to the Staff Report and Joint Motion. USGC, by counsel, filed comments in support of the Joint Motion and Staff Report. The Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), filed a response stating that the Consumer Counsel has no objection to the relief requested in the Joint Motion.

NOW THE COMMISSION, having considered the Staff Report, Joint Motion, and comments and response filed thereto, is of the opinion and finds that the resolution proposed by VNG, Sequent, and the Staff should be approved. Accordingly, we find that the Joint Motion should be granted; that the findings and recommendations in the Staff's Report should be accepted; that the AMAA and GPSA, attached to the Staff Report as Appendix B, promote and are in furtherance of the public interest and should be approved under Chapter 4, Title 56 of the Code of Virginia; and that the current investigation should be closed.

Accordingly, IT IS ORDERED THAT:

- (1) The Joint Motion to Approve Affiliate Agreements and Close Investigation be, and the same is hereby, granted.
- (2) The resolution proposed by VNG, Sequent, and the Commission Staff whereby an initial upfront payment of \$1,000,000 will be made to VNG's customers and whereby the New Agreements will be implemented for VNG's asset management and gas procurement activities is approved.
- (3) Pursuant to § 56-77 of the Code of Virginia, VNG and Sequent are hereby granted approval of the AMAA and the GPSA under the terms and conditions described herein.
- (4) Should there be any changes in the terms and conditions of the New Agreements from those contained herein, Commission approval shall be required for such changes.
- (5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- (6) VNG and Sequent shall submit quarterly reports containing information described in the Staff Report and approved herein to allow the Staff to monitor the asset management and gas procurement activities of Sequent and VNG under the New Agreements.
- (7) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.
- (8) VNG and Sequent shall forthwith submit executed copies of the AMAA and the GPSA set out in Appendix B of the Staff Report to both the Commission's Division of Public Utility Accounting and Division of Energy Regulation.
- (9) The Staff is directed to monitor the New Agreements approved herein to ensure that they continue to be in the public interest.
- (10) VNG shall include the New Agreements approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting.
- (11) There appearing nothing further to be done in this matter, this case shall be dismissed and the papers herein placed in the Commission's file for ended causes.

**CASE NO. PUE-2004-00112  
APRIL 28, 2005**

APPLICATION OF  
ROANOKE GAS COMPANY

For an expedited increase in its rates

**FINAL ORDER**

On September 16, 2004, Roanoke Gas Company ("Roanoke" or the "Company") filed a rate application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. Roanoke sought to increase its annual revenues by \$1,135,165, an increase of approximately 1.31%. The Company also requested it be allowed to place its proposed rates for services and all terms and conditions proposed in its supporting testimony into effect for service rendered on and after October 16, 2004. However, the application was not made complete until the Company filed a Supplement to Schedule 25 of the rate application on September 23, 2004.<sup>1</sup>

By Order dated October 19, 2004, the Commission authorized the Company to place its rates into effect on an interim basis, effective October 23, 2004, subject to refund. The Commission appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission; established a procedural schedule for the case and set a hearing date for March 29, 2005, to receive evidence on the Company's application.

The hearing was convened as scheduled on March 29, 2005. Richard D. Gary, Esquire, appeared as counsel for the Company. Don R. Mueller, Esquire, appeared as counsel for the Staff. The Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), appeared by its counsel, D. Mathias Roussy, Jr., Esquire. No public witnesses appeared at the hearing.

The Company and Staff offered an executed Stipulation at the hearing in which they proposed to offer their respective prefiled testimony into the record with waiver of all cross-examination.<sup>2</sup> The Stipulation sets forth the agreement of the Company and Staff that the record supports a fair and reasonable annual increase in revenues of \$856,859 based on the capital structure reflected in the Staff's testimony and exhibits. The increase is based on a return on equity of 9.85% and a range of 9.35% to 10.35%. The executed Stipulation was received into the record at the hearing. Also, the Company's prefiled testimony of John B. Williamson, III, J. David Anderson, and Dale P. Moore, the prefiled Staff testimony of Thomas P. Handley, David A. Roberts and Michael W. Gleason, were all received into the record.

Pursuant to the Stipulation, the Company requested that Roanoke be permitted to place the lower rates into effect since the revenue requirement in the Stipulation is lower than the revenue requirement that rates placed in effect on October 23, 2004, were designed to recover and such action would decrease the Company's ultimate refund liability. Pursuant to the Hearing Examiner's Ruling of March 30, 2005, Roanoke was directed to implement the rates contained in the Stipulation as interim rates.<sup>3</sup>

On April 13, 2005, Hearing Examiner Alexander F. Skirpan, Jr., issued a Report in which the Hearing Examiner recommended the Commission enter an Order approving the Stipulation and the proposed revenue increase, accounting adjustments, the stipulated rates now in effect on an interim basis, and refund of the difference between the stipulated tariffs and the tariffs that went into effect on October 23, 2004. All parties and Staff waived comments on the Report based upon acceptance of the Stipulation on the record of the hearing by the Hearing Examiner.

The Commission accepts the recommendations of the Hearing Examiner and finds, pursuant to the Stipulation and supporting testimony, as follows:

- (1) The use of a test year ending June 30, 2004, is proper in this proceeding;
- (2) Roanoke's test year operating revenues, after all adjustments, were \$73,067,664;
- (3) Roanoke's test year net operating income and adjusted net operating income, after all adjustments were \$3,431,063 and \$3,387,720, respectively;
- (4) Roanoke's test year operating deductions, after all adjustments, were \$69,636,601;
- (5) Roanoke's current rates produce a return on adjusted rate base of 7.050% and a return on equity of 7.789%;
- (6) Roanoke's current cost of equity is in the range of 9.35% to 10.35%, and the midpoint of 9.85% should be used to calculate rates;
- (7) Roanoke's overall cost of capital, using the midpoint of the return on equity range and the capital structure reflected in the Stipulation, is 8.149%;
- (8) Roanoke's adjusted test year rate base is \$48,053,407;
- (9) Roanoke requires \$856,859 in additional gross annual revenues to earn a reasonable return on rate base;

<sup>1</sup> Staff filed a Memorandum of Completeness on September 24, 2004, noting that the application's completion was on September 23, 2004.

<sup>2</sup> The Consumer Counsel did not join in the Stipulation but supported it in open hearing.

<sup>3</sup> Pursuant to the Hearing Examiner's Ruling of April 5, 2005, a correction to the rate for Industrial Firm Transportation Service All Terms, from 0.189970 to 0.0189970, was received into the record on Motion by the Company. The Interim rates authorized by the Ruling of March 30, 2005 were revised accordingly. The revised schedule of rates was admitted into the record and substituted as the basis for interim rates pursuant to the Ruling of April 5, 2005.

(10) The rates stipulated and provided in Attachment 2 of the Report are designed to produce the required additional gross annual revenues and are just and reasonable;

(11) Roanoke's cost of equity range of 9.35% to 10.35% should be used for purposes of future earnings tests until the Commission establishes otherwise;

(12) In accordance with the Stipulation, Roanoke may file its next expedited rate application based on the midpoint of the cost of equity range determined in its prior general rate application or 10.1%; and

(13) Roanoke should be required to refund, with interest, all revenues collected under its interim rates in excess of the amount found just and reasonable.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the April 13, 2005, Hearing Examiner's Report are hereby adopted.

(2) The Company's stipulated rates currently approved on an interim basis are hereby made permanent.

(3) On or before July 15, 2005, Roanoke shall recalculate, using the rates and charges approved in Ordering Paragraph (2) above, each bill it rendered that used, in whole or in part, the rates and charges that took effect under bond and subject to refund on October 23, 2004. Where application of the new rates results in a reduced bill, Roanoke shall refund the difference with interest as set out below.

(4) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. 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 months of the preceding calendar quarter.

(5) The refunds ordered in Ordering Paragraph (3) above may be credited to current customers' accounts (each refund category shall be shown separately on each customer's bill). 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. Roanoke 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. Roanoke may retain refunds to former customers when such refund is less than \$1. Roanoke shall maintain a record of former customers for which the refund is less than \$1, and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code of Virginia.

(6) On or before September 15, 2005, Roanoke shall deliver to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order, detailing the costs of the refunds and the accounts charged.

(7) Roanoke shall bear all costs incurred in effecting the refund ordered herein.

(8) Since there is nothing further to come before the Commission, this case is hereby dismissed and the papers herein placed in the Commission's file for ended causes.

**CASE NO. PUE-2004-00113  
MAY 11, 2005**

APPLICATION OF  
DELMARVA POWER AND LIGHT

For exemption from Rules Governing the Use of Bidding Programs to Purchase Electricity from Other Power Suppliers and Part of Chapter 4 of Title 56

**FINAL ORDER DISMISSING PROCEEDING**

In this Order, the State Corporation Commission ("Commission") will dismiss a proceeding initiated on September 17, 2004, by the Petition of the Delmarva Power and Light Company ("Delmarva" or "Company"). Under that Petition, the Company sought an exemption from the Rules Governing the Use of Bidding Programs to Purchase Electricity from Other Power Suppliers (20 VAC 5-301-10, et seq.) ("Bidding Rules"), and a partial exemption from Chapter 4 (§ 56-76 et seq.) of Title 56 of the Code of Virginia ("Code").

The Petition related to the Company's plan to secure wholesale power for purposes of serving its Virginia retail load on and after January 1, 2005. As detailed in the Petition, the Company sought to ensure that its affiliate, Conectiv Energy Supply, Inc. ("CESI"), could bid on Delmarva's request for proposals ("RFP") to serve Delmarva's entire Virginia load of approximately 98 megawatts. Additionally, the Petition sought to ensure that CESI's bids on this RFP would not be constrained by any "lower of cost or market" pricing requirement that this Commission has, in some instances, imposed on transactions between state regulated utilities and their affiliates governed by the Affiliates Act.

The Petition was a preliminary application that anticipated a further application by the Company to this Commission for an adjustment to the Company's capped rates, to be made pursuant to § 56-582 B(i) of the Virginia Electric Utility Restructuring Act ("Restructuring Act").<sup>1</sup> Section 56-582 B(i)

<sup>1</sup> Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia.

authorizes the Commission to adjust Virginia electric utilities' capped rates to permit their recovery of "fuel and purchased power costs pursuant to § 56-249.6, and, if applicable, in accordance with the terms of any Commission order approving the divestiture of generation assets pursuant to § 56-590."

Thereafter on October 26, 2004, the Company filed companion applications docketed as Case Nos. PUE-2004-00124 and PUE-2004-00125. In Case No. PUE-2004-00124, the Company sought an adjustment to its capped rates pursuant to § 56-582 B(i) for purposes of recovering purchased power costs related to the Company's RFP. In the other docket, Case No. PUE-2004-00125, the Company sought authority from this Commission to enter into a wholesale power supply arrangement with its affiliate, CESI.

On November 3, 2004, we entered an Order in this docket (Case. No. PUE-2004-00113), approving the Company's Petition to the extent of exempting it from the requirements of 20 VAC 5-301-20 of the Bidding Rules. Consequently, Delmarva was authorized to entertain a bid on its RFP from its affiliate, CESI.<sup>2</sup> However, we denied that part of the Petition seeking a preliminary determination that any bid by CESI would be exempt from the possible requirement that Delmarva pay CESI (if CESI was the winning bidder), the lower of cost or market for such wholesale power. We held that such a request was premature, and that the procedural and due process requirements of § 56-249.6 of the Code precluded us from acting on this issue at that time.<sup>3</sup> The matter was continued for further Order of this Commission.

On December 17, 2004, we entered an Order in Case No. PUE-2004-00125, approving Delmarva's entry into a Full Requirements Service Agreement ("FSA") with its affiliate, CESI, under which CESI would supply 100% of Delmarva's Virginia's default service customers' requirements for the 17-month period of January 1, 2005, through May 31, 2006. However, the approval granted was subject to the Commission's authority under §§ 56-78 and 56-80 of the Code; the Commission also reserved the right to fully consider the purchased power costs associated with the FSA as part of its review of the Company's companion filing (Case No. PUE-2004-0124).

Thereafter, on March 25, 2005, the Commission entered an Order in Case No. PUE-2004-00124, establishing a fuel factor for the Company pursuant to the provisions of §§ 56-249.6 and 56-582 B(i) of the Code. As discussed above, the fuel factor increase the Company sought in that application related to the cost of power Delmarva purchases from the wholesale market to service its retail customers in the Commonwealth. In particular, the proposed increase represented the cost of power in Delmarva's contract with CESI resulting from Delmarva's bid solicitation in which CESI submitted the winning bid.

Inasmuch as the Commission has issued final orders in the Company's applications docketed as Case Nos. PUE-2004-00124 and PUE-2004-00125, there is no longer any need to maintain this docket (Case No. PUE-2004-00113) in a pending status. Therefore we will dismiss this case.

Accordingly, IT IS ORDERED THAT there being nothing further to be done in this case, this application shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be made part of the Commission's file for ended causes.

<sup>2</sup> We also granted Delmarva's Petition under the provisions of the Affiliates Act, authorizing Delmarva to entertain a bid from its affiliate, CESI.

<sup>3</sup> We noted in the Order, however, that such denial was without prejudice to Delmarva advancing that argument to this Commission in making its case for a rate adjustment pursuant to § 56-582 B(i) of the Code.

**CASE NO. PUE-2004-00115  
JANUARY 21, 2005**

NOTIFICATION OF  
PARAMONT ENERGY LC

To furnish natural gas service pursuant to § 56-265.4:5 of the Code of Virginia

**ORDER DISMISSING PROCEEDING**

On September 24, 2004, Paramont Energy LC ("Paramont" or "Company") notified the State Corporation Commission ("Commission"), pursuant to § 56-265.4:5 of the Code of Virginia of its plans to furnish natural gas services to Wal-Mart Stores, Inc. ("Wal-Mart"), a Delaware corporation that is building and intends to engage in the operation of a Wal-Mart store located in the City of Norton, in Wise County, Virginia (the "Store").

On November 3, 2004, the Staff of the Commission filed a memorandum advising that the Company's facilities were not located within a territory for which a certificate of public convenience and necessity has been granted and that Paramont's facilities were not located within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

On November 5, 2004, the Commission entered an Order docketing the proceeding and notifying all public utilities providing natural gas service in the Commonwealth of Paramont's plans to furnish gas service to the Store. These utilities were advised they could file an application with the Commission to provide natural gas service within the area identified in the Company's notification documents within sixty (60) days of the entry of the November 5, 2004, Order. The Commission found the Store's facilities not to be located within a territory for which a certificate of public convenience and necessity had been granted or, at the time of receipt of the notice, within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

On November 10, 2004, the Commission entered an Amending Order that, among other things, extended the sixty-day period during which any jurisdictional natural gas public utility may file an application with the Commission to provide natural gas service within the area identified in the Company's notification documents to sixty (60) days after the date of entry of that Amending Order.

Sixty days have now elapsed since the entry of the November 10, 2004, Order, and no jurisdictional public utility has filed an application to provide natural gas service within the area identified in the captioned notification.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the Company has satisfied the requirements of §§ 56-265.1(b)(4) and 56-265.4:5 of the Code of Virginia, and that there being nothing further to be done herein, the matter should be dismissed.

Accordingly, IT IS THEREFORE ORDERED THAT this matter shall be dismissed from the Commission's docket of active proceedings and the papers filed herein made a part of the Commission's file for ended causes.

**CASE NO. PUE-2004-00117  
JANUARY 28, 2005**

PETITION OF  
NORTHERN VIRGINIA BUILDING INDUSTRY ASSOCIATION  
v.  
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For an Order enjoining NOVEC from implementation of a policy requiring builders and developers to install electrical facilities in an underground conduit system

**FINAL ORDER**

On September 24, 2004, Northern Virginia Building Industry Association ("NVBIA") filed a Petition with the State Corporation Commission ("Commission") petitioning, pursuant to 5 VAC 5-20-100 B and C, for an immediate Order enjoining Northern Virginia Electric Cooperative ("NOVEC" or the "Cooperative") from implementation of its new policy requiring builders and developers to install all new electrical facilities in an underground conduit system and declaring such policy to be unlawful as well as unjust and unreasonable.

NVBIA states it is a non-profit Virginia corporation and a trade association consisting of more than 1,000 builders, developers, and associate members. In its Petition, NVBIA alleges that NOVEC's tariffs afford the Cooperative limited discretion to determine on a case-by-case basis where conduit is to be installed when NOVEC extends underground electric service to new residences and residential subdivisions. NOVEC tariff paragraph VI.A.8 provides:

For underground service, the Customer may be required to provide access conduits underneath driveways, sidewalks, patios, porches, decks, etc., to the Cooperative's specifications. At the Cooperative's option, an entire conduit system may be required.

According to the Petition, NOVEC plans to implement a policy to be effective January 1, 2005, which will: (i) require all underground expansion of the electric system be installed in a conduit system rather than being directly buried and (ii) eliminate the option presently available to builders and developers to have NOVEC perform the expansion work with the builder/developer reimbursing NOVEC for the related costs. NVBIA asserts that the policy changes announced by NOVEC are not permitted under NOVEC's tariff and Virginia law. NVBIA argues that a violation of its tariff by NOVEC is a violation of state law requiring utilities to abide by their tariffs.

NVBIA's Petition states four interrelated claims upon which it requests the Commission take action. In Count 1, NVBIA asserts that it is a violation of Virginia Code §§ 56-234, 56-236, 56-237, and 56-247 for NOVEC to require conduit for all system expansions, as NOVEC's tariffs permit it to require conduit only in limited circumstances on a case-by-case basis. Further, NVBIA asserts in Count 1 that it is a violation of NOVEC's tariff to eliminate the builder's option of furnishing and installing such a conduit system itself or reimbursing additional costs needed for NOVEC to do so.

In Count 2, NVBIA alleges that NOVEC's announced policy is a violation of Virginia Code § 56-582. NVBIA claims that the policy is a reduction in service under the present statutory rate caps and represents an improper rate increase. NVBIA asserts that NOVEC's violation of this aspect of the Restructuring Act<sup>1</sup> harms builders and developers in Northern Virginia.

In Count 3, NVBIA alleges that NOVEC violated Virginia Code § 56-247 by embarking on a major change without adequate notice, by repeatedly issuing different versions of the new policy prior to the effective date, by failing to disclose the effective date of each version, by failing to identify changes in the differing versions, by representing that tariffed charges would not be imposed, by failing to recognize the effects of the new policy on builders and developers, and by promulgating a policy that would impose unnecessary and unreasonable costs and responsibilities on builders and developers. NVBIA alleges that NOVEC has acted unreasonably, arbitrarily, and capriciously and that such actions violate Virginia Code § 56-247. NVBIA asserts that it is entitled to an Order that: (i) declares NOVEC's regulations, practices, services, and acts to be unjust and unreasonable; (ii) substitutes just and reasonable regulations, practices, services, and acts; and (iii) directs NOVEC not to require builders and developers to install all new underground facilities in a conduit system pursuant to the new NOVEC policy.

In Count 4, NVBIA asserts that by failing to comply with its tariff in violation of Virginia Code §§ 56-234, 56-236, 56-237, 56-247, and 56-582, NOVEC has injected uncertainty and insecurity and threatened imminent harm to numerous builders and developers in Northern Virginia.

NOVEC filed with the Commission on October 15, 2004, its Motion to Dismiss, Answer and Affirmative Defenses ("Motion to Dismiss") and a Memorandum in Support of Motion to Dismiss for Lack of Standing. NOVEC asserts its "all conduit program" is permitted by its tariffs and results from problems related to the prior direct burying of electric cable during extension installations. NOVEC asserts that the all conduit policy is not really new, in that it has always been applied to commercial and most townhouse developments. NOVEC further denies that its new policy will eliminate the option for builders and developers to rely upon NOVEC to furnish and install underground conduit systems. NOVEC alleges the policy effective date was postponed until January 1, 2005, after discussion with the Commission Staff and NVBIA.

<sup>1</sup> Virginia Electric Utility Restructuring Act, Virginia Code Ann. §§ 56-576 *et seq.* ("Restructuring Act").

NOVEC's Motion to Dismiss alleges NVBIA lacks standing to institute this action and, therefore, is not entitled to the relief requested. NOVEC asserts that as a trade association, NVBIA is without standing to represent the interests of its members in such a petition. As no builder or developer has joined in the Petition, NOVEC asserts that, pursuant to Virginia case law<sup>2</sup> and specific Commission precedent,<sup>3</sup> the matter should be dismissed. NOVEC asks that the Commission enter an Order granting NOVEC's Motion to Dismiss or, alternatively, enter an Order denying the request for relief sought by NVBIA in its Petition.

On November 4, 2004, NVBIA filed its Response in Opposition to NOVEC's Motion to Dismiss. NVBIA argues that if NOVEC's Motion to Dismiss were granted, it would undo many years of the Commission's practice of allowing consumer groups to associate for the purpose of initiating and participating in cases before the Commission. NVBIA asserts that the Commission has a unique statutory and constitutional duty to protect consumer interests that renders the Virginia cases on associations' standing to bring suit, cited by NOVEC, irrelevant to the present proceeding. NVBIA then argues that Virginia Ass'n of Insurance Agents and the Commission decisions cited by NOVEC are not dispositive because with each of these cases, there was no showing that the individual members of the associations had standing. Conversely, they assert that as there is no argument that an individual builder in the NOVEC service area would lack standing to bring this Petition, the decision to bring the Petition to the Commission through an association is permissible. In support, NVBIA cited the Commission's decision in Petition of Virginia Bankers Ass'n, Case No. BFI-1997-00070, 1998 SCC Ann. Rept. 40 (1998), in which the Commission found that the Virginia Bankers Association had standing to challenge certain decisions made by the Commission's Bureau of Financial Institutions.

NVBIA further notes that the Commission is a separate branch of government created by Article IX of the Virginia Constitution and charged with the power and duty of regulating the rates, charges, and services of electric companies. The Commission is authorized to prescribe its own rules of practice and procedure not inconsistent with those made by the General Assembly. NVBIA argues that as the General Assembly has enacted no law that would prohibit the Commission from allowing an association to petition the Commission on behalf of its members, the Commission is authorized to allow an association to petition on behalf of its members to seek relief from tariff and law violations by a utility.

NVBIA further argues that the Commission's informal complaint rules<sup>4</sup> recognize NVBIA's standing and authorizes the filing of its Petition. NVBIA asserts that it was a party to the informal complaint, and so by rule, it is permitted to bring this formal petition.

Additionally, NVBIA asserts that if NOVEC's Motion to Dismiss is granted, it would require each individual consumer to file its own petition challenging a utility's action and undo the longstanding practice of allowing associations to represent the interests of consumers before the Commission.

On November 19, 2004, NOVEC filed with the Commission its Reply in Support of its Motion to Dismiss for Lack of Standing, reiterating its reliance upon the rulings in W.S. Carnes and Pearsall. NOVEC acknowledges that the Commission has broad authority with respect to the matters it regulates and that some of its functions are different from those of the courts. However, NOVEC asserts that these differences provide no basis for disregarding W.S. Carnes and a finding that NVBIA has standing to bring an action on behalf of its members.

NOVEC disputes NVBIA's assertion that the matter was actually under the informal complaint process, as the Commission Staff's only involvement with the parties had been brief discussions six months prior to the filing of NVBIA's Petition. But even if so, NOVEC emphasizes the Commission may review a matter upon the proper filing of a formal proceeding in accordance with the rules. NOVEC asserts that standing is a necessary part of any proper filing.

NOVEC argues that the Commission's decision that the Virginia Bankers Association had standing to bring a petition has been misconstrued by NVBIA. NOVEC asserts that the Commission's determination in Virginia Bankers Ass'n was a narrow exception to the general rule for standing because both banks and credit unions are subject to regulation by the Bureau of Financial Institutions. NOVEC argues that NVBIA's Petition is akin to that filed by Ernst and Young, in which the Commission found a lack of standing.

NOVEC further argues that the Commission cases listed involving associations do not support NVBIA's contention that denying standing to NVBIA would be contrary to a longstanding practice of the Commission. NOVEC argues that each case cited by NVBIA is distinguishable from the present case and only one, Virginia Bankers Ass'n, involved a question of standing.

On November 29, 2004, NVBIA filed with the Commission a Motion for a Temporary Injunction asking that NOVEC be enjoined from implementing the new all conduit program during the pendency of this case. NVBIA argues, *inter alia*, that the Commission is authorized to issue a temporary injunction when a violation of law is demonstrated, without regard to whether other traditional elements for issuing a temporary injunction are met. NVBIA also asserts, however, that even if traditional factors for determining when a temporary injunction may be granted are applied in this case, the Commission should still grant a temporary injunction. NVBIA asserts that its members will suffer irreparable harm as a result of the implementation of the NOVEC all conduit program on January 1, 2005. NVBIA suggests many of its members are confused as to whether the all conduit requirement will apply to projects whose designs NOVEC already has approved and to projects that are underway but not completed. NVBIA argues its members are harmed by the uncertainty of the added costs of compliance because the new all conduit program will likely delay projects, cause added delay related costs, and cause

<sup>2</sup> W.S. Carnes, Inc. v. Bd. of Supervisors, 252 Va. 377, 478 S.E.2d 295 (1996) ("W.S. Carnes"); Virginia Beach Beautification Comm'n v. Bd. of Zoning Appeals, 231 Va. 415, 344 S.E.2d 899 (1986) ("Virginia Beach Beautification Comm'n"); Virginia Ass'n of Insurance Agents v. Commonwealth, 201 Va. 249, 110 S.E.2d 223 (1959) ("Virginia Ass'n of Insurance Agents"); Pearsall v. Virginia Racing Comm'n, 26 Va. App. 376, 494 S.E.2d 879 (1998) ("Pearsall").

<sup>3</sup> Commonwealth of Virginia, ex rel. NTELOS Telephone Inc. v. BARC Electric Cooperative, Case No. PUC-2003-00087, Order Denying Motion for Leave to Intervene (September 23, 2004); Petition of Ernst & Young LLP, Case No. INS-1997-00042, 1997 SCC Ann. Rept. 83 (April 25, 1997), *aff'd* Va. Sup. Ct. Rec. No. 971810 (January 20, 1998) (unpublished); Commonwealth of Virginia, ex rel. United Mine Workers of America v. Virginia Elec. and Power Co., Case No. PUE-1995-00121, 1996 SCC Ann. Rept. 287 (February 6, 1996); Commonwealth of Virginia, ex rel. Mid-Atlantic Petroleum Distributors Ass'n v. Div. of Energy Regulation, State Corporation Commission, Case No. PUE-1983-00010, 1983 SCC Ann. Rept. 451 (February 15, 1983) ("Mid-Atlantic Petroleum Distributors").

<sup>4</sup> 5 VAC 5-20-70.

missed marketing opportunities. NVBIA proffers an affidavit by Frederick N. Howe, III, Executive Vice President of Utility Professional Services Inc., in which it is estimated that NOVEC's all conduit program will require an additional 33% to 50% additional man hours to design and engineer the conduit system and an additional 33% to 50% additional man hours for construction.

NVBIA argues that the granting of its Motion for Temporary Injunction will not harm NOVEC, as NOVEC's pleadings have suggested no special urgency to implement its all conduit program. NVBIA further argues that it is likely to succeed on the merits, largely restating the reasoning set forth above. Finally, NVBIA asserts that it would not be in the public interest to allow NOVEC's all conduit program to be implemented. The added costs in material and delay, according to NVBIA, would harm the competitive position of NVBIA members competing with those whose subdivisions are located in territories served by utilities not imposing an all conduit requirement or those not subject to NOVEC's all conduit program. Further, NVBIA notes that these added costs are not absorbed by builders but are ultimately borne by the homebuyer. Therefore, according to NVBIA, the Motion for Temporary Injunction meets all the traditional elements for the granting of a temporary injunction.

On November 30, 2004, the Commission issued a Preliminary Order establishing an expedited procedural schedule affording NOVEC and other interested persons an opportunity to respond to NVBIA's Motion for Temporary Injunction.

On December 10, 2004, NOVEC filed with the Commission its Response to NVBIA's Motion for Temporary Injunction ("Response"). NOVEC opposes the granting of the temporary injunction and reasserts that NVBIA lacks standing to challenge NOVEC's all conduit program. NOVEC further asserts that the timing of the injunctive relief request is flawed in that the January 1, 2005, effective date was announced seven months ago. Accordingly, as all NVBIA members have had ample time to make preparation for its implementation and since the builders retain the option of having NOVEC install the conduit, there is no need for emergency relief.

NOVEC asserts that NVBIA members will benefit from cost offsets that will result from the all conduit requirement such as joint trenching with other utilities. NOVEC argues that the all conduit program will enhance reliability to NOVEC customers, prevent outages and digging-up of failed cable, and enhance safety. NOVEC asserts applying the all conduit program to residential home construction is necessary because of the damage and line failure rate it is presently experiencing in these new developments. NOVEC asserts that its all conduit program is consistent with its tariffs and does not violate Virginia regulatory statutes.

NOVEC further asserts that the all conduit program does not represent a service for which customers are charged a rate. NOVEC characterizes its program as a construction requirement that does not violate the rate cap provisions of the Restructuring Act. NOVEC argues that having failed to show a statutory violation, a temporary injunction without a showing of irreparable harm should not be issued.

NOVEC argues that NVBIA does not meet the traditional standard for issuance of a temporary injunction. NOVEC argues that since NVBIA is not a customer, it cannot be harmed by the all conduit program.

NOVEC further argues that NVBIA members will not be irreparably harmed because NOVEC has offered to reimburse NVBIA members for the cost of installing the conduit systems should the Commission decide at the end of this case that the all conduit requirement is improper. NOVEC denies the NVBIA claims that the all conduit program will lead to significant delays. In an affidavit from Robert E. Bisson, Vice President of Electric System Development, NOVEC asserts that the all conduit program will require two additional days for design and two additional days for construction. Mr. Bisson further asserts that NVBIA has incorrectly suggested that the all conduit program will be disruptive to ongoing projects. Mr. Bisson states that the all conduit program will not apply to sections of subdivisions that are currently under construction or that are currently under design.

NOVEC argues it will be harmed if a temporary injunction is granted. NOVEC claims that if an injunction is granted, direct burying of cable will continue. NOVEC, again through the deposition of Bisson, asserts that it expects customer growth in 2005 to exceed that of 2004. Bisson estimates that an additional 900,000-1,000,000 circuit feet of primary cable and 900,000-1,000,000 circuit feet of secondary cable will be directly buried in 2005 if NOVEC is not permitted to proceed with its all conduit requirement. NOVEC asserts this will continue the problem of unnecessary damage and the attendant service interruptions, shortened useful life, added costs, and customer aggravation.

Finally, NOVEC asserts that denial of the temporary injunction is in the public interest. NOVEC argues that the ultimate homeowners are the NOVEC customers who are benefited by the all conduit program. NOVEC argues that claims related to the economics of the building industry are something the Commission does not regulate and over which it has no control. NOVEC argues that the public interest requires that the rights of the customers who use NOVEC's electric service be protected. NOVEC argues this will happen if the all conduit requirement is implemented.

On December 15, 2004, NVBIA filed its Reply in Support of its Motion for Temporary Injunction ("Reply"). In the Reply, NVBIA explains that the root of the controversy is the interpretation of the two sentences in NOVEC's tariffs governing line extension. NVBIA argues that the merits of an all conduit program are not before the Commission at this time. Instead, NVBIA asserts that the question is whether such a construction requirement is proper under the currently approved tariffs of NOVEC and permissible under the capped rates requirement of Virginia Code § 56-582 D. NVBIA argues that, as the tariff language was drafted by NOVEC, when the Commission interprets the tariff to determine if the all conduit program is permissible, the language of the tariff is to be construed most strongly against those who frame it. Accordingly, NVBIA asserts the Commission should conclude in favor of NVBIA's interpretation of the tariff and conclude that the provision does not empower NOVEC to declare a blanket all conduit requirement irrespective of specific circumstances of the extension. NVBIA reiterates that this interpretation is consistent with the Staff Report filed in Case No. PUE-2002-00086, 2002 SCC Ann. Rept. 519 (2002).

NVBIA disputes NOVEC's contention that the all conduit requirement does not represent a service for which NOVEC's customers are charged a rate. NVBIA argues that builders and developers incur charges from NOVEC for underground line extensions as a direct result of the tariff and the related agreements required by the tariffs. NVBIA argues that its members are not akin to the complainants in Mid-Atlantic Petroleum Distributors, and should not be treated as incidental competitors of NOVEC. Instead, NVBIA asserts that its members are customers of NOVEC until the individual residential unit is sold. NVBIA argues that the all conduit program would result in a reduction of the quality of service to these customers in violation of the capped rate provisions of Virginia's Restructuring Act.

NVBIA also reasserts the arguments set forth above as to why it has standing to proceed in the underlying matter on behalf of its members. NVBIA listed a number of additional areas in which the role of the Commission is different from a court of the Commonwealth. NVBIA argues that the

broad powers that the Commission possesses authorize the Commission to conclude that NVBIA has standing to proceed with this Motion for Temporary Injunction and the underlying Petition on behalf of its members.

NVBIA argues that NOVEC's offer to hold NVBIA members harmless for the cost of installing the conduit systems should the Commission decide the case against NOVEC does not alleviate the irreparable harm its members will suffer if the Motion for Temporary Injunction is not granted. NVBIA cites the costs of construction delays and uncertainty that exceed the out-of-pocket cost of conduit installation. NVBIA further asserts that refunds at the conclusion of this case would be an accounting nightmare. Finally, NVBIA argues that since NOVEC has not filed for a change of its tariff, pursuant to Virginia Code § 56-238, it cannot avail itself of the implementation subject to refund provision of that statute.

In replying to NOVEC's Response, NVBIA asserts that its Petition was timely filed. NVBIA asserts that the all conduit requirement and the manner in which it would be implemented has been ever-changing, ambiguous, and often chaotic. NVBIA asserts that the changing effective date of the program, the changing implementation requirements, and the failure of NOVEC to systemically inform builders of the changes have been harmful to its members.

On December 28, 2004, the Commission issued a Preliminary Order granting NVBIA's Motion for a Temporary Injunction. In doing so, the Commission made a preliminary finding that NVBIA had standing to petition the Commission, at least to the extent necessary to request maintenance of the status quo while we considered the matter.

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds as follows.

#### Standing

First, we find that NVBIA has standing to initiate this case. We find that this proceeding is legislative in nature and, thus, the precedent established by W.S. Carnes does not require us to dismiss the Petition for lack of standing. Were this an action to be commenced in the judicial department,<sup>5</sup> it is clear that the Virginia Supreme Court's ruling in W.S. Carnes would apply. However, we consider the Petition filed by NVBIA as invoking the legislative function of the Commission, and as such, we conclude that test for standing to bring a judicial action articulated in W.S. Carnes need not necessarily apply.

The matter presently before the Commission is more closely akin to the case of Central Virginia Elec. Coop. v. State Corporation Commission, 221 Va. 807, 273 S.E.2d 805 (1981) ("CVEC"). In CVEC, the Virginia Supreme Court concluded that the Commission exercised a legislative function when it investigated, revoked, and modified the line extension policy of CVEC. In rejecting CVEC's argument that the Commission's actions were judicial in nature, the Court concluded that even though the Commission's investigation was not made in a pure rate-making setting, the Commission was acting in its legislative capacity. Id. at 814. We conclude in the instant proceeding that NVBIA's Petition seeks to invoke the Commission's exercise of this same legislative capacity.<sup>6</sup>

We further conclude that when exercising this legislative capacity we are authorized to consider standing in a broader context. As stated by the Virginia Supreme Court in Virginia Assoc. of Insurance Agents, at 226, "the Commission is expressly authorized by the Constitution to exercise its functions broader in scope than those ordinarily under the judicial department...."

The Commission, pursuant to its statutory authorization in Virginia Code Ann. § 12.1-25, has prescribed its own rules of practice and procedure. NVBIA has petitioned the Commission pursuant to both 5 VAC 5-20-100 B and C. The Rule codified at 5 VAC 5-20-100 B permits petition by persons having a cause before the Commission whether by statute, rule, regulation, or otherwise against a defendant. NVBIA asserts that the regulated utility, NOVEC, will violate its own tariffs and Virginia statutes if it is allowed to implement its all conduit line extension policy. As discussed above in CVEC, the Commission's exercise of jurisdiction over the line extension policy of an electrical cooperative such as NOVEC falls within its legislative capacity. NVBIA further bases its claim on 5 VAC 5-20-100 C, which permits declaratory judgments to be sought by persons having no other adequate remedy. This Rule requires that a petition for a declaratory judgment action contain a statement of the basis for concluding that an actual controversy exists. In the present case, there is no question that any builder in the NOVEC service area would have standing to file this Petition. We believe that the actual controversy set out in the Petition is not diminished by the fact that it was filed by an association of builders. We conclude that NVBIA has standing to file its Petition pursuant to either Commission Rule.

As cited by NVBIA in its briefs, the Commission has a longstanding practice of allowing associations to represent the interests of its members in Commission proceedings.<sup>7</sup> One such proceeding advanced to the Virginia Supreme Court and was reviewed on the merits without the question of standing arising.<sup>8</sup> Based upon consideration of all the foregoing, we conclude that NVBIA has standing to file its Petition with the Commission on behalf of its members. We will undertake to investigate the allegations set forth in NVBIA's Petition pursuant to the statutory grant of authority set forth in Virginia Code Ann. § 56-247. Accordingly, NOVEC's Motion to Dismiss for Lack of Standing is dismissed.

#### NOVEC's Tariff

Next, we find that NOVEC cannot implement its all conduit program under its existing tariff. We conclude that the tariff, at best, is ambiguous as to whether the all conduit program contemplated by NOVEC is permitted under the terms thereof. In analyzing this tariff language when proposed by NOVEC in Case No. PUE-2002-00086, the Commission Staff concluded that the added language formalized the then current practice and/or policy and did

<sup>5</sup> Judicial department is the term used in Virginia Assoc. of Insurance Agents v. Commonwealth, when discussing how the Commission's practice for allowing parties to be heard is different from the practice in the trial and appellate courts of the Commonwealth (a.k.a. the judicial department).

<sup>6</sup> Counts 1, 3, and 4 of NVBIA's Petition expressly invoke the Commission's authority under Virginia Code Ann. § 56-247 to investigate and, when determined necessary, change the practices of any public utility. We undertake this investigation pursuant to the statutory grant of jurisdiction.

<sup>7</sup> NVBIA's Response at 15 (November 4, 2004).

<sup>8</sup> Virginia Committee for Fair Utility Rates v. Virginia Elec. and Power Co., 243 Va. 320, 414 S.E.2d 834 (1992).

not appear to create any additional cost or impediment to obtaining service.<sup>9</sup> To the extent the tariff is not clear and unambiguous, it should be interpreted against the drafter – which in this case is NOVEC.<sup>10</sup>

In addition, we find that NOVEC's tariff does not contain sufficient information as to the details of an all conduit program to permit its implementation. For example:

- (i) the specific projects to which this new program would apply are not clearly identified;<sup>11</sup>
- (ii) whether, and the extent to which, the line extension charge of \$1.50 per linear foot already set out in NOVEC's tariff VI E 2 d is affected by the proposed all conduit program; and
- (iii) conflicting interpretations as to whether NOVEC's all conduit program is to retain the builder option of reimbursing NOVEC for the added costs of line extension construction performed by NOVEC and the absence of any tariff language providing how these conduit construction costs would be calculated.

Thus, we find that the practice or act of implementing an all conduit program under the terms of NOVEC's existing tariff is unreasonable and insufficient under Virginia Code Ann. § 56-247.

It should be clear that the Commission is not ruling on the reasonableness of the new policy designed by NOVEC. The merits of its all conduit program could be placed before the Commission should NOVEC wish to provide revised tariff language addressing in detail the concerns described above along with any testimony supporting the reasonableness of the change in its line extension policy. Upon any such filing by NOVEC, NVBIA and interested persons shall have the opportunity to file comments and/or testimony in response.

#### Rate Caps

We find that that the rate cap provisions of the Restructuring Act do not prohibit reasonable modifications to a utility's line extension policy. Accordingly, should NOVEC choose to make a tariff filing with supporting testimony that the all conduit program is reasonable, then the principle of capped rates in the Restructuring Act would not bar such a modification. The Restructuring Act prohibits electric utilities from raising rates it charges consumers for existing services. It does not appear that the all conduit program contemplated by NOVEC would violate this enactment. We consider the all conduit program to be a construction requirement for line extension, and as such, it will not affect utility rates paid by the public, although it could impact contractors' building costs. Accordingly, even if the all conduit program results in added costs and delay to the members of NVBIA, these concerns do not equate to the service reduction concern found in Columbia Gas<sup>12</sup> or the improper line extension charge increase found in Appalachian Power Company.<sup>13</sup> Therefore, we conclude that those portions of NVBIA's Petition alleging violations of the Restructuring Act should be denied.

Accordingly, IT IS ORDERED:

- (1) The Motion to Dismiss for Lack of Standing filed by NOVEC is hereby denied.
- (2) NOVEC is enjoined from implementing its all conduit program unless and until the reasonableness of such program can be ascertained by the Commission upon the filing of revised tariffs and supporting testimony by NOVEC.
- (3) This case is dismissed without prejudice for NOVEC to file an application with the Commission to revise its tariffs consistent with the discussion in this Final Order, and NOVEC shall provide a copy of any such application to NVBIA contemporaneously with the filing of same with the Commission.

<sup>9</sup> Application of Northern Virginia Electric Cooperative, Case No. PUE-2002-00086, Staff Report at 11-12 (April 22, 2002). Staff further stated that "[w]here underground service must be installed under decks, patios, porches, sidewalks, etc., the Cooperative may require that the Customer provide an entire access conduit system for the installation of electric distribution service." Id. at 16.

<sup>10</sup> Commonwealth of Virginia, ex rel. State Corporation Commission v. Columbia Gas of Virginia, Inc., Case No. PUE-2000-00388, 2001 SCC Ann. Rept. 435, 438, Final Order (September 5, 2001) ("[I]n cases of doubt, the language of the tariff is to be construed most strongly against those who frame it.") (quoting Smokeless Fuel Co. v. The Chesapeake and Ohio Ry. Co., 142 Va. 355, 128 S.E. 624 (1925); Commonwealth of Virginia, ex rel. State Corporation Commission v. Columbia Gas of Virginia, Inc., Case No. PUE-2000-00388, 2001 SCC Ann. Rept. 441, 442, Order on Reconsideration (December 5, 2001).

<sup>11</sup> NOVEC states that the all conduit program would "not apply to sections of subdivisions that are currently under construction or that are currently under design." NOVEC's Response to NVBIA's Motion for Temporary Injunction, Affidavit of Robert E. Bisson, 6-7 (December 10, 2004). Such a description is unreasonably vague. There are no standards presented or approved that specifically identify, for example, at what point a section of a subdivision is to be deemed "under construction" or "under design."

<sup>12</sup> Application of Columbia Gas of Virginia, Case No. PUE-2001-00587 Phase II, 2003 SCC Ann. Rept. 339, Order (October 3, 2003) (holding that placing restrictions on the options available to transportation customers for banking and balancing services while charging the same the rate for such services constituted a rate increase).

<sup>13</sup> Application of Appalachian Power Company d/b/a American Electric Power-Virginia, Case No. PUE-2001-00011, 2001 SCC Ann. Rept. 533, Order of Functional Separation (December 18, 2001) (rejecting a line extension revision proposed by the company which would replace the policy of free extensions up to 1000 ft with \$100 per customer fee for extensions beyond 1000 ft with a formula used for its commercial connections that compared expected revenue to the cost of the connection).

**CASE NO. PUE-2004-00119  
JANUARY 3, 2005**

APPLICATION OF  
WPS ENERGY SERVICES, INC.

For licenses to conduct business as a competitive service provider and aggregator for electricity

**ORDER GRANTING LICENSES**

On October 20, 2004, WPS Energy Services, Inc. ("WPS Energy" or "Company"), filed an application with the State Corporation Commission ("Commission") for licenses to act as a competitive service provider ("CSP") and aggregator for electric service. The Company intends to serve residential, commercial, and industrial customers throughout the Commonwealth of Virginia. 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, 20 VAC 5-312-10 et seq. ("Retail Access Rules").

On October 21, 2004, the Commission issued an Order for Notice and Comment docketing the application and requiring that notice of the application be served on appropriate persons, and providing for the receipt of comments from the public. The Order also directed the Commission's Staff to analyze the reasonableness of the Company's application and present its findings in a Staff Report. No comments from the public on WPS Energy's application were received.

The Staff filed its Report on November 15, 2004, concerning WPS Energy's technical and financial fitness. In its Report, the Staff found that WPS Energy appears to have the technical fitness to conduct business as a CSP and aggregator for electric service. Staff noted that WPS Energy intended to file a \$50,000 guaranty from its corporate parent, WPS Resources Corporation to demonstrate its financial responsibility.<sup>1</sup> Staff concluded WPS Energy had demonstrated both technical and financial fitness sufficient to be licensed. WPS Energy did not file a response to the Staff Report, rather the Company, after negotiations with Staff, provided a parental guaranty in the amount of \$50,000 on December 22, 2004.

NOW UPON CONSIDERATION of the application, the Staff Report, and WPS Energy's guaranty, the Commission finds WPS Energy's guaranty is acceptable as evidence of financial responsibility and therefore finds that WPS Energy's application to act as a competitive service provider and aggregator for electric service. should be granted subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) WPS Energy Services, Inc., is hereby granted License No. E-16 to provide competitive electric supply service to residential, commercial, and industrial customers throughout the Commonwealth of Virginia. This license to act as a competitive service provider is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) WPS Energy Services, Inc., is hereby granted License No. A-22 to provide electric aggregation services to residential, commercial, and industrial customers throughout the Commonwealth of Virginia. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(3) This license is not valid authority for the provision of any product or service not identified within the license itself.

(4) The issuance of the licenses granted herein is subject to the maintenance of a guaranty for the benefit to the Commonwealth of Virginia in the amount of \$50,000.

(5) Failure of WPS Energy to maintain a valid \$50,000 guaranty or performance bond on file with the Commission, or its failure to comply with the Retail Access Rules, the provisions of this Order, other State Corporation Commission orders and rules, or other applicable state or federal laws may result in an enforcement action by the Commission that includes, without limitation, the revocation, suspension, or modification of the license granted herein, the refusal to renew such license, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(6) This case shall remain open for consideration of any subsequent amendments or modifications to these licenses.

<sup>1</sup> On December 22, 2004, WPS Energy filed a guaranty from its corporate parent, WPS Resources Corporation, in the amount of \$50,000, payable to the Commonwealth of Virginia, as evidence of financial responsibility, with an expiration date of December 31, 2005.

**CASE NO. PUE-2004-00124  
MARCH 25, 2005**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

**FINAL ORDER**

This Order establishes a fuel factor for the Delmarva Power and Light Company ("Delmarva" or "Company") pursuant to the provisions of §§ 56-249.6 and 56-582 B (i) of the Code of Virginia. Inasmuch as Delmarva currently owns no generation facilities for which to purchase fuel, the fuel

factor increase the Company seeks in the application before us represents the increase in the cost of power Delmarva purchases from the wholesale market to serve its retail customers in the Commonwealth.<sup>1</sup>

The Company's fuel factor application in this docket ("Application") was filed with the Clerk of the Commission on October 26, 2004, along with a second filing by Delmarva and its affiliate, Conectiv Energy Supply, Inc. ("CESI"), docketed as Case No. PUE-2004-00125, in which Delmarva sought authority from the Commission to enter into a wholesale power supply arrangement with CESI. Delmarva's proposed contract with CESI for purchased power resulted from a Delmarva bid solicitation for wholesale power supply wherein CESI submitted the winning bid selected by Delmarva. Our November 17, 2004, Order for Notice and Hearing ("November 17, 2004, Order") provided that the two matters would be considered together without consolidation.<sup>2</sup>

As part of our November 17, 2004, Order we also authorized the Company to place into effect, on an interim basis and subject to refund, an increase of 1.0247 cents per kWh to the fuel rate of 2.0452 cents per kWh then currently in effect. As stated in that Order, we permitted such an interim increase in order to ensure that electric service to Delmarva's Virginia customers would continue to be provided in a just and reasonable fashion during the pendency of this docket.

The November 17, 2004, Order also scheduled a public hearing to convene on March 16, 2005, at the Commission in Richmond to receive comments from members of the public, and to receive evidence from the Company and other parties to the proceeding. The Company was also directed to cause notice of this proceeding to be published in newspapers of general circulation throughout its service territory.

In the Application as filed, Delmarva requested Commission approval of an annual fuel rate increase for Delmarva's retail customers in Virginia of approximately \$5.5 million, which would have represented a 16.9 % increase above current rates based on the 12 months ended December 31, 2003. The rate increase, as proposed, consisted of two components. First, Delmarva sought to increase its fuel rate to reflect its increased wholesale power costs, i.e., Delmarva's proposed wholesale power supply contract with CESI. That part of the proposed increase was approximately \$4.5 million (or 82% of the proposed increase).

The second component consisted of what Delmarva proposed to be paid for its efforts to obtain wholesale power supply (i.e., personnel and related costs of Delmarva's recent bid solicitation), together with, as represented by the Company, a "reasonable margin" associated with Delmarva "assuming other risks and liabilities as part of the procurement process."<sup>3</sup> According to the Company, this margin represented an annualized cost of approximately \$740,000; the personnel and related costs represented an annualized cost of approximately \$182,000. Delmarva's efforts to incorporate these two "adders" into its retail customers' generation bill through a fuel factor proceeding presented this Commission with an issue of first impression.

Beyond the "adder" issue discussed above, the Commission was also required to determine how to address the Application within the confines of §§ 56-249.6 and 56-582 B (i). The Company's application sought to recover its increased purchased power costs through modifications to its base rates. This represented a fundamental departure from the method by which this Commission has historically structured utility fuel cost recovery.<sup>4</sup>

The Application provided even more complexity as it related back to our June 29, 2000, Order in Case Nos. PUE-2000-00086 and PUA-2000-00032 approving Delmarva's proposed divestiture of its generation ("Divestiture Order").<sup>5</sup> In that Order, we approved a Memorandum of Agreement ("MOA") between Delmarva and the Staff of this Commission ("Commission Staff" or "Staff") in which the Company agreed, *inter alia*, that the Company's fuel factor applications (allowed after January 1, 2004, under the Stipulation's terms), would be in accordance with the terms of a "Fuel Index Procedure." The Fuel Index Procedure (made part of the MOA) included a method to project fuel costs that would have been incurred by the Company had it retained its generation facilities, with an allowance made for load growth.

As noted above, the 2004 Session of the Virginia General Assembly amended § 56-249.6 of the Code to provide that a jurisdictional utility having no generation for which to purchase fuel could nevertheless have a fuel factor to reflect the costs of power purchased to serve its Virginia jurisdictional retail customers. A corresponding amendment in the same legislation (Senate Bill 651) amended § 56-582 B (i) to provide that capped rates could be adjusted not only for fuel costs, but also for purchased power costs as well—all pursuant to § 56-249.6 and "[i]f applicable, in accordance with the terms of any Commission order approving the divestiture of generation assets pursuant to § 56-590." Consequently, the terms and conditions of our Divestiture Order (and the MOA setting forth the particulars thereof) overlay this Application.

Because of the legal complexity of Delmarva's fuel case, our November 17, 2005, Order directed the Company (and parties participating in this docket) to comment on several legal issues we raised, centering on (i) the appropriateness of requesting administrative and "margin" adders in a fuel rate case; (ii) the applicability of the MOA to this case; and (iii) the legal basis for making base rate changes as part of a fuel rate case. The Company filed a

<sup>1</sup> Section 56-249.6 of the Code was amended by the 2004 Session of the Virginia General Assembly to effectively provide that utilities without generation facilities may nevertheless have a fuel factor through which the cost of purchased power can be flowed to retail customers. A corresponding amendment to § 56-582 B(i) provides that capped rates can be modified to reflect changes in the cost of purchased power. Both amendments were contained in Senate Bill 651.

<sup>2</sup> The Commission entered an Order on December 17, 2004, approving the Company's Affiliates Act application in Case No. PUE-2004-00125. The Commission's approval of Delmarva's power supply contract with its affiliate, CESI, was conditioned, however, on the Commission's continuing oversight of that affiliate arrangement under the provisions of §§ 56-78 and 56-80 of the Code. The Commission's Order further provided that the purchased power costs associated with this contract would be considered in this fuel rate docket (PUE-2004-00124).

<sup>3</sup> Application at 4.

<sup>4</sup> As we noted in our November 17, 2004, Order, the Commission has historically authorized recovery of utilities' fuel costs through uniform, per-kWh charges paid by all customers—commonly called a "fuel factor." Put simply, all customers pay the same fuel charge on each kWh of energy they consume, irrespective of their customer class. The Company's application did not request approval of such a uniform, per kWh charge.

<sup>5</sup> Such approval was sought as part of a Company-wide restructuring plan involving Delmarva's operations in several states.

brief concerning these issues; the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel") and the Staff did so as well. As permitted by our November 17, 2005, Order, the Company also filed a response to the briefs filed by Consumer Counsel and the Staff.

Thereafter on January 18, 2005, we entered a Preliminary Order ("Preliminary Order") addressing the five issues briefed by the parties to this proceeding. As set forth in that Order, we held that administrative costs and risk margins would not be considered in a fuel factor proceeding filed pursuant to § 56-249.6 of the Code. We observed as part of the ruling that these issues should be considered as part of a general rate case.<sup>6</sup> We further ruled that we would not consider Delmarva's proposed rate design changes in a fuel case under § 56-249.6 of the Code. As stated in the Order, we found that rate design issues such as cost causation and customer impacts should be considered as part of a general rate case. Preliminary Order at 5.

With respect to our question concerning the applicability of the MOA, we made no preliminary ruling, noting only that the Company, Consumer Counsel, and the Staff agreed that the MOA's provisions anticipate that Delmarva's actual purchased power costs may be compared with the proxy costs produced by the application of the Fuel Index Procedure. We also noted Delmarva's assertion that the purchased power costs resulting from its bid process are lower than the costs presently yielded by the Fuel Index Procedure.

On March 16, 2005, the Commission convened the hearing of this matter. No public witnesses appeared to be heard in this proceeding. At the commencement of the evidentiary portion of the hearing, the Company, Consumer Counsel, and the Staff offered a Stipulation proposing to settle the issues presented in this docket. Counsel to the Staff also advised the Commission that the Staff had been authorized by counsel for Dominion Virginia Power (whose participation in the case was limited to filing a timely Notice of Participation) to state that Dominion Virginia Power had no objection to the Stipulation.

In summary, the Stipulation, as offered, provides that the increase of 1.0247 cents per kWh in addition to the previously effective 2.0452 cents per kWh fuel rate, placed into effect for usage on and after January 1, 2005, by Delmarva on an interim basis, by our November 17, 2004, Order would become permanent, and not subject to refund effective for usage on and after January 1, 2005, and would remain in effect through May 2006.

The Stipulation further provides that Delmarva will file an application with the Commission pursuant to § 56-249.6 on or before March 15, 2006, for approval of a fuel rate to become effective June 1, 2006.

An ancillary provision within the Stipulation requires Delmarva to provide prompt notification to the Staff and Consumer Counsel concerning any Order entered by the Federal Energy Regulatory Commission ("FERC") in FERC Docket No. ER05-121-000, in which the FERC is investigating the wholesale purchased power contract between Delmarva and CESI. Related thereto, Delmarva further agrees in the Stipulation to include in its March 15, 2006, fuel rate application to this Commission, a mechanism for reflecting in its fuel rate to become effective June 1, 2006, any disallowance by FERC of purchased power costs stemming from its investigation. Additionally, Delmarva agrees to provide the Staff and Consumer Counsel advance notice of its plans for implementing any FERC requirements resulting from any FERC order in Docket No. ER05-121-000, regarding Delmarva's process for purchasing power for service to its Virginia retail customers.

With respect to establishing an evidentiary record in this matter, the Stipulation proposes that the Company's Application filed on October 26, 2004, including the supporting testimony of Company witnesses Mark E. Browning and Peter E. Schaub (and corrections thereto filed on January 7, 2005) be made part of the record without cross examination. The Stipulation further proposes that the testimony of Staff witness, Thomas E. Lamm, filed on March 7, 2005 (supporting the proposed Stipulation), be made part of the record without cross examination. Additionally, the Comments of the Consumer Counsel filed on February 18, 2005, are also proposed to be made part of the record in this proceeding.

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds as follows:

We accept and approve the Stipulation proposed herein by the Company, Consumer Counsel and the Commission Staff. The record developed through the Company's Application, the Staff's pre-filed testimony, and the Consumer Counsel's comments supports the conclusion that the fuel rate proposed in the Stipulation is a just and reasonable rate that appropriately allows recovery of Delmarva's prudently incurred fuel cost to serve its Virginia load. Moreover, and as noted by the Staff, such a rate is consistent with the Restructuring Act's capped rate provisions as well as the Fuel Index Procedures of the MOA that we approved in our June 29, 2000, Divestiture Order concerning Delmarva. With respect to the latter, the Staff testimony indicates that "[t]he proposed increase in the fuel factor is within the permissible capped rate increase specified by the MOA Fuel Indexing Mechanism based on information provided by Delmarva and evaluated by the Staff." Testimony of Staff Witness, Thomas E. Lamm at 5.

In approving the Stipulation, however, we are mindful of issues raised by the Consumer Counsel's Comments filed on February 18, 2005, and now made part of the record. Consumer Counsel stated in its comments that it had concerns about the absence of "independent oversight of the competitive procurement process that resulted in the selection of Delmarva's affiliate, CESI, as the wholesale power supplier for Delmarva's Virginia jurisdictional retail power requirements." Comments at 4. Consumer Counsel goes on to state that this third party oversight issue is the subject of an investigation by the FERC in Docket ER05-121-000. Comments at 5. In that regard, we would note that Paragraphs 7 and 8 of the Stipulation speak to Consumer Counsel's concerns. First, they require the Company to provide prompt notice to Consumer Counsel and Staff regarding any FERC disallowance of purchased power costs resulting from the FERC's investigation. The Stipulation also requires the Company to propose a mechanism for reflecting any such disallowance as part of its next fuel rate case.

Additionally, to the extent that the FERC establishes any new requirements concerning Delmarva's processes for purchasing wholesale power to serve the Company's Virginia load, Delmarva has committed in the Stipulation to provide the Staff and Consumer Counsel "detailed, advance notice of its plans for implementing" any such FERC requirements (with a "best efforts" commitment to do so not less than 60 days prior to any RFP's issuance). Stipulation Paragraph 8.

<sup>6</sup> As we noted in that Order, "[I]n such a proceeding [a base rate case], the Commission would consider all of Delmarva's administrative expenses, including any administrative costs attendant to acquiring purchased power, along with other expenses and revenues. Likewise, the Commission also would determine the Company's fair rate of return as part of such general rate case; the extent to which Delmarva's risk is altered as a result of its purchased power transactions should be reflected in its overall rate of return—not by incorporating a risk margin as part of a limited-issue fuel case." Preliminary Order at 4.

We would also emphasize our continuing jurisdiction over Delmarva's wholesale power supply agreement with its affiliate, CESI, that we approved in our December 17, 2004, Order approving the Company's Affiliates Act application in Case No. PUE-2004-00125. While it is premature at this time to determine state jurisdictional issues, if any, which might be triggered by any FERC disallowance of wholesale power costs relating to this wholesale power supply agreement, our continuing review authority under §§ 56-78 and 56-80 of the Code would provide a framework for reexamining that agreement to the extent necessary.

Accordingly, IT IS ORDERED THAT:

- (1) The Stipulation (Exhibit 3 in evidence) is hereby accepted and approved.
- (2) The Company's fuel factor shall be 3.0699 cents per kWh, effective for usage on and after January 1, 2005.
- (3) Delmarva shall file an application with the Commission pursuant to § 56-249.6 of the Code, on or before March 15, 2006, for approval of a fuel rate to become effective June 1, 2006.
- (4) There being nothing further to be done in this case, this application shall be dismissed from the Commission's docket of active proceeding, and the papers filed herein shall be made a part of the Commission's files for ended causes.

**CASE NO. PUE-2004-00124  
MARCH 29, 2005**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

**CORRECTING ORDER NUNC PRO TUNC**

By Final Order entered March 25, 2005, the State Corporation Commission ("Commission") established a fuel factor for the Delmarva Power and Light Company ("Delmarva" or "Company") pursuant to the provisions of §§ 56-249.6 and 56-582 B (i) of the Code of Virginia.

In the second full paragraph on page (4) of that Final Order, there are two separate references to the Commission's November 17, 2005, Order, which should have referred to the Commission's November 17, 2004, Order.

Accordingly, IT IS ORDERED THAT:

- (1) The March 25, 2005, Final Order is amended *nunc pro tunc* to alter the references in the second full paragraph on page (4) from the November 17, 2005, Order to the November 17, 2004, Order.
- (2) This matter is dismissed.

**CASE NO. PUE-2004-00126  
APRIL 7, 2005**

APPLICATION OF  
SOUTHWESTERN VIRGINIA GAS COMPANY

2004 Annual Informational Filing

**FINAL ORDER**

On October 27, 2004, Southwestern Virginia Gas Company ("Company") filed with the State Corporation Commission ("Commission") its Annual Informational Filing ("AIF") for the period ending June 30, 2004.

On December 20, 2004, the Commission granted the Company's request for a waiver of the requirement of 20 VAC 5-200-30 A 9 of the Rules Governing Rate Increase Applications and Annual Informational Filings to file Schedule 1 - Historic Profitability and Market Data, Schedule 2 - Interest and Cash Flow Coverage Data, Schedule 6 - Public Financial Report, Schedule 7 - Comparative Financial Statements, and Schedule 30 - Jurisdictional Study.

On February 23, 2005, the Staff filed its Staff Report, which notes that the Company's fully adjusted test-year return on equity is 9.93%. This return on equity falls within the authorized 9.60-10.60% return on equity range established by the Commission on June 3, 2004, in Case No. PUE-2003-00426. Therefore, the Staff Report concludes that no further action is required at this time. The Company provided no comments on or objections to the Staff Report.

NOW THE COMMISSION, upon consideration of the Company's AIF, the Staff Report, and the applicable statutes, is of the opinion and finds that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT, this matter 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. PUE-2004-00128  
FEBRUARY 11, 2005**

APPLICATION OF  
APPALACHIAN POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

**ORDER ESTABLISHING FUEL FACTOR**

On October 29, 2004, Appalachian Power Company ("Appalachian" or the "Company") filed with the State Corporation Commission ("Commission") an application along with testimony, exhibits, and a proposed tariff intended to increase its current fuel factor from 1.300¢ per kWh to 1.420¢ per kWh, effective with bills rendered on and after January 1, 2005. The Company stated that this revision is necessary to reflect the appropriate level of fuel expense recovery over the period January 1, 2005, through December 31, 2005.

On November 16, 2004, the Commission issued an Order establishing a procedural schedule in this case and setting a hearing date for February 8, 2005. The Commission permitted Appalachian to put the proposed fuel factor into effect on an interim basis, effective with bills rendered on and after January 1, 2005. The Company was directed to provide public notice of the application and interested persons were given an opportunity to participate as respondents in this proceeding. The Commission directed the Staff to investigate the application and to file testimony. Appalachian was permitted to file testimony in rebuttal to the testimony filed by the respondents and the Staff.

Notices of participation were filed by the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"), VML/VACo APCo Steering Committee ("VML/VACo"), and the Old Dominion Committee for Fair Utility Rates ("Old Dominion Committee"). These respondents did not file any testimony or exhibits regarding the Company's application.

On January 21, 2005, the Staff filed its testimony. The Staff addressed, among other things, the in-period and correction components of Appalachian's proposed fuel factor and the reasonableness of the assumptions and projections underlying these components. Overall, the Staff found that the Company's application was reasonable and recommended that the Commission approve the continuation of the 1.420¢ per kWh fuel factor that became effective with bills rendered on and after January 1, 2005.

On January 28, 2005, Appalachian filed a letter notifying the Commission that the Company would not be filing any rebuttal testimony or exhibits.

The hearing was convened on February 8, 2005. No public witnesses were present. Appearances were made by counsel for Appalachian, Consumer Counsel, the Old Dominion Committee, VML/VACo, and the Staff. The Company submitted proof of service and notice. The Company's application, testimony, exhibits, and proposed tariff, and the Staff's testimony were entered into the record without cross-examination.

NOW THE COMMISSION, having considered the record in this case and the applicable statutes and regulations, is of the opinion that an increase in the Company's fuel factor to 1.420¢ per kWh is reasonable and appropriate.

Approval of this factor, however, should not be construed as approval of Appalachian's actual fuel expenses. This Order is based on estimates of future expenses and unaudited booked expenses. For each calendar year, an audit and investigation of the Company's actual booked fuel expenses, among other things, is conducted. The Commission determines what are, in fact, appropriate, reasonable and, therefore, allowable fuel expenses and credits, as well as the Company's recovery position as of the end of the audit period. Appalachian's recovery position may be adjusted at the time of the Company's next fuel factor proceeding. Therefore, while we find that the 1.420¢ per kWh fuel factor should be continued, no finding in this Order is final, as this matter is continued generally, pending audit of the actual fuel expenses.

Accordingly, IT IS ORDERED THAT:

- (1) The fuel factor of 1.420¢ per kWh, established by Commission Order dated November 16, 2004, effective with bills rendered on and after January 1, 2005, shall remain in effect.
- (2) This case is continued generally.

**CASE NO. PUE-2004-00129  
OCTOBER 13, 2005**

APPLICATION OF  
ATMOS ENERGY CORPORATION  
and  
ATMOS ENERGY HOLDINGS, INC.

For authority to incur short-term debt and to lend short-term debt to an affiliate

**ORDER AMENDING AUTHORITY GRANTED**

By Order dated December 17, 2004, Atmos Energy Corporation ("Atmos" or "Company") was granted authority by the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia (Va. Code §§ 56-55 *et seq.* and 56-76 *et seq.*) to incur short-term indebtedness up to a maximum of \$643,000,000 at any time between January 1, 2005, and December 31, 2005. Atmos also received authority to lend short-term funds to an affiliate, Atmos Energy Holdings, Inc. ("AEH"), in an amount not to exceed \$100,000,000 at any one time ("Affiliate Facility").

On September 20, 2005, Atmos filed an application and a motion requesting that the Commission amend a condition contained in Ordering Paragraph (2) of the December 17, 2004, Order. In that paragraph, the Commission conditioned approval of the Affiliate Facility with a requirement that if the Atmos Energy Marketing, LLC (AEM), stand alone facility limit were to be increased, the Affiliate Facility must be reduced on a dollar-for-dollar basis. The Company and AEH request that the Commission remove this condition for the remainder of 2005.

In support of its request, Atmos states that natural gas prices have soared in 2005 and are likely to be in the range of \$10-\$13 per MMBtu for the coming heating season. The significantly higher price for natural gas will cause higher working capital needs for AEM above the current \$250,000,000 stand alone facility limit. According to the September 20, 2005 application, the current lenders are willing to increase the limit on AEM's stand alone facility, but to do so would be of little value if the Affiliate Facility must be reduced on a dollar for dollar basis as required by the December 17, 2004, Order.

Atmos represents that AEH's wholly owned subsidiaries, which now include Atmos Pipeline & Storage, L.L.C., Atmos Power Systems, Inc., and Atmos Energy Services, LLC, have been growing and provide significantly more credit support for the Affiliate Facility than a year ago, therefore decreasing the need for a dollar for dollar reduction to the Affiliate Facility. Further, Atmos also represents that any loans to AEH under the Affiliate Facility are of equal credit standing to any borrowings under the stand alone facility.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff, is of the opinion and finds that amending the authority granted will not be detrimental to the public interest.

ACCORDINGLY, IT IS ORDERED THAT:

- (1) Ordering Paragraph 2 of the December 17, 2004, Order shall be vacated and replaced by the following:
  - (2) Applicant is hereby authorized to lend AEH short-term funds up to an aggregate amount of \$100,000,000 between January 1, 2005 and December 31, 2005, for the purposes and under the terms and conditions set forth in the Application.
- (2) All other provisions of the December 17, 2004, Order shall remain in full force and effect.
- (3) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2004-00134  
JANUARY 19, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to assume debt securities under Chapter 3 of Title 56 of the Code of Virginia, for a waiver of or, in the alternative, a determination that the Commission's Bidding Rules do not apply to the proposed transaction, for expedited consideration, and for such other relief as may be necessary

**ORDER GRANTING AUTHORITY**

On December 9, 2004, Virginia Electric and Power Company ("DVP" or the "Company") filed an application with the State Corporation Commission ("Commission") for authority to assume debt securities under Chapter 3 (§ 56-55 *et seq.*) of Title 56 of the Code of Virginia.<sup>1</sup> The application was filed in connection with the Company's purchase of a 181.5 MW generating facility located in Roanoke Rapids, North Carolina ("the Facility"), from Panda-Rosemary L.P. ("Panda-Rosemary"). The Company also requests a waiver of the Commission's Rules Governing the Use of Bidding Programs to Purchase Electricity from Other Power Suppliers, 20 VAC 5-301-10 *et seq.* (the "Bidding Rules") or, in the alternative, a determination that the Bidding Rules do not apply to the proposed transaction.

On November 9, 2004, DVP and Panda-Rosemary entered in an Asset Purchase Agreement whereby DVP will purchase substantially all of Panda-Rosemary's assets for cash consideration and the assumption of certain bonds issued to finance the Facility. Panda-Rosemary Funding Corporation issued \$111.4 million in 8-5/8% First Mortgage Bonds in order to finance the Facility. The proceeds were loaned to Panda-Rosemary pursuant to a Loan Agreement containing payment terms identical to the payment terms of the debt proposed to be assumed. As of November 15, 2004, the outstanding balance of debt securities was \$62,336,321. However, the Company expects that at the time of closing, the remaining outstanding principal amount of the bonds to be \$60,532,532. The Company requests authority to assume these remaining outstanding debt securities.

The debt securities are secured by a lien on, and a security interest in, the Facility and the Purchase Power and Operating Agreement ("PPOA") along with other project documents. DVP is seeking bondholder consents to modify the security and restrictive covenants, including termination of the PPOA and to provide for the debt service obligations to become direct, unsecured obligations of the Company.

The Facility is currently under contract to DVP, whereby all of its capacity and energy is sold to the Company pursuant to a PPOA dated January 24, 1989. DVP expects that immediately prior to closing, the PPOA will be terminated. According to DVP, cancellation of the PPOA will result in lower electric energy and capacity costs for DVP and will save ratepayers several million dollars in fuel factor expenses. In addition, the Company represents that the Facility will continue to be available for use to serve its retail and wholesale customers so reliability will not be adversely impacted. The Company also represents that, since the facility is already interconnected to its system, the Company's ownership of the Facility will have no impact on DVP's transmission or distribution rates.

<sup>1</sup> By Order dated December 22, 2004, the Commission extended the 25-day review period for an additional thirty (30) days, or until February 2, 2005.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds the assumption of the debt securities in connection with the acquisition of the Facility will not be detrimental to the public interest. We further find that the Bidding Rules are not applicable in this proceeding. The benefits to be derived from the proposed transaction are specific to the acquisition of the Facility, and cannot be accommodated through a competitive bidding process. We will therefore approve DVP's application requesting authority to assume the debt securities in connection with its purchase of the Facility.

Accordingly, IT IS ORDERED THAT:

- 1) The Company is authorized to assume up to \$62,336,321 in debt securities associated with its proposed acquisition of the Panda-Rosemary Facility under the terms and conditions and for the purposes as stated in the application.
- 2) Within 30 days of the date of assuming debt securities associated with its acquisition of the Panda-Rosemary Facility, the Company shall file a report of action with the Commission to include the date the debt was assumed, the amount of debt assumed, and consideration given to obtain bondholder consents.
- 3) This matter shall remain open for the continued review, audit, and any further appropriate directive of the Commission.

**CASE NO. PUE-2004-00135  
JANUARY 3, 2005**

APPLICATION OF  
VIRGINIA GAS STORAGE COMPANY

For an Annual Informational Filing

**ORDER ON MOTION**

On December 20, 2004, Virginia Gas Storage Company ("VGSC" or the "Company"), by counsel, filed a Motion with the State Corporation Commission ("Commission") to modify the scheduled time period in which it has to file its Annual Report of Affiliated Transactions, Annual Financial and Operating Report, also known as the FERC Form 2, and its Annual Informational Filing ("AIF"). In its Motion, VGSC requested that the Commission permit it to file its AIF for 2004, using the twelve months ending December 31, 2004, rather than the twelve months ending September 30, 2004, as its test period and requested that the Company be permitted to file this AIF on or before May 1, 2005.

The Company also requested that it be authorized to file the Annual Report of Affiliated Transactions and the Annual Financial and Operating Report for the fifteen month period commencing on October 1, 2003, and ending on December 31, 2004, which documents the Company proposes to file with the Commission on or before May 1, 2005. Further, VGSC asked that it be permitted to file with the Commission by May 1, 2006, and ongoing and annually by May 1, the Annual Report of Affiliated Transactions, Annual Financial and Operating Report, and the AIF for each twelve-month period commencing January 1 through December 31.

In support of its Motion, VGSC represented, among other things, that on October 29, 2004, the Commission issued a Final Order in Case No. PUE-2004-00097, approving the merger of NUI Corporation ("NUI"), an affiliate company owning VGSC's immediate parent company, into an affiliate of AGL Resources, Inc. ("AGLR"), thereby making AGLR an upstream corporate parent of NUI and providing AGLR with indirect control over VGSC, among other entities. In its Motion, the Company states that AGLR and its other subsidiaries, including Virginia Natural Gas, Inc., record and maintain their operating and financial information on a calendar year-end basis, and that VGSC desires to record, maintain, and report its information to the Commission in a manner consistent with that of AGLR. VGSC represented that the Commission Staff did not object to the Company's requests.

On December 21, 2004, after further discussions with the Staff, VGSC, by counsel, filed a letter describing certain modifications to its Motion. In its letter describing the modifications, VGSC proposed to file its Annual Financial and Operating Report in two different reports with the Commission on May 1, 2005. According to VGSC, the first report would cover the time period from October 1, 2003, until December 31, 2003, and would include for that period selected schedules agreed upon by the Commission Staff prior to filing of this report. The second report would cover data for the time period from January 1, 2004, until December 31, 2004, and would contain schedules typical of Annual Financial and Operating Reports. VGSC represented that the Staff and Company had reached an agreement concerning these filings and that it was modifying its Motion to reflect this agreement.

NOW THE COMMISSION, having considered VGSC's Motion, as modified, is of the opinion and finds that the Company's request should be docketed; that VGSC's request to file its AIF for 2004, with the Commission on or before May 1, 2005, for the period beginning January 1, 2004, and ending on December 31, 2004, should be granted; that VGSC should also file on or before May 1, 2005, an Annual Financial and Operating Report for the period October 1, 2003, and ending on December 31, 2003, that will include for that period selected schedules to be agreed upon by the Commission Staff prior to the filing of that report; that VGSC should also file with the Commission an Annual Financial and Operating Report for the period January 1, 2004, through December 31, 2004, on or before May 1, 2005, which filing should contain all of the schedules typical for an Annual Financial and Operating Report; that VGSC should also file on or before May 1, 2005, an Annual Report of Affiliated Transactions for the fifteen month period October 1, 2003, through December 31, 2004; that after December 31, 2004, ongoing and annually, the Annual Report of Affiliated Transactions, the Annual Financial and Operating Report, and VGSC's AIF for the twelve months beginning January 1 through December 31, should be filed with the Commission on or before May 1, after the end of each reporting period until further Order of the Commission otherwise; and that this docket should be kept open to receive VGSC's AIF and accompanying documents for that AIF for the twelve months ending December 31, 2004, when it is filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) This case is hereby docketed and assigned Case No. PUE-2004-00135.

- (2) VGSC's Motion, as modified, is hereby granted.
- (3) VGSC shall file on or before May 1, 2005, its 2004 AIF for the period January 1, 2004, through December 31, 2004, with the Commission.
- (4) VGSC shall file with the Commission on or before May 1, 2005, an Annual Report of Affiliated Transactions for the period October 1, 2003, through December 31, 2004.
- (5) VGSC shall file with the Commission on or before May 1, 2005, an Annual Financial and Operating Report consisting of all of the schedules typically filed in such reports for a period commencing on January 1, 2004, and ending on December 31, 2004.
- (6) The Company shall also file with the Commission on or before May 1, 2005, an Annual Financial and Operating Report for the period October 1, 2003, through December 31, 2003. As represented in VGSC's Motion, as modified, the Annual Financial and Operating Report for this period shall consist of selected schedules for such reports agreed upon by the Commission Staff prior to the filing of said report.
- (7) After December 31, 2004, ongoing and annually, the Annual Report of Affiliated Transactions, the Annual Financial and Operating Report, and VGSC's AIF for the twelve months beginning January 1 through December 31, shall be filed with the Commission on or before May 1, after the end of each reporting period until further Order of the Commission otherwise.
- (8) This matter shall be continued generally to receive VGSC's application for an AIF and the financial and operating data accompanying VGSC's application for its 2004 AIF for the test year ending December 31, 2004.

**CASE NO. PUE-2004-00136  
JANUARY 3, 2005**

APPLICATION OF  
VIRGINIA GAS PIPELINE COMPANY

For an Annual Informational Filing

**ORDER ON MOTION**

On December 20, 2004, Virginia Gas Pipeline Company ("VGPC" or the "Company"), by counsel, filed a Motion with the State Corporation Commission ("Commission") to modify the scheduled time period in which it has to file its Annual Financial and Operating Report also known as the FERC Form 2, and its Annual Informational Filing ("AIF"). In its Motion, VGPC requested that the Commission permit it to file its AIF for 2004, using the twelve months ending December 31, 2004, rather than the twelve months ending September 30, 2004, as its test period, and that it be permitted to file this AIF on or before May 1, 2005. VGPC represented that it will also file two supplemental schedules to its 2004 AIF, namely, a balance sheet and income statement for the twelve months ended September 30, 2004.

The Company also requested that it be allowed to file the Annual Report of Affiliated Transactions and the Annual Financial and Operating Report for the fifteen month period commencing on October 1, 2003, and ending on December 31, 2004, which documents the Company proposes to file with the Commission on or before May 1, 2005. Further, VGPC asked that it be permitted to file with the Commission by May 1, 2006, and ongoing and annually by May 1, the Annual Report of Affiliated Transactions, Annual Financial and Operating Report, and the AIF for each twelve-month period commencing January 1 through December 31.

In support of its Motion, VGPC alleged, among other things, that on October 29, 2004, the Commission issued a Final Order in Case No. PUE-2004-00097, approving the merger of NUI Corporation ("NUI"), an affiliate company that owns VGPC's immediate parent company, into an affiliate of AGL Resources, Inc. ("AGLR"), thereby making AGLR an upstream corporate parent of NUI, and providing AGLR with indirect control over VGPC, among other entities. In its Motion, the Company states that AGLR and its other subsidiaries, including Virginia Natural Gas, Inc., record and maintain their information on a calendar year-end basis. VGPC desires to record, maintain, and report its information to the Commission in a manner consistent with that of AGLR. VGPC represented that the Commission Staff did not object to the Company's requests.

On December 21, 2004, after further discussions with the Staff, VGPC, by counsel, filed a letter describing modifications to its Motion. In its letter describing its modifications, VGPC proposed to file its Annual Financial and Operating Report in two different reports on May 1, 2005. According to VGPC, the first report would include data for the time period from October 1, 2003, until December 31, 2003, and would include for that period selected schedules agreed upon by the Commission Staff prior to filing of this report. The second report would cover the time period from January 1, 2004, until December 31, 2004, and would contain schedules typical of Annual Financial and Operating Reports. VGPC represented that the Staff and Company had reached an agreement concerning these filings and that it was modifying its motion to reflect this agreement.

NOW THE COMMISSION, having considered VGPC's Motion, as modified, is of the opinion and finds that the Company's request should be docketed; that VGPC's request to file its AIF for 2004, with the Commission on or before May 1, 2005, for the period beginning January 1, 2004, and ending on December 31, 2004, rather than the twelve months ending September 30, 2004, should be granted; that, as represented in VGPC's Motion, VGPC should include with its 2004 AIF, two supplemental schedules, namely, a balance sheet and income statement for the twelve months ending on September 30, 2004; that VGPC should be permitted to file with the Commission on or before May 1, 2005, an Annual Report of Affiliated Transactions for the fifteen month period October 1, 2003, through December 31, 2004; that VGPC should be permitted to file on or before May 1, 2005, an Annual Financial and Operating Report consisting of all the schedules typically filed in such Reports for the period commencing on January 1, 2004, and ending on December 31, 2004; that VGPC should also file on or before May 1, 2005, an Annual Financial and Operating Report for the period October 1, 2003, through December 31, 2003, that will include for that period selected schedules to be agreed upon by the Commission Staff prior to the filing of said report; that after December 31, 2004, ongoing and annually, the Annual Report of Affiliated Transactions, Annual Financial and Operating Report, and VGPC's AIF for the twelve months beginning January 1 through December 31, should be filed with the Commission on or before May 1, after the end of each reporting period until further

order of the Commission otherwise; and that this docket should be kept open to receive VGPC's AIF and accompanying documents for that AIF for the twelve months ending December 31, 2004, when it is filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) This case is hereby docketed and assigned Case No. PUE-2004-00136.
- (2) VGPC's Motion, as modified, is hereby granted.
- (3) VGPC shall file its 2004 AIF for the period January 1, 2004, through December 31, 2004, rather than the twelve months ending September 30, 2004, with the Commission on or before May 1, 2005.
- (4) In accordance with its representations, VGPC shall include with its 2004 AIF a balance sheet and income statement for VGPC for the twelve months ending on September 30, 2004.
- (5) VGPC shall file with the Commission on or before May 1, 2005, an Annual Report of Affiliated Transactions for the period October 1, 2003, through December 31, 2004.
- (6) VGPC shall file with the Commission on or before May 1, 2005, an Annual Financial and Operating Report consisting of all of the schedules typically filed in such Reports for a period commencing on January 1, 2004, and ending on December 31, 2004.
- (7) The Company shall also file with the Commission on or before May 1, 2005, an Annual Financial and Operating Report for the period October 1, 2003, through December 31, 2003. As represented in VGPC's Motion, as modified, the Annual Financial and Operating Report for this period shall consist of selected schedules for the report as agreed upon by the Commission Staff prior to the filing of this report.
- (8) After December 31, 2004, ongoing and annually, the Annual Report of Affiliated Transactions, Annual Financial and Operating Report, and VGPC's AIF for the twelve months beginning January 1 through December 31, shall be filed with the Commission on or before May 1, after the end of each reporting period until further order of the Commission otherwise.
- (9) This matter shall be continued generally to receive VGPC's application for an AIF and the financial and operating data accompanying VGPC's application for its 2004 AIF for the test year ending December 31, 2004.

**CASE NO. PUE-2004-00137  
JANUARY 3, 2005**

APPLICATION OF  
VIRGINIA GAS DISTRIBUTION COMPANY

For an Annual Informational Filing

**ORDER ON MOTION**

On December 20, 2004, Virginia Gas Distribution Company ("VGDC" or the "Company"), by counsel, filed a Motion with the State Corporation Commission ("Commission") to modify the scheduled time period in which it has to file its Annual Report of Affiliated Transactions, Annual Financial and Operating Report also known as the FERC Form 2, and its Annual Informational Filing ("AIF"). In its Motion, VGDC requested that the Commission permit it to file its AIF for 2004, using the twelve months ending December 31, 2004, rather than the twelve months ending September 30, 2004, as the test period for this AIF, and that the Company be permitted to file this AIF on or before May 1, 2005.

The Company also requested that it be allowed to file the Annual Report of Affiliated Transactions and the Annual Financial and Operating Report for the fifteen month period commencing on October 1, 2003, and ending on December 31, 2004, which documents the Company proposes to file with the Commission on or before May 1, 2005. Further, VGDC asked that it be permitted to file with the Commission by May 1, 2006, and ongoing and annually by May 1, the Annual Report of Affiliated Transactions, Annual Financial and Operating Report, and the AIF for each twelve month period commencing January 1 through December 31.

In support of its Motion, VGDC represented, among other things, that on October 29, 2004, the Commission issued a Final Order in Case No. PUE-2004-00097, approving the merger of NUI Corporation ("NUI"), an affiliate company owning VGDC's immediate parent company, into an affiliate of AGL Resources, Inc. ("AGLR"), thereby making AGLR an upstream corporate parent of NUI, and providing AGLR with indirect control over VGDC, among other entities. In its Motion, the Company states that AGLR and its other subsidiaries, including Virginia Natural Gas, Inc., record and maintain their information on a calendar year-end basis. VGDC desires to record, maintain, and report its information to the Commission in a manner consistent with that of AGLR. VGDC represented that the Commission Staff did not object to the Company's requests.

On December 21, 2004, after further discussions with the Staff, VGDC, by counsel, filed a letter describing certain modifications to its Motion. In the letter describing the modifications, VGDC proposed to file its Annual Financial and Operating Report in two different reports with the Commission on May 1, 2005. According to VGDC, the first report would include data for the time period from October 1, 2003, until December 31, 2003, and would include for that period selected schedules agreed upon by the Commission Staff prior to filing the report. The second report would cover the time period from January 1, 2004, until December 31, 2004, and would contain schedules typical of Annual Financial and Operating Reports. VGDC represented that the Staff and the Company had reached an agreement concerning these filings and that it was modifying its Motion to reflect this agreement.

NOW THE COMMISSION, having considered VGDC's Motion, as modified, is of the opinion and finds that the Company's request should be docketed; that VGDC's request to file its AIF for 2004, with the Commission on or before May 1, 2005, for the period beginning January 1, 2004, and

ending on December 31, 2004, should be granted; that VGDC should be permitted to file with the Commission on or before May 1, 2005, an Annual Report of Affiliated Transactions for the fifteen month period October 1, 2003, through December 31, 2004; that VGDC should be permitted to file on or before May 1, 2005, an Annual Financial and Operating Report consisting of all the schedules typically filed in such reports for the period commencing on January 1, 2004, and ending on December 31, 2004; that VGDC should also file on or before May 1, 2005, an Annual Financial and Operating Report for the period October 1, 2003, through December 31, 2003, that will include for that period selected schedules to be agreed upon by the Commission Staff prior to the filing of that report; that after December 31, 2004, ongoing and annually, the Annual Report of Affiliated Transactions, the Annual Financial and Operating Report, and VGDC's AIF for the twelve months beginning January 1 through December 31, should be filed with the Commission on or before May 1, after the end of each reporting period until further order of the Commission otherwise; and that this docket should be kept open to receive VGDC's AIF and accompanying documents for that AIF for the twelve months ending December 31, 2004, when it is filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) This case is hereby docketed and assigned Case No. PUE-2004-00137.
- (2) VGDC's Motion, as modified, is hereby granted.
- (3) VGDC shall file its 2004 AIF for the period January 1, 2004, through December 31, 2004, with the Commission on or before May 1, 2005.
- (4) VGDC shall file with the Commission on or before May 1, 2005, an Annual Report of Affiliated Transactions for the period October 1, 2003, through December 31, 2004.
- (5) VGDC shall file with the Commission on or before May 1, 2005, an Annual Financial and Operating Report, consisting of all the schedules typically filed in such reports, for a period commencing on January 1, 2004, and ending on December 31, 2004.
- (6) The Company shall also file with the Commission on or before May 1, 2005, an Annual Financial and Operating Report for the period October 1, 2003, through December 31, 2003. As represented in VGDC's Motion, as modified, the Annual Financial and Operating Report for this period shall consist of selected schedules for such report agreed upon by the Commission Staff prior to the filing of the same.
- (7) After December 31, 2004, ongoing and annually, the Annual Report of Affiliated Transactions, the Annual Financial and Operating Report, and VGDC's AIF for the twelve months beginning January 1 through December 31, shall be filed with the Commission on or before May 1, after the end of each reporting period until further order of the Commission otherwise.
- (8) This matter shall be continued generally to receive VGDC's application for its AIF and the financial and operating data accompanying VGDC's application for its 2004 AIF for the test year ending December 31, 2004.

**CASE NO. PUE-2004-00138  
MAY 25, 2005**

PETITION OF  
TWIN COVES WATER WORKS, INC.,  
and  
TWIN COVES WATER COMPANY

For approval of a transfer of assets and control of a Virginia water public utility

**ORDER GRANTING APPROVAL**

On February 9, 2005, Twin Coves Water Works, Inc. ("Waterworks"), and Twin Coves Water Company ("Company") (collectively, "the Petitioners") completed a petition originally filed December 22, 2004, requesting approval for Company to acquire and Waterworks to dispose of all of the assets and control of Waterworks.

As described in the petition, Waterworks is a small water company that provides water service to approximately 30 connections in the Communities of Twin Coves and Woodbrook, the Smith and Buntin residences in the Hales Ford Estates Community, and the DeWitt residences and the Rose/Blevins residences on Oldfield Road in the Smith Mountain Lake area of Franklin County, Virginia. Waterworks currently owns the water system assets used to provide service to such customers.

Company is owned by David G. Petrus, President and Owner of Petrus Environmental Services, Inc., which owns and operates numerous water systems throughout the Commonwealth of Virginia and the United States.

Pursuant to Chapter 5 of Title 56 of the Code of Virginia, Company seeks approval to acquire, and Waterworks seeks approval to dispose of, all of the assets and control of Waterworks. Pursuant to the Transfer of Water System Agreement ("the Agreement"), Waterworks proposes to sell to Company all of the assets of the water system including, but not limited to, pumps, tanks, treatment facilities, buildings, meters and water lines, and easements for such water lines at a price of \$11,000. Upon consummation of the proposed transaction, all of the assets of Waterworks will become the property of Company, and company will continue to operate as a separate small water system. Pursuant to the Agreement, Company will pay to Waterworks \$11,000 for the assets of Waterworks, \$5,000 due on the date of closing, and the remaining \$6,000 due six months from the date of closing. The deferred amount of \$6,000 will be evidenced by a promissory note and security agreement in that amount and secured by a first lien deed of trust and financing statement on all assets to be sold and conveyed pursuant to the Agreement. All water payments from customers will be pro-rated as of the date of closing.

As stated in the petition, the proposed purchase price of \$11,000 was a negotiated price. The Petitioners represent that the original cost of the assets is not known.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transfer of assets and control of Waterworks will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, approval is hereby granted for Twin Coves Water Company to acquire the assets and control of Twin Coves Water Works, Inc., at the price of \$11,000 under the terms and conditions and for the purposes as described herein.
- (2) Twin Coves Water Company shall file a report of the action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the acquisition took place, the actual sales price, and the actual accounting entries reflecting the transaction.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2004-00139  
AUGUST 29, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For a certificate of public convenience and necessity for facilities in the Cities of Portsmouth and Norfolk: Churchland-Sewells Point 230 kV Transmission Line

**FINAL ORDER**

On December 23, 2004, 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 of Virginia Electric and Power Company for Approval and Certificate of Churchland-Sewells Point 230 kV Transmission Line, Application No. 226 (hereinafter "Application"). Additional environmental information was filed on January 4, 2005, and a revised sketch map of the proposed route was filed on January 8, 2005. The Company proposes to construct and operate a new 230 kV transmission line between its existing Churchland Substation in the City of Portsmouth and its existing Sewells Point Substation in the City of Norfolk. As explained in the Application Appendix at 4, the proposed line would occupy in the City of Portsmouth vacant circuit positions on approximately 3.43 miles of existing transmission line between the Churchland Substation and an existing terminal station for submarine cables at Craney Island. In the City of Norfolk, the proposed line would occupy vacant circuit positions on approximately 1.8 miles of existing transmission line between the Sewells Point Substation and an existing terminal station for submarine cables at Tanners Point. New parallel submarine cables approximately 1.6 miles in length would be constructed between the Craney Island and Tanners Point terminal stations. All construction of overhead transmission line would be on existing rights-of-way. Other construction would be within the existing confines of the Churchland, Craney Island, Tanners Point, and Sewells Point stations.

On January 27, 2005, the Commission entered an Order for Notice in which it directed the Company to provide notice of the Application, invited comments and requests for hearing, and directed the Staff of the Commission ("Staff") to analyze the Application and file a Report detailing its findings and recommendations.

On February 14, 2005, the Company filed proof of service, and on March 14, 2005, filed proof of notice, both as required by the January 27, 2005, Order for Notice.

On March 16, 2005, the Virginia Department of Environmental Quality ("DEQ") submitted a report, at the request of Staff, summarizing the proposed facilities' potential impact on natural resources and providing recommendations for minimizing those impacts ("Environmental Review").<sup>1</sup> In addition, DEQ provided Staff with a wetland impacts consultation dated December 2, 2004, in accordance with the DEQ-Commission Memorandum of Agreement in Case No. PUE-2003-00114 ("Wetland Impacts Consultation").

On May 16, 2005, Staff filed its Report on the Application ("Report"). Staff recommends that the Commission approve the Application. Staff believes that the Company has demonstrated a public need for the proposed project and that this project best serves the overall public interest in consideration of the combined factors of reliability, cost, environmental impact, and impact to local residents. In addition, Staff attached to the Report DEQ's Environmental Review and Wetland Impacts Consultation, and Staff recommends that all recommendations in those reports be required of the Company as a condition of the certificate requested herein. Specifically, the Report, at pages 29-30, lists the following eight conditions.

- (1) The Company should provide a contingency plan in the event affected wetland areas do not re-vegetate as anticipated, within a reasonable time, following construction.
- (2) Construction activities and equipment used should avoid any damage to the several groundwater monitoring wells in the vicinity of the Oily Sludge Pit, CERCLA Site 3 at the Craney Island facility.
- (3) The Company should follow pollution prevention principles to the extent practicable.

<sup>1</sup> DEQ's Environmental Review is dated March 11, 2005.

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(4) The Company should observe time-of-year restrictions (prohibitions on activity) with respect to beach disturbance and island activities associated with the project.

(5) In the event of any in-stream work, the Company should observe time-of-year restrictions and several precautions regarding the way the work is done.

(6) The Company should consider the inclusion of trail linkages from the walking trails in the industrial park to the main road and along the proposed line.

(7) Wetlands delineated by Williamsburg Environmental Group for this project should be confirmed by the U.S. Army Corps of Engineers prior to beginning work in these areas.

(8) The Company should coordinate with the Virginia Department of Game and Inland Fisheries ("VDGIF") and the U.S. Fish and Wildlife Service concerning potential impacts to colonial water birds.

On June 1, 2005, the Company filed comments on Staff's Report. The Company requested certain modifications to the time-of-year restrictions in recommendations (4) and (5), above. On June 10, 2005, the Commission issued an Order permitting DEQ, or another agency or agencies, to file a response to the Company's June 1, 2005, comments. On June 29, 2005, VDGIF filed comments requesting the Commission to make the time-of-year restrictions in (4) and (5) above conditional at this time. On July 20, 2005, Dominion Virginia Power filed a one-page letter explaining that VDGIF and the Company had developed a suggested provision regarding the time-of-year restrictions. Specifically, the letter sets forth the following language as acceptable to VDGIF and the Company:

The Commission will adopt the two time-of-year restrictions (TOYRs) on construction of the project, as described in the DEQ Report (Summary of Recommendations #s 4 and 5), subject to the following procedure to allow for flexibility. The Department of Game and Inland Fisheries, which recommended the TOYRs, may, after consultation with the Company and review of the scope of construction and project design, modify or eliminate the TOYRs if it is reasonably determined that one or both of the TOYRs are unnecessary, in whole or in part, for the purposes set forth in the DEQ Report.

Finally, no person filed comments, sought to intervene, or requested a hearing with respect to the Application.

NOW THE COMMISSION, having considered the record, the pleadings, and applicable law, is of the opinion and finds as follows. We grant approval of the proposed transmission facilities and issue a certificate of public convenience and necessity, subject to the conditions discussed below, to construct and operate such facilities. We conclude that the public convenience and necessity require construction of the proposed line as approved in this Final Order.

The Company seeks certification of the proposed transmission line pursuant to the Utility Facilities Act, §§ 56-265.1 – 265.9 of the Code of Virginia ("Code") and for approval in accordance with § 56-46.1 of the Code. Section 56-265.2 A provides that "[i]t shall be unlawful for any public utility to construct ... facilities for use in public utility service ... without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege." For overhead lines of 150 kV or more, § 56-265.2 A also requires compliance with the provisions of § 56-46.1 of the Code.

Section 56-46.1 A directs the Commission to consider several factors in reviewing proposed new facilities. It provides:

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 (i) shall consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

In addition, § 56.46.1 B of the Code states that, with regard to overhead electric transmission lines of 150 kilovolts or more, 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." Furthermore, § 56-46.1 C directs the applicant to "provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company."

We find that, as required by §§ 56-46.1 B and 56-265.2 of the Code, proper notice has been given and the Commission may consider the Application.

We also find that the proposed transmission facilities will have no material adverse effect upon reliability of electric service provided by any regulated public utility. In addition, we agree with Staff that Dominion Virginia Power has established a public need for the proposed transmission facilities. We further determine that the overhead portions of the proposed facilities require no new rights-of-way; that the Company has provided adequate evidence that there are no existing rights-of-way that can be substituted for the submarine and underground portions of the transmission line right-of-way that would adequately serve the needs of the Company; and that the proposed route reasonably minimizes adverse impact on the scenic assets, historic districts, and environment of the area concerned.

We have considered and weighed the factors set forth in §§ 56-265.2 A and 56-46.1 of the Code, factors that are, to a large extent, interrelated and overlapping. As required by § 56-46.1 A of the Code, we have considered the effect of the proposed facilities on the environment. We condition the

certificate granted herein on the eight DEQ recommendations listed above, subject to the modification suggested by VDGIF and the Company as set forth in the Company's filing dated July 20, 2005.

Finally, we find that, as a condition of the certificate granted herein, the proposed transmission facilities must be constructed and in-service by January 1, 2008; however, the Company is granted leave to apply for an extension for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power is authorized to construct and operate a Churchland-Sewells Point 230 kV Transmission Line as set forth in the Application and provided for in this Final Order.

(2) Pursuant to §§ 56-265.2, 56-46.1, and related provisions of Title 56 of the Code of Virginia, Dominion Virginia Power's Application for a certificate of public convenience and necessity is granted as 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 of Virginia, Dominion Virginia Power is issued the following certificate of public convenience and necessity:

Certificate No. 95u, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities in the Cities of Chesapeake, Norfolk, Suffolk, Portsmouth, and Virginia Beach, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2004-00139; Certificate No. 95u will cancel Certificate No. 95t issued to Virginia Electric and Power Company.

(4) Within thirty (30) days from the date of this Final Order, Dominion Virginia Power shall file with the Commission's Division of Energy Regulation three (3) copies of an appropriate map that shows the routing of the transmission line approved herein.

(5) As a condition of the certificate granted in this case, Dominion Virginia Power shall comply with the eight recommendations prepared by the Department of Environmental Quality listed above, subject to the procedure proposed by the Company and the Virginia Department of Game and Inland Fisheries as also set forth above. The Company shall notify the Commission, on or before the in-service date of the transmission line, if the Virginia Department of Game and Inland Fisheries modifies or eliminates the time-of-year restrictions as permitted herein.

(6) As a condition of the certificate granted in this case, the transmission line must be constructed and in-service by January 1, 2008; however, Dominion Virginia Power is granted leave to apply for an extension for good cause shown.

(7) There being nothing further to come before the Commission in this proceeding, this case shall be removed from the docket and the papers transferred to the file for ended causes.

### **CASE NO. PUE-2005-00001 JANUARY 20, 2005**

#### APPLICATION OF DELMARVA POWER & LIGHT COMPANY

For authority to issue up to \$150,000,000 of debt securities and/or preferred stock

#### **ORDER GRANTING AUTHORITY**

On January 3, 2005, Delmarva Power & Light Company ("Delmarva" or "Applicant") filed an application with the State Corporation Commission ("Commission") requesting authority under Chapter 3 of Title 56 of the Code of Virginia to issue up to \$150,000,000 in debt securities and/or preferred stock (the "Refunding Securities"). The Applicant requests authority to issue the Refunding Securities from time to time, before December 31, 2006. Applicant paid the requisite fee of \$250.

Delmarva requests authority to issue the Refunding Securities to refinance existing securities prior to or at maturity and to refinance a portion of short-term debt. Applicant proposes to take advantage of the current low interest rates in the capital markets to lower interest and/or preferred dividend costs. Specifically, Applicant has identified \$100,000,000 of 7.71% first mortgage bonds due 6/1/2025 for refinancing prior to maturity; \$2,709,000 of first mortgage bonds due 6/01/2005, \$2,941,200 of 6.95% first mortgage bonds due 6/01/2006, and \$20,000,000 of 6.75% medium term notes due 10/01/2006 to be repaid at maturity, and to convert up to \$24,350,000 of short-term debt into long-term debt. Applicant included a detailed breakeven analysis estimating the interest cost savings at current market rates in its application.

Applicant requests broad authority to issue the Refunding Securities in order to obtain the most favorable terms and conditions at the time of issuance. Applicant, therefore, proposes that the securities be sold in one or more underwritten public offerings, negotiated sales, or private placement transactions. Applicant also proposes that the maturity date(s), interest rate(s), redemption provisions, and other terms and provisions of the securities be determined under prevailing market conditions at the time of issuance.

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.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to issue up to \$150,000,000 of a combination of secured or unsecured debt and/or preferred stock under the terms and conditions and for the purposes set forth in the application, through the period ending December 31, 2006.
- 2) Applicant shall submit a preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), to include the type of security, the issuance date, amount of the issue, the interest rate, and the maturity date.
- 3) Within sixty (60) days after the end of each calendar quarter in which any securities are issued pursuant to Ordering Paragraph (1), Delmarva shall file with the Commission a detailed Report of Action with respect to all securities issued and sold during the calendar quarter to include:
  - (a) the issuance date, type of security, amount issued, interest rate, date of maturity, underwriters' names, underwriters' fees, other issuance expenses realized to date, and net proceeds to Applicant;
  - (b) a list of any signed agreements not previously provided which were executed for the purpose of issuing any securities pursuant to Ordering Paragraph (1);
  - (c) the cumulative principal amount issued under the authority granted herein and the amount remaining to be issued; and
  - (d) a general statement of the purposes for which the securities were issued, and if the purpose is for the early redemption of an outstanding issue, to provide a schedule of all reacquisition losses and overall cost savings from refunding.
- 4) Applicant shall file a final Report of Action on or before February 28, 2007, to include all information required in Ordering Paragraph (3) and a detailed account of all the actual expenses and fees paid to date for all securities issued under this authority, with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.
- 5) Approval of the application shall have no implications for ratemaking purposes.
- 6) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00002  
JANUARY 24, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

Ex Parte: In the matter concerning whether there is a sufficient degree of competition such that the elimination of default service will not be contrary to the public interest

**ORDER ESTABLISHING INVESTIGATION**

Section 56-585 E of the Virginia Electric Utility Restructuring Act ("Restructuring Act"), Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia, directs the State Corporation Commission ("Commission") to determine on or before July 1st, annually, after notice and opportunity for hearing, whether there is a sufficient degree of competition such that the elimination of default service for particular customers, particular classes of customers, or particular geographic areas of the Commonwealth will not be contrary to the public interest. This section further directs the Commission to report its findings and recommendations concerning modification or termination of default service to the General Assembly and to the Commission on Electric Utility Restructuring, no later than December 1st, annually.

NOW THE COMMISSION, having considered § 56-585 E of the Restructuring Act, is of the opinion that an investigation should be established to determine if there is a sufficient degree of competition to permit the elimination or modification of default service at this time. We find that this matter should be docketed, that notice of this investigation should be given to the public, that interested persons should have an opportunity to comment or request a hearing on the matter, and that the Commission Staff should file a report presenting its findings and recommendations to the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2005-00002.
- (2) A copy of this Order Establishing Investigation shall be made available for public inspection forthwith at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219, Monday through Friday, 8:15 a.m. to 5:00 p.m., or may be downloaded from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.
- (3) On or before February 18, 2005, the Commission's Division of Information Resources shall publish the following notice as classified advertising in newspapers of general circulation throughout the Commonwealth of Virginia.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOTICE TO THE PUBLIC OF  
A PROCEEDING PURSUANT TO THE  
VIRGINIA ELECTRIC UTILITY RESTRUCTURING ACT  
TO DETERMINE IF THERE IS A SUFFICIENT DEGREE OF  
COMPETITION SUCH THAT THE ELIMINATION OR  
MODIFICATION OF DEFAULT SERVICE WILL NOT BE  
CONTRARY TO THE PUBLIC INTEREST  
CASE NO. PUE-2005-00002

Section 56-585 E of the Virginia Electric Utility Restructuring Act ("Restructuring Act"), Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia, directs the State Corporation Commission ("Commission") to determine on or before July 1, 2005, whether there is a sufficient degree of competition such that the elimination of default service for particular customers, particular classes of customers, or particular geographic areas of the Commonwealth will not be contrary to the public interest. The Commission must report its findings and recommendations to the General Assembly and to the Commission on Electric Utility Restructuring, no later than December 1, 2005.

The Commission has established an investigation into this matter. A copy of the Commission's Order Establishing Investigation in this proceeding is available for public inspection at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219, Monday through Friday, 8:15 a.m. to 5:00 p.m., or may be downloaded from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>. Interested persons should consult a copy of the Commission's Order Establishing Investigation for information about participation in this matter.

On or before March 18, 2005, any interested person may file an original and fifteen (15) copies of any comments with the Clerk of the Commission at the address set forth below. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website.

On or before March 18, 2005, any interested person may file an original and fifteen (15) copies of any requests for hearing with the Clerk of the Commission at the address set forth below. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If sufficient request for hearing is not received, the Commission may enter an order based upon the papers filed.

Also on or before March 18, 2005, persons expecting to participate as a respondent in any hearing that may be scheduled shall include with their request for hearing an original and fifteen (15) copies of a notice of participation in accordance with 5 VAC 5-20-80 of the Commission Rules of Practice and Procedure.

All filings in this proceeding shall be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUE-2005-00002.

STATE CORPORATION COMMISSION

(4) On or before March 18, 2005, any interested person may comment on this matter by filing an original and fifteen (15) copies of such comments with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested parties shall refer in their comments to Case No. PUE-2005-00002. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website referenced in Ordering Paragraph (2) above.

(5) On or before March 18, 2005, any interested person may request a hearing on this matter by filing an original and fifteen (15) copies of such requests with the Clerk of the Commission at the address set forth in Ordering Paragraph (4) above. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If a sufficient request for hearing is not received, the Commission may consider the matter and enter an order based upon the papers filed herein. Interested parties shall refer in their requests to Case No. PUE-2005-00002.

(6) On or before March 18, 2005, persons expecting to participate as a respondent in any hearing that may be scheduled in this matter shall file an original and fifteen (15) copies of a notice of participation in accordance with 5 VAC 5-20-80 of the Commission Rules of Practice and Procedure. Interested parties shall refer in their notices to Case No. PUE-2005-00002. All notices of participation shall be filed with the Clerk of the Commission at the address set forth in Paragraph (4) above.

(7) On or before March 18, 2005, any interested person who wishes to remain on the service list for future filings and orders in this docket, but not file comments or be a party to this proceeding, shall file a statement of such interest.

(8) On or before April 15, 2005, the Staff shall investigate this matter and file a report with the Commission presenting its findings and recommendations, and responding to any comments filed by interested persons in this matter.

(9) This matter is continued for further order of the Commission.

**CASE NO. PUE-2005-00002  
MAY 19, 2005**

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

*Ex Parte*: In the matter concerning whether there is a sufficient degree of competition such that the elimination of default service will not be contrary to the public interest

**FINAL ORDER**

Section 56-585 E of the Virginia Electric Utility Restructuring Act ("Restructuring Act"), Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia, directs the State Corporation Commission ("Commission") to determine on or before July 1st, annually, after notice and opportunity for hearing, whether there is a sufficient degree of competition such that the elimination of default service for particular customers, particular classes of customers, or particular geographic areas of the Commonwealth will not be contrary to the public interest. This section further directs the Commission to report its findings and recommendations concerning modification or termination of default service to the General Assembly and to the Commission on Electric Utility Restructuring ("CEUR"), no later than December 1st, annually.

On January 24, 2005, the Commission established an investigation to determine if there is a sufficient degree of competition to permit the elimination or modification of default service at this time. The Commission directed that notice of the investigation be given to the public and that interested persons be given an opportunity to comment or request a hearing on the matter. Interested persons were to file any comments, requests for hearing, and notices of participation as a respondent on or before March 18, 2005. The Staff was to investigate and to file a report with the Commission presenting its findings and recommendations, and responding to any comments filed by interested persons in this matter, on or before April 15, 2005.

Appalachian Power Company d/b/a American Electric Power ("APCO"); Constellation NewEnergy, Inc. ("Constellation"); Delmarva Power & Light Company ("Delmarva"); Direct Energy Services, LLC ("Direct Energy"); Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"); The Potomac Edison Company d/b/a Allegheny Power; and Virginia Electric and Power Company ("Dominion Virginia Power") timely filed comments addressing whether there is a sufficient degree of competition and whether default service should be modified or terminated.<sup>1</sup> The Virginia Electric Cooperatives filed a notice of participation, but no additional comments or request for hearing.<sup>2</sup>

On March 28, 2005, the Virginia Committee for Fair Utility Rates (the "Virginia Committee") and the Old Dominion Committee for Fair Utility Rates (the "Old Dominion Committee") filed Notices of Participation as Respondents, Comments, and Motions for Leave. In each of their respective pleadings, the Virginia Committee and the Old Dominion Committee request leave to file their notices of participation and comments six business days out of time.

On March 29, 2005, the Commission issued an Order Permitting Response and Reply allowing respondents in the proceeding to respond to the Motions and the Virginia Committee and the Old Dominion Committee to reply to any responses filed.

On April 6, 2005, Consumer Counsel and Dominion Virginia Power filed responses indicating no objection to the Motions. The Virginia Committee and the Old Dominion Committee did not file replies.

On April 15, 2005, the Staff filed its Report which includes excerpts from the comments filed. The Staff Report indicates that none of the comments assert that a sufficient level of competition exists such that the elimination of default service will not be contrary to the public interest. According to the Staff Report, all comments appear to advise against the elimination of or changes to default service at this time.

The Staff Report also notes that Constellation recommends the implementation of market-based pricing for default service for large customers beginning July 1, 2007, and that Direct Energy suggests modifications to the wires charges exemption program. In response to Constellation's recommendation, the Staff submits that Constellation presumes that the Commission terminates capped rates for large customers. The Staff asserts that the Commission is authorized to terminate capped rates only upon a petition from a utility and notes that the Commission must make a finding of an effectively competitive market prior to terminating capped rates. With regard to Direct Energy's comments on the wires charges, the Staff indicates that the issue of wires charges is being considered in another Commission proceeding and suggests that the comments may be more appropriately considered there. Further, the Staff states that some of the proposals would require legislation.

The Staff Report contains six findings. First, as of April 6, 2005, less than one-tenth of one percent, or 1,683, of eligible customers have chosen a competitive supplier. Second, all of these customers are in Dominion Virginia Power's service territory, 1,663 of which are residential customers that have chosen a premium "environmentally-friendly" supply service. The remaining 20 customers hold small non-residential accounts. Third, there are twelve licensed competitive service suppliers, six of which are registered with incumbent utilities. The Staff is unaware of any current competitive offers that are being actively marketed to customers. Fourth, Dominion Virginia Power's three retail access pilot programs have not attracted any competitive offers, despite numerous revisions to attract suppliers and the availability of a 100 percent discount in the wires charges. Fifth, there has been no additional substantive competitive retail activity subsequent to the General Assembly's extension of capped rates of the incumbent utilities until December 31, 2010. Finally, there have been no developments with respect to competitive retail activity which should effect the Commission's Order in Case No.

<sup>1</sup> APCO, Constellation, Delmarva, Direct Energy, and Dominion Virginia Power also filed notices of participation as respondents. Consumer Counsel filed a letter of intent to participate in any hearing to be scheduled.

<sup>2</sup> Collectively on behalf of A & N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, Southside Electric Cooperative, Old Dominion Electric Cooperative, and the Virginia, Maryland & Delaware Association of Electric Cooperatives.

PUE-2002-00645 that incumbent utilities should provide default services to all retail customers requiring such service within their respective territories under the rates, terms, and conditions of capped rate electricity supply service.

In conclusion, the Staff Report recommends that the Commission find and report to the General Assembly and the CEUR in the Commission's 2005 annual report on the status of competition in Virginia that there is not a sufficient degree of competition such that the elimination of default service for particular customers, particular classes of customers or particular geographic areas of the Commonwealth will not be contrary to the public interest. The Staff submits that default service should not be eliminated or otherwise modified at the current time.

NOW THE COMMISSION is of the opinion and finds as follows. The Motions filed by the Virginia Committee and the Old Dominion Committee for leave to file their notices of participation and comments six business days out of time will be granted. Upon consideration of the comments filed and the Staff Report, the Commission will adopt the findings and recommendations in the Staff Report. We find that there is not a sufficient degree of competition such that the elimination of default service for particular customers, particular classes of customers or particular geographic areas of the Commonwealth will not be contrary to the public interest. We find that default service should not be eliminated or otherwise modified at the current time.

Accordingly, IT IS ORDERED THAT:

- (1) The Motions filed by the Virginia Committee and the Old Dominion Committee are hereby granted.
- (2) The Commission's findings and recommendations shall be reported to the General Assembly and the CEUR in the Commission's 2005 annual report on the status of competition in Virginia.
- (3) There being nothing further to come before the Commission in this proceeding, this case shall be removed from the docket and the papers transferred to the file for ended causes.

**CASE NO. PUE-2005-00003  
JULY 5, 2005**

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

**ORDER GRANTING AUTHORITY**

On January 12, 2005, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, L.L.C. ("AEM") (collectively the "Applicants"), filed a joint application (the "Application") with the State Corporation Commission (the "Commission") seeking authority to enter into a gas exchange and optimization services agreement (the "Asset Management Agreement" or "AMA") pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code").

On April 7, 2005, the Applicants filed an Amendment to Application (the "Amendment"), which requested permission to amend the Application by including two exhibits omitted from the initial filing. On April 12, 2005, the Commission issued an Order Granting Leave to Amend, which granted the Amendment and further found that the period for review of issues under § 56-77 of the Code should restart as of the date of the Amendment filing. On June 2, 2005, the Commission issued an Order Extending Time for Review, which extended the review period until July 6, 2005.

Atmos, which is headquartered in Dallas, Texas, is a natural gas distribution company providing distribution, transmission, and transportation services to approximately 3.1 million customers in Virginia, Tennessee, Colorado, Texas, Louisiana, Kentucky, Mississippi, Missouri, Kansas, Georgia, Iowa, and Illinois. In Virginia, Atmos provides gas distribution service to approximately 19,000 customers located in Abingdon, Blacksburg, Bristol, Marion, Pulaski, Radford and Wytheville and their environs.

AEM, which is headquartered in Houston, Texas, is a wholly-owned subsidiary of Atmos Energy Holdings, Inc., which is a wholly-owned subsidiary of Atmos. AEM provides gas supply and asset management services to Atmos, other natural gas utilities, 800 industrial customers and power plants, and more than 130 municipalities servicing over 200 communities in 16 states.

AEM was formerly known as Woodward Marketing, LLC ("Woodward"). From May 1997 through April 2004, Woodward provided virtually all of Atmos' gas supply services, including: (1) procurement/contracting; (2) supplier relations; (3) demand forecasting; (4) dispatch and balancing; (5) weather database services; (6) load database services; (7) pricing database services; (8) capacity management; (9) storage and exchange management; (10) supplier invoice reconciliation; and (11) supplier invoice payment and coding, through an arrangement approved by the Commission.<sup>1</sup>

Effective October 1, 2003, Atmos reorganized its natural gas marketing segment. Woodward and Trans Louisiana Gas Company were merged and renamed AEM. In early 2004, Atmos and its newly created affiliate Atmos Energy Services, LLC ("AES"), filed a joint application with the Commission requesting authority to unbundle its energy management services by entering into an AES Service Agreement wherein AES would provide

<sup>1</sup> 1997 S.C.C. Report 144-45, Case No. PUA-1996-00025, May 27, 1997, Order Granting Approval, re: Application of United Cities Gas Company for approval of transactions with an affiliate, Woodward Marketing, L.L.C.

Atmos the energy administrative services formerly provided by Woodward, except for commodity procurement and asset management services. The Commission approved the request in an Order dated April 28, 2004 (the "Unbundling Order").<sup>2</sup>

Atmos and AEM are considered affiliated interests under § 56-76 of the Code. As such, any contract or arrangement between the companies to provide or receive services must be approved by the Commission pursuant to the Affiliates Act.

The proposed Asset Management Agreement covers Atmos' natural gas commodity, capacity and storage assets in both Tennessee and Virginia. The AMA's services are described below.

## **I. Gas Exchange Services**

Under Article 2 of the AMA, Atmos and AEM agree to exchange firm gas quantities between three sets of geographic locations, with the receipts and deliveries moving in one direction during the winter withdrawal period and flowing in the opposite direction during the summer injection period. The transactions for each set of locations are detailed below.

### **A. Barnsley Storage Exchange**

During the winter withdrawal period of each contract year, AEM will receive firm gas quantities from Atmos at the Barnsley Storage interconnect ("Barnsley KY") with Texas Gas Transmission ("TGT") in Zone 3 in western Kentucky, and AEM will deliver quantities to Atmos at the Columbia Gulf Transmission ("CGT") interconnect with TGT at Egan, Louisiana ("Egan LA"). The CGT Onshore Pool can be substituted for Egan LA if operationally feasible. Atmos will provide fuel in kind to AEM equivalent to TGT's Zone 3 to Zone SL tariff fuel rate, which is currently 0% in the winter. Daily exchange quantities will range from zero to 30,000 dekatherms ("Dth"), and the total exchange quantity, net of fuel, is estimated to be 1.2 million Dth for the winter period. Any variances in exchanged volumes will be eliminated at the end of the winter period.

During the summer injection period of each contract year, AEM will receive firm gas quantities from Atmos at Egan LA and AEM will deliver quantities to Atmos at Barnsley KY. Atmos will provide fuel in kind to AEM equivalent to TGT's Zone SL to Zone 3 tariff fuel rate, which is currently 2.03% in the summer. Daily exchange quantities are estimated at 5,600 Dth, and the total exchange quantity, net of fuel, is estimated to be 1.2 million Dth for the summer period. Any variances in exchanged volumes will be eliminated at the end of the summer period.

### **B. Dominion/TGP/ETNG Exchange**

During the winter withdrawal period of each contract year, AEM will receive firm gas quantities from Atmos at the Dominion Transmission, Inc. ("DTI"), interconnect with Texas Gas Pipeline ("TGP") in Zone 3 at Cornwell, West Virginia ("DTI Cornwell"), and AEM will deliver quantities to Atmos at the East Tennessee Natural Gas interconnect at Greenbrier, West Virginia ("ETNG Greenbrier"). Atmos will provide fuel in kind to AEM equivalent to TGP's Zone 3 to Zone 1 tariff fuel rate, which is currently 0.5% in the winter. Daily exchange quantities will range from zero to 3,300 Dth, and the total exchange quantity, net of fuel, is estimated to be 197,243 Dth for the winter period. Any variances in exchanged volumes will be eliminated at the end of the winter period.

During the summer injection period of each contract year, AEM will receive firm gas quantities from Atmos at the TGP 500 leg pool or other 500 leg receipt points, and AEM will deliver quantities to Atmos at the DTI Cornwell. Atmos will provide fuel in kind to AEM equivalent to TGP's Zone 1 to Zone 3 tariff fuel rate, which is currently 4.29% in the summer. Daily exchange quantities are estimated at 922 Dth, and the total exchange quantity, net of fuel, is estimated to be 197,243 Dth for the summer period. Any variances in exchanged volumes will be eliminated at the end of the summer period.

### **C. Dominion/TETCO/Mid Tennessee Exchange**

During the winter withdrawal period of each contract year, AEM will receive firm gas quantities from Atmos at the DTI/Texas Transmission Company ("TETCO") interconnect in M2 at Oakford, Pennsylvania, and AEM will deliver quantities to Atmos at the TETCO interconnect in the Mid-Tennessee service area. Atmos will provide fuel in kind to AEM equivalent to TETCO's M2 to M1 tariff fuel rate, which is currently 0% in the winter. Daily exchange quantities will range from zero to 4,800 Dths, and the total exchange quantity, net of fuel, is estimated to be 411,765 Dths for the winter period. Any variances in exchanged volumes will be eliminated at the end of the winter period.

During the summer injection period of each contract year, AEM will receive firm gas quantities from Atmos at the TETCO ELA Pool, and AEM will deliver quantities to Atmos at the DTI/TETCO interconnect in M2 at Oakford, Pennsylvania, or at the DTI/Transco interconnect at Leidy, Pennsylvania. Atmos will provide fuel in kind to AEM equivalent to TETCO's ELA to M2 tariff fuel rate, which is currently 7.91% in the summer. Daily exchange quantities are estimated at 1,924 Dths, and the total exchange quantity, net of fuel, is estimated to be 411,765 Dths for the summer period. Any variances in exchanged volumes will be eliminated at the end of the summer period.

## **II. Gas Optimization Services**

Under Article 3 of the AMA, AEM provides three types of gas optimization services to Atmos: recallable capacity utilization, pipeline substitution, and storage fill services. Each service is detailed below.

### **1. Recallable Capacity Utilization**

Under Section 3.1 of the AMA, AEM will take from Atmos recallable transportation capacity on several pipelines at specific delivery points, as described below.

<sup>2</sup> Case No. PUE-2004-00016, April 28, 2004, Order Granting Approval, re: Application of Atmos Energy Corporation and Atmos Energy Services, LLC, for authority to enter into a shared services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia.

#### A. ETNG Pipeline

AEM will take from Atmos up to 20,000 Dth per day of recallable transportation capacity on ETNG's pipeline. AEM will bear all pipeline commodity charges associated with third party deliveries via this capacity. Should AEM's usage on any given day exceed Atmos' released capacity, AEM will pay Atmos the average monthly volumetric release rate for similar recallable capacity, if available via electronic bulletin boards, or an imputed rate of \$0.01 per Dth.

#### B. TGP Pipeline, Greenbrier Only

AEM will take from Atmos up to 20,000 Dth per day of recallable transportation capacity on ETNG's pipeline for deliveries to Greenbrier, West Virginia. AEM will bear any monthly demand charge increases caused by deliveries to points other than Greenbrier. AEM will bear all pipeline commodity charges associated with third party deliveries via this capacity. Should AEM's usage on any given day exceed Atmos' released capacity, AEM will pay Atmos the average monthly volumetric release rate for similar recallable capacity, if available via electronic bulletin boards, or an imputed rate of \$0.01 per Dth.

#### C. TGP Pipeline, Zone 0 Segmented Capacity

AEM will take from Atmos up to 17,000 Dth per day of recallable transportation capacity on pipeline segments associated with Atmos' TGP Zone 0 entitlements. AEM will bear all pipeline commodity charges associated with third party deliveries via this capacity. Should AEM's usage on any given day exceed Atmos' released capacity, AEM will pay Atmos the average monthly volumetric release rate for similar recallable capacity, if available via electronic bulletin boards, or an imputed rate of \$0.01 per Dth.

#### D. Southern Natural Gas ("SNG") Pipeline

AEM will take from Atmos up to 17,868 Dth per day of recallable transportation capacity on SNG's pipeline (receipt SNG supply area, delivery ETNG) year around. Atmos will be credited for all pipeline commodity charges associated with third party deliveries via this capacity, if invoiced by SNG to Atmos. Since this capacity is primarily used for peaking purposes, Atmos will retain the right to call on the gas delivered to ETNG via this capacity up to 17,868 Dth per day. The price of any gas taken by Atmos when it calls for this capacity will be the Gas Daily Midpoint posting for SNG in Louisiana. When Atmos uses this capacity for its account, AEM will pass through to Atmos all SNG firm transportation commodity and fuel charges. AEM shall retain the option of substituting deliveries from alternative locations to ETNG for Atmos' account in lieu of making SNG deliveries to ETNG, if operationally feasible. If AEM elects to optimize the SNG capacity by substituting deliveries, the delivered gas will be priced using the methodology described above as if there were no substitutions.

#### E. Other Pipeline Recallable Capacity

Under Section 3.1(E) of the AMA, AEM can take from Atmos recallable transportation capacity on other pipeline systems not specifically identified above. For such capacity, AEM will pay Atmos the average monthly volumetric release rate for similar recallable capacity, if available via electronic bulletin boards, or an imputed rate of \$0.01 per Dth.

### 2. Pipeline Substitution Service

Under Section 3.2 of the AMA, Atmos agrees to accept deliveries from AEM into the ETNG pipeline and the Mid Tennessee area in exchange for equivalent quantities purchased from Atmos' pipelines or pools. The transactions details are given below.

#### A. ETNG Pipeline

Under Section 3.2 of the AMA, Atmos will accept deliveries from AEM into the ETNG pipeline in exchange for equivalent quantities, adjusted for fuel if necessary, purchased from Atmos' original pipeline locations or pools, if and when operationally feasible. For any substitution transaction where AEM uses its own supply or transportation assets to make substitute deliveries, AEM will invoice the pipeline firm transportation demand, commodity, fuel and other charges to Atmos that Atmos would have otherwise paid had the gas flowed on the upstream pipeline as purchased by Atmos from the original pipeline location or pool, regardless of the pipeline that was physically used to deliver the gas.

#### B. Mid-Tennessee Service Area

AEM will provide the same service that is described in 2(A) for Atmos in the Mid-Tennessee Service Area.

### 3. Storage Fill Service

#### A. TGP FS-MA

Under Section 3.3 of the AMA, Atmos will provide AEM with firm gas quantities at the TCP 100 leg Zone 0 pool for injection into storage during the summer injection period. The total estimated injection quantity is 850,000 Dth, net of fuel, per summer injection period. AEM will have the right to optimize these injections. However, AEM is required to schedule and deliver the entire quantity tendered by Atmos for injection at the 100 leg Zone 0 pool, less pipeline transportation and storage fuel, by the end of the summer injection period for each contract year.

#### B. ETNG Storage

Atmos will provide AEM with firm gas quantities at the TGP 500 or 800 leg pool for injection into storage during the summer injection period. The total injection quantity is 200,000 Dth, net of fuel, per summer injection period. The maximum daily injection quantity is 10,000 Dth per day. AEM has the right to optimize these injections. However, AEM is required to schedule and deliver the entire quantity tendered by Atmos for injection at the 500 or 800 leg pool, less pipeline transportation and storage fuel, by the end of the summer injection period for each contract year.

Atmos designates AEM as its Blanket Agent for its pipeline and storage capacity on TCP, TETCO, CGT, SNG, ETNG, and on any other connecting or upstream pipeline that assists in providing service to Atmos' Mid-States Division Service Areas in Tennessee and Virginia. Such authority, though, will not confer upon AEM the authority to enter into or amend any agreements that bind Atmos. AEM will pass through to Atmos all commodity and pipeline demand charges associated with the Blanket Agency provision. AEM will bill and Atmos will pay an annual amount of \$282,978 for the Gas Exchange Services. Likewise, Atmos will bill and AEM will pay an annual amount of \$782,978 for the Gas Optimization Services. The initial term of the AMA is for five years beginning April 1, 2004, and shall continue from year to year thereafter unless terminated by written notice of either party at least three months prior to the end of the initial or any subsequent term of the AMA.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, finds that the AMA is in the public interest and, therefore, should be approved subject to certain amendments and conditions.

The Applicants represent that the gas exchange and optimization services provides Atmos with a means of monetizing its unused or latent assets. Atmos receives a net guaranteed annual payment of \$500,000 in exchange for receiving gas exchange services and providing AEM with flexible gas delivery rights and the rights to Atmos' unused pipeline capacity and storage. The Applicants represent that Atmos does not have the internal resources or expertise to perform these services for itself, and the proposed AMA allows Atmos to avoid the risk and overhead associated with building "in house expertise" and participating in volatile futures markets. In general, we agree with these representations.

However, we have several concerns. First, the Applicants are in violation of both the Unbundling Order and the Affiliates Act. Section 56-77 of the Affiliates Act states that:

No contract or arrangement providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial or similar services, and no contract or arrangement for the purchase, sale, lease, or exchange of any property, right or thing... shall be valid or effective unless and until it shall have been filed and approved by the Commission.

We directed Atmos in our Unbundling Order to file the AMA application "within ninety (90) days from the date of this Order." The Unbundling Order was issued April 28, 2004, and the AMA Application filing due date was July 27, 2004. The Commission received the AMA application on January 12, 2005, approximately five and one-half months after the filing due date. In addition, the Applicants executed and began operating under the AMA on September 7, 2004, approximately four and one half months before the AMA Application was filed. The Applicants ascribe their tardiness in filing the AMA application to a lapse of memory and to their busy regulatory schedule during 2004, in which they made seven different filings with the Commission.

We wish to emphasize to Atmos the importance of complying with the Affiliates Act and Commission directives. Should violations continue to recur, we may find it necessary to consider the issuance of a Rule to Show Cause Order as to why Atmos should not be fined in accordance with § 56-85.

Second, we are concerned that the proposed AMA has a five-year term with an automatic renewal clause. Given the increasing volatility of energy prices and the recent scandals involving energy traders, we believe that a five-year term is too long. In addition, we believe that Commission approval without any comment concerning the automatic renewal clause could be misinterpreted to suggest that our approval is of indefinite duration. Therefore, we will expressly limit both Commission approval and the AMA's term to three years, which is a typical term for AMAs. We will also require that the automatic renewal clause be removed from the AMA.

Third, Atmos' competitive bidding process did not succeed. Atmos' RFP requested an asset manager for both its Tennessee and Virginia contract assets, which include 353,447 Dths/day of pipeline capacity and 3.76 million Dths of storage capacity. Atmos sent out its AMA RFP to eleven asset management firms and received only one bid from its affiliate, AEM, which would pay Atmos a fixed amount of \$500,000 per year. Both the lack of response and the small fixed payment are disturbing. The Staff Action Brief filed herein references AMAs by two other Virginia utilities. One utility sent out its AMA RFP to ten asset management firms and received seven responses with three serious bids. Both utilities also receive significantly larger payments from their asset managers for the use of their latent assets, on both a relative and an absolute basis, than Atmos will receive under the AMA.

The reason(s) for Atmos' failure to attract third party bids are not clear. The RFP may have failed to reach interested marketers, the RFP's structure may have discouraged third party bids, and/or there may not be a competitive market for Atmos' assets. Whatever the case, the lack of third party bids means that the AMA's fixed payment cannot be considered market-based. The Applicants have represented that the fixed payment is not cost-based. Thus, the fixed payment does not meet the Commission's requirement that services provided by unregulated affiliates to utilities should be priced at the lower of cost or market. Therefore, we will direct Atmos, on a prospective basis, to provide any AMA RFP to Energy Regulation Staff prior to issuance and to make an aggressive effort to expand Atmos' list of RFP bidders. We will also require Atmos, upon completion of the AMA RFP process, to submit to Energy Regulation Staff the AMA RFP's results, including a list of the parties invited to bid, the parties that actually bid, the winning bidder, and the reason(s) for the winner's selection.

Fourth, we are concerned that the AMA's vague language regarding Pipeline Substitution Service pricing could be interpreted as "design day entitlement pricing." This pricing methodology, which tends to increase gas costs, permits the asset manager to charge the utility for gas supply based on a pro rata rate that assumes fully subscribed entitlements on a peak or design day. The Applicants represent that design day entitlement pricing is not their intent, but rather they plan for AEM to charge Atmos for the substituted gas as if it were receiving a normal delivery along one of its entitlement paths. We find the latter type of pricing acceptable, but we note that AEM's compensation for this service, which is 100% retainage of any positive margin derived from the difference between the actual and entitlement path gas costs, provides a strong incentive to exploit any pricing ambiguities. Therefore, we will limit Atmos' payments for Pipeline Substitution Services such that they do not exceed the gas cost charges that Atmos would incur if it were to procure gas for itself.

Fifth, we have concerns with the proposed Storage Fill Service. Atmos will purchase its own gas supply at cost. The Applicants represent that AES will develop Atmos' storage fill schedule and AEM will implement it. Storage injection, storage, and storage withdrawal costs will be passed through AEM to Atmos at cost. Storage withdrawals will occur on a first in, first out basis. AEM's storage arbitrage activities will be limited to the excess storage not required by Atmos. We find these represented practices acceptable, but also note that the AMA allows AEM to accelerate or defer injections or withdrawals in order to create storage arbitrage opportunities, which could be to Atmos' detriment. We are further Concerned because AEM is not obligated

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

to share or refund any storage arbitrage revenues with Atmos. Therefore, we will limit Atmos' payments for Storage Fill Service such that they do not exceed the storage charges that Atmos would incur if it were to manage its own storage.

Sixth, we are concerned that the AMA contains two miscellaneous clauses. The first is Section 3.1(E), which permits Atmos to release other recallable pipeline capacity not specifically identified by the AMA. The second is Section 12.3, which permits AEM to bill Atmos non-specified "Additional Charges" should a pipeline subject AEM to increased tariff, fuel, or commodity charges or if AEM becomes subject to new or increased taxes related to the AMA. These clauses are contrary to our practice of disallowing miscellaneous "catch all" clauses that can result in unknown and unintended costs and obligations being charged to the utility. The Applicants represent that the Additional Charges clause is intended to allow AEM to pass through to Atmos any prospective charges assessed by the Federal Energy Regulatory Commission ("FERC") or other state or local government or other regulatory body in connection with Atmos' commodity, capacity, or storage activities. We do not oppose recovery for such charges.

Therefore, we direct that only pipeline capacity specifically identified in the AMA can be released. Any non-specified capacity releases will require separate Commission approval. We further direct that, with one exception, only charges specifically identified by the AMA can be recovered by Atmos through its jurisdictional cost of service. That exception is any prospective charges imposed by the FERC, state or local governments, or other regulatory bodies that Atmos would incur absent the AMA. Any charges not specifically identified in the AMA or covered by the exception described above will require separate Commission approval.

Finally, we note that the scope and complexity of the AMA will require extensive monitoring. Therefore, we will direct Staff and the Applicants to develop a comprehensive set of reporting requirements to ensure that the AMA remains in the public interest throughout its term.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code, Atmos Energy Corporation and Atmos Energy Marketing, L.L.C., are granted authority to enter into the gas exchange and optimization agreement as described herein, consistent with the findings above.
- 2) The authority granted herein and the term of the AMA shall be limited to three years from the date of the Order Granting Authority in this case. The AMA's automatic renewal clause shall also be removed. The Applicants shall file a revised AMA with the Commission within 30 days of the date of the Order in this case.
- 3) On a prospective basis, Atmos shall provide any AMA RFP to Energy Regulation Staff prior to issuance and make an aggressive effort to expand Atmos' list of RFP bidders. Once the AMA RFP process is over, Atmos shall submit to Energy Regulation's Staff the AMA RFP's results, including a list of the parties that were invited to bid, the parties that actually bid, the winning bidder, and the reason(s) for the winner's selection.
- 4) Atmos' payments for Pipeline Substitution Services shall be limited to the amount of gas cost charges that Atmos would incur if it were to procure gas for itself.
- 5) Atmos' payments for Storage Fill Services shall be limited to the amount of storage charges that Atmos would incur if it were to manage its own storage.
- 6) Atmos' pipeline capacity releases shall be limited to those that are specifically identified in the AMA. Non-specified capacity releases shall require separate Commission approval.
- 7) Atmos' recovery of AMA charges shall be, with one exception, limited to charges specifically identified in the AMA. That exception is any prospective charges imposed by the FERC, state or local governments, or other regulatory bodies that Atmos would incur absent the AMA. Any charges not specifically identified in the AMA or covered by the exception described above shall require separate Commission approval.
- 8) Commission approval shall be required for any changes in the terms and conditions of the AMA, including any successors or assigns.
- 9) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 10) The Commission reserves the 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 the Commission.
- 11) The Applicants shall work with the Commission Staff to develop a comprehensive set of records and reporting requirements covering AMA transactions. The AMA reporting requirements shall be included within the Annual Report of Affiliate Transactions ("ARAT") submitted to the Director of Public Utility Accounting no later than May 1st of each year. The AMA records and reporting requirements shall be finalized within ninety (90)-days of the date of the Order in this case.
- 12) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Atmos shall include the affiliate information contained in the ARAT in such filings.
- 13) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00003  
OCTOBER 14, 2005**

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

**SECOND SUPPLEMENTAL ORDER**

On July 5, 2005, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, L.L.C. ("AEM") (collectively, the "Applicants"), were granted authority by the State Corporation Commission ("Commission") pursuant to § 56-77 of the Code of Virginia ("Code") to enter into the gas exchange and optimization agreement (the "Asset Management Agreement" or "AMA"), as prescribed in the Commission's Order Granting Authority ("Order"). In the Order, the Commission noted the complexity of the AMA and requested the Staff of the Commission to monitor transactions under the AMA. To assist in that effort, the Commission requested that representatives of the Staff, AEC and AEM confer to develop a reporting framework. Ordering Paragraph 11 charges the Applicants as follows:

(11) The Applicants shall work with the Commission Staff to develop a comprehensive set of records and reporting requirements covering AMA transactions. The AMA reporting requirements shall be included within the Annual Report of Affiliate Transactions ("ARAT") submitted to the Director of Public Utility Accounting no later than May 1st of each year. The AMA records and reporting requirements shall be finalized within ninety (90) days of the date of the Order in this case.

On September 23, 2005, Applicants filed a Motion to extend the filing requirement of Ordering Paragraph (11) by an additional forty-five days, so that the last sentence of Ordering Paragraph (11) of the Order would read:

The AMA records and reporting requirements shall be finalized within one hundred thirty five (135) days of the date of this Order in this case.

The Commission finds that Applicants' Motion should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Applicants are hereby granted a forty-five day extension of time within which to comply with Ordering Paragraph (11) of the Commission's July 5, 2005, Order consistent with the findings above.

(2) This case is hereby dismissed.

**CASE NO. PUE-2005-00004  
FEBRUARY 4, 2005**

APPLICATION OF  
VIRGINIA GAS STORAGE COMPANY  
and  
SALTVILLE GAS STORAGE COMPANY L.L.C.

For approval of an interruptible storage service agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On January 13, 2005, Virginia Gas Storage Company ("VGSC") and Saltville Gas Storage Company L.L.C. ("Saltville") (collectively the "Applicants") filed an application with the State Corporation Commission (the "Commission") for approval of an Interruptible Storage Service Agreement (the "Loan Agreement") between affiliated entities pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code"). On January 25, 2005, the Applicants filed a replacement Loan Agreement to correct some typographical errors in the initial filing.

VGSC provides underground natural gas storage service to customers in southwestern Virginia and eastern Tennessee. VGSC has a certificate of public convenience and necessity to operate the Early Grove storage field in Scott and Washington Counties. VGSC is a wholly-owned subsidiary of Virginia Gas Company ("VGC"). VGC is a holding company that provides natural gas distribution, transportation, and storage services through its three wholly-owned subsidiaries, Virginia Gas Distribution Company, Virginia Gas Pipeline Company ("VGPC"), and VGSC. VGC is a wholly-owned subsidiary of NUI Corporation ("NUI").

Saltville is a Virginia limited liability company located in Abingdon, Virginia, that is involved in constructing, developing, owning, operating and maintaining an underground natural gas storage facility and attendant pipeline facilities in Saltville, Virginia. By Order dated November 22, 2004, in Docket Nos. CP04-13-001, CP04-13-002, and CP04-14-002, the Federal Energy Regulatory Commission ("FERC") exerted regulatory authority over Saltville, which previously came under the authority of the Commission. Saltville is jointly owned by Duke Energy Saltville Gas Storage, L.L.C., and by NUI Saltville Storage, Inc., which is a wholly owned subsidiary of NUI.

NUI is an exempt holding company under the Public Utility Holding Company Act of 1935 (the "PUHCA") that is headquartered in Bedminster, New Jersey. NUI's primary business is providing local gas distribution service to approximately 367,000 residential, commercial and industrial customers in New Jersey, Maryland, Florida, and Virginia. On October 29, 2004, the Commission granted approval to AGL Resources Inc. ("AGLR") to acquire NUI in Case No. PUE-2004-00097, and on November 30, 2004, AGLR consummated the merger.

AGLR is a Georgia corporation headquartered in Atlanta, Georgia, and a registered energy holding company subject to regulation by the Securities and Exchange Commission pursuant to the PUHCA. AGLR has eight primary subsidiaries. Atlanta Gas Light Company, Virginia Natural Gas, Inc., Chattanooga Gas Company, and NUI provide local natural gas distribution services to approximately 2.2 million end-use customers in Georgia, Virginia, Tennessee, New Jersey, Maryland and Florida. Georgia Natural Gas Company, through its 70% ownership of Southstar Energy Services LLC, provides natural gas retail marketing services, primarily in Georgia. Other subsidiaries include Sequent Energy Management, L.P., which provides wholesale energy services that include natural gas asset management and optimization, producer services and wholesale marketing, and risk management activities; AGL Networks, LLC, which operates telecommunications conduit and fiber infrastructure within select metropolitan areas; AGL Services Company, which provides centralized administrative services to AGLR subsidiaries; and AGL Capital Corporation, which provides financing support to AGLR subsidiaries.

Since VGSC and Saltville share the same senior parent company, AGLR, the Applicants are considered affiliated interests under § 56-76 of the Code. As such, VGSC and Saltville must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to provide or receive services.

Under the proposed Loan Agreement, VGSC will have the right to borrow and the obligation to return, on an interruptible basis, a Maximum Loan Quantity ("MLQ") of 60,000 million British Thermal Units ("MMBtu") of natural gas to and from Saltville. The Maximum Daily Withdrawal/Loan Quantity ("MDLQ") will be 2,000 MMBtu, while the Maximum Daily Injection/Return Quantity will be 3,000 MMBtu. The service period for the Interruptible Loan Service ("ILS") begins February 1, 2005, and ends May 30, 2005, as provided for in Exhibit A of the Loan Agreement, a part of the Loan Agreement.

The Loan Agreement states that Saltville will charge VGSC a Storage Withdrawal Charge of \$0.05 per dekatherm ("dth") and a Storage Injection Charge of \$0.05 per dth<sup>1</sup> for all gas borrowed and returned by VGSC. Saltville will also charge VGSC an Interruptible Loan Charge ("ILC") of \$0.016 per day per dth on VGSC's outstanding Loan Balance for each day of the month up to VGSC's MLQ. In addition, Saltville will charge VGSC other applicable charges, such as regulatory fees and penalties, as are set forth in Saltville's FERC tariff.

The Loan Agreement provides that Saltville will ensure that the gas loaned to VGSC will meet the minimum quality specifications of Saltville's FERC tariff, and VGSC will ensure that the gas returned to Saltville meets those same specifications.

The Loan Agreement becomes effective February 1, 2005, and will continue thereafter on a month-to-month basis unless terminated by either party upon at least 30 days prior written notice to the other party. As provided for in Exhibit A of the Loan Agreement, the service period under the Loan Agreement is the duration of the 2004-2005 heating season, February 1, 2005, through May 30, 2005.

Under the Loan Agreement, Saltville retains the right to propose, file, and make effective changes to the ILS and/or the general terms and conditions of its FERC tariff, which would change the terms and conditions of the Loan Agreement.

In addition, the Loan Agreement states that any successor to VGSC and/or Saltville will be entitled to the rights and subject to the obligations of its predecessor. Also, the Loan Agreement provides that VGSC and Saltville can assign their rights or obligations under the Loan Agreement upon the written consent of the other party.

Finally, the Loan Agreement states that should there be any conflicting provisions between the provisions of the Loan Agreement and Saltville's FERC tariff, the provisions of the Loan Agreement will prevail.

The Applicants represent that the purpose of the Loan Agreement is to allow VGSC to borrow gas from Saltville during the heating season to avoid negative natural gas imbalances with VGSC's primary interstate pipeline connection, East Tennessee Natural Gas, L.L.C. ("ETNG"). The Applicants represent that VGSC will have the option of utilizing the Loan Agreement for other operational purposes such as uses for compressor fuel or base gas.

The Applicants represent that VGSC operates a traditional depleted reservoir storage facility geared toward natural gas storage contracts that normally allow customers to turn over their gas in storage once per year. When VGSC's storage facility is fully contracted, the storage field's operating pressures are near maximum levels and customer nominations for withdrawals are relatively easy to meet. However, during periods of prolonged cold weather in the heating season, customers tend to withdraw significant portions of their contracted storage quantities and the operating pressures in the storage field decline markedly. During these periods, VGSC's ability to withdraw gas from its storage field diminishes. If VGSC's customers nominate near or at their maximum withdrawal quantity at such times, VGSC is concerned that it may not be able to meet its nominations.

Over the past two years, VGSC has experienced significant negative imbalances with ETNG. To correct the problem, VGSC has reduced its contracted storage, attempted to enter into ratcheting arrangements with new and existing customers, and incurred significant capital expenditures to improve its storage field's deliverability. While these measures have helped, the potential for negative imbalances remains.

In the past, VGSC has been able to negotiate with ETNG to avoid being assessed negative imbalance charges. However, the Applicants advise that, due to high, expected demand on its pipeline system, ETNG may require VGSC to settle any negative imbalances pursuant to ETNG's FERC tariff.

According to the Applicants, under the terms and conditions of ETNG's FERC tariff, VGSC has two options for settling a negative imbalance. First, VGSC can purchase gas from a third party and nominate the purchase to the ETNG system. However, the Applicants represent that, due to pipeline capacity constraints, VGSC may not be able to purchase gas from third parties during cold weather periods. Even if gas is available, VGSC could be purchasing natural gas during a period when severe price spikes may occur. Second, VGSC can reimburse ETNG for the imbalance by making a cash

<sup>1</sup> One dth equals one MMBtu.

payment calculated by multiplying the volume imbalance by an index price plus a premium, which can range from 105% to 150% depending on the amount of the imbalance.

The Applicants represent that the proposed Loan Agreement will allow VGSC to avoid paying sizable cash penalties or making expensive gas purchases to meet the negative imbalance conditions of its ETNG contract. The Applicants provided a hypothetical example of a negative imbalance situation in which the Loan Agreement would yield significant cost savings.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that, subject to certain conditions described below, the Loan Agreement is in the public interest and should be approved.

However, we have some concerns with the application as presented. First, the Applicants have requested expedited approval within a very compressed time period. The application was filed January 13, 2005, and Commission approval was requested by February 1, 2005. We believe that VGSC should take such steps as necessary to file future affiliate applications in a more timely manner that allows sufficient time for review of these applications.

Second, we have a concern with two components of the Loan Agreement's charges. Saltville shows the ILC or Interruptible Loan Charge within its FERC tariff has a price range of \$0.00 to \$0.016 per day per dth. In the proposed Loan Agreement, VGSC is charged the maximum tariff rate of \$0.016. The Applicants represent that Saltville's current practice is not to discount the rates for loans of gas, regardless of whether the customer is an affiliate or non-affiliate, because of the credit risk involved in the transactions. They further assert that, should the loan customer not return the gas to Saltville, Saltville would have to replace the loaned volumes by purchasing gas from the market, which could prove extremely expensive during periods of high gas prices.

The Applicants have requested informally that, on an interim basis, the maximum rate be approved for the duration of the current heating season ending May 30, 2005. We find that request acceptable on the condition that VGSC collect and report to Staff information concerning the cost of the ILS gas to Saltville, the uses of such gas by VGSC, any nomination shortfall, the volume of gas subject to VGSC's operational flow orders ("OFOs")<sup>2</sup>, the volume of any ETNG negative imbalance, the cost of any ETNG negative imbalance to VGSC, the use made of ILS gas, and Saltville's ILS cost.

Another Loan Agreement charge that raises concern is the "other applicable charges" component. Other than "regulatory fees and penalties," Article 11, Section 2.1 (d) does not describe the costs that would be captured within this charge. We have in other cases declined to approve open-ended affiliate agreement clauses.<sup>3</sup> Therefore, we find that VGSC's payments under the "other applicable charges" portion of the Loan Agreement should be limited to regulatory fees and penalties only.

Furthermore, the "Conflicting Provisions" clause in Article VI raises a concern. Article VI of the Loan Agreement states that should there be any conflicting provisions between the provisions of the Loan Agreement and Saltville's FERC tariff, the provisions of the Loan Agreement will prevail. To satisfy our concern regarding changes that may occur in Saltville's ILS FERC tariff, we will require VGSC to seek our approval for any changes in the terms and conditions of the Loan Agreement, including changes in Saltville's ILS rates, charges, terms, and conditions of service for the limited approval period through May 30, 2005.

Finally, we are concerned whether the Loan Agreement represents a long-term measure or is just a stop-gap solution to VGSC's deliverability problem. Therefore, we will direct Staff to monitor the activity under the Loan Agreement closely.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Storage Company is hereby granted approval to enter into the above-referenced Loan Agreement with Saltville Gas Storage Company L.L.C., as described herein, consistent with the findings above and subject to the conditions set out below.
- 2) The approval granted herein for the Loan Agreement is limited to the duration of the 2004-2005 heating season ending May 30, 2005. Any continuation of the Interruptible Loan Service under the Loan Agreement on and after May 30, 2005, shall require subsequent Commission approval.
- 3) VGSC shall be authorized to pay Saltville the maximum rate on the Interruptible Loan Charge during the duration of the 2004-2005 heating season ending May 30, 2005. VGSC shall be required to collect information concerning the cost of the interruptible loan service, use, and volumes of gas used that was loaned from Saltville, and such other information identified in Ordering Paragraph (5) and include the information in the summary report described below in Ordering Paragraph (5) to be submitted to the Director of Public Utility Accounting.
- 4) VGSC's payments under the "other applicable charges" clause shall be limited to regulatory fees and penalties.
- 5) VGSC shall submit, within 90 days of the end of the 2004-2005 heating season ending May 30, 2005, subject to administrative extension by the Commission's Director of Public Utility Accounting, a report to the Director of Public Utility Accounting that summarizes all activities directly or indirectly related to the Loan Agreement. Part 1 of the report shall include the volume of any nomination shortfall, the volume of any VGSC OFOs, the volume of any ETNG negative imbalance, the potential cost of any ETNG negative imbalance, the use made of the ILS gas, and Saltville's ILS cost. Part 2 of the summary shall show the date and amount of any positive Daily Loan Balances and the corresponding storage, injection, loan, and other charges related to that activity under the Loan Agreement.

<sup>2</sup> OFOs are notices sent to customers that limit or fully curtail the amount of gas that can be withdrawn from storage.

<sup>3</sup> See Application of Columbia Gas of Virginia, Inc., For approval of a service agreement with NiSource Corporate Services Company pursuant to Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2004-00072, slip op. at 7-8 (Sept. 30, 2004 Order Granting Approval), reh'g granted and aff'g in part slip op. at 3-4 (December 1, 2004 Order on Reconsideration). See also Application of Virginia Gas Pipeline Company, Virginia Gas Distribution Company, Virginia Gas Storage Company and AGL Services Company, For approval of services agreements under Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2004-00108, slip op. at 10 (Nov. 10, 2004 Order Granting Approval).

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6) Commission approval shall be required for any changes in the terms and conditions of the Loan Agreement, including changes to Saltville's FERC tariff and any change resulting from the assignment of or a change in the parties to the Loan Agreement as a result of succession or assignment of the Loan Agreement.

7) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

8) The approval granted herein shall have no ratemaking implications for annual informational filings or future rate proceedings.

9) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.

10) The transactions covered by the Loan Agreement approved herein shall be included in VGSC's Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Director of Public Utility Accounting.

11) If VGSC's subsequent Annual Informational or General Rate Applications are not based on a calendar year, then VGSC shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

12) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2005-00005  
APRIL 21, 2005**

APPLICATION OF  
MASSANUTTEN PUBLIC SERVICE CORPORATION

For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia

**DISMISSAL ORDER**

On January 21, 2005, Massanutten Public Service Corporation ("Massanutten") filed an application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia ("Code") requesting approval for the agreement under which Massanutten will receive services provided by Water Service Corporation. On March 21, 2005, the Commission entered an Order Extending Time for Review, which extended through April 21, 2005, the period for review of issues governed by § 56-77 of the Code.

On April 20, 2005, Massanutten filed a Withdrawal of Application, in which it moved the Commission for leave to withdraw Massanutten's application without prejudice and to dismiss Massanutten's case from the Commission's docket. In its motion, Massanutten states that certain provisions of the agreement between Massanutten and Water Service Corporation need to be revised. Massanutten further states that while these revisions will be made and the application resubmitted, the statutory time period for Commission action in this matter may expire before the application can be refiled.

We find that Massanutten's motion should be granted; that leave should be given to Massanutten to withdraw its application without prejudice; and that Massanutten's case should be dismissed without prejudice from the Commission's docket.

Accordingly, IT IS ORDERED THAT:

(1) Massanutten's motion is hereby granted.

(2) Massanutten is hereby granted leave to withdraw its application without prejudice.

(3) This case is hereby 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. PUE-2005-00007  
MARCH 11, 2005**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For approval of an affiliate transaction pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On January 25, 2005, Washington Gas Light Company ("WGL" or the "Applicant") filed an application with the State Corporation Commission (the "Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia (the "Affiliates Act") requesting approval of a calendar year 1999 transaction performed by its affiliate, American Combustion Industries, Inc. ("ACI").

WGL is a public service company providing natural gas distribution service to more than 900,000 residential, commercial, and industrial customers in the District of Columbia, Maryland, and Virginia. Within Virginia, WGL provides natural gas service to customers in the Counties of Arlington, Fairfax, Loudoun and Prince William; the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park; and to customers in the Towns of Vienna, Middleburg, Occoquan, and Leesburg. WGL is a wholly owned subsidiary of WGL Holdings, Inc. ("WGL Holdings").

ACI is a mechanical contracting company that primarily provides boiler, air conditioning, and plumbing services to large commercial customers in Virginia, Maryland, the District of Columbia, and other jurisdictions. ACI is a wholly owned subsidiary of Washington Gas Resources Corporation, which is a wholly owned subsidiary of WGL Holdings.

Since WGL and ACI share the same senior parent company, WGL Holdings, the companies are considered affiliated interests under § 56-76 of the Code of Virginia (the "Code"). As such, any contract or arrangement between the companies to provide or receive services must be approved by the Commission pursuant to the Affiliates Act.

The Applicant seeks after-the-fact approval under § 56-77 of the Code of certain construction work performed by ACI for WGL. During 1999, while preparing for the transition to Year 2000 ("Y2K"), WGL set a goal to obtain additional back-up power that used a fuel source other than natural gas to maintain critical functions at WGL's Springfield Operations Center. To achieve this goal, WGL arranged for ACI to provide and install a 2,000 gallon diesel fuel tank (the "Fuel Tank Transaction") to provide a fuel source for a back-up power generator. WGL paid ACI a total of \$56,488 for the materials, labor, and overhead, which was a negotiated price between WGL and ACI.

The Applicant represents that it discovered the Fuel Tank Transaction while preparing an amended 2003 Annual Report of Affiliate Transactions as required by ordering paragraph (8) of the Order Granting Approval in Case No. PUE-2004-00022. In that case, WGL sought after-the-fact Commission approval for four construction agreements and maintenance work costing \$578,843 (the "ACI Transaction(s)") that ACI performed for WGL between 1999 and 2003.<sup>1</sup> In its May 27, 2004, Order Granting Approval (the "Approval Order"), and its July 28, 2004, Order on Reconsideration, the Commission approved the ACI Transactions subject to certain conditions that included requiring WGL to provide notice and documentation to the Commission's Staff ("Staff") when WGL's long-term internal control measures to comply with the Affiliates Act were enacted and in place, and requiring WGL to bear the burden of proving, in any rate proceeding, that WGL paid ACI the lower of cost or market for the ACI Transactions.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, believes that the Fuel Tank Transaction was in the public interest and should be approved, subject to certain conditions that are necessary to protect the public interest. WGL showed prudence in setting up a back-up power supply for its operations center in preparation for Y2K. The Applicant has also been pro-active in citing and correcting its regulatory lapses related to the Affiliates Act.

However, we have lingering concerns with the Applicant's multiple violations of the filing and prior approval requirements of the Affiliates Act. In addition, we note that WGL may not have paid the lower of cost or market for the Fuel Tank Transaction work. Therefore, we find that our approval of the Fuel Tank Transaction in this case must be conditioned in the same manner as our approval of the ACI Transactions in Case No. PUE-2004-00022. First, we will require WGL to provide notice and documentation to the Commission Staff when its long-term internal control measures are enacted and in place to ensure compliance with the Affiliates Act. Second, we will require WGL to bear the burden of proving, in any rate proceeding, that WGL paid ACI the lower of cost or market for the Fuel Tank Transaction.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Washington Gas Light Company is hereby granted approval for the Fuel Tank Transaction work performed for WGL by its affiliate, American Combustion Industries, Inc.
- 2) WGL shall provide the Commission Staff within 90 days of the date of this Order both notice and documentation of its long-term internal control measures and procedures enacted to ensure future compliance with the Affiliates Act.
- 3) WGL shall bear the burden of proving, in any rate proceeding, that WGL paid ACI the lower of cost or market for the Fuel Tank Transaction work approved herein.
- 4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 5) The approval granted herein shall not be deemed to include any approvals other than for the Fuel Tank Transaction work approved herein.
- 6) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.
- 7) WGL shall include the Fuel Tank Transaction work approved herein, including the related fiscal year-end plant and accumulated depreciation balances, in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting.
- 8) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then WGL shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 9) There appearing nothing further to be done in this matter, it hereby is dismissed.

<sup>1</sup> Application of Washington Gas Light Company for approval of certain affiliate transactions pursuant to Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2004-00022, Order Granting Approval (May 27, 2004).

**CASE NO. PUE-2005-00008  
MARCH 16, 2005**

APPLICATION OF  
PENN LAIRD SEWER AUTHORITY

For issuance of certificate of incorporation or charter pursuant to § 15.2-5108 of the Code of Virginia

**ORDER DIRECTING ISSUANCE OF CERTIFICATE**

On January 21, 2005, the State Corporation Commission ("Commission") received a resolution enacted by the Board of Supervisors ("Board") of Rockingham County, Virginia, to create an authority pursuant to provisions of the Virginia Water and Waste Authorities Act, Chapter 51 of Title 15.2 of the Code of Virginia (the "Authorities Act"). The authority will be known as the Penn Laird Sewer Authority ("Penn Laird").

Among its provisions, the Authorities Act directs the Commission to "issue a certificate of incorporation or charter to the authority" if the Commission finds i) that the authority's articles of incorporation conform to law, and ii) that its "estimated costs and rates for services of the proposed projects are fair and equitable, and have been advertised under § 15.2-5104." Code of Virginia, § 15.2-5108.

By Order dated February 4, 2005, we directed our Staff to investigate the application and file a report of its findings, which was done on February 28, 2005. Penn Laird was given until March 15, 2005, to file any response to Staff's report, but has not filed any response.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that the requirements of § 15.2-5108 have been substantially met by Penn Laird; and that a certificate of incorporation should be issued.

Accordingly, IT IS ORDERED THAT:

- (1) The Clerk of the Commission shall implement the incorporation of Penn Laird, including admitting to record a copy of this Order along with the other papers admitted to the record in connection with said incorporation.
- (2) This matter is DISMISSED, and the papers herein shall be placed in the file for ended causes.

**CASE NO. PUE-2005-00010  
DECEMBER 1, 2005**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For approval of an experimental Weather Normalization Adjustment

**FINAL ORDER**

On January 31, 2005, Washington Gas Light Company ("WGL" or "Company") filed an Application with the State Corporation Commission ("Commission") requesting approval of an experimental Weather Normalization Adjustment ("WNA") provision in the Company's natural gas tariff. According to the Application, the purpose of the WNA is to reduce the volatility of firm customers' annual gas bills and the Company's annual non-gas revenues by providing a credit to natural gas bills following a year of colder-than-normal weather or a surcharge following a year of warmer-than-normal weather. The Application further requested that the proposed WNA be approved by the Commission as an experimental program for a five-year period, pursuant to the authority granted the Commission by § 56-234 of the Code of Virginia ("Code").

The proposed WNA would apply a credit or surcharge to the bills of the Company's firm customers based on any deviation from "normal weather." For the purposes of the WNA, normal weather would be determined in the same manner as it is determined when setting base rates for WGL, as approved by the Commission in Case No. PUE-2002-00364, and updated each year based on weather data from the most recent annual period. In addition, normal weather would be determined separately for WGL and its former Shenandoah Gas Division, with WGL's calculation of normal weather based on weather data collected at Reagan National Airport and WGL's Shenandoah Gas Division based on weather data collected from the Cedar Creek Gate Station.

The proposed WNA initially would provide for an adjustment to the bills of firm customers based on any deviation from normal weather experienced between January 1 and August 31, 2006. Thereafter, the WNA would be applied annually to any deviations from normal weather experienced during each successive twelve-month period from September 1 through August 31 for the duration of the experimental program. In addition, the Application proposed to reflect any resulting credits or surcharges on customers' bills rendered during the billing month of November. If the credits or surcharges exceed three percent (3%) of the actual annual distribution charge revenues for the firm rate schedule, the credits or surcharges reflected on November bills would be limited to not more than three percent (3%) of the actual annual distribution charge revenues for the firm rate schedule. Any remaining credits or surcharges would be reflected on gas bills rendered in the following month or months, as necessary, subject to the same limitation of three percent (3%) of the actual annual distribution charge revenues for the firm rate schedule in any given month. The Application and supporting testimony provided further details on the proposed WNA as well as a sample calculation of the WNA to reflect deviations from normal weather.

On February 15, 2005, the Commission entered an Order for Notice and Hearing that, among other things, scheduled an evidentiary hearing, established a procedural schedule, and assigned this matter to a Hearing Examiner. Notices of participation were timely filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the Apartment and Office Building Association of Metropolitan Washington ("AOBA"), and the Fairfax County Board of Supervisors ("Fairfax County").

On October 6, 2005, Hearing Examiner Alexander F. Skirpan, Jr., entered a Report in which he summarized the record, explained certain adjustments to the WNA agreed to by WGL, analyzed the evidence and issues in this proceeding, and made specific findings and recommendations. The Hearing Examiner found as follows:<sup>1</sup>

- (1) the WNA, as proposed and adjusted by WGL, can be implemented as a rate experiment pursuant to § 56-234 of the Code;
- (2) the WNA as proposed and adjusted by WGL, should not be implemented as the Company has failed to demonstrate (a) that the accuracy of the WNA can be verified independently by Commission Staff ("Staff"), and (b) that its WNA will produce results consistent with the underlying weather; and
- (3) if the Commission implements the WNA, as proposed and adjusted by WGL, the return on equity ("ROE") for Annual Informational Filing ("AIF") purposes should be reduced by 30 basis points.

On October 26, 2005, Fairfax County filed Comments on the Hearing Examiner's Report. Fairfax County requests that the Commission enter an order that: "(i) adopts the findings in the [Hearing Examiner's] Report, with the exception of the finding that the WNA can be implemented as an experiment, (ii) denies WGL's Application, and (iii) dismisses this case."<sup>2</sup>

On October 27, 2005, AOBA filed Comments on the Hearing Examiner's Report. AOBA requests that the Commission "adopt the following findings of the Hearing Examiner: (1) The WNA as proposed by [WGL] should *not* be implemented since its accuracy cannot be verified independently by the Staff; (2) The WNA should not be implemented since it has not been demonstrated to provide results consistent with the weather; (3) The Company's Application should be denied; and (4) The proceeding should be dismissed."<sup>3</sup> AOBA also requests that the Commission "reject the following findings of the Hearing Examiner: (1) The WNA as proposed by [WGL] can be implemented as an experiment; and (2) If the WNA is adopted, the [ROE] for AIF purposes should be reduced by 30 basis points."<sup>4</sup> Finally, AOBA requests that the Commission "further find that the [Company's] WNA proposal in this proceeding is not well designed or fully developed, overlaps with a key purpose of the Company's existing declining block rate designs, is not properly characterized as an experiment, and is not in the public interest."<sup>5</sup>

On October 27, 2005, Consumer Counsel filed Comments on the Hearing Examiner's Report. Consumer Counsel "urges the Commission to adopt the Hearing Examiner's recommendation that the requested experimental WNA be denied."<sup>6</sup> Consumer Counsel asserts that the proposed WNA is not independently verifiable and produces inconsistent and unpredictable results. In addition, Consumer Counsel states that "WNAs are now commonplace in Virginia and another experiment is not 'necessary in order to acquire information which is or may be in furtherance of the public interest' as required by § 56-234 [of the Code]."<sup>7</sup> Consumer Counsel also contends that "any WNA approved in this case should be conditioned on a reduction in the Company's authorized ROE for base rate purposes. In the alternative, the proposed WNA should be considered in the context of a full rate case where the Commission may consider all components of the Company's rates, including [ROE]."<sup>8</sup>

On October 27, 2005, Staff filed a Response to the Hearing Examiner's Report. Staff states that the Commission should affirm the Hearing Examiner's recommendation to deny the Company's proposed WNA and should deny the Application. Staff asserts that the Commission "should deny WGL's application for a WNA because the proposal is not a properly defined experiment, produces illogical and inconsistent results, corrects for factors affecting revenue other than weather, and is more properly considered in the context of a rate application where its impact on rate design and return on equity can be properly considered."<sup>9</sup> In addition, Staff contends that the Commission "should reduce base rates and substantially modify the Company's proposal for a WNA as set out above if the Commission decides to approve a WNA for WGL."<sup>10</sup>

On October 27, 2005, WGL filed Comments on the Hearing Examiner's Report. The Company "supports the Hearing Examiner's recommendation that the Company's proposed [WNA] provision qualifies as an experiment pursuant to § 56-234 of the Code of Virginia because the mechanics of the WNA and its implementation, in conjunction with a customer choice program, are unique and untested."<sup>11</sup> In addition, the Company asserts that "the WNA should not be denied because of concerns related to the methodology. The Company's methodology is a 'tried and tested' process that has been approved by the Commission for many years in rate cases."<sup>12</sup> WGL states that "Staff's concerns about verification do not reflect any inherent flaw

<sup>1</sup> Hearing Examiner's Report at 40.

<sup>2</sup> Fairfax County's October 26, 2005, Comments at 2.

<sup>3</sup> AOBA's October 27, 2005, Comments at 4 (emphasis in original).

<sup>4</sup> AOBA's October 27, 2005, Comments at 4.

<sup>5</sup> *Id.*

<sup>6</sup> Consumer Counsel's October 27, 2005, Comments at 7.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> Staff's October 27, 2005, Comments at 14.

<sup>10</sup> *Id.*

<sup>11</sup> WGL's October 27, 2005, Comments at 1.

<sup>12</sup> *Id.* at 2.

in the methodology and can be addressed separately."<sup>13</sup> The Company further contends that the "WNA should also not be rejected because of perceived inconsistent results stemming from a computation which does not conform to the Company's proposed WNA methodology. These 'inconsistencies' are eliminated when the WNA is computed as the Company has proposed, based on customer rate schedules and over the eight non-summer months."<sup>14</sup> Finally, "[t]he Company disagrees with the Hearing Examiner's recommendation for a 30-basis point reduction in the Company's authorized [ROE] for [AIFs,]" asserting that "any risk mitigation and revenue protection provided by a WNA against weather risk has already been factored into the Company's Commission-approved ROE."<sup>15</sup>

NOW THE COMMISSION, having considered the Hearing Examiner's Report, the record, the pleadings, and the applicable law, is of the opinion and finds as follows:

Section 56-234 of the Code

We deny WGL's request to implement its proposed WNA as an experiment under § 56-234 of the Code. Section 56-234 provides in relevant part as follows:

However, no provision of law shall be deemed to preclude voluntary rate or rate design tests or experiments, or other experiments involving the use of special rates, where such experiments have been approved by order of the Commission after notice and hearing and a finding that such experiments *are necessary in order to acquire information which is or may be in furtherance of the public interest.* (Emphasis added.)

We recognize that WGL is unique in that its rates are fully unbundled and the specific mechanics of its proposed WNA are untested.<sup>16</sup> However, when considering the proposed experiment in light of the prior WNAs approved by the Commission, we find that implementing the Company's WNA on an experimental basis is not necessary in order to acquire information which is or may be in furtherance of the public interest. Four other natural gas distribution companies currently have WNAs. The first WNA approved by the Commission was approved as an experiment under § 56-234 of the Code.<sup>17</sup> Conversely, the remaining three WNAs subsequently were approved in the context of a general rate case – not as an experiment.<sup>18</sup> Moreover, although the Company's WNA has certain unique characteristics, its structure is similar to that of the three WNAs already approved as part of general rate cases.<sup>19</sup> As asserted by Consumer Counsel, "WGL's proposed WNA does not present a new approach to ratemaking, nor is it necessary to obtain new information not already learned during the implementation of four other WNAs in the Commonwealth."<sup>20</sup> Based on the above, we find that WGL's proposed experiment for another WNA is not necessary in order to acquire information which is or may be in furtherance of the public interest.

The Company's WNA

In addition, we agree with the Hearing Examiner that the WNA, as currently proposed by WGL, should be denied "because of the inability of Staff to verify the accuracy of the WNA credits and surcharges, and because the proposed WNA methodology was shown to produce inconsistent results."<sup>21</sup> This finding, however, is without prejudice for the Company subsequently to request a WNA in the context of a general rate proceeding.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Company's Application for approval of an experimental WNA is denied.
- (2) This case is dismissed without prejudice for the Company subsequently to request a WNA in the context of a general rate proceeding.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *See, e.g.*, Hearing Examiner's Report at 32.

<sup>17</sup> *Application of Virginia Natural Gas, Inc., For approval of a Weather Normalization Adjustment Rider*, Case No. PUE-2002-00237, 2002 S.C.C. Ann. Rep. 541.

<sup>18</sup> *Application of Roanoke Gas Co., For a general increase in rates*, Case No. PUE-2002-00373, 2003 S.C.C. Ann. Rep. 392; *Application of Southwestern Virginia Gas Co., For approval of an increase in rates and to initiate a weather normalization adjustment*, Case No. PUE-2003-00426, 2004 S.C.C. Ann. Rep. 372; and *Application of Atmos Energy Corp., For an increase in rates*, Case No. PUE-2003-00507, Final Order (Jan. 7, 2005).

<sup>19</sup> *See, e.g.*, Hearing Examiner's Report at 32.

<sup>20</sup> Consumer Counsel's October 27, 2005, Comments at 5-6.

<sup>21</sup> Hearing Examiner's Report at 37. Having denied WGL's request for a WNA, we do not reach the Hearing Examiner's recommendation regarding modifications to the Company's ROE for AIF purposes.

**CASE NO. PUE-2005-00010  
DECEMBER 20, 2005**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For approval of an experimental Weather Normalization Adjustment

**ORDER ON RECONSIDERATION**

On January 31, 2005, Washington Gas Light Company ("WGL" or "Company") filed an Application with the State Corporation Commission ("Commission") requesting approval of an experimental Weather Normalization Adjustment ("WNA") provision in the Company's natural gas tariff. On December 1, 2005, the Commission issued a Final Order in this case. The Final Order: (1) denied WGL's request for approval of an experimental WNA; and (2) dismissed this case without prejudice for the Company to subsequently request a WNA in the context of a general rate proceeding.

On December 16, 2005, WGL filed a Petition for Reconsideration. WGL requests "the Commission to clarify that the Company may file a request for a WNA or similar provision in the future in an *expedited rate application* (assuming the Company is otherwise qualified to file an *expedited rate case application*), as well as in a general rate proceeding."<sup>1</sup> The Company states that Rule 20 VAC 5-200-30 B 3 "notes that in the context of an expedited rate application an applicant 'may propose new allocation methodologies, rate designs and new or revised terms and conditions provided such proposals are supported by appropriate cost studies.'"<sup>2</sup> Thus, the Company concludes that it

should not be limited to seeking a WNA or similar provision in the future only in a general rate case, but should be able to seek such a provision in the context of an expedited rate application as well. This is not a new interpretation, as the Commission has previously approved a WNA in an expedited rate case. On June 3, 2004, the Commission issued a Final Order approving Southwestern Virginia Gas Company's WNA application as part of an expedited increase in rates.<sup>3</sup>

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration of the Final Order for the purpose of clarifying that WGL is not precluded from requesting a WNA in the context of an expedited rate proceeding. The appropriateness of any such request, however, will be determined within the context of the particular proceeding in which it is submitted. Specifically, Rule 20 VAC 5-200-30 B permits expedited rate applications by "an applicant who has not experienced a substantial change in circumstances. . . ." Accordingly, based on the particular expedited rate application, the Commission may conclude that a proposed WNA, either alone or in conjunction with other factors, represents a substantial change in circumstances such that the expedited rate application should be treated as a general rate application.

Indeed, we previously have done just that. In this regard, the Company's reliance on, and assertions to the Commission regarding the precedent established by, *Southwestern Virginia Gas* are misplaced and inaccurate. In its Petition for Reconsideration, WGL incorrectly asserts that *Southwestern Virginia Gas* stands for the precedent that "the Commission has previously approved a WNA in an expedited rate case."<sup>4</sup> To the contrary, the Commission found that due to the circumstances surrounding the application in that case, "coupled with the Company's request to initiate a WNA leads us to conclude that the Company's request should be treated as a general rate application."<sup>5</sup> As a result, the Commission ordered that Southwestern Virginia Gas Company's expedited rate application "is accepted and will be considered as a general rate application."<sup>6</sup>

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Company's Petition for Reconsideration is granted as discussed herein.
- (2) This case is dismissed.

<sup>1</sup> VNG's December 16, 2005, Petition for Reconsideration at 3 (emphasis added).

<sup>2</sup> *Id.* at 2 (quoting Rule 20 VAC 5-200-30 B 3).

<sup>3</sup> *Id.* (citing *Application of Southwestern Virginia Gas Company for approval of an increase in rates and to initiate a weather normalization adjustment*, Case No. PUE-2003-00426, Final Order (June 3, 2004) ("*Southwestern Virginia Gas*").

<sup>4</sup> VNG's December 16, 2005, Petition for Reconsideration at 2.

<sup>5</sup> *Southwestern Virginia Gas*, Order for Notice and Hearing, 2003 S.C.C. Ann. Rep. 586, 587 (Oct. 27, 2003).

<sup>6</sup> *Id.*

**CASE NO. PUE-2005-00011  
MARCH 29, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION RESOURCES, INC.

Petition for Declaratory Judgment,<sup>1</sup> or Alternatively, for Exemption from Approval, or Approval of Accounting Transactions Under Chapter 4, Title 56 of the Code of Virginia, and Expedited Consideration

**ORDER GRANTING APPROVAL**

On January 31, 2005, Virginia Electric and Power Company ("Dominion Virginia Power") and Dominion Resources, Inc. ("Dominion Resources") (collectively, the "Companies"), filed an application with the State Corporation Commission ("Commission") for petition for Declaratory Judgment or for an exemption from the filing and prior approval requirements of the Affiliates Act, or alternatively, for approval of accounting transactions between the Companies related to the Key Contributors Restricted Stock Program (the "Program"), an incentive program for non-executive employees of Dominion Virginia Power and other Dominion Resources affiliates, and for the accounting transactions related to stock options awards ("Stock Option Awards") previously granted to Dominion Virginia Power employees.

Dominion Virginia Power is a Virginia public service corporation engaged in the provision of wholesale and retail electric service in Virginia and North Carolina. Dominion Virginia Power is a wholly-owned subsidiary of Dominion Resources. Dominion Resources is a registered public utility holding company pursuant to the Public Utility Holding Company Act of 1935.

The Companies request an exemption from the filing and prior approval requirements of the Affiliates Act or approval under the Affiliates Act for the accounting transactions related to the Program and the Stock Option Awards. The purpose of the Program is to attract, recognize, and retain key talent in Dominion Resources' companies by awarding selected employees grants of Dominion Resources' restricted stock. A substantial number of employees will be eligible for the Program. The restricted stock grants were awarded in April and October 2004, and will be awarded twice each year going forward. However, until the exemption or approval is obtained, Dominion Virginia Power will not record expense or transfer cash to Dominion Resources for such restricted stock awarded under the Program.

The Dominion Resources restricted shares awarded through the Program will have a specified vesting period, i.e., the restricted stock will be 100% vested at the end of the specified vesting period. Restricted shares awarded will be valued at fair market value, calculated as the average of high and low prices of Dominion Resources stock for the last day traded preceding the date of award. The fair market value of restricted stock granted to Dominion Virginia Power employees will be amortized into an expense account for Dominion Virginia Power monthly over the vesting period with the offset being a decrease to cash. On Dominion Resources' books, both the cash and common stock accounts will be increased.

Certain Dominion Virginia Power employees have been granted Stock Option Awards in prior years that will vest after July 1, 2005. Due to proposed accounting rules scheduled to take effect July 1, 2005, the Stock Option Awards granted by Dominion Resources to Dominion Virginia Power employees that vest on and after July 1, 2005, will result in an expense on Dominion Virginia Power's books. The accounting entries for recording expense for Stock Option Awards will effectively be the same as for recording expenses for the Program. This change in accounting rules thus necessitates inclusion of these previously granted Stock Option Awards in the current application.

The Companies represent that the proposed transactions are in the public interest. The Program and Stock Option Awards are designed to enhance Dominion Virginia Power's ability to recognize and retain key talent, as well as to attract potentially high-performing employees. The Companies represent that the proposed transactions will allow Dominion Virginia Power to purchase shares of Dominion Resources stock without incurring additional administrative expenses that Dominion Virginia Power would incur if it purchased the stock from the market. The Companies further state that the proposed transactions present no opportunity for affiliate abuse because the transactions are at fair market value or based upon an option pricing model using market-based inputs. The arrangement between Dominion Resources and Dominion Virginia Power for the Program and Stock Option Awards, in which payment for Dominion Resources stock and stock options by Dominion Virginia Power on behalf of its employees is booked as an expense on Dominion Virginia Power's books, requires approval under the Affiliates Act.

NOW THE COMMISSION, upon consideration of the application and representations of the Companies and having been advised by its Staff, is of the opinion and finds that the requested exemption from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code of Virginia is not in the public interest. However, we find that the proposed accounting transactions are in the public interest and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code of Virginia, the requested exemption is hereby denied.
- (2) Pursuant to § 56-77 of the Code of Virginia, the Companies are hereby granted approval of the proposed accounting transactions as described herein.
- (3) The approval granted herein shall not be deemed to include any approvals other than the above-described proposed accounting transactions as described herein.
- (4) The approval granted herein shall have no rate making implications.

<sup>1</sup> The Companies' original request for Declaratory Judgment was withdrawn on February 28, 2005.

(5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia.

(6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission.

(7) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00012  
FEBRUARY 15, 2005**

APPLICATION OF  
CRAIG-BOTETOURT ELECTRIC COOPERATIVE

For a general increase in electric rates

**ORDER FOR NOTICE AND HEARING**

On February 1, 2005, Craig-Botetourt Electric Cooperative ("Craig-Botetourt" or the "Cooperative") filed with the State Corporation Commission ("Commission") an application for a general increase in its electric rates. The Cooperative filed this application pursuant to § 56-582 C of the Virginia Electric Utility Restructuring Act ("Restructuring Act"), which permits an electric utility with capped rates to petition the Commission for a one-time change in its rates during the period January 1, 2004, to June 30, 2007.<sup>1</sup> Craig-Botetourt states that it is necessary to request an increase in its rates based on increases in operating expenses, costs due to electric utility restructuring, and costs relative to a new power supply agreement. The Cooperative proposes that the revised rates and charges take effect on April 15, 2005, on an interim basis and subject to refund.

According to the application, the proposed revised rates and charges would produce additional annual jurisdictional revenue in the amount of \$954,603, an overall increase of 24.35%. The Cooperative's requested increase would produce a Times Interest Earned Ratio ("TIER") of 2.01, a Debt Service Coverage ("DSC") of 1.87, and a rate of return on rate base of 8.09%.

With regard to the Residential Service, Commercial and Small Power Service, and Commercial and Large Power Service rate schedules, Craig-Botetourt proposes to increase the monthly energy delivery and energy supply charges, which vary by usage. In addition, the Cooperative proposes to increase the Residential Service schedule monthly customer charge from \$11.00 to \$14.00. A typical residential customer using 1,000 kWh per month would see a 24.6% total monthly bill increase, from \$89.17 to \$111.11. For the Commercial and Small Power Service schedule, the Cooperative proposes a minimum customer charge of \$14.00 per month for single-phase service and \$18.00 for multi-phase service, rather than the current \$13.50 minimum monthly charge for either service. The total monthly bill for the typical small power service customer using 500 kWh per month would increase from \$57.35 to \$71.48, or 24.65%. The Cooperative also proposes to increase the monthly customer charge for the Commercial and Large Power Service schedule from \$30.00 to \$40.00 or such other minimum monthly charge as may be established by written contract. The typical large power service customer with 50 kW demand, using 20,000 kWh per month, would see their total monthly bill increase 23.27%, from \$1,573.09 to \$1,939.15. Finally, Craig-Botetourt proposes to increase the monthly rate for the Outdoor Lighting schedule such that the total monthly bill for a typical outdoor lighting customer with one pole would increase from \$8.54 to \$9.00.

In addition to revised rates, Craig-Botetourt proposes to revise certain fees or service charges. The Cooperative proposes to increase the charge for an after hours trouble call from \$15.00 to \$90.00. For customers who have had their service disconnected, the charge for reconnection during normal hours would increase from \$20.00 to \$45.00 and a new charge of \$90.00 for reconnection after hours would be implemented. For those customers with past due accounts who wish to avoid service disconnection, the Cooperative proposes that such customers pay a collections fee of \$25.00, increased from \$10.00. The returned check charge would increase from \$10.00 to \$20.00. In addition, Craig-Botetourt proposes to implement a \$3.00 monthly Automated Meter Reading ("AMR") fee for customers with meters having AMR capability who wish to have the Cooperative read the meters.

Craig-Botetourt does not propose any changes to its Terms and Conditions for Providing Electric Service.

NOW THE COMMISSION, upon consideration of the Cooperative's application and applicable statutes and rules, is of the opinion that a public hearing should be convened to receive evidence on the application and that a hearing examiner should be appointed to conduct further proceedings. We will direct Craig-Botetourt to give notice to the public of its application and we will give interested persons an opportunity to comment on the application or to participate as a respondent in this proceeding. The Staff shall investigate the application and present its findings in testimony. The Cooperative will be permitted to file testimony in rebuttal to the testimony filed by the respondents and the Staff. In addition, we will permit Craig-Botetourt to implement the Cooperative's proposed rates and charges on an interim basis and subject to refund with interest.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 12.1-31 of the Code of Virginia and pursuant to 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, this matter is hereby assigned to a Hearing Examiner to conduct further proceedings herein on behalf of the Commission.

(2) A public hearing shall be convened on July 26, 2005, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence on the application.

<sup>1</sup> On February 11, 2005, the Commission granted the Cooperative a waiver of the requirement of 20 VAC 5-200-21 E of the Rules Governing Streamlined Rate Proceedings and General Rate Proceedings for Electric Cooperatives Subject to the State Corporation Commission's Rate Jurisdiction for cooperatives filing a rate application pursuant to § 56-582 C of the Restructuring Act to submit Schedules 15-19. These schedules require going forward information through 2007.

(3) Craig-Botetourt's proposed rates and charges shall take effect on April 15, 2005, on an interim basis and subject to refund with interest.

(4) Craig-Botetourt shall forthwith make copies of its application, testimony, and schedules, as well as a copy of this Order, available for public inspection during regular business hours at the Cooperative's business office at 26198 Craig Creek Road, New Castle, Virginia 24127. Copies also may be obtained by submitting a written request to counsel for Craig-Botetourt, John A. Pirko, Esquire, LeClair Ryan, P. C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia, 23060. 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 between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, or download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(5) On or before March 31, 2005, Craig-Botetourt shall cause a copy of the following notice to be published as display advertising (not classified) in the March/April publication of Cooperative Living:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
CRAIG-BOTETOURT ELECTRIC COOPERATIVE  
FOR A GENERAL INCREASE IN ELECTRIC RATES  
CASE NO. PUE-2005-00012

On February 1, 2005, Craig-Botetourt Electric Cooperative ("Craig-Botetourt" or the "Cooperative") filed with the State Corporation Commission ("Commission") an application for a general increase in its electric rates. The Cooperative states that it is necessary to request an increase in its rates based on increases in operating expenses, costs due to electric utility restructuring, and costs relative to a new power supply agreement.

The proposed revised rates and charges would produce additional annual jurisdictional revenue of \$954,603, an overall increase of 24.35%. The Cooperative's requested increase would produce a Times Interest Earned Ratio ("TIER") of 2.01, a Debt Service Coverage ("DSC") of 1.87, and a rate of return of 8.09%. Craig-Botetourt is not proposing any changes to its Terms and Conditions for Providing Electric Service.

With regard to the Residential Service, Commercial and Small Power Service, and Commercial and Large Power Service rate schedules, Craig-Botetourt proposes to increase the monthly energy delivery and energy supply charges, which vary by usage. The minimum monthly customer charge for the Residential Service schedule would increase from \$11.00 to \$14.00, and the total monthly bill of a typical residential customer using 1,000 kWh per month would increase 24.6%, from \$89.17 to \$111.11. For the Commercial and Small Power Service schedule, a minimum customer charge of \$14.00 per month for single-phase service and \$18.00 for multi-phase service would be implemented, rather than the current \$13.50 minimum monthly charge for either service. The total monthly bill for a typical small power service customer using 500 kWh per month would increase from \$57.35 to \$71.48, or 24.65%. The customer charge for customers on the Commercial and Large Power Service schedule would increase from \$30.00 to \$40.00 per month or such other minimum monthly charge as may be established by written contract. A typical large power service customer with 50 kW demand, using 20,000 kWh per month, would see their total monthly bill increase 23.27%, from \$1,573.09 to \$1,939.15. In addition, the monthly rate for the Outdoor Lighting schedule would be increased such that the total monthly bill for a typical outdoor lighting customer with one pole would increase from \$8.54 to \$9.00 per month.

In addition to revised rates, Craig-Botetourt proposes to revise certain fees or service charges. The Cooperative proposes to increase the charge for an after hours trouble call from \$15.00 to \$90.00. For customers who have had their service disconnected, the charge for reconnection during normal hours would increase from \$20.00 to \$45.00 and a new charge of \$90.00 for reconnection after hours would be implemented. For those customers with past due accounts who wish to avoid service disconnection, the Cooperative proposes that such customers pay a collections fee of \$25.00, increased from \$10.00. The returned check charge would increase from \$10.00 to \$20.00. In addition, Craig-Botetourt proposes to implement a \$3.00 monthly Automated Meter Reading ("AMR") fee for customers with meters having AMR capability who wish to have the Cooperative read the meters.

The Commission has permitted the Cooperative to place its proposed revised rates and charges into effect on April 15, 2005, on an interim basis and subject to refund with interest.

The Commission has scheduled a public hearing to commence at 10:00 a.m. on July 26, 2005, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the application.

Copies of Craig-Botetourt's application, testimony, and schedules, as well as a copy of the Commission's Order in this proceeding, are available for public inspection during regular business hours at the Cooperative's business office at 26198 Craig Creek Road, New Castle, Virginia 24127. Copies also may be obtained by submitting a written request to counsel for Craig-Botetourt, John A. Pirko, Esquire, LeClair Ryan, P. C., 4201 Dominion Boulevard, Suite 200, Glen Allen Virginia, 23060. 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 between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, or download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On or before April 29, 2005, any interested person may file an original and fifteen (15) copies of any comments on the application with the Clerk of the Commission c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website. Any person not participating as a respondent as provided below and desiring to make a statement at the July 26, 2005, public hearing concerning the application may appear in the Commission's Second Floor Courtroom in the Tyler Building at 9:45 a.m. on the day of the hearing and sign up to speak.

On or before April 29, 2005, any interested person may participate as a respondent in this proceeding as provided by the Commission's Rules of Practice and Procedure by filing an original and fifteen (15) copies a notice of participation with the Clerk of the Commission at the address set forth above. Interested parties should obtain a copy of the Commission's Order for further details on participation as a respondent.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2005-00012 and shall simultaneously be served on counsel for the Cooperative at the address set forth above.

## CRAIG-BOTETOURT ELECTRIC COOPERATIVE

(6) On or before March 31, 2005, Craig-Botetourt 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 Cooperative provides service. Service shall be made by first-class mail to the customary place of business or residence of the person served.

(7) At the commencement of the hearing scheduled herein, Craig-Botetourt shall provide proof of service and notice as required in this Order.

(8) On or before April 29, 2005, any interested person may file an original and fifteen (15) copies of any comments on the application with the Clerk of the Commission c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUE-2005-00012. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website. Any person not participating as a respondent as provided for in Ordering Paragraph (9) below may make a statement as a public witness at the July 26, 2005, public hearing. Any person desiring to make a statement need only appear in the Commission's Second Floor Courtroom in the Tyler Building at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.

(9) On or before April 29, 2005, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) above and shall simultaneously serve a copy of the notice of participation on counsel to the Cooperative at the address set forth in Ordering Paragraph (4) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Respondents shall refer in all of their filed papers to Case No. PUE-2005-00012.

(10) Within five (5) business days of receipt of a notice of participation as a respondent, Craig-Botetourt shall serve upon each 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.

(11) On or before May 27, 2005, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) above an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case. Each respondent shall serve copies of the testimony and exhibits on counsel to Craig-Botetourt and on all other respondents.

(12) On or before June 27, 2005, the Commission Staff shall investigate the reasonableness of Craig-Botetourt's application and shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits regarding its investigation of the application and shall promptly serve a copy on counsel to the Cooperative and all respondents.

(13) On or before July 11, 2005, Craig-Botetourt shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that the Cooperative expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one copy on Staff and all respondents.

(14) Craig-Botetourt and respondents shall respond to written interrogatories within ten (10) calendar days after receipt of the same. Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

**CASE NO. PUE-2005-00012  
SEPTEMBER 23, 2005**

APPLICATION OF  
CRAIG-BOTETOURT ELECTRIC COOPERATIVE

For a general increase in electric rates

**FINAL ORDER**

On February 1, 2005, Craig-Botetourt Electric Cooperative ("Craig-Botetourt" or the "Cooperative") filed with the State Corporation Commission ("Commission") an application for a general increase in its electric rates, effective April 15, 2005, on an interim basis and subject to refund. The application was filed pursuant to § 56-582 (C) of the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia

("Restructuring Act"), which permits an electric utility with capped rates to petition the Commission for a one-time change in its rates during the period January 1, 2004, to June 30, 2007.<sup>1</sup> Craig-Botetourt proposed rates and charges that would produce a \$954,603 increase in the Cooperative's annual jurisdictional revenues, producing a Times Interest Earned Ratio ("TIER") of 2.01, a Debt Service Coverage of 1.87, and a rate of return on rate base of 8.09%.

Craig-Botetourt proposed to increase the monthly rates for Distribution Delivery Service for the Residential Service, Commercial and Small Power Service, and Commercial and Large Power Service rate schedules. Distribution Delivery Service rates consist of two components, a Consumer Delivery Charge, based on either single-phase or multi-phase service, and an Energy Delivery Charge, based on kWh usage and a declining block rate structure. For each of the aforementioned rate schedules, the Cooperative also proposed to increase the monthly rates for Electricity Supply Service. In addition, Craig-Botetourt proposed to increase the monthly rate for the Outdoor Lighting schedule and to revise certain other fees and service charges.

On February 15, 2005, the Commission entered an Order for Notice and Hearing in this matter which directed the Cooperative to provide public notice of its proposed rate increase; scheduled a public hearing for July 26, 2005, to receive comments from public witnesses and evidence on the application; and established a procedural schedule for the filing of testimony and exhibits. The Commission authorized the Cooperative to place its proposed rates into effect on April 15, 2005, on an interim basis, subject to refund. The Commission appointed a Hearing Examiner to conduct all further proceedings in this matter.

On April 15, 2005, the Division of Consumer Counsel of the Office of the Attorney General ("Consumer Counsel") filed a notice of participation.

On July 26, 2005, the public hearing was convened before Howard P. Anderson, Jr., Hearing Examiner. Counsel appearing were Eric M. Page, Esquire, and John A. Pirko, Esquire, on behalf of Craig-Botetourt; D. Mathias Roussy, Jr., Esquire, on behalf of Consumer Counsel; and Katharine A. Hart, on behalf of Commission Staff. Three public witnesses appeared at the hearing and presented testimony.

Counsel for Craig-Botetourt, Consumer Counsel, and counsel for Commission Staff offered for the Commission's consideration a Stipulation to resolve the issues in dispute in the proceeding.<sup>2</sup> In the Stipulation, the Cooperative and Commission Staff agree to an additional annual revenue requirement of \$842,754 based on a TIER of 2.00. The Stipulation also addresses, among other things, the Cooperative's management of the power supply procurement function, its policy on the investment of otherwise uncommitted general funds and certain particular investments, the right-of-way clearing and maintenance program, certain booking recommendations, and sales and use tax expense.

The Hearing Examiner filed his Report on August 26, 2005. After considering the record of the case, the Hearing Examiner found that: (1) the 12 months ending December 31, 2003, is an appropriate test period; (2) the Stipulation represents a fair and just resolution in the case; (3) the Cooperative's jurisdictional test period operating revenues, after all adjustments, were \$7,137,901; (4) the Cooperative's jurisdictional total operating expenses, after all adjustments, were \$6,520,200; (5) the Cooperative's jurisdictional operating margins-adjusted, after all adjustments, were \$614,732; (6) the Cooperative earned a rate of return on rate base of 3.25% and an actual TIER of 0.88 during the test period; and (7) the Cooperative requires an increase in operating revenues of \$842,754 to earn a TIER of 2.00. The Hearing Examiner recommended that the Commission enter an Order that: (1) adopts the Stipulation and findings contained in his Report; (2) grants the Cooperative an increase in annual gross revenues of \$842,754; (3) directs the Cooperative to refund with interest any excess revenues that have been collected under interim rates; and (4) dismisses this case from the Commission's docket of active cases and passes the papers herein to the file for ended cases.

NOW UPON CONSIDERATION of the Cooperative's application, the Hearing Examiner's Report, the Stipulation, and applicable statutes, the Commission is of the opinion and finds that the Hearing Examiner's findings should be adopted. We find that the Stipulation and Craig-Botetourt's proposed rates and charges as modified by the Stipulation and as otherwise herein should be approved. We will approve a \$842,754 increase in annual operating revenues, based on a TIER of 2.00, for a total annual revenue requirement of \$7,980,654. We note that the implementation of this annual revenue requirement will result in reductions to interim rates. We will require that any excess revenues collected under interim rates be refunded with interest.

We will require the Cooperative to inform its members about Craig-Botetourt's investment in Capital Resource Funding, Inc., as provided by the Stipulation and to notify the Commission's Division of Economics and Finance within thirty (30) days after such information is provided. We will also direct the Cooperative to develop a revised policy on the investment of uncommitted general funds consistent with the Stipulation, to provide the Commission's Division of Economics and Finance with a copy of the revised policy forthwith once such policy has been adopted by the Board of Directors, and to provide appropriate information about such investments to its members as contemplated by the Stipulation.

Further, we will require Craig-Botetourt to make certain booking and journal entries in accordance with the Stipulation to correct the deferred fuel balance and to reclassify plant not currently in service. Also, we will direct the Cooperative to refund the overcollection of the sales and use tax surcharge identified in the Stipulation and to make the corresponding journal entries to recognize the termination of such surcharge.

Finally, we will direct Craig Botetourt to conduct the Cooperative's future power supply procurement activities and its right-of-way clearing and maintenance program in a manner consistent with the Stipulation.

Accordingly, IT IS ORDERED THAT:

- (1) The findings of the Hearing Examiner, contained in his August 26, 2005, Report are hereby adopted.
- (2) The Stipulation entered into between the Cooperative, Consumer Counsel, and Commission Staff is hereby adopted.

<sup>1</sup> On February 11, 2005, the Commission granted the Cooperative a waiver of the requirement of 20 VAC 5-200-21 E of the Rules Governing Streamlined Rate Proceedings and General Rate Proceedings for Electric Cooperatives Subject to the State Corporation Commission's Rate Jurisdiction for cooperatives filing a rate application pursuant to § 56-582 (C) of the Restructuring Act to submit Schedules 15 -19. These schedules require going forward information through 2007.

<sup>2</sup> A copy of the Stipulation is attached hereto.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(3) A \$842,754 increase in annual operating revenues, based on a TIER of 2.00, for a total annual revenue requirement of \$7,980,654, is hereby approved.

(4) The implementation of the annual revenue requirement approved herein shall result in reductions to the rates effective on an interim basis subject to refund on April 15, 2005. Revised rates shall be based on the approved annual revenue requirement and allocated to the delivery and supply functions using the same methodology employed by the Cooperative in the determination of its proposed rates. The reduction for the delivery service charges shall be applied to the Energy Delivery Charge component of the Distribution Delivery Service monthly rates for each schedule. The Consumer Delivery Charge component of the Distribution Delivery Service monthly rates for each rate schedule shall be implemented on a permanent basis as proposed by the Cooperative.

(5) On or before October 15, 2005, the Cooperative shall submit to the Commission's Division of Energy Regulation revised tariff sheets incorporating rates, charges, and terms and conditions of service conforming to the provisions of this Order.

(6) The Cooperative shall use the revised rates approved herein to recalculate all bills which were calculated using rates that became effective on an interim basis subject to refund on April 15, 2005. On bills rendered on October 30, 2005, the Cooperative shall refund with interest any excess revenues that may have been collected under interim rates.

(7) Interest upon the ordered rate refunds shall be computed from the date payments of bills were due to the date refunds are made, at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the bank prime loan values published in the Federal Reserve Bulletin or in the Federal Reserve's Statistical Release H.15 (519), "Selected Interest Rates," for the three months of the preceding calendar quarter.

(8) The rate refunds with interest may be credited to current customers' accounts and bills. The bills shall show the refunds as a separate item or items. The Cooperative may offset the credit or refund to the extent no dispute exists regarding the outstanding balance of a current or former customer. No offset shall be permitted for any disputed portion of an outstanding balance. 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 retain refunds owed to former customers when such refund amount is less than \$1. The Cooperative shall maintain a record of former customers for which the refund is less than \$1, and such refunds shall be made promptly upon request. For any refunds not paid or claimed, the Company shall comply with § 55-210.6:2 of the Code of Virginia.

(9) On or before December 30, 2005, the Cooperative shall file with the Commission's Division of Energy Regulation a report showing that all refunds have been made pursuant to this Order and detailing the costs of the refund and accounts charged.

(10) The Cooperative shall inform its members about the investment in Capital Resource Funding, Inc., as provided by the Stipulation and shall notify the Commission's Division of Economics and Finance within thirty (30) days after such information is provided. The Cooperative shall develop a revised policy on the investment of uncommitted general funds consistent with the Stipulation, shall provide the Commission's Division of Economics and Finance with a copy of the revised policy forthwith once such policy has been adopted by the Board of Directors, and shall provide appropriate information about such investments to its members as contemplated by the Stipulation.

(11) The Cooperative shall forthwith make the booking recommendations and journal entries in accordance with the Stipulation to correct the deferred fuel balance and to reclassify plant not currently in service. The Cooperative shall report to the Commission's Division of Public Utility Accounting that all booking and journal entries have been made within thirty (30) days of such entries being made.

(12) The Cooperative shall refund the overcollection of sales and use tax surcharge via bills rendered on October 30, 2005. The refunds may be credited to current customers' accounts and bills and otherwise handled as provided by Ordering Paragraph (7) above. The Cooperative shall make the corresponding journal entries to recognize the termination of such surcharge. On or before December 30, 2005, the Cooperative shall report to the Commission's Division of Public Utility Accounting that all refunds and journal entries have been made.

(13) The Cooperative shall conduct the Cooperative's future power supply procurement activities and its right-of-way clearing and maintenance program consistent with the Stipulation.

(14) There being nothing further to come before the Commission in this proceeding, this case shall be removed from the docket and the papers transferred to the file for ended causes.

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.

**CASE NO. PUE-2005-00012  
OCTOBER 31, 2005**

APPLICATION OF  
CRAIG-BOTETOURT ELECTRIC COOPERATIVE

For a general increase in electric rates

**ORDER ON MOTION**

On October 24, 2005, Craig-Botetourt Electric Cooperative ("Craig-Botetourt" or the "Cooperative") filed with the State Corporation Commission ("Commission") a Motion to Re-Open the Proceedings to Amend the Final Order.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In its application of February 1, 2005, Craig-Botetourt filed for a general increase in the Cooperative's electric rates to produce a \$954,603 increase, effective April 15, 2005, on an interim basis and subject to refund. On February 15, 2005, the Commission authorized the Cooperative to place its proposed rates into effect on April 15, 2005, on an interim basis, subject to refund.

On September 23, 2005, the Commission entered a Final Order in this proceeding approving an increase in Craig-Botetourt's annual jurisdictional revenues of \$842,754 and directing the Cooperative to refund with interest any excess revenues that were collected under interim rates. The Commission's September 23, 2005, Final Order provides, among other things, that:

Interest upon the ordered rate refunds shall be computed from the date payments of bills were due to the date refunds are made, at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the bank prime loan values published in the Federal Reserve Bulletin or in the Federal Reserve's Statistical Release H.15(519), "Selected Interest Rates," for the three months of the preceding calendar quarter.

In its Motion, Craig-Botetourt requests the Commission to allow it to amend the method by which the interest on refunds are calculated and to extend the deadline for the Cooperative to calculate, provide, and report on customer refunds. Craig-Botetourt indicates that its current billing system is unable to calculate the interest using the method outlined in the Final Order without undue cost and burden. The Cooperative moves the Commission to accept the following methodology:

The total refund for each consumer will be divided into five equal amounts for each of the billing periods ending May 31, 2005, through September 30, 2005. The appropriate quarterly prime rate(s) will be applied to each portion of the refund in order to accrue interest to the projected refund date of bills due on December 15, 2005. The methodology results in each consumer refund being increased by 1.98% for interest and will be applied to all results.

In order to accommodate these changes, Craig-Botetourt also requests that the Commission amend the date by which the overcollection of sales and use tax surcharges is refunded via bills rendered from October 30, 2005, to November 30, 2005. Finally, Craig-Botetourt moves that the Commission extend the deadline by which the Cooperative must report the required refunds to the Commission from December 30, 2005, to January 31, 2006.

The Motion advised that Craig-Botetourt had consulted with the Commission Staff on the proposed methodology and that the Staff supports this alternative to calculating the interest due to the Cooperative's customers.

On October 25, 2005, the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel") filed a Response stating that the Consumer Counsel believed that granting the Motion would be appropriate under the circumstances.

NOW UPON CONSIDERATION of the Motion and the Consumer Counsel's Response, the Commission is of the opinion and finds that the Motion should be granted. We will reopen this proceeding for the purposes of accepting the alternative interest calculation methodology proposed by the Cooperative and extending certain refund and reporting deadlines.

Accordingly, IT IS ORDERED THAT:

- (1) The Motion to Re-Open the Proceedings to Amend the Final Order is hereby granted.
- (2) The total refund for each consumer will be divided into five equal amounts for each of the billing periods ending May 31, 2005, through September 30, 2005. The appropriate quarterly prime rate(s) will be applied to each portion of the refund in order to accrue interest to the projected refund date of bills due on December 15, 2005. The methodology results in each consumer refund being increased by 1.98% for interest and will be applied to all results.
- (3) The date by which the overcollection of sales and use tax surcharges is refunded via bills shall be extended from October 30, 2005, to November 30, 2005.
- (4) The deadline by which the Cooperative must report the required refunds to the Commission shall be extended from December 30, 2005, to January 31, 2006.
- (5) All other provisions of our September 23, 2005, Final Order shall remain in full force and effect.

**CASE NO. PUE-2005-00013  
MARCH 4, 2005**

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 2005-2006  
FUEL FACTOR PROCEEDING**

On February 15, 2005, Kentucky Utilities Company d/b/a Old Dominion Power Company in Virginia ("ODP" or the "Company") filed with the State Corporation Commission (the "Commission") an application, along with testimony, exhibits, and a proposed tariff, intended to increase its current fuel factor from 1.794¢ per kWh to 2.013¢ per kWh, effective April 1, 2005. The Company cites increasing fuel costs in support its application.

NOW THE COMMISSION, is of the opinion and finds that this matter should be docketed, that public notice and an opportunity for participation in this proceeding should be given, and that a hearing should be scheduled. Based on the timing of the procedural schedule, we will allow the proposed fuel factor of 2.013¢ per kWh to be placed into effect, on an interim basis, effective with bills rendered on and after April 1, 2005.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2005-00013.
- (2) A public hearing shall be convened on April 21, 2005, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence related to the establishment of 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 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.
- (3) The Company may put its proposed fuel factor of 2.013¢ per kWh into effect, on an interim basis, effective with bills rendered on and after April 1, 2005.
- (4) The Company shall forthwith make copies of its application, prefiled testimony, and exhibits available for public inspection during regular business hours at all company offices in Virginia where customer bills may be paid. Interested persons may also review a copy of 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 between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. A copy of the Company's application also may be obtained by requesting a copy of the same from counsel for ODP, Elizabeth L. Cocanougher, Corporate Attorney, 220 West Main Street, P.O. Box 30210, Louisville, Kentucky 40232.
- (5) On or before March 18, 2005, 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 2005-2006 FUEL FACTOR  
PROCEEDING FOR OLD DOMINION POWER COMPANY

On February 15, 2005, Kentucky Utilities Company d/b/a Old Dominion Power Company in Virginia ("ODP" or the "Company") filed with the State Corporation Commission (the "Commission") an application, along with testimony, exhibits, and a proposed tariff, intended to increase its current fuel factor from 1.794¢ per kWh to 2.013¢ per kWh, effective April 1, 2005. The Company cites increasing fuel costs in support its application.

The Commission has scheduled a public hearing to commence at 10:00 a.m. on April 21, 2005, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the establishment of ODP's fuel factor.

The Company's application, prefiled testimony, and exhibits are available for public inspection during regular business hours at all of the Company's offices in Virginia where customer bills may be paid. Interested persons may also 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 between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. A copy of the Company's application also may be obtained by requesting a copy of the same from counsel for ODP, Elizabeth L. Cocanougher, Corporate Attorney, 220 West Main Street, P.O. Box 30210, Louisville, Kentucky 40232. A copy of the Commission's Order in this proceeding may be obtained on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

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 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.

On or before March 29, 2005, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company. Interested parties should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before April 7, 2005, each respondent may file with the Clerk at the address set forth above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall simultaneously serve copies of the testimony and exhibits on counsel to ODP and on all other respondents.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2005-00013 and shall simultaneously be served on counsel for the Company at the address set forth above.

KENTUCKY UTILITIES COMPANY D/B/A  
OLD DOMINION POWER COMPANY

- (6) On or before March 18, 2005, ODP 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.

(7) At the commencement of the hearing scheduled herein, ODP shall provide proof of service and notice as required in this Order.

(8) On or before March 29, 2005, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (4) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2005-00013.

(9) Within five (5) business days of receipt of a notice of participation as a respondent, ODP shall serve upon each 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.

(10) On or before April 7, 2005, each respondent may file with the Clerk at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall simultaneously serve copies of the testimony and exhibits on counsel to ODP and on all other respondents.

(11) The Commission Staff shall investigate the reasonableness of ODP's estimated expenses and proposed fuel factor. On or before April 12, 2005, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(12) On or before April 18, 2005, ODP shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one copy on Staff and all respondents.

(13) ODP and respondents shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

**CASE NO. PUE-2005-00013  
MARCH 7, 2005**

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

**AMENDING ORDER**

On March 4, 2005, the State Corporation Commission issued its Order Establishing 2005-2006 Fuel Factor Proceeding, setting forth the procedural schedule in this matter. Due to a clerical error, provision for public comment was omitted.

Wherefore, the Commission amends its Order of March 4, 2005, at page 5 as an addition to Ordering Paragraph (10) as follows:

On or before April 7, 2005, interested persons wishing to comment on the Company's application may file an original and fifteen (15) copies of written comments concerning such application with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall refer to Case No. PUE-2005-00013 in any such comments. A copy of such comments shall simultaneously be sent to counsel for ODP: Elizabeth L. Cocanougher, Corporate Attorney, 220 West Main Street, P.O. Box 30210, Louisville, Kentucky 40232. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website, <http://www.sec.virginia.gov/caseinfo.htm>.

Accordingly, IT IS ORDERED THAT Old Dominion Power Company shall include the above paragraph in its published notice prescribed in our March 4, 2005, Order at Page 2, Paragraph (5).

**CASE NO. PUE-2005-00013  
APRIL 29, 2005**

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 2005-2006 FUEL FACTOR**

On February 15, 2005, Kentucky Utilities Company d/b/a Old Dominion Power Company ("ODP" or the "Company"), filed with the State Corporation Commission ("Commission") an application, testimony, and exhibits intended to increase its current fuel factor from 1.794¢/kWh to 2.013¢/kWh, effective for bills rendered on and after April 1, 2005.

By Order dated March 4, 2005, the Commission established a procedural schedule and set a hearing date for April 21, 2005. The Commission also permitted ODP to put the proposed fuel factor in effect, on an interim basis, effective with bills rendered on and after April 1, 2005. The Commission directed its Staff to file testimony and provided an opportunity for interested persons to participate in the proceeding. No Notices of Participation were filed.

On April 12, 2005, the Staff filed its testimony wherein it found that, for the purposes of setting an in-period fuel factor for the new fuel year, the assumptions made by the Company in its application were reasonable and in compliance with the Commission's fuel cost projection standards. The Staff recommended that the Commission approve the continuation of the total fuel factor of 2.013¢/kWh that became effective with bills rendered on and after April 1, 2005.

The hearing was convened on April 21, 2005. Appearances were made by counsel for the Staff and ODP. At the hearing, the Company submitted its proof of service and notice, and the Company's application, testimony, and exhibits, as well as the Staff's testimony, were entered into the record without cross-examination.

NOW THE COMMISSION, upon consideration of the record in this case, is of the opinion that an increase in the Company's fuel factor to 2.013¢/kWh is reasonable and appropriate.

Approval of this factor, however, is not construed as approval of ODP's actual fuel expenses. For each calendar year, the Staff conducts an audit and investigation which addresses, among other things, the appropriateness and reasonableness of ODP's booked fuel expenses. The Staff's results are documented in an Annual Report ("Staff's Annual Report"). A copy of Staff's Annual Report is sent to ODP and to each party who participated in ODP's last fuel factor proceeding, all of whom are provided with an opportunity to comment and request a hearing on the report.

Based on Staff's Annual Report, any comments or hearing thereon, the Commission enters an Order entitled "Final Audit for twelve-month period ending December 31, \_\_\_\_, Fuel Cost Recovery Position" ("Final Audit Order"). Notwithstanding any findings made by the Commission in an earlier order establishing ODP's fuel factor based on estimates of future expenses and unaudited booked expenses, the Final Audit Order will be the final determination of not only what are, in fact, allowable fuel expenses and credits, but also ODP's over- or underrecovery position as of the end of the audit period. Should the Commission find in its Final Audit Order (1) that any component of ODP's actual fuel expenses or credits has been inappropriately included or excluded, or (2) that ODP has failed to make every reasonable effort to minimize fuel costs or has made decisions resulting in unreasonable fuel costs, ODP's recovery position will be adjusted. This adjustment will be reflected in the recovery position at the time of ODP's next fuel factor proceeding. We reiterate that no finding in this Order is final, as this matter is continued generally, pending Staff's audit of actual fuel expenses.

Accordingly, IT IS ORDERED THAT:

- (1) The total fuel factor 2.013¢/kWh effective for bills rendered on and after April 1, 2005, established by the Commission Order dated March 4, 2005, remains in effect.
- (2) This case is continued generally.

**CASE NO. PUE-2005-00014  
MAY 23, 2005**

APPLICATION OF  
RAPPAHANNOCK ELECTRIC COOPERATIVE  
and  
THE COMMUNITY AWARENESS OF RAPPAHANNOCK ELECTRIC (C.A.R.E.) CHARITY, INC.

For approval of a services agreement under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On February 23, 2005, Rappahannock Electric Cooperative ("REC"), an electric cooperative providing electric service to approximately 92,000 customers in Virginia, and The Community Awareness of Rappahannock Electric (C.A.R.E.) Charity, Inc. ("Charity") (collectively, "the Applicants"), filed an application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia ("Code") requesting approval for a services agreement ("Agreement") between REC and Charity in connection with a charitable program the Applicants will operate known as Operation Round Up ("ORU").

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Charity is a Virginia general business corporation and a wholly owned subsidiary of REC. Charity is a newly formed corporation that currently does not have any employees. Pursuant to Chapter 4 of Title 56 of the Code (the "Affiliates Act"), REC and Charity are deemed to be "affiliated interests."

ORU is a charitable program that provides financial resources for needy or worthwhile causes where other sources of funding may not be available or adequate. As stated by REC in its application, over 200 electric cooperatives across the nation participate in ORU. It was initiated in 1989 by Palmetto Electric Cooperative ("Palmetto") in South Carolina. Applicants state that, nationally, it is estimated that ORU has collected over \$41 million since Palmetto began the program.

In connection with ORU, the Applicants request approval under the Affiliates Act for the Agreement between REC and Charity. ORU will provide financial resources for charitable causes by permitting REC customers voluntarily to "round up" the amount of their electric bill payments to REC to the next higher whole dollar amount. REC will transfer the excess funds collected in this manner to Charity. Charity will evaluate requests for donations of such funds and direct the disbursement of funds to appropriate organizations. For example, funds may go to other non-profit organizations, hospitals, social service organizations, and individuals with disaster or medical-related emergencies.

Pursuant to the Agreement, REC will provide Charity administrative and services support, such as accounting, clerical, information technology, and administrative services. According to the Agreement, REC may be compensated for these services at its cost of providing the services, but it will have the option under the Agreement of donating to Charity all or part of its cost of providing the services. REC has confirmed via letter dated April 20, 2005, that it will exercise the option under the Agreement to donate to Charity the cost of all services provided and that it will inform the Commission in writing, in advance, if it wishes to change that arrangement. As stated in the application, for the first year, REC has dedicated a portion of its disbursements for charitable giving to the development of ORU and the provision of services to Charity. The amount and duration of future donations will be evaluated on an annual basis. The Agreement is non-exclusive and, therefore, gives Charity the option of obtaining these services from unaffiliated third parties.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described Agreement for REC to provide services to Charity is in the public interest and should be approved. Should REC decide at a later date to bill Charity for services provided under the Agreement, REC should notify the Commission, in writing, in advance of billing Charity for such services.

We note that Charity is a non-profit charitable organization created to facilitate and advance charitable donations in support of improving cooperative communities and the lives of cooperative members. Due to the nature of its business, the affiliate relationship between Charity and REC will not create some of the same concerns as REC and for-profit affiliates and therefore, portions of § 56-231.34:1 B of the Code and 20 VAC 5-203-30 of the Commission's regulations may not apply. However, to the extent that they apply in this case, we believe that REC should file the appropriate documentation showing that such requirements are being met.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, REC and Charity are hereby granted approval of the Agreement between the Applicants for the provision of services by REC to Charity for the purposes as described herein.
- (2) Should REC decide at some future date to bill Charity for services provided, REC shall notify the Commission of such decision, in writing, in advance of billing Charity for such services.
- (3) Should any other terms and conditions of the Agreement change from those contained herein, Commission approval shall be required for such changes.
- (4) To the extent applicable, REC shall file with the Commission within 30 days of the date of this Order documentation showing that the requirements of § 56-231.34:1 B of the Code and 20 VAC 5-203-30 of the Commission's regulations are being met.
- (5) The approval granted herein shall have no ratemaking implications.
- (6) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.
- (7) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.
- (8) REC shall include the transactions covered by the Agreement approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting.
- (9) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00015  
MARCH 21, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue long-term debt

**ORDER GRANTING AUTHORITY**

On February 25, 2005, Virginia Electric and Power Company ("Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 (§ 56-55 *et seq.*) of Title 56 of the Code of Virginia requesting authority to incur long-term indebtedness with the United States Government. The Applicant paid the requisite fee of \$250.

Applicant requests authority to obtain financing in the form of promissory notes from the United States Government in the amount of up to \$7,000,000, which may be drawn down in the year 2005. The proceeds will be used as a part of the Applicant's purchase of electric distribution facilities at Fort Lee, Virginia. The notes will not be secured and each note drawn under the loan agreement will have an approximate twenty-seven year maturity which may vary to reflect various amortizing balances corresponding to the attributes of the different subgroupings of distribution assets at the Fort Lee base and their remaining depreciable lives. The notes will have a fixed rate.

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) The Applicant is hereby authorized to borrow up to \$7,000,000 from the United States Government, under the terms and conditions and for the purposes set forth in the application, through June 30, 2005.
- (2) Within ten (10) days of the date of the issuance of promissory notes to the United States Government, Applicant shall file a Report of Action with the Division of Economics and Finance that shall include the amount of the note(s), the interest rate(s), the maturity of notes(s) and the applicable redemption provisions.
- (3) Approval of the application shall have no implications for ratemaking purposes.
- (4) There being nothing further to be done, this matter is hereby dismissed.

**CASE NO. PUE-2005-00017  
MAY 4, 2005**

APPLICATION OF  
THE POTOMAC EDISON COMPANY d/b/a ALLEGHENY POWER

For continuing approval of money pool agreement with affiliates

**ORDER GRANTING APPROVAL**

On March 15, 2005, The Potomac Edison Company d/b/a Allegheny Power (the "Company" or "Applicant") filed an application with the Commission under Chapter 4 of Title 56 of the Code of Virginia. In its application, the Company requests continuing approval to borrow and lend funds to companies with affiliated interests (the "Money Pool") through a revised Money Pool Agreement (the "Revised Agreement").

Applicant most recently received Commission approval to participate in the Money Pool in Case No. PUF-2001-00022, by Order dated November 9, 2001. According to ordering paragraph 2 of that Order, Applicant is required to seek subsequent approval from the Commission if terms and conditions to the Agreement should change. The current application requests that two terms and conditions to the Agreement be changed. The first of these changes directs that an affiliate, Allegheny Energy Supply Company LLC, may participate in the Money Pool as only a lender and not as a borrower. The second of these changes permits that interest income and expenses of the Money Pool be calculated and settled on the first business day of the month. All other terms and conditions remain unchanged.

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 granted approval to participate in the Money Pool under the Revised Agreement, under the terms and conditions and for the purposes as set forth in the application.
- (2) Applicant shall seek subsequent approval from the Commission if the terms and conditions of the Revised Agreement approved herein should change.
- (3) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (4) The Commission reserves the right, pursuant to § 56-80 of the Code of Virginia, 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.
- (5) Allegheny Energy Supply LLC, may participate in the Money Pool as only a lender and not as a borrower.
- (6) The approval of this application shall not have any implications for ratemaking.
- (7) Should Applicant request any changes to the Money Pool from the Securities and Exchange Commission ("SEC"), Applicant shall file with the Commission's Division of Economics and Finance a copy of Form U-1 or Form U-1A filed with the SEC within ten (10) days of such filing.
- (8) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2005-00019  
AUGUST 29, 2005**

PETITION OF  
ALPHA WATER CORPORATION, INC.

For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On March 25, 2005, Alpha Water Corporation, Inc. ("Alpha" or the "Petitioner"), filed a petition with the State Corporation Commission (the "Commission") requesting approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 (the "Utility Transfers Act") of the Code of Virginia (the "Code").

Alpha is a Virginia public service corporation headquartered in Palmyra, Virginia, that operates community water systems in the Counties of Caroline, Charles City, Essex, King George, Lancaster, New Kent, Northumberland, Richmond and Westmoreland serving more than 1,100 customers. Alpha is owned by Sydnor Hydrodynamics, Inc., which is a subsidiary of Aqua Utilities, Inc., which is a subsidiary of Aqua America, Inc. Aqua America, headquartered in Bryn Mawr, Pennsylvania, is a major publicly traded water utility holding company in the United States serving approximately 2.5 million residents in 13 states, including Virginia.

The Petitioner is seeking approval to transfer the assets of the Berwyn community water system ("Berwyn") to the City of Suffolk ("Suffolk"). The gross purchase price for the Berwyn assets will be approximately \$20,000. However, Alpha has agreed to pay a connection fee and availability fee, less an environmental fee, to Suffolk for each of Berwyn's 13 customers. The fees will total \$15,470. Thus, Alpha will receive only a net payment of \$4,530 for the Berwyn assets.

The Petitioner represents that it seeks to transfer the Berwyn system to Suffolk because Berwyn is out of compliance with Virginia Department of Health ("VDH") standards concerning fluoride levels in the water that exceed the Environmental Protection Agency's ("EPA's") guidelines under the Clean Water Act. Alpha represents that compliance with VDH's requirements would require it to incur major capital expenditures to upgrade the Berwyn system and precipitate significant rate increases to its customers. Alpha represents that Suffolk, by connecting Berwyn's customers to its public mains, will be able to avoid these capital outlays while improving Berwyn's quality of water service and lowering monthly customer rates.

The Berwyn system assets consist of a well house and lot, a well, a well pump and motor, one 5,000 gallon steel storage tank, an air compressor, a master meter, valves, piping and electrical equipment, 13 meters/meter boxes/service lines, and approximately 1,200 linear feet of two-inch distribution piping. Alpha does not have plant invoices or maintain detailed cost records for the Berwyn system. Based on Suffolk's tax assessment and correspondence in Alpha's records, the value of the well house lot is \$20,000 and the original installation cost of the system was approximately \$8,400.

On April 11, 2005, Alpha sent a notice letter to the Berwyn customers informing them of the proposed transfer and requesting comments by May 11, 2005. One response was received, which supported the proposed transfer.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioner and having been advised by its Staff, is of the opinion and finds that the proposed transfer of the Berwyn utility assets from Alpha to Suffolk will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, meets the test of the Utility Transfers Act. However, we will direct the Petitioner to identify and remove from its records any plant or cost items that pertain to the Berwyn system.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, Alpha Water Corporation, Inc., is granted approval to transfer the Berwyn utility assets to the City of Suffolk for \$20,000, adjusted for connection, availability, and environmental fees.
- 2) Certificate No. W-234 authorizing Alpha to provide water service in the Berwyn community in the City of Suffolk, Virginia, is hereby cancelled.
- 3) Alpha shall identify and remove from its records any plant or cost items that pertain to the Berwyn system.

4) Within thirty (30) days of completing the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting, Alpha Water Corporation, Inc., shall file a Report of Action with the Commission. Included in the Report of Action shall be the date of the transfer and any legal document, settlement sheet, or accounting entries recording the transfer.

5) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00020  
AUGUST 18, 2005**

JOINT PETITION OF  
SHAWNEE WATER COMPANY  
and  
KEY LAKEWOOD WATER COMPANY

For authority to acquire and dispose of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On March 28, 2005, Shawnee Water Company<sup>1</sup> ("Shawnee") and Key Lakewood Water Company ("Key Lakewood") (collectively the "Petitioners") filed a joint petition with the State Corporation Commission (the "Commission") requesting authority for Shawnee to sell and Key Lakewood to buy and operate the water system serving the Key Lakewood subdivision at Smith Mountain Lake in Franklin County, Virginia, pursuant to Chapter 5 of Title 56 (the "Utility Transfers Act") of the Code of Virginia (the "Code").

Shawnee operates the private water system that serves the Key Lakewood residential subdivision at Smith Mountain Lake in Franklin County, Virginia. Daniel J. DeWitt and Daniel J. DeWitt, Jr. jointly own Shawnee. Key Lakewood is a Virginia corporation recently formed by the Key Lakewood property owners.

Shawnee proposes to transfer the Key Lakewood water system to Key Lakewood for \$1 consideration and Key Lakewood's agreement to defray the expenses necessary to terminate Shawnee's corporate existence. Upon consummation of the transfer, Key Lakewood will offer one share of its stock, priced at \$10.00, to each of the subdivision's 38 non-developer lot owners. Thereafter, the property owners will own Key Lakewood, which will own and operate the water system.

The Key Lakewood subdivision and water system have existed for more than 20 years. The subdivision is located adjacent to Route 601 and consists of approximately 41 lots interspersed among several cul-de-sac streets. There are 33 houses in the subdivision and 34 water connections. The community consists of a mix of older one and two-story single-family residences. Some homes serve as permanent full-time residences, while others are seasonal and are used for vacation homes. The maximum number of potential future connections is seven.

The Key Lakewood water system consists of three 100 x 100 foot well lots, three wells, three pump houses containing three 3,000-gallon hydro-pneumatic pressure tanks, and approximately 6,500 feet of four-inch polyvinyl chloride distribution pipe. There are no existing or planned fire hydrants. Water service connections are independently metered at the street right-of-way line. The current charge for water service is \$40 per month per connection. The original cost of the water system was \$3,000 in 1981. As of spring 2004, the Commission's Department of Public Service Taxation assessed the value of the water system at \$16,930. The Virginia Department of Health rates the water system at 41 Equivalent Residential Connections. An April 30, 2004, engineering report prepared by ACS Design of Roanoke, Virginia, indicated that peak season (May through September) average consumption is approximately 106,376 gallons per month or 3,223.5 gallons/connection/month ("GCM") or 107 gallons/connection/day ("GCD). Off-season (October through April) usage is 64,248 gallons per month or 1,946.9 GCM or 64.9 GCD.

The proposed transfer is being driven by multiple regulatory violations. In a letter dated October 3, 2003, the Virginia Department of Health's Office of Drinking Water ("VDH-ODW") recommended that Shawnee develop an action plan and compliance schedule by December 31, 2003, detailing Shawnee's plans to:

- 1) Hire a state-licensed waterworks operator;
- 2) Improve the water system's bacteriological quality and integrity;
- 3) Install corrosion control treatment;
- 4) Develop additional approved sources of water;
- 5) Implement water treatment to remove iron and manganese or abandon wells that require such treatment; and
- 6) Develop a plan for funding the system upgrades or face formal enforcement action.

After Shawnee commissioned an engineering study that recommended a new filtration system that would cost approximately \$250,000 or more than \$6,000 per resident, the property owners, believing that they could find a more cost effective solution, formed Key Lakewood in order to purchase the water system.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the proposed transfer of the Key Lakewood water system from Shawnee to Key Lakewood will neither impair nor jeopardize the

<sup>1</sup> Shawnee Water Company, a Virginia corporation, was initially incorporated on February 20, 1981, and was terminated on June 30, 2005.

provision of adequate service to the public at just and reasonable rates and, therefore, meets the test of the Utility Transfers Act. The Key Lakewood system has been out of compliance with the VDH-ODW for nearly two years. Shawnee is not a state-licensed waterworks operator, which the VDH-ODW requires, and it lacks the financial capability to make the necessary capital improvements to the Key Lakewood system without significant rate increases. VDH-ODW is not opposed to the change in ownership. On March 30, 2005, the VDH-ODW sent Shawnee a letter informing the company that its state health permit was revoked effective as of the date of the proposed water system transfer. The proposed transfer will place the water system in the hands of the property owners, who have a vested interest in developing a safe, reliable, cost-effective source of water for their homes.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, Shawnee Water Company is granted authority to sell and Key Lakewood Water Company is granted authority to buy and operate the water utility assets serving the Key Lakewood subdivision at Smith Mountain Lake in Franklin County, Virginia.
- 2) Within thirty (30) days of completing the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting, Shawnee Water Company shall file a Report of Action with the Commission. Included in the Report of Action shall be the date of the transfer and any legal document, settlement sheet, or accounting entries recording the transfer.
- 3) There appearing nothing further to be done in this matter, it hereby is dismissed.

### CASE NOS. PUE-2005-00021 and PUE-2003-00324 SEPTEMBER 7, 2005

APPLICATION OF  
SALTVILLE GAS STORAGE COMPANY, L.L.C.

For cancellation of certificate of public convenience and necessity, authority to withdraw its tariffs, notification that the Federal Energy Regulatory Commission has assumed jurisdiction, and other related matters pursuant to Chapter 10.1 of Title 56 of the Code of Virginia

APPLICATION OF  
SALTVILLE GAS STORAGE COMPANY, L.L.C.

For authority to incur indebtedness from affiliates under Chapters 3 and 4 of Title 56 of the Code of Virginia

#### FINAL ORDER

On April 6, 2005, Saltville Gas Storage Company, L.L.C. ("SGSC," "Saltville," or the "Company"), filed an application with the State Corporation Commission ("Commission") wherein the Company requested the Commission to: (i) cancel Certificate of Public Convenience and Necessity No. GS-3 issued by the Commission, (ii) permit SGSC to withdraw its tariffs accepted for filing with the Commission, and (iii) grant SGSC authority to discontinue any and all filing requirements set forth in the August 6, 2002, Order Granting Certificate issued by the Commission. In its application, SGSC also asked that it be relieved of any further reporting requirements as to Case Nos. PUE-2002-00311,<sup>1</sup> PUE-2002-00643,<sup>2</sup> PUE-2003-00332,<sup>3</sup> and PUE-2002-00458.<sup>4</sup> SGSC represented in its application that if one of its affiliates is a public service company holding a certificate of authority in Virginia and is requested to provide information related to SGSC in any reports or filings submitted pursuant to the August 6, 2002, Order entered in Case No. PUE-2001-00585, to the Division of Public Utility Accounting, or to other appropriate Commission Staff, the Company would cooperate by providing this information to the affiliated public service company, and the affiliated company, in turn, would include such relevant information in the required reports or filings.

<sup>1</sup> Case No. PUE-2002-00311 involved an application filed by Virginia Gas Pipeline Company ("VGPC"), an entity also jurisdictional to the Commission, and SGSC. In its August 13, 2002, Order Granting Approval, the Commission permitted VGPC and SGSC to share certain equipment and resources as more particularly set out in that Order. See Application of Virginia Gas Pipeline Company and Saltville Gas Storage Company, L.L.C., For approval of agreement between affiliated interests pursuant to Title 56, Chapter 4 of the Code of Virginia, Case No. PUE-2002-00311, 2002 S.C.C. Ann. Rep. 554 (hereafter "Case No. PUE-2002-00311").

<sup>2</sup> Case No. PUE-2002-00643 concerned an application filed by SGSC and Duke Energy Saltville Gas Storage, L.L.C. The Commission, in its February 5, 2003 Order, permitted SGSC to receive a series of initial capital contributions from Duke Energy Saltville Gas Storage, L.L.C. See Application of Saltville Gas Storage Company, L.L.C., For authority to receive initial capital contributions from an affiliated entity, Case No. PUE-2002-00643, 2003 S.C.C. Ann. Rep. 429 (hereafter "Case No. PUE-2002-00643").

<sup>3</sup> In Case No. PUE-2003-00332, the Commission authorized Virginia Gas Distribution Company ("VGDC") to enter into both a firm gas storage service agreement and an interruptible gas storage agreement with SGSC. See Application of Virginia Gas Distribution Company and Saltville Gas Storage Company L.L.C., For approval of agreements for firm and interruptible gas storage service between affiliated entities pursuant to Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2003-00332, 2003 S.C.C. Ann. Rep. 558 (hereafter "Case No. PUE-2003-00332").

<sup>4</sup> Case No. PUE-2002-00458 involved an application by SGSC, VGPC, NUI Saltville Storage, Inc., and Virginia Gas Company ("VGC"). In its November 22, 2002, Order Granting Authority, the Commission considered these entities' requests for authority to transfer and receive certain assets from both regulated and nonregulated affiliated entities and for a reduction in service territory. See Application of Virginia Gas Pipeline Company, Saltville Gas Storage Company, L.L.C., NUI Saltville Storage, Inc., and Virginia Gas Company, For authority to transfer assets to affiliates and for reduction in service territory, Case No. PUE-2002-00458, slip. op. (Nov. 22, 2002, Order Granting Authority) (hereafter "Case No. PUE-2002-00458").

Further, the Company's application asked that Case No. PUE-2003-00324 be closed and dismissed from the Commission's docket. In Case No. PUE-2003-00324, the Commission, by its August 28, 2003, Order Granting Authority,<sup>5</sup> permitted SGSC to enter into a revolving credit note of \$30,000,000 with Duke Energy Saltville Gas Storage, L.L.C. It also authorized Saltville to execute a separate note of the same amount with NUI Saltville Storage, Inc. According to the Company, the case was continued generally to permit reporting, audit, and review of this financial arrangement.

Moreover, with regard to Case No. PUE-2003-00427, SGSC asked that it be released from any further filing requirements imposed by the Order Granting Approval entered therein.<sup>6</sup> According to the Company, the Commission, through its October 28, 2003, Order Granting Approval, authorized SGSC to provide natural gas storage service to NUI Energy Brokers, Inc. ("NUIEB"), as more specifically set forth in that Order. According to Saltville's application, this matter was dismissed from the docket, subject to ongoing reporting requirements by NUI Energy Brokers, Inc., and SGSC.

The Company's April 6, 2005, application also requested that SGSC be relieved of any further reporting requirements with regard to Case No. PUA-2001-00076. SGSC represented that in this case the Commission authorized VGPC to act as the operating manager for SGSC on a continuing basis pursuant to an operating agreement with SGSC.<sup>7</sup>

The captioned application also requested relief as to Case No. PUA-2001-00041. In that case, the Commission in its September 6, 2002, Order<sup>8</sup> authorized VGC to pass down directly and/or through allocators as appropriate, specified costs from VGC to VGPC, VGDC, and Virginia Gas Storage Company ("VGSC") respectively, and approved procedures for tracking interest on inter-company payables, among other things. The Company requested that it be relieved of any further reporting requirements as to the matter.

Additionally, SGSC's application requested that the Company be relieved of any ongoing filing requirements as to Case No. PUE-2003-00129.<sup>9</sup> This case, according to SGSC, approved the pass down of certain shared service costs from NUI Corporation ("NUI") through VGC to VGDC, VGPC, and VGSC.

As to Case Nos. PUE-2003-00598,<sup>10</sup> PUE-2003-00599,<sup>11</sup> and PUE-2003-00600,<sup>12</sup> cases involving Annual Informational Filings for VGPC, VGDC, and VGSC, respectively, the Company's application asked that SGSC be relieved of any ongoing filing requirements in connection with said filings.

Finally, SGSC requested that it be released from any further filing requirements arising from the Commission's February 4, 2005, Order Granting Approval entered in Case No. PUE-2005-00004.<sup>13</sup>

In support of its application, the Company alleged that the Federal Energy Regulatory Commission ("FERC") approved SGSC's application for a limited jurisdiction blanket certificate of public convenience and necessity through an Order issued February 4, 2003, in Docket No. CP02-430-000. In Docket No. CP02-430-000, FERC authorized SGSC, a Hinshaw pipeline,<sup>14</sup> to provide certain firm and interruptible storage services in interstate commerce under Section 284.224 of FERC's regulations. See 18 C.F.R. § 284.224 (2002). Subsequently, FERC further reviewed SGSC's Hinshaw status in its May 16, 2003, Order Directing Compliance Filing, Convening Technical Conference and Deferring Action on Requests for Hearing, assigned Docket Nos.

<sup>5</sup> See Application of Saltville Gas Storage Company, L.L.C., For authority to incur indebtedness from affiliates under Chapters 3 and 4 of Title 56 of the Code of Virginia, Case No. PUE-2003-00324, 2003 S.C.C. Ann. Rep. 551 (hereafter "Case No. PUE-2003-00324").

<sup>6</sup> See Application of Saltville Gas Storage Company L.L.C., and NUI Energy Brokers, Inc., For approval of an agreement for firm gas storage service between affiliated entities pursuant to Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2003-00427, 2003 S.C.C. Ann. Rep. 589 (hereafter "Case No. PUE-2003-00427").

<sup>7</sup> See Application of Virginia Gas Pipeline Company and Saltville Gas Storage Company, L.L.C., For approval of a transaction between affiliates, Case No. PUA-2001-00076, 2002 S.C.C. Ann. Rep. 177 (hereafter "Case No. PUA-2001-00076").

<sup>8</sup> See Application of Virginia Gas Company, Virginia Gas Distribution Company, Virginia Gas Pipeline Company, and Virginia Gas Storage Company, For approval of comprehensive affiliates application under Chapter 4 of Title 56 of the Code of Virginia, Case No. PUA-2001-00041, 2002 S.C.C. Ann. Rep. 159 (hereafter "Case No. PUA-2001-00041").

<sup>9</sup> See Application of NUI Corporation, Virginia Gas Company, Virginia Gas Distribution Company, Virginia Gas Pipeline Company, and Virginia Gas Storage Company, For approval of application for permission to distribute costs from parent holding company to subsidiary and affiliates under Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2003-00129, 2003 S.C.C. Ann. Rep. 491 (hereafter "Case No. PUE-2003-00129").

<sup>10</sup> Application of Virginia Gas Pipeline Company, For an Annual Informational Filing, Case No. PUE-2003-00598, slip op. (Jan. 6, 2005, Order Adopting Recommendations and Dismissing Proceeding) (hereafter "Case No. PUE-2003-00598").

<sup>11</sup> Application of Virginia Gas Distribution Company, For an Annual Informational Filing, Case No. PUE-2003-00599, slip op. (Jan. 6, 2005, Order Adopting Recommendations and Dismissing Proceeding) (hereafter "Case No. PUE-2003-00599").

<sup>12</sup> Application of Virginia Gas Storage Company, For an Annual Informational Filing, Case No. PUE-2003-00600, 2004 S.C.C. Ann. Rep. 409 (hereafter "Case No. PUE-2003-00600").

<sup>13</sup> This case involved an application by VGSC and SGSC for approval of an Interruptible Storage Service Agreement between affiliated entities pursuant to Chapter 4 of Title 56 of the Code of Virginia. The February 4, 2005, Order Granting Approval limited the approval for this transaction to the heating season ending May 30, 2005, and dismissed the case from the Commission's docket. See Application of Virginia Gas Storage Company and Saltville Gas Storage Company L.L.C., For approval of an interruptible storage service agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2005-00004, slip op. (Feb. 4, 2005, Order Granting Approval) (hereafter "Case No. PUE-2005-00004").

<sup>14</sup> Under Section 1(c) of the Natural Gas Act, 15 U.S.C. § 717 (c), a pipeline rendering service otherwise subject to FERC's jurisdiction is a Hinshaw pipeline exempt from the provisions of the Natural Gas Act if it receives natural gas in interstate commerce at or within the boundaries of a State, the gas is ultimately consumed within that State, and the pipeline's rates, services, and facilities are subject to regulation by the State commission.

CP02-430-001 and CP02-430-002. See Saltville Gas Storage Company, L.L.C., 103 FERC ¶ 61,187 (2003). Following further proceedings, FERC concluded that SGSC no longer qualified as a Hinshaw pipeline subject to the State Corporation Commission's jurisdiction because the intrastate service that SGSC had anticipated had not developed. See Saltville Gas Storage Co., L.L.C., 104 FERC ¶ 61,273 at 61,914 (2003). See also Saltville Gas Storage Co., 107 FERC ¶ 61,947-61,948 (2004); and Saltville Gas Storage Company, L.L.C., 109 FERC ¶ 61,200 at 61,947-61,948 (2004). In short, SGSC has lost its exemption from certain pre-emptive federal regulations. Saltville will be subject to FERC's jurisdiction as to its rates and for certain other regulatory purposes.

The Company advised that the captioned application served as formal notification of FERC's assumption of jurisdiction. It represented that all of its customers had been given written notice of FERC's assumption of jurisdiction, and that on April 6, 2005, SGSC had provided written notice to its customers of the filing of the captioned application with the Commission. SGSC filed an affidavit with its application, attesting that SGSC had given notification to all its customers of its application and providing the names and addresses of the customers to whom the notification was sent. The Company maintained that no further notification of the filing of its application was necessary for its customers.

On April 22, 2005, the Commission issued its procedural order in this matter ("April 22, 2005, Procedural Order" or "Order"). Among other things, that Order docketed the proceeding, invited interested persons to file written comments or requests for hearing on the Company's application on or before May 13, 2005, directed the Staff to file a Report with the Clerk of the Commission on or before May 20, 2005, and permitted SGSC to file on or before June 3, 2005, with the Clerk of the Commission a pleading responsive to the comments or requests for hearing filed by interested parties and to the Report filed by the Staff. The April 22, 2005, Procedural Order directed the Company to serve a copy of the Order upon local officials in the portions of the Commonwealth where the Company's storage and ancillary pipeline facilities are located, and to file proof of that service and mailing with the Commission. The April 22, 2005, Procedural Order also directed that an attested copy of the Order be sent to SGSC's customers.

On May 24, 2005, the Company, by counsel, filed an Affidavit and a supporting document with the Clerk of the Commission, attesting that a copy of the April 22, 2005, Procedural Order had been mailed to local officials as required by Ordering Paragraph (7) of that Order.

No comments or requests for hearing were filed in this case.

On May 20, 2005, the Staff filed its Report in the case. In its Report, among other things, the Staff recommended that the Commission: (i) cancel the certificate of public convenience and necessity issued to the Company in Case No. PUE-2001-000585 and release Saltville from its direct reporting requirements, including the filing of rate cases, AIFs, annual financial and operating reports ("AFORS"), and Annual Reports of Affiliate Transactions ("ARATS") in various cases; and (ii) cancel the Company's tariffs and maps on file with the Commission's Division of Energy Regulation. Staff, however, recommended that the Commission continue to require SGSC to maintain and provide upon request records of such information to enable the affiliates of SGSC jurisdictional to the Commission to complete their filing and reporting obligations with the Commission. Additionally, the Staff recommended that the Commission require SGSC and its Virginia affiliates to obtain, maintain, and provide upon request any information from Saltville as may be needed in conjunction with Case Nos. PUE-2002-00458, PUA-2001-00041, PUE-2003-00129, PUE-2003-00598, PUE-2003-00599, and PUE-2003-00600, pursuant to §§ 56-36, -249, and -249.2 of the Code of Virginia to charge, distribute, and/or allocate joint, common and/or shared costs and plant properly to Virginia ratepayers.

The Staff Report supported Saltville's request that the Company be relieved of the cavern safety-related reporting requirements set out in the Commission's August 6, 2002, and October 7, 2002, Orders entered in Case No. PUE-2001-00585. Staff explained in its Report that cavern safety-related reporting requirements were put in place in order to monitor the development and operation of Saltville's storage caverns and to ensure compliance with the Commission's Orders entered in Case No. PUE-2001-00585 and with the Commission's Pipeline Safety Standards. Staff advised that it had provided the Pipeline and Hazardous Materials Safety Administration, formerly known as the Office of Pipeline Safety (hereafter "OPS"), with the Commission's reporting requirements and contact information for SGSC to allow OPS to begin its pipeline safety oversight of these facilities.

On June 30, 2005, the Company, by counsel, filed its Response to the Staff Report. In its Response, SGSC supplemented and clarified certain information previously provided to Staff, which, it alleged, may have been relied upon by Staff in completing its Report. SGSC stated that contrary to information provided to Staff, VGC and VGPC are allocating some of their operation and maintenance costs to SGSC. The Company represents that although the method used to allocate costs from VGC to VGPC, VGSC, and VGDC differs from the three-factor method approved by the Commission to allocate costs from VGC to VGPC, VGSC, and VGDC, the dollar amount of costs allocated to SGSC is greater than the amounts that would have been allocated to SGSC using the allocation method approved by the Commission in Case No. PUA-2001-00041.

The Company attached to its Response a schedule listing by month for 2004 the actual allocations from VGC, VGSC, VGDC, VGPC, and SGSC. This schedule also set out what the allocations would have been had the three-factor method approved by the Commission been applied to SGSC. Saltville renewed its request that its April 6, 2005 application be granted.

NOW THE COMMISSION, having considered the foregoing, is of the opinion and finds that Certificate of Public Convenience and Necessity No. GS-3, together with the maps for this Certificate of Public Convenience and Necessity on file in the Commission's Division of Energy Regulation, should be cancelled and removed from the Division of Energy Regulation's active files; that the Company's tariffs filed in the Division of Energy Regulation should also be cancelled and removed from the Division's active files; and that SGSC is hereby relieved of the obligation to file its AIF and Annual Financial Plan for the year ending December 31, 2004, and for each succeeding year thereafter.

The Commission further finds that Saltville should be relieved of its cavern safety-related reporting requirements imposed in Case No. PUE-2001-00085, including, but not limited to: (a) cavern test results, (b) operations parameters and operations monitoring results, (c) ongoing pipeline construction reports, and (d) any other reports which SGSC routinely provides to our Staff pursuant to the August 6, 2002, Order Granting Certificate and the October 7, 2002, Order for Clarification entered in Case No. PUE-2001-00585.

With regard to the allocation of cost issues discussed on pages 2-3 of the Company's Response to the Staff Report, we find that these issues are more appropriately addressed in other dockets, including, but not limited to, the pending AIFs for VGSC, VGPC, and VGDC, docketed as Case Nos. PUE-2004-00135, PUE-2004-00136, and PUE-2004-00137, respectively. The record on these issues is not sufficiently developed in this docket. Therefore, we will defer our decision on these matters until they are addressed in more appropriate proceedings in which they can be more fully developed.

While SGSC will no longer have to file various reports with the Commission as discussed in detail below, its operations will continue to affect various jurisdictional natural gas public utilities, e.g., VGDC, VGPC, VGSC, and Virginia Natural Gas, Inc. ("VNG"), with respect to their rates, regulatory filings, affiliate service relationships, and cost allocations, among other things. Consequently, while SGSC is excused from making AIF or rate filings with the Commission, it must still maintain records that demonstrate that the costs allocated to it and its affiliated companies are consistent with the agreements approved by the Commission, are fair, and that these arrangements continue to be in the public interest. In this regard, in granting the Company's application, we continue to reserve the right to examine Saltville's books and records of account in the discharge of our regulatory duties as to: (i) VGPC, VGDC, and VGSC, (ii) any other jurisdictional entities, such as Virginia Natural Gas, Inc., or (iii) with respect to any other transactions or proceedings within the jurisdiction of the Commission.<sup>15</sup>

Certain of the AIF, affiliate, and financing cases referenced in SGSC's application are complex, and merit further discussion. We turn now to those cases.

Case No. PUE-2002-00311

In Case No. PUE-2002-00311, the Commission addressed VGPC and SGSC's sharing of certain resources, equipment, and right-of-way. See Case No. PUE-2002-00311, 2002 S.C.C. Ann. Rep. 554. Although the case was dismissed from the Commission's docket, the subject agreement in Case No. PUE-2002-00311 is on-going and provides that should the terms of the Agreement, including "assigns or successors," as referenced in 1(d) of the Agreement, change from the terms approved by the Commission, additional Commission approval would be required for such changes. Id., 2002 S.C.C. Ann. Rep. at 556.

Ordering Paragraph (7) of the August 13, 2002, Order Granting Approval entered in Case No. PUE-2002-00311 provided that certain information would be included in the Applicants' ARATS submitted to the Commission's Director of Public Utility Accounting. While SGSC no longer must file its ARATS, the other remaining provisions of the August 13, 2002, Order remain effective for both VGPC, a natural gas public utility that will remain jurisdictional to the Commission, and to SGSC, VGPC's affiliate. Likewise, we continue to reserve the authority to examine the books and records of SGSC or any other VGPC affiliate in connection with the approval granted in Case No. PUE-2002-00311.

Case No. PUE-2002-00643

In Case No. PUE-2002-00643, the Commission granted SGSC's authority to receive initial capital contributions from Duke Energy Saltville Gas Storage, L.L.C. See Case No. PUE-2002-00643, 2003 S.C.C. Ann. Rep. 429. SGSC is excused from filing ARATS, AIFs, and the general rate case filings referenced by the February 5, 2003, Order Granting Authority. However, SGSC must maintain sufficient records and provide access to these records to the Commission and its Staff to the extent necessary for the Commission to carry out its regulatory duties.

Case No. PUE-2002-00324

In Case No. PUE-2002-00324, we authorized SGSC to incur indebtedness with its affiliates to Duke Energy Saltville Storage, L.L.C. ("Duke Member"), and NUI Saltville Storage, Inc. ("NUI Member"). Case No. PUE-2003-00324, 2003 S.C.C. Ann. Rep. 551. SGSC's request to be relieved of any further reporting requirements in this docket is granted, provided SGSC maintains records supporting the transaction approved in this docket, and provides access to the Commission and its Staff with regard to these records as may be necessary for the discharge of our regulatory responsibilities. Case No. PUE-2003-00324 shall otherwise be closed and dismissed.

Case No. PUE-2003-00332

In Case No. PUE-2003-00332, we approved a firm and interruptible gas storage agreement between VGDC and SGSC for a limited term ending March 31, 2005. Case No. PUE-2003-00332, 2003 S.C.C. Ann. Rep. 558-559. The September 10, 2003, Order Granting Approval provided that should VGDC and Saltville desire to continue the firm and interruptible gas storage agreements after March 31, 2005, they must file an application with the Commission to continue such agreements. SGSC no longer must file an ARATS with the Commission's Director of Public Utility Accounting on or before May 1 of each year as provided by our September 10, 2003, Order Granting Approval. However, SGSC must maintain sufficient records and provide access to these records to the Commission and its Staff in order to facilitate the Commission's exercise of its regulatory authority over the rates and services of VGDC, and to verify that the subject agreement was implemented as approved by the Commission. Additionally, if VGDC, a jurisdictional gas utility, and SGSC decide to continue this arrangement, they must seek authority from the Commission to do so.

<sup>15</sup> On July 14, 2004, AGL Resources, Inc. ("AGLR"), and NUI entered into an Agreement and Plan of Merger ("Merger Agreement") wherein AGLR agreed to purchase indirectly all the issued and outstanding shares of capital stock of NUI and assume all of its outstanding debt (the "Merger Transaction"). On August 10, 2004, AGLR and NUI filed a joint petition and application with the Commission for approval of the Merger Agreement pursuant to Chapter 5 of Title 56 (the "Utility Transfers Act") of the Code. On October 29, 2004, the Commission issued a Final Order in Case No. PUE-2004-00097, approving the Merger Agreement and Merger Transaction subject to certain terms and conditions. As noted on page 2 of the Staff Report filed in the instant case (Case No. PUE-2005-00021), AGLR completed its acquisition of NUI on November 30, 2004. VNG is a wholly owned subsidiary of AGLR and, like VNG, VGPC, VGDC, and VGSC, receives services from AGL Services Company. See Application of Virginia Gas Pipeline Company, Virginia Gas Distribution Company, Virginia Gas Storage Company, and AGL Services Company, For approval of service agreements under Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2004-00108, 2004 S.C.C. Ann. Rep. 521.

Since the Staff's Report was filed in Case No. PUE-2005-00021, the Commission approved the acquisition of control of VGPC and VGDC by Duke Energy Gas Transmission, LLC, and the acquisition of control over SGSC by Duke Energy Saltville Gas Storage, LLC. See Joint Petition and Application of Duke Energy Corporation, Duke Energy Gas Transmission, LLC, Duke Energy Saltville Gas Storage LLC and AGL Resources Inc., NUI Corporation, Virginia Gas Company, NUI Saltville Storage Inc., Virginia Gas Pipeline Company, Virginia Gas Storage Company, Saltville Gas Storage Company LLC, For approval of an affiliates agreement under Chapter 4 of Title 56 of the Code of Virginia and for approval of change of control under Chapter 5 of Title 56 of the Code of Virginia, and for such other relief as may be necessary under the law, Case No. PUE-2005-00043, slip op. (July 29, 2005, Final Order). Our decision to permit SGSC to forego the reports discussed herein does not apply to the reports required from SGSC in our July 29, 2005, Final Order entered in Case No. PUE-2005-00043, except insofar as SGSC will no longer be required to file rate applications or AIFs with the Commission.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Case No. PUE-2003-00427

In Case No. PUE-2003-00427, we granted Saltville authority to provide firm natural gas storage service to NUIEB. Case No. PUE-2003-00427, 2003 S.C.C. Ann. Rep. 589. Saltville was directed to file an ARATS by May 1 of each year. *Id.*, 2003 S.C.C. Ann. Rep. at 590. Saltville asks that it be released from the reporting and filing requirements in Case No. PUE-2003-00427. We will grant SGSC's request, contingent upon SGSC maintaining sufficient records concerning the arrangement approved in Case No. PUE-2003-00427 and providing access to those records to the Commission and its Staff as is necessary for the Commission to carry out its regulatory responsibilities imposed by the Virginia Constitution and statutes.

Case No. PUE-2002-00458

In Case No. PUE-2002-00458, the Commission authorized SGSC, NUI Saltville Storage, Inc., and VGC to transfer and receive certain assets. *See* Case No. PUE-2002-00458, slip op. (Nov. 22, 2002, Order Granting Authority). Saltville's request to be released from filing an ARAT, AIF, or general rate filing in connection with our directives in Case No. PUE-2002-00458 is granted. However, because this arrangement will continue to impact the rates, service, and costs of VGPC, a natural gas utility jurisdictional to the Commission, SGSC must maintain sufficient records and provide the Commission access to these records to permit the Commission to carry out its regulatory duties as to VGPC and to ensure the transfers took place in accordance with the authority granted by the Commission in Case No. PUE-2002-00458.

Case No. PUA-2001-00076

In Case No. PUA-2001-00076, we approved an arrangement whereby VGPC would act as the operating manager of Saltville's natural gas storage facility. Case No. PUA-2001-00076, 2002 S.C.C. Ann. Rep. 177. Our March 12, 2002, Order Granting Approval specified the terms under which VGPC could operate SGSC's storage facilities. *Id.*, 2002 S.C.C. Ann. Rep. at 178-179. This agreement is on-going, and does not require SGSC to make any specific reports in connection with the agreement. However, because VGPC, a jurisdictional natural gas utility, continues to serve as the operating manager for its affiliate SGSC, the directives set out in our March 12, 2002, Order Granting Approval shall remain in effect.

Case No. PUA-2001-00041

With regard to Case No. PUA-2001-00041, the Order Granting Approval entered therein addresses the pass-through of costs from VGC to its subsidiaries VGPC, VGSC, and VGDC. The application does not expressly require SGSC to make any specific reports to the Commission. However, to the extent VGC now allocates costs to VGPC, VGDC, VGSC, and SGSC, these entities should seek appropriate authority for the allocation of costs among these affiliated companies.

Case No. PUE-2003-00129

With regard to Case No. PUE-2003-00129, SGSC requests that, although it is not a party to the agreement addressed therein, that it be relieved of any on-going filing requirements in that docket. In Case No. PUE-2003-00129, we authorized NUI, VGC, VGDC, VGPC, and VGSC to participate in a shared service agreement and addressed the allocation of costs among these entities pursuant to that agreement. Case No. PUE-2003-00129, 2003 S.C.C. Ann. Rep. 491-494. No specific filing requirement was imposed on SGSC as to this agreement. However, if NUI and VGC are providing services to SGSC and to affiliated companies of SGSC that are jurisdictional to the Commission under this agreement, all of the affiliated entities subject to that agreement must file an appropriate application and seek authority for such arrangement, contract, or agreement.

Case Nos. PUE-2003-00598, PUE-2003-00599, and PUE-2003-00600

The above-referenced dockets are the respective AIFs for the twelve months ending 2003, for VGPC, VGDC, and VGSC, natural gas public utilities jurisdictional to the Commission. In VGPC's and VGDC's AIFs (Case Nos. PUE-2003-00598 and PUE-2003-00599), we adopted Staff's recommendation that SGSC be included in the allocation formula for costs being allocated from NUI and VGC to VGPC and VGDC, and to VGPC's and VGDC's affiliates. No specific reporting requirements for SGSC were imposed in those cases. However, SGSC must maintain sufficient records and allow the Commission and its Staff access to those records to permit the Commission to verify that the cost allocation recommendations adopted by the Commission in those AIFs are proper, are in the public interest, and result in just and reasonable rates for SGSC's remaining affiliates that are natural gas public utilities subject to the Commission's jurisdiction.

Case No. PUE-2005-00004

In Case No. PUE-2005-00004, we approved an interruptible storage service arrangement between VGSC and SGSC for a period of time ending May 30, 2005. *See* Case No. PUE-2005-00004, slip op. (Feb. 4, 2005, Order Granting Approval). This Order required VGSC to make various regulatory filings, but did not expressly require SGSC to make such filings. VGSC is not released from any of the directives set out in the February 4, 2005, Order Granting Approval entered in Case No. PUE-2005-00004. SGSC, however, must maintain sufficient records regarding this storage service arrangement and grant the Commission and its Staff access to those records so that the Commission may assure that the arrangement and the costs resulting from the arrangement are consistent with the directives set out in our February 4, 2005, Order Granting Approval entered in that docket, and are in the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Certificate of Public Convenience and Necessity No. GS-3 issued to Saltville Gas Storage Company, L.L.C., together with the maps for this Certificate of Public Convenience and Necessity on file in the Commission's Division of Energy Regulation, are hereby cancelled and shall be removed from the Division of Energy Regulation's active files.
- (2) Saltville's tariffs filed in the Division of Energy Regulation shall also be cancelled and removed from the Division of Energy Regulation's active files.
- (3) SGSC is hereby released from the obligation to file its AIF and Annual Financial Plan for the year ending December 31, 2004, and for each succeeding year thereafter.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(4) Saltville shall no longer have to file with the Commission or provide to the Commission Staff the cavern safety-related reporting requirements imposed in Case No. PUE-2001-00585, including, but not limited to: (a) cavern test results, (b) operations parameters and operations monitoring results, (c) ongoing pipeline construction reports, and (d) any other reports that SGSC routinely provides to our Staff pursuant to the August 6, 2002, Order Granting Certificate and the October 7, 2002, Order for Clarification entered in Case No. PUE-2001-00585.

(5) The cost allocation issues discussed on pages 2-3 of the Company's Response to the Staff Report shall be addressed in other appropriate dockets, including, but not limited to, the current pending AIFs for VGSC, VGPC, and VGDC, docketed as Case Nos. PUE-2004-00135, PUE-2004-00136, and PUE-2004-00137, respectively.

(6) Subject to the findings made herein, SGSC's request to be released from any further reporting requirements in Case No. PUE-2002-00324 is granted, and Case No. PUE-2003-00324 shall be closed and dismissed from the Commission's docket of active proceedings.

(7) Saltville shall be released from the obligation to file reports, ARATS, AFORS, and to comply with various filing requirements as more specifically discussed herein.

(8) 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 shall be placed in the Commission's files for ended causes.

**CASE NO. PUE-2005-00022**  
**APRIL 26, 2005**

JOINT APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER  
and  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For revision of certificate under the Utility Facilities Act

**ORDER FOR REVISION OF CERTIFICATE**

On March 23, 2005, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or the "Company") and the Rappahannock Electric Cooperative ("REC") submitted to the Division of Energy Regulation of the State Corporation Commission a letter, along with copies of a detailed map, requesting a revision to Certificate E-H48 to change the boundary lines between their service territories.

REC sent a letter to Dominion Virginia Power on June 17, 2004 to request that the Company service approximately 6 lots within the Southcoate Village subdivision, Phase Three in Fauquier County. Dominion Virginia Power and REC have mutually agreed to an adjustment to the Electric Utility service territory boundary. Dominion Virginia Power has an existing distribution line in the immediate area and is readily able to provide service to the property by an ordinary line extension. The applicants therefore request the Commission to approve changes and revise the service territory boundary lines.

NOW THE COMMISSION, having considered the request, is of the opinion and finds that it is in the public interest to amend Certificate E-H48. We are advised that the parties affected by the proposed revisions have notice thereof, and are in agreement with the revision of boundary lines.

ACCORDINGLY, IT IS ORDERED that:

- (1) Certificate E-H48 is hereby amended as delineated on Map H48.
- (2) The amended certificate and map shall be sent to Dominion Virginia Power and REC by the Division of Energy Regulation forthwith.
- (3) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUE-2005-00023**  
**APRIL 29, 2005**

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 and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On April 8, 2005, Kentucky Utilities Company, d/b/a/ Old Dominion Power Company ("Applicant" or the "Company"), filed an application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code") and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code. Applicant paid the requisite fee of \$250.

Applicant requests authority to issue up to \$125,000,000 of fixed-rate long-term debt ("Proposed Debt") during the 2005 calendar year. The Proposed Debt will be used to replace maturing long-term debt, for the early redemption of its 7.55% First Mortgage Bonds, Series R, due June 1, 2025.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Company intends to issue the Proposed Debt with a fixed rate of interest and final maturities that range between two to twelve years. Applicant states that the interest rate on the proposed debt will be based on market conditions at the time of issuance. However, the interest rate on all borrowings will be at the lowest of: i) the effective cost of capital for E.ON AG ("E.ON"), the registered holding company parent of Applicant; ii) the effective cost of capital for Fidelia Corporation ("Fidelia"), a finance company subsidiary of E.ON and affiliate of Applicant; and iii) the Company's effective cost of capital as determined by reference to the Company's cost of a direct borrowing from an independent third party for a comparable term loan (the "Best Rate Method"). Applicant further requests authority to enter into one or more interest rate hedging agreements ("Hedging Facility") designed to lock in the underlying interest rate on Proposed Debt in advance of closing on the loan.

Similar to authority requested and authorized in Case No. PUE-2003-00065 and PUE-2003-00403, Applicant requests authority to issue the Proposed Debt in the form of secured loans to Fidelia. Applicant affirms that it has received approval from the Securities and Exchange Commission ("SEC") to issue the Proposed Debt on a secured basis to Fidelia. While that authority is set to expire May 31, 2005, the Company has requested an extension from the SEC. Applicant states that it is possible that it will need to incur some of the Proposed Debt before its authority from the SEC for secured debt to an affiliate is extended.

The Proposed Debt will be subordinated to all existing and future debt issued under the Company's first mortgage bond indenture. The Company further states that the Proposed Debt will be supported by a subordinated lien on Applicant's equipment, excluding collateral subject to a lien under the Company's Trust Indenture.

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) Applicant is hereby authorized to issue and deliver its secured or unsecured fixed-rate long-term notes in an aggregate principal amount not to exceed \$125,000,000 in the manner and for the purposes as set forth in its application, through the period ending December 31, 2005.
- 2) Applicant is authorized to execute and deliver and perform the obligations of the Company under inter alia, the Loan and Security Agreement and/or the Loan Agreement with Fidelia, the Proposed Debt authorized in Ordering Paragraph (1), and such other agreements and documents as set out in its Application, and to perform the transactions contemplated by such agreements.
- 3) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), to include the type of security, the issuance date, amount of the issue, the interest rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.
- 4) Within sixty (60) days after the end of each calendar quarter in which any of the Proposed Debt is issued pursuant to Ordering Paragraph (1), Applicant shall file with the Commission a detailed Report of Action with respect to all Proposed Debt issued during the calendar quarter to include:
  - (a) The issuance date, type of security, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to Applicant, and an updated cost/benefit analysis that reflects the impact of any Hedging Facility for any Proposed Debt issued to refund other outstanding debt prior to maturity, if an update is applicable;
  - (b) A summary of the specific terms and conditions of each Hedging Facility and an explanation of how it functions to lock in the interest rate on an associated issuance of Proposed Debt; and
  - (c) The cumulative principal amount of Proposed Debt issued under the authority granted herein and the amount remaining to be issued.
- 5) Applicant shall file a final Report of Action on or before March 31, 2006, to include all information required in Ordering Paragraph (3) along with a balance sheet that reflects the capital structure following the issuance of the Proposed Debt. Applicant's final Report of Action shall further provide a detailed account of all the actual expenses and fees paid to date for the Proposed Debt with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.
- 6) Approval of the application shall have no implications for ratemaking purposes.
- 7) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00025  
JULY 8, 2005**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.,  
and  
AGL SERVICES COMPANY

For approval of a revised services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER DENYING PETITION FOR CLARIFICATION AND GRANTING APPROVAL**

On April 12, 2005, Virginia Natural Gas, Inc. ("VNG"), and AGL Services Company ("AGL Services") (collectively the "Applicants") filed with the State Corporation Commission (the "Commission") a petition for clarification (the "Petition") or, in the alternative, an application for approval (the "Application") of a revised services agreement pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code").

VNG is a Virginia public service corporation based in Norfolk, Virginia, that provides natural gas distribution service to more than 230,000 residential, commercial, and industrial customers in southeastern Virginia. VNG is a wholly owned subsidiary of AGL Resources, Inc. ("AGLR").

AGL Services is a Georgia corporation located in Atlanta, Georgia, that provides centralized services to AGLR and its subsidiaries pursuant to the Public Utility Holding Company Act of 1935 ("PUHCA"). AGL Services has approximately 765 employees and is a wholly owned subsidiary of AGLR.

AGLR, headquartered in Atlanta, Georgia, is a Georgia general business corporation and a registered energy holding company subject to regulation by the Securities and Exchange Commission ("SEC") pursuant to the PUHCA. AGLR has eight primary subsidiaries. VNG, Atlanta Gas Light Company, Chattanooga Gas Company and NUI Corporation provide local natural gas distribution services to approximately 2.2 million end-use customers in Georgia, Virginia, Tennessee, New Jersey, Maryland, and Florida. Georgia Natural Gas Company, through its 70% ownership of Southstar Energy Services LLC, provides natural gas retail marketing services, primarily in Georgia. AGL Investments, Inc. ("AGLI"), through its Sequent Energy Management, L.P. ("Sequent"), subsidiary, provides wholesale energy services that include natural gas asset management and optimization, producer services and wholesale marketing, and risk management activities. AGLI also owns AGL Networks, LLC, which operates telecommunications conduit and fiber infrastructure within select metropolitan areas. AGL Services provides centralized administrative services to AGLR's subsidiaries, and AGL Capital Corporation provides financing support to AGLR's subsidiaries. AGLR and its subsidiaries have 2,693 employees.

Since VNG and AGL Services share the same senior parent company, AGLR, the companies are considered affiliated interests under § 56-76 of the Code. As such, the companies must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to provide or receive services.

During AGLR's acquisition of VNG from Dominion Resources, Inc., in the year 2000, VNG and AGL Services filed an application with the Commission seeking approval of a PUHCA services agreement ("Agreement #1") wherein VNG agreed to purchase from AGL Services certain administrative, management, and other services ("Centralized Services"). The Commission approved Agreement #1 in a September 25, 2000 Order (the "Services Agreement Order")<sup>1</sup>

During an audit of VNG's books and records in 2004, Staff discovered that VNG was receiving services from AGL Services pursuant to the First Revised Services Agreement ("Agreement #2"), which differed considerably from the approved Agreement #1.<sup>2</sup> Among other things, the modifications to Agreement #1 included a new billing section, new services, new service descriptions, and new allocation factors. VNG and AGL Services signed and executed Agreement #2 on January 1, 2001. Agreement #2 was never filed with the Commission for approval. On November 2, 2004, Staff sent a letter requesting VNG to file a new affiliate application for approval of Agreement #2.<sup>3</sup> The Petition and Application are VNG's response to Staff's letter.

The Applicants represent that Agreement #1 contains a clause that allows VNG and AGL Services to modify services and substitute or change methods of allocation under Agreement #1 as the Applicants deem necessary without further Commission approval (the "Description of Services Clause"). The Description of Services Clause states in part that:

A description of each of the services performed by AGL Services, which may be modified from time to time, is presented below...Substitution or changes may be made in the methods of allocation hereinafter specified, as may be appropriate and to the extent permitted under the SEC 60-day letter procedure, and will be provided to state regulatory agencies and to each affected AGLR System Company.<sup>4</sup>

The Applicants' Petition is for the Commission to first clarify that its approval was not necessary to implement the SEC's required service and cost allocation changes to Agreement # that resulted in Agreement #2.

<sup>1</sup> *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of a Services Agreement*, Case No. PUA-2000-00060, 2000 S.C.C. Ann. Rept. 222.

<sup>2</sup> *Application of Virginia Natural Gas, Inc., For extension of its Weather Normalization Adjustment Rider*, Case No. PUE-2002-00237, Supplemental Staff Report, Doc. Cont. Cntr. No. 353470, March 2, 2005.

<sup>3</sup> Letter dated November 2, 2004, sent to Ann Chamberlain, Director, Rates and Regulation, VNG, by Robert C. Dalton, Manager of Regulatory Analysis, SCC.

<sup>4</sup> Agreement #1, Exhibit I, Page 2, Policies and Procedures Manual, Description 4 of Services.

The Applicants have determined after recent discussions with the SEC that further changes in service descriptions and cost allocation methodologies are necessary, which will result in the Second Revised Services Agreement ("Agreement #3"). The Applicants, therefore, also include in their Petition a request that the Commission clarify that its approval is not required for VNG and AGL Services to consummate and operate under Agreement #3 to the extent that the proposed changes fall under the Description of Services Clause. Should the Commission deny the Petition, the Applicants request approval of Agreement #3 pursuant to the Affiliates Act.

Agreement #3 is a PUHCA service company agreement wherein VNG agrees to purchase from AGL Services certain Centralized Services, which include: 1) rates and regulatory services; 2) internal auditing services; 3) strategic planning services; 4) external relations services; 5) gas supply and capacity management services; 6) legal and risk management services; 7) marketing services; 8) financial services; 9) information system and technology services; 10) executive services; 11) investor relations services; 12) customer services; 13) employee services; 14) engineering services; 15) business support services including purchasing, facilities management, fleet, and other services; and 16) other services. Agreement #3 states that all Centralized Services shall be rendered to VNG at actual cost. Centralized Services are directly charged, directly assigned, or allocated to VNG through a variety of allocation factors approved by the SEC. Agreement #3 has no specific term, but may be terminated by either party upon 60-days written notice.

NOW THE COMMISSION, upon consideration of the Petition, Application, and representations of the Applicants and having been advised by its Staff, finds that the Applicants' Petition is without merit and should, therefore, be denied.

First, we have authority over any changes made to any agreement approved pursuant to the Affiliates Act. Pursuant to § 56-80 of the Code, the Commission has continuing supervisory control over the modification or amendment of the terms and conditions of all contracts or arrangements that the Commission approves pursuant to § 56-77 of the Code.<sup>5</sup> The Commission may not abrogate its statutory duties

Ordering Paragraph (5) of the Services Agreement Order acknowledges this statutory requirement by clearly prohibiting changes in Agreement #1's terms and conditions without Commission approval. The Order states in part that: "[s]hould there be **any changes** [emphasis added] in the terms and conditions of the [AGL Services] Agreement . . . from those described herein, Commission approval shall be required for such changes." The Applicants acknowledge this condition of approval.

Put simply, a provision in an agreement between a public service company and an affiliated interest does not supplant the Commission's statutory duties under the Code or the authority of a Commission order. We find that the Applicants did not have the presumptive authority to make the above-referenced changes without Commission approval.

Second, the Applicants never executed or operated under Agreement #1. The Applicants have acknowledged that they could not find an executed copy of Agreement #1 and further stated that: "[t]o the best of our knowledge, since this agreement was subsequently modified by AGL Services Company and VNG and then approved by the SEC, it [Agreement #1] was never executed."<sup>6</sup>

Third, while not excusing the lack of application for approval, the Applicants provided no notice to the Commission of the cost allocation methodology changes as required by Agreement #1 itself. The Description of Services Clause states that:

Substitution or changes may be made in the methods of allocation hereinafter specified, . . . and **will be provided to state regulatory agencies** [emphasis added] and to each affected AGLR System Company.

This provision puts an **affirmative burden** on the Applicants to notify the Commission when cost allocation changes are contemplated and provide such changes for its review. We find that no such notice was given. The cost allocation changes were not discovered until 2004 during the Staff investigation in Case No. PUE-2002-00237. The Applicants have yet to present Agreement #2 to the Commission for approval.

Finally, the Applicants' changes to Agreement #1 extended well beyond substitutions and changes in allocation methods. The Applicants have provided a red-line comparison of Agreement #1 to Agreement #2. The changes include a new billing section, new services, new service descriptions, and new allocation factors. Even if the Commission's Affiliate Act authority, the failure to execute Agreement #1, and Agreement #1's notice requirement were not issues here, we find that the Description of Services Clause cannot be construed to cover the range and scope of the Applicants' modifications to Agreement #1, which require Commission approval per §§ 56-77 and 56-80 of the Code.

We conclude that the subject affiliates agreement between VNG and AGL Services was not approved even though the parties operated under it for more than four years. VNG is admonished to comply in the future with the Commission's directives and the provisions of the Affiliates Act.

In contrast to the Petition denial, we believe that the Application for approval of Agreement #3 has merit and is in the public interest, subject to certain conditions. The Applicants represent that VNG is not equipped to operate as a stand-alone company and that AGL Services is the natural choice to provide the Centralized Services. By obtaining corporate services from a consolidated and centralized source, members of a public utility holding company can achieve economies of scale and other business efficiencies by, among other things, the elimination of duplicative personnel and facilities across the holding company's system. In general, we agree with this representation.

However, we have some concerns. First, service company agreements are frequently the largest and most comprehensive affiliate arrangements that public service corporations have. The type, nature, and scope of the Centralized Services provided under such agreements can change significantly over time. In addition, AGLR, AGL Services, VNG, and the natural gas industry have experienced significant changes over the last few years. The future is

<sup>5</sup> Agreement #1 was approved pursuant to Va. Code § 56-77 which states in part:

No contract or arrangement providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services. . . made or entered into between a public service company and any affiliated interest shall be valid or effective unless and until it has been filed with and approved by the Commission.

<sup>6</sup> April 18, 2005, Response to VSCC Data Request #2, 1st Set.

likely to see more of the same. Therefore, we find that the duration of the Commission's approval should be limited to five years effective with the date of the Order in this case. If VNG wishes to continue Agreement #3 after that date, new approval should be required pursuant to the Affiliates Act.

Second, we note that the Description of Services Clause remains in Agreement #3. Based on the Applicants' representation in this case, the clause is intended to allow VNG and AGL Services to add, modify, or delete Centralized Services at the Applicants' discretion without separate approval from the Commission. This amounts to a circumvention of the Affiliates Act. Therefore, we specifically rule that the Description of Services Clause does not supplant a Commission order or the Commission's statutory duties under the Affiliates Act.

Third, we note that under the Description of Services Clause, the Applicants list Business Support-Other and Other service categories. The Business Support-Other service category states that:

[AGL Services] provides other services to AGLR System Companies such as records management, media and visual services and business process innovation.

The Other service category states that:

[AGL Services] provides other services, such as business development, as identified in this document or requested by the AGLR System Companies.

The Applicants represent that the Business Support-Other and Other service categories were so named because, after AGL Services' initial formation and service department categorization, a few service departments remained that did not fit typical PUHCA service categories. Business Support-Other specifically provides media and visual services, records management, and business process innovation. The Other category specifically includes corporate communications, operations improvement, and advertising.

We are concerned that clauses such as the Description of Services Clause and the Business-Support Other and Other service categories described above are open-ended and permit additions or modifications in Centralized Services without further Commission approval. Therefore, we find that only the Centralized Services specifically identified by Agreement #3 or specifically identified by the Applicants as described under the Business Support-Other and Other service categories<sup>7</sup> should be approved. Any other additions or modifications to the Centralized Services provided to VNG constitute a change in the terms and conditions of Agreement #3 and, therefore, should require separate approval.

Fourth, Agreement #3 provides AGL Services with substantial flexibility in determining how to distribute Centralized Services costs to its AGLR client affiliates, including VNG. Based on the Applicants' representation in this case, the Description of Services Clause is intended to allow AGL Services to change the allocation methodologies that it uses to distribute Centralized Services costs to VNG at its discretion and at any time, subject only to SEC notice and approval. We specifically rule that a change in allocation methodologies constitutes a change in the terms and conditions of Agreement #3, which will require new Commission approval. We will also require close monitoring of Agreement #3's allocation methods.

Fifth, we are concerned with situations where AGL Services engages third parties to provide Centralized Services to VNG. Article 3 of Agreement #3 allows AGL Services to engage expert third parties such as public accountants, depreciation consultants, insurance companies, actuaries, law firms and investment companies to assist AGL Services in providing auditing, depreciation, insurance, employee benefit, legal and treasury services to VNG. We are not opposed to this practice when it involves unaffiliated third parties. However, the engagement by AGL Services of AGLR affiliates to provide Centralized Services to VNG is not an arm's length relationship. This clause allows VNG to receive services from an affiliate while avoiding the Commission oversight provided for by the Affiliates Act. Therefore, we find that such affiliated third party relationships should be prohibited absent separate Commission approval. For any currently existing affiliated third party agreements, we will provide the Applicants a sixty (60)-day grace period to prepare and file a separate application for approval pursuant to the Affiliates Act.

Sixth, §§ 56-78 and 56-79 of the Code and Virginia case law require the Applicants to bear the affirmative burden of proof of demonstrating that the affiliate charges are just and reasonable in any future rate proceedings. *Commonwealth Gas Services, Inc. v. Reynolds Metals Co., et al.*, 236 Va. 362, 368, 374 S.E.2d 35, 39 (1988). Also, the Commission's "lower of cost or market" practice for affiliate charges, as described in *Application of GTE South Incorporated, For revisions to its local exchange, access and intraLATA long distance rates*, 1997 S.C.C. Ann. Rept. 218, aff'd sub. nom. *GTE South Incorporated v. AT&T*, 259 Va. 338 (2000), states that:

Where the Company proposes that the Commission set rates based on charges from an affiliate, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price. The market test applied by this Commission and the Court is to test whether the affiliate's costs are reasonable.

For some Centralized Services, pricing at cost may be appropriate. However, some Centralized Services may be obtainable from unaffiliated parties and, therefore, a market and a market price may exist. Examples of such Centralized Services may include, but are not limited to, accounting, legal, accounts payable, and information technology. We find that VNG should maintain records to demonstrate that the provision of Centralized Services by AGL Services to VNG is cost beneficial to Virginia consumers. We also find that VNG should bear the burden to show that, for Centralized Services obtained from AGL Services where a market and a market price exists, VNG paid the lower of cost or market.

Seventh, we are concerned that VNG's practice of charging all Centralized Service costs through one account (Account 930.2, Miscellaneous General Expenses) may potentially distort VNG's class cost of service study and create unfair advantages or disadvantages for different classes of customers. Therefore, we find that VNG should be required to present an adjustment in prospective annual informational filings and rate proceedings, which shows the class cost of service effect that occurs when AGL Services' charges are re-distributed to the expense and capital accounts VNG would employ if it performed the Centralized Services itself.

<sup>7</sup> May 17, 2005, Response to VSCC Data Request #4, 2nd Set.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Finally, we find that, to enhance the Commission's supervisory control over Agreement #3, VNG should be required to provide AGLR's Form U-5S and Form U-13-60 annual SEC filings on AGL Services' activities with its Annual Report of Affiliate Transactions ("ARAT"). If the PUHCA is repealed, these SEC filings will become part of the Commission's ARAT. We will also require copies of any correspondence between AGL Services and the SEC or other regulatory agencies concerning changes in services or allocation methodologies to be filed. In addition, we will require VNG to provide a schedule of annual AGL Services billings by Centralized Service and segregated between direct charged, direct assigned, and allocated amounts. For each allocated amount, the allocation basis and actual allocation factor should be shown.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code, the Petition of Virginia Natural Gas, Inc., and AGL Service Company requesting clarification that Commission approval is not necessary to implement the changes made by Agreement #2 or the changes to the cost allocations and services descriptions contemplated by Agreement #3 is hereby denied.
- 2) Pursuant to § 56-77 of the Code, Virginia Natural Gas, Inc., and AGL Services Company are granted approval to enter into Agreement #3 as described herein, consistent with the findings above.
- 3) The approval granted herein for Agreement #3 is limited to five years from the date of this Order. Any subsequent operation under Agreement #3 shall require further Commission approval.
- 4) A Commission Order or the Commission's statutory duties under the Affiliates Act cannot be supplanted by an affiliates agreement provision such as the Description of Services Clause.
- 5) The approval granted herein is limited to the Centralized Services specifically identified in Agreement #3 and the Business Support-Other and Other service categories specifically identified by the Applicants, which include media and visual services, records management, business process innovation, corporate communications, operations improvement, and advertising. Should VNG desire to obtain any Centralized Services that are not specifically identified in Agreement #3 or this paragraph, it shall be required to file a separate application for approval pursuant to the Affiliates Act.
- 6) Commission approval shall be required for any changes in the terms and conditions of Agreement #3 including, but not limited to, any changes in Centralized Services provided, any changes in allocation methodologies, and any successors or assigns.
- 7) The approval granted herein does not include approval of the Agreement #3 provision that allows AGL Services to engage affiliated third parties to provide Centralized Services to VNG. Should the Applicants desire to make use of such affiliates' expertise, separate Commission approval shall be required. For any currently existing affiliated third party agreements, the Applicants are granted a sixty (60)-day grace period, commencing as of the date of this Order, to prepare and file such an application for approval pursuant to the Affiliates Act.
- 8) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 9) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by the Commission.
- 10) VNG shall be required to maintain records demonstrating that the Centralized Services provided by AGL Services are cost beneficial to Virginia consumers. For all Centralized Services provided by AGL Services where a market may exist, VNG shall investigate whether there are alternative sources from which it could purchase such services. If an alternative source exists, VNG shall compare the market price to AGL Services' charges and pay the lower of cost or market. Records of such investigations and comparisons shall be available for Commission Staff review upon request. VNG must bear the burden of proving, in any rate proceeding, that VNG paid AGL Services the lower of cost of market for all Centralized Services.
- 11) VNG shall be required to present an adjustment in prospective annual informational filings and rate proceedings, which shows the class cost of service effect that occurs when AGL Services' charges are re-distributed to the expense and capital accounts VNG would employ if it performed the Centralized Services itself.
- 12) VNG shall include the Agreement #3 transactions approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting. VNG shall also be required, in addition to its current affiliate reporting requirements, to provide with its Annual Report of Affiliate Transactions a copy of AGL Services' Form U-5S and Form U-13-60 filed with the SEC, which reports the annual results of AGL Services' activities. If the PUHCA is repealed, the Form U-5S and Form U-13-60 filings shall become part of the Annual Report of Affiliate Transactions. VNG and AGL Services shall also be required to provide copies of any correspondence between AGL Services and the SEC or other regulatory agencies concerning changes in services or allocation methodologies. Finally, VNG shall provide a schedule of annual AGL Services billings by Centralized Service and segregated between direct charged, direct assigned, and allocated amounts. For each allocated amount, the allocation basis and actual allocation factor shall be shown.
- 13) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then VNG shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 14) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00025  
JULY 28, 2005**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.,  
and  
AGL SERVICES COMPANY

For approval of a revised services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING RECONSIDERATION  
AND SUSPENDING PRIOR ORDER**

On April 12, 2005, Virginia Natural Gas, Inc. ("VNG"), and AGL Services Company ("AGL Services") (collectively, the "Applicants") filed with the State Corporation Commission ("Commission") a petition for clarification or, in the alternative, an application for approval of a revised services agreement pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia.

On July 8, 2005, the Commission entered an Order Denying Petition for Clarification and Granting Approval ("Order Granting Approval"). The Order Granting Approval, among other things, granted the Applicants approval to enter into the proposed Second Revised Services Agreement ("Agreement #3"), subject to certain conditions and requirements.

On July 27, 2005, the Applicants filed a Petition for Reconsideration with Request for Suspension of Order Granting Approval ("Petition for Reconsideration"). The Applicants request the Commission to vacate Ordering Paragraph (7) of the Order Granting Approval, which states as follows:

7) The approval granted herein does not include approval of the Agreement #3 provision that allows AGL Services to engage affiliated third parties to provide Centralized Services to VNG. Should the Applicants desire to make use of such affiliates' expertise, separate Commission approval shall be required. For any currently existing affiliated third party agreements, the Applicants are granted a sixty (60)-day grace period, commencing as of the date of this Order, to prepare and file such an application for approval pursuant to the Affiliates Act.

The Applicants also request that the Commission modify the portion of Ordering Paragraph (11) that requires certain regulatory adjustments to be presented in Annual Informational Filings. Finally, the Applicants ask the Commission to stay or suspend the Order Granting Approval while the Commission considers the Petition for Reconsideration, so that the Commission may preserve the option to modify and/or vacate the Order Granting Approval pursuant to 5 VAC 5-20-220.

NOW THE COMMISSION, having considered the Petition for Reconsideration, is of the opinion and finds as follows. We grant the Petition for Reconsideration for purposes of continuing our jurisdiction over this matter and considering such petition. The Order Granting Approval is hereby suspended pending the Commission's reconsideration. In addition, we request the Commission's Staff to file comments addressing the matters raised in the Petition for Reconsideration and permit the Applicants to file a reply to such comments.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition for Reconsideration is hereby granted for purposes of continuing our jurisdiction over this proceeding and considering such petition.
- (2) The Commission's July 8, 2005, Order Denying Petition for Clarification and Granting Approval is hereby suspended.
- (3) On or before August 17, 2005, the Commission's Staff shall file comments addressing the matters raised in the Petition for Reconsideration.
- (4) On or before August 24, 2005, the Applicants may file a reply to the comments of the Commission's Staff.
- (5) This matter is continued pending further order of the Commission.

**CASE NO. PUE-2005-00025  
NOVEMBER 1, 2005**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.,  
and  
AGL SERVICES COMPANY

For approval of a revised services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER ON RECONSIDERATION**

On April 12, 2005, Virginia Natural Gas, Inc. ("VNG"), and AGL Services Company ("AGL Services") (collectively, the "Applicants") filed with the State Corporation Commission ("Commission") a petition for clarification or, in the alternative, an application for approval of a revised services agreement pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On July 8, 2005, the Commission entered an Order Denying Petition for Clarification and Granting Approval ("Order Granting Approval"). The Order Granting Approval, among other things, granted the Applicants approval to enter into the proposed Second Revised Services Agreement ("Agreement #3"), subject to certain conditions and requirements.

On July 27, 2005, the Applicants filed a Petition for Reconsideration with Request for Suspension of Order Granting Approval ("Petition for Reconsideration"). The Applicants request the Commission to vacate Ordering Paragraph (7) of the Order Granting Approval, which states as follows:

(7) The approval granted herein does not include approval of the Agreement #3 provision that allows AGL Services to engage affiliated third parties to provide Centralized Services to VNG. Should the Applicants desire to make use of such affiliates' expertise, separate Commission approval shall be required. For any currently existing affiliated third party agreements, the Applicants are granted a sixty (60)-day grace period, commencing as of the date of this Order, to prepare and file such an application for approval pursuant to the Affiliates Act.

The Applicants also request that the Commission modify the portion of Ordering Paragraph (11) that requires certain regulatory adjustments to be presented in Annual Informational Filings ("AIFs").

On July 28, 2005, the Commission entered an Order Granting Reconsideration and Suspending Prior Order. Specifically, we granted the Petition for Reconsideration for purposes of continuing our jurisdiction over this matter and considering such petition, and we suspended the Order Granting Approval pending the Commission's reconsideration. In addition, we requested the Commission's Staff ("Staff") to file comments addressing the matters raised in the Petition for Reconsideration and permitted the Applicants to file a reply to such comments.

On August 17, 2005, Staff filed a public and a confidential version of its response. Staff proposes the following language in response to the Applicants' request to modify Ordering Paragraph (11):

VNG shall be required in prospective annual informational filings to present a schedule showing a re-distribution of AGL Services' charges to the expense and capital accounts VNG would employ if VNG performed the Centralized Services itself. VNG shall be required to present an adjustment in prospective rate proceedings which shows the class cost of service effect that occurs when AGL Services' charges are re-distributed to the expense and capital accounts VNG would employ if it performed the Centralized Services itself.

Staff states that this requirement may address the Applicants' concern about demonstrating, in AIFs, the class cost of service effect of allocating the AGL Services charges to VNG expense and capital accounts if VNG had performed the Centralized Services itself.

With regard to the Applicants' request to vacate Ordering Paragraph (7), Staff asserts that, as a condition of approval of Agreement #3 between VNG and AGL Services, the Commission has the authority to require separate approval of any agreement between AGL Services and affiliated third parties to provide Centralized Services to VNG. Staff contends that the Commission has jurisdiction, under the Affiliates Act, over AGL Services' service contract with Sequent Energy Management, L.P. ("Sequent"), under which Sequent provides certain Centralized Services to VNG ("Sequent-AGL Services agreement"), or any other affiliated third party arrangement. Staff explains that AGL Resources, Inc. ("AGLR"), is VNG's parent, AGL Services' parent, and Sequent's ultimate parent, and, therefore, VNG, AGL Services, Sequent, and other AGLR affiliates are affiliated interests subject to the Affiliates Act and Commission jurisdiction. Staff concludes that it appears that VNG and Sequent are trying to do indirectly what the Affiliates Act does not allow them to do directly – *i.e.*, to enter into an unregulated affiliate agreement where Sequent provides services to VNG absent the Commission's prior review and approval.

On August 24, 2005, the Applicants filed a reply. First, the Applicants find that Staff's proposed language for Ordering Paragraph (11) is reasonable and accept such revised language. Next, the Applicants continue to contend that with regard to Ordering Paragraph (7), the Commission does not have the authority to require approval of an agreement between two non-regulated affiliates. Further, the Applicants assert that the issue raised by Ordering Paragraph (7) is not yet ripe. Specifically, the Applicants state that AGL Services commits to seek Commission approval, or a declaratory ruling that approval is not needed, for any agreement whereby Sequent provides services to AGL Services. The Applicants also assert that the issue of contracting between AGL Services and Sequent, along with the appropriate recovery mechanism, may be resolved in a separate pending docket. Thus, the Applicants request that the Commission reserve ruling on the issue of reconsidering and vacating Ordering Paragraph (7) – and continue the suspension of Ordering Paragraph (7) only – until the issue of contracting between AGL Services and Sequent and the appropriate recovery mechanism is ripe or otherwise resolved.

On September 8, 2005, the Applicants filed an amended reply. The Applicants assert that: (1) the issue raised in Ordering Paragraph (7) has now been addressed by an agreement in principle in another proceeding; (2) as a result, Sequent will no longer provide services to VNG, through AGL Services, under the Sequent-AGL Services agreement; (3) Sequent will cease performing under the Sequent-AGL Services agreement within 60 days from this Order on Reconsideration, during which period Sequent will not charge AGL Services for those services; and (4) in the future, the Applicants will seek Commission approval of, or a declaratory order that such approval is not needed for, any agreement between AGL Services and any affiliate of VNG or of any affiliate of AGLR, including any agreement whereby Sequent performs services for AGL Services. Thus, the Applicants request that the Commission amend the Order Granting Approval by deleting Ordering Paragraph (7) and not ruling on such on reconsideration, and that the Commission provide Sequent and AGL Services a 60-day grace period to cease performing under the Sequent-AGL Services agreement.

NOW THE COMMISSION, having considered the pleadings and the applicable law, is of the opinion and finds as follows. First, Ordering Paragraph (11) in the Order Granting Approval shall be stricken in its entirety and replaced with the language proposed by Staff and agreed to by the Applicants.

Next, Ordering Paragraph (7) in the Order Granting Approval shall not be stricken but, rather, is modified as discussed below. The Applicants explain that: (i) after the requested 60-day grace period, AGL Services will not engage affiliates of VNG or affiliates of AGLR to provide services to VNG; and (ii) they will seek approval, or a declaratory order that approval is not needed, from this Commission prior to engaging in transactions identified in (i). We will grant the Applicants' request for 60 days to cease providing services to VNG under such third-party affiliate agreements, and we agree that the Applicants shall seek Commission approval (or an order finding that approval is not required) prior to engaging in transactions identified in (i), above. Ordering Paragraph (7) already reflects these findings, except for the 60-day grace period granted therein to the Applicants to file for approval of existing

third party arrangements for services. We will modify Ordering Paragraph (7) by striking this language and replacing it with text reflecting the Applicants' agreement that, within 60 days from the date of this Order on Reconsideration, Sequent will cease providing Centralized Services to VNG through AGL Services. Thus, we deny the Applicants' request to delete Ordering Paragraph (7) from the Order Granting Approval, and we modify Ordering Paragraph (7) to provide the Applicants' requested 60-day grace period.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Our prior suspension of the July 8, 2005, Order Denying Petition for Clarification and Granting Approval is lifted, and such order is modified as set forth herein.

(2) Ordering Paragraph (11) of the July 8, 2005, Order Denying Petition for Clarification and Granting Approval is stricken in its entirety and replaced with the following:

(11) VNG shall be required in prospective annual informational filings to present a schedule showing a re-distribution of AGL Services' charges to the expense and capital accounts VNG would employ if VNG performed the Centralized Services itself. VNG shall be required to present an adjustment in prospective rate proceedings which shows the class cost of service effect that occurs when AGL Services' charges are re-distributed to the expense and capital accounts VNG would employ if it performed the Centralized Services itself.

(3) Ordering Paragraph (7) of the July 8, 2005, Order Denying Petition for Clarification and Granting Approval is modified such that the third sentence in such ordering paragraph is stricken and replaced with the following: "The Applicants are granted a sixty (60)-day grace period, commencing as of the date of this Order on Reconsideration, to cease provision of Centralized Services by Sequent to VNG through AGL Services."

(4) This matter is dismissed.

**CASE NO. PUE-2005-00027  
MAY 11, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

**ORDER GRANTING AUTHORITY**

On April 19, 2005, Virginia Electric and Power Company ("Virginia Power" or the "Company") filed an application with the Commission under Chapters 3 and 4 of Title 56 of the Code of Virginia. In its application, the Company requests authority to establish a 5-year revolving credit and competitive loan facility ("Facility"). The Company paid the requisite fee of \$250.

Virginia Power, along with its corporate parent, Dominion Resources, Inc. ("DRI"), and its affiliate, Consolidated Natural Gas Company ("CNG"), proposes to establish a shared Facility. The Facility will have a term of 5 years. All borrowings under the Facility will be due at the end of the term. The Facility will be available for borrowings by Virginia Power, DRI and CNG, subject to the maximum aggregate limit of \$2.5 billion, with the maximum amount fully available to each borrower. The Facility will consist of two borrowing arrangements: 1) a revolving credit loan facility; and 2) a competitive loan facility. The revolving credit facility will be provided on a committed basis. The competitive loan facility will be provided on a non-committed basis through an auction mechanism conducted at the request of the borrower.

Loans under the competitive loan facility will bear interest at either an absolute rate or a margin above the Eurodollar rate with specified maturities ranging from seven to 360 days. The interest rate on borrowings under the revolving credit facility will bear interest, at the Borrower's election, at one of the following rates plus an interest margin: 1) the higher of the prime rate for J.P. Morgan Securities Inc. ("JPMorgan") at its New York City offices or the federal funds rate plus .5% (the higher of either to be the "Alternative Base Rate"); or 2) the Eurodollar deposit rate for a period equal to 14 days (to the extent a borrowing represents new money borrowing) and 1, 2 or 3 months (as selected by the Borrower) appearing on page 3750 of the Telerate screen (the "Eurodollar Rate").

Commitment fees will accrue and be payable to the lenders based on the full amount of the Facility. DRI will be responsible for paying the commitment fee. The commitments fees, as well as other costs associated with establishing the Facility, will be allocated internally among the three borrowers.

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) Virginia Power is authorized to establish a \$2.5 billion syndicated revolving credit and competitive loan facility with DRI and CNG for a term of 5 years, under the terms and conditions and for the purposes as stated in the application.

(2) Virginia Power shall file a copy of the Facility promptly after it becomes available.

(3) All fees allocated to Virginia Power in connection with this Facility shall be calculated based on an implied borrowing capacity of \$625 million using Virginia Power's most recent, stand-alone ratings by Standard and Poor's Ratings Group and Moody's Investors Service, Inc. for senior unsecured long-term debt as stated in the application.

(4) On or before June 30 of 2006, 2007, 2008, 2009, and 2010, Virginia Power shall file a report detailing the use of the Facility to include the date, amount, applicable interest rate of all loans under the facility aggregated by borrower, and the use of the proceeds. In addition, such report shall include a separate accounting by Virginia Power of its daily short-term debt balance and the source of the borrowings.

(5) The authority granted herein shall have no implications for ratemaking purposes.

(6) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

(7) 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.

(8) The authority granted herein shall replace and supercede the authority granted in Case No. PUE-2004-00047.

(9) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2005-00030  
MAY 17, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to lease rail equipment

**ORDER GRANTING AUTHORITY**

On April 26, 2005, Virginia Electric and Power Company ("Virginia Power" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to lease approximately 115 used, steel rail gondola railcars. Applicant has paid the requisite fee of \$250.

The railcars, which each has a gross transport capacity of 263,000 pounds, will be leased from Midwest Railcar. The term of the lease is 3 years. The lease will require monthly lease payments in advance of \$425 per car. The lease will be a net lease wherein Virginia Power will be required to pay for all normal maintenance, licensing, registration, and taxes associated with the ownership, delivery, use, and operation of the railcars. In its application, Virginia Power indicated that it expects to realize net freight cost savings of \$367,000 annually, as a result of the proposed lease.

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 execute the lease for the railcars under the terms and conditions and for the purposes stated 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-2005-00032  
AUGUST 18, 2005**

APPLICATION OF  
DALE SERVICE CORPORATION

2004 Annual Informational Filing

**FINAL ORDER**

On April 29, 2005, Dale Service Corporation ("Dale Service" or the "Company") filed with the State Corporation Commission ("Commission") its Annual Informational Filing ("AIF") for the test period ended December 31, 2004. The Company filed additional information supporting Schedule 25 on May 10, 2005.

On July 28, 2005, the Staff filed its Staff Report which contains a review of Dale Service's financial and operating conditions as well as cost of capital and capital structure. The Staff Report further notes that, following Staff adjustments, the Company earned a 6.71% return on rate base, a 10.48% rate of return on common equity, and a 1.18 debt service coverage ("DSC") ratio. This DSC ratio does not exceed the 1.20 benchmark provided for by the Stipulation adopted by the Commission in Case No. PUE-2004-00035, which requires that if Dale Service earns above a 1.20 DSC rates must be adjusted

down so that a DSC of no more than 1.20 will be earned. Therefore, the Staff Report concludes that no further action is required at this time. Dale Service has advised that the Company takes no exception to the Staff Report.

NOW THE COMMISSION, upon consideration of the Company's application, the Staff Report, and the applicable statutes, is of the opinion and finds that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT this matter 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. PUE-2005-00033  
JUNE 21, 2005**

APPLICATION OF  
DALE SERVICE CORPORATION

For authority to continue interest rate swap agreements pursuant to Chapter 3, Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On April 28, 2005, Dale Service Corporation ("Dale Service" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to continue interest rate swap agreements on its existing long-term debt. On May 23, 2005, the Commission extended the time to review the application until June 22, 2005. Applicant supplemented the application with a letter dated June 20, 2005. Applicant paid the requisite fee of \$250.

Dale Service originally issued \$23,000,000 of bonds in two series, \$10,000,000 of private activity bonds ("Series 2000 Bonds") due in 2020 and \$13,000,000 of private activity bonds originally due in 2021, (now due in 2019) ("Series 2001 Bonds").<sup>1</sup> Series 2000 Bonds and Series 2001 Bonds had original maturities of 20 years. The variable rate of interest on the Series 2000 Bonds and the Series 2001 Bonds have been converted to a fixed rate of interest for a ten-year period through two interest rate swap transactions approved by the Commission.<sup>2</sup> The effective rate of interest under the swap transactions is 5.025% on the Series 2000 Bonds and 4.915% on the Series 2001 Bonds. The counterparty for the proposed interest rate swap transactions, Wachovia Bank, N.A., maintains an investment grade credit rating from major credit rating agencies.

Applicant now proposes to enter into additional swap transactions and states that will lock in attractive long-term rates of interest for the remaining terms of the two debt series. Under Option A, Dale Service may make optional accelerated pay-down of the outstanding bonds without penalty, while retaining the currently effective swapped rates of interest on each bond series. Dale Service may pay-down up to \$1,620,000 of principal of Series 2000 Bonds anytime after July 1, 2015, over the final five years of maturity. Dale Service may pay-down up to \$1,450,000 of principal of Series 2001 Bonds anytime after March 1, 2015, over the final four years of maturity. If Dale chooses Option B, the rate of interest on the Series 2000 bonds would be 4.65% , while the Series 2001 Bonds would carry a 4.72% rate of interest. Option B would not allow optional accelerated paydown unless the swap transaction was unwound.

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 continue interest rate swap agreements by choosing either Option A or Option B as described above on its Series 2000 Bonds and Series 2001 Bonds, under the terms and conditions and for the purposes set forth in the application, as supplemented.
- (2) Applicant shall file a final Report of Action on or before August 30, 2005, and include final forms of the transactions, and a detailed account of all the actual expenses and fees paid to date for the transactions.
- (3) Approval of the application shall have no implications for ratemaking purposes.
- (4) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

<sup>1</sup> By Commission Order dated October 24, 2000, in Case No. PUF-2000-00032, Dale Service was granted authority to issue \$10,000,000 of Series 2000 Bonds and to enter into a \$13,000,000 bank loan agreement. By Commission Order dated February 15, 2001, in Case No. PUF-2001-00002, Dale Service was authorized to replace the \$13,000,000 bank loan agreement with \$13,000,000 of Series 2001 Bonds.

<sup>2</sup> By Commission Order dated November 22, 2000, in Case No. PUF-2000-00040, Dale Service was authorized to enter into an interest rate swap agreement with respect to the interest on \$10,000,000 of Series 2000 Bonds for a ten-year period ending December 1, 2010. By Commission Order dated March 18, 2002, in Case No. PUF-2002-00008, Dale Service was authorized to enter into an interest rate swap agreement with respect to the interest on \$13,000,000 of Series 2001 Bonds for a ten-year period ending March 12, 2012.

**CASE NO. PUE-2005-00033  
OCTOBER 5, 2005**

APPLICATION OF  
DALE SERVICE CORPORATION

For authority to continue interest rate swap agreements pursuant to Chapter 3, Title 56 of the Code of Virginia

**CORRECTING ORDER NUNC PRO TUNC**

On September 5, 2005, the State Corporation Commission ("Commission") issued an Order dismissing the above captioned proceeding. The Order, however, was incorrectly dated "September 6, 2006."

Accordingly, the Commission hereby orders that the date of "September 6, 2006" referenced in the date line of the Commission's Order be corrected, *nunc pro tunc*, to read "September 6, 2005."

**CASE NO. PUE-2005-00037  
NOVEMBER 28, 2005**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For an Annual Informational Filing for 2004

**DISMISSAL ORDER**

On May 2, 2005, Washington Gas Light Company ("WGL" or the "Company") delivered its Annual Informational Filing ("AIF") for the twelve months ending December 31, 2004, to the State Corporation Commission ("Commission"). The Company completed its AIF on June 9, 2005, by supplementing the application delivered on May 2, 2005, with additional information.

On October 19, 2005, the Commission Staff filed its Audit Report ("Report") in the captioned matter. This Report analyzed the Company's financial and operating results for the twelve months ending December 31, 2004 ("test year"), and provided an accounting and financial analysis of the Company's operations. The Staff's financial analysis concluded that WGL's adjusted jurisdictional return on equity shown in Staff's analysis would be slightly below the lower end of a return on equity range for WGL under current market conditions and authorized ratemaking adjustments.

Staff's accounting analysis observed that the regulatory asset related to the Achieving Operational Excellence consultant study set up in Case No. PUE-2002-00364 will expire in November 2005. The Report concluded that because the Company's test year earned return on equity was less than the 10.50% benchmark return on common equity, no accelerated write-off of regulatory assets was necessary. Staff recommends that no further action be taken with regard to WGL's AIF.

On November 17, 2005, the Company filed the "Response of Washington Gas Light Company to the Staff Report" ("Response"). In its Response, WGL supported the Staff's conclusion that no further action needed to be taken on this AIF. WGL disagreed with certain adjustments used by Staff in its analysis of the Company's earnings because, according to the Company, these adjustments differ from the adjustments approved in the Company's most recent fully adjudicated rate case, Case No. PUE-2002-00364, on which the Company's current rates were based. The Company commented that Staff included certain additional adjustments in the balance sheet analysis portion of the Report that Staff had included in Case No. PUE-2003-00603, an application resolved through a settlement. The Company noted that in the instant AIF, the Staff incorporated additional accounts, *i.e.*, Accounts Payable Third Party Marketing, Unclaimed Washington Gas General Fund Checks, Unclaimed Property Stale Bank Accounts and Third Party Gas Sales, in its balance sheet analysis which had not been included in Case No PUE-2002-00364. WGL advises that the net effect of inclusion of these four accounts in the instant AIF was to reduce the Company's cash working capital requirement by \$5.7 million on a Virginia jurisdictional basis.

WGL maintains that Staff's continued use of the methodology it also used in a case resolved by settlement is inappropriate and unreasonable because of the disparity between the adjustments used to establish rates and those subsequently employed to evaluate earnings derived from those rates. While noting its disagreement with Staff's analysis, WGL advised that it had determined not to pursue these issues because it agrees with Staff that the Company's earnings were below the return on equity range authorized by the Commission for the Company.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that no accelerated write-off of the Company's regulatory assets identified in the Staff's October 19, 2005, Report is necessary, and that this matter should be dismissed. Under the circumstances presented by this case, there is no reason to make a determination on the issues relating to the earnings test found on page 2 of the Company's Response or on the Company's working capital requirement addressed on page 3 of the Company's Response. Both the Company and the Staff have concluded that WGL's earnings for the test period were below the return on equity range that we have authorized.

Accordingly, IT IS ORDERED THAT:

- (1) No accelerated write-off of WGL's regulatory assets is necessary in this case.
- (2) There being nothing to be done herein, 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. PUE-2005-00038  
MAY 27, 2005**

APPLICATION OF  
A & N ELECTRIC COOPERATIVE

For authority to issue securities under Chapter 3, Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On May 3, 2005, A & N Electric Cooperative ("A&N" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia requesting authority to incur long-term debt securities with the Rural Utilities Service ("RUS"). Applicant has paid the requisite fee of \$250.

A&N requests authority to obtain financing from RUS up to a maximum amount of \$8,300,000. The proceeds will be used to fund new construction and system improvements as approved by RUS in the Company's most recent approved four-year work plan. The loan will have a maturity of thirty-five years. The RUS loan may be drawn down from time to time and may have a rate of interest that can be fixed over a period between one and thirty years. The interest rate will be based on the US Treasury yield chosen by A&N at the time of draw-down. Applicant requests the flexibility to determine the term of the interest rate at the time of each draw down.

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 borrow up to \$8,300,000 from RUS 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 RUS, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the date of the drawdown, the amount of the advance, the interest rate selected, the interest rate maturity, and the amount of remaining authority available to be borrowed.
- 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-2005-00039  
JUNE 22, 2005**

APPLICATION OF  
SKYLINE WATER CO., INC.

For changes in rates, rules and regulations

**PRELIMINARY ORDER**

By notice dated May 1, 2005, Skyline Water Co., Inc. ("Skyline" or the "Company"), notified its customers and the State Corporation Commission ("Commission") through the Division of Energy Regulation (the "Division") of its intent to increase its rates effective for service rendered on and after June 25, 2005, pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")).<sup>1</sup> On May 9, 2005, Skyline filed in the above-captioned docket an Application For Change In Rates, Rules and Regulations ("Application"). On May 17, 2005, Skyline filed a Revised Rate of Return Statement ("Revision").

By June 6, 2005, the Division had received objections to the proposed rate increase from 184 customers, or approximately fifty percent (50%) of Skyline's customers.

The Commission, having reviewed the notice, Application and Revision now finds that Skyline's proposed rates will result in an increase greater than 50 percent of the small water utility's revenues, and that this application is thus subject to the filing and escrow requirements of § 56-265.13:6. C of the Code. The Commission further finds that at least 25 percent of Skyline's affected customers have requested a hearing. Therefore, the Commission concludes that Skyline's application should be set for an expedited hearing, that the proposed rates should be suspended for a period of 60 days and be made interim, pursuant to § 56-265.13:6.A of the Code. Upon Skyline's interim rates taking effect on August 24, 2005, Skyline should escrow the funds produced by the increase in rates, fees, and charges until the Commission has rendered its final decision on the rate increase application. Skyline should place such funds in an escrow account with a non-affiliated financial institution and that escrow account should be subject to a monthly review and audit by the Commission's Division of Public Utility Accounting. The Company may not use the funds held in escrow for the purposes listed in subsection C; i.e., to comply with environmental or health laws or regulations or to provide adequate service to its customers, unless so directed by the Commission.

<sup>1</sup> The notice was filed in the record of this case on June 21, 2005.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Pursuant to Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure, this matter is assigned to a Hearing Examiner to conduct all further proceedings. The Hearing Examiner shall schedule an expedited hearing as provided by § 56-265.13:6 C of the Code; establish a procedural schedule; and provide for notice to customers.

Accordingly, IT IS ORDERED THAT:

(1) Skyline's proposed rates and charges as set forth in the Notice and Application may take effect for service provided in billing periods commencing subsequent to August 24, 2005, subject to the Commission's power to fix and order substituted just and reasonable rates, charges, terms, and conditions, and to order refunds and credits. Skyline shall place all funds produced by such increased rates in an escrow account in a financial institution not affiliated with Skyline. Such escrow account shall be subject to the monthly review and audit of the Commission's Division of Public Utility Accounting, and shall not be used until further order of the Commission.

(2) Pursuant to 5 VAC 5-10-120 A of the Commission's Rules of Practice and Procedure, a Hearing Examiner is appointed to conduct all further proceedings in this matter, including establishing a procedural schedule for a public hearing.

(3) On or before July 11, 2005, Skyline shall file with the Clerk of the Commission an original and twenty (20) copies of any direct testimony and exhibits, in addition to or in lieu of information submitted by Skyline with its Application and Revision, including responses to Staff's data requests, that Skyline intends to present in support of its Application.

(4) On or before July 11, 2005, the Company shall serve a copy of this Order on the chairs of the boards of supervisors of Culpeper, Fauquier, and Orange Counties. Service shall be made by first-class mail or delivery to the customary place of business or residence of the official served.

(5) On or before July 11, 2005, the Company shall serve a copy of this order by first class mail, postage prepaid, on all customers in its service territory.

(6) The Company shall file certification of compliance with ordering paragraphs (4) and (5) on or before July 18, 2005.

(7) On or before July 25, 2005, any person desiring to participate in this proceeding as a Respondent, as defined in Rule 5 VAC 5-20-80 B, shall file an original and twenty (20) copies of a Notice of Participation with the Clerk of the Commission and shall serve a copy of the same upon David K. Travers, President, Skyline Water Co., Inc., 8284 James Madison Highway, Rapidan, Virginia 22733; and upon other parties of record. The Notice of Participation 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.

(8) Skyline shall respond to written interrogatories, data requests, or requests for the production of documents within five (5) business days after the receipt of the same. Respondents shall provide to Skyline, other Respondents, and Staff, any workpapers or documents used in the preparation of their filed testimony promptly upon request. Except as so modified, discovery shall be in accordance with Part VI of the Commission's Rules of Practice and Procedure.

**CASE NO. PUE-2005-00040  
NOVEMBER 2, 2005**

PETITION OF  
THE FRANKLIN WAVERLY WATER COMPANY,  
DAVID G. PETRUS  
and  
HARRY H. HUNT, III, and THE HHHUNT FAMILY TRUST I

For approval of a change of control of a Virginia water public utility company

**ORDER GRANTING APPROVAL**

On May 11, 2005, David G. Petrus ("Petrus"), The Franklin Waverly Water Company ("Waverly"), Harry H. Hunt, III, and The HHHunt Family Trust I (together with Harry H. Hunt, III, "HHHunt") (collectively, "Petitioners") filed a petition pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval to consummate a transaction that would result in the transfer of control of Waverly to Petrus from HHHunt ("Stock Purchase Agreement").

Waverly is a certificated small water company in the Waverly Subdivision of Franklin County, Virginia, that provides water service to approximately 66 customers in the subdivision. HHHunt currently own all stock and control of Waverly. Petrus is the President and Owner of Petrus Environmental Services, Inc. ("PES"), which owns and operates numerous water systems throughout the Commonwealth of Virginia and the United States.

Pursuant to Chapter 5 of Title 56 of the Code, HHHunt seeks authority to dispose of, and Petrus and Waverly seek authority for Petrus to acquire all of the stock and control of Waverly. Pursuant to the Stock Purchase Agreement included with the application, Petrus seeks to purchase all stock from HHHunt for the amount of \$20,000 paid in cash. Upon consummation of the transaction, all of the stock of Waverly will be owned by Petrus, and Waverly will continue to operate as a separate certificated small water company.

Pursuant to the Stock Purchase Agreement, the total sales price of all the shares of Waverly will be the sum of \$20,000 in cash of which \$2,000 will be paid upon execution of the Agreement and \$18,000 will be paid at closing. Also, Petrus acknowledges that Waverly is indebted to HHHunt in the amount of \$15,000 represented by a note from Waverly to HHHunt dated July 1, 2001. Waverly will execute and deliver to HHHunt a first lien deed of trust securing the note. The deed will encumber the well lots owned by Waverly and will include a due on sale clause. The note will be modified to include

annual principal payments of \$5,000 plus interest at the rate of 6.5% on the anniversary of the closing date. Prior to closing, all well lots will be deeded to Waverly.

The Petitioners represent that the proposed transfer will not jeopardize or impair the provision of adequate service to the public at just and reasonable rates. They further state that there is no anticipated impact on regulated rates and service, capital structure, or access to capital and financial markets as a result of the proposed acquisition. The Petitioners state that the customers will benefit from the system being operated by experienced water system operators and from economies of scale from numerous systems. In the long term, it is expected that the proposed acquisition of Waverly by Petrus will provide Waverly access to substantial operating resources that will benefit customers.

After the proposed transfer of control takes place, PES will provide operation, maintenance, and administrative services to Waverly under contract. The Petitioners represent that PES has a staff of full-time state certified water operators, maintenance personnel, and administration that will provide a high quality of professional services to Waverly. This anticipated level of service is available because of the economies of scale that PES can provide through the provision of similar services to multiple water systems in the area that normally would not be available to a small water company.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the above-described transaction will neither impair nor jeopardize the provision of adequate service at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the Petitioners are hereby granted approval of the Stock Purchase Agreement resulting in the transfer of control of The Franklin Waverly Water Company from Harry H. Hunt, III, and the HHHunt Family Trust I to David G. Petrus.

(2) The approval granted herein does not include any findings as to the reasonableness of the proposed affiliate charges from PES to Waverly or the reasonableness of any acquisition adjustment and the recovery of such adjustment in Waverly's rates.

(3) The Petitioners shall file a report of action taken pursuant to the approval granted herein within thirty (30) days of the transaction taking place, subject to the administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transaction took place, the actual price paid by Petrus, and the actual accounting entries on Waverly's books to reflect the transaction in Account 104, Utility Plant Purchased or Sold. USOA Instructions for Account 104 require the utility to request approval from the Commission, within six months, of any journal entries to clear Account 104.

(4) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00041  
JUNE 1, 2005**

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 May 11, 2005, Kentucky Utilities Company, d/b/a/ Old Dominion Power Company ("Applicant" or the "Company"), filed an application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code"). Applicant paid the requisite fee of \$250.

Applicant requests authority to issue up to \$13,266,950 of long-term debt ("Proposed Debt") and to assume certain obligations and to enter into various agreements to collateralize and affect the issuance of tax-exempt Carroll County Environmental Facilities Revenue Bonds ("Pollution Control Bonds") in the same amount. Applicant has been notified by the Kentucky Private Activity Board Allocation Committee ("Allocation Committee") that the Company qualifies for an allocation of \$13,266,950 in tax-exempt bond financing for its pollution control facilities to be constructed at the Ghent Generating Station in Carroll County, Kentucky ("Carroll County"). Applicant states that its application for a Certificate of Public Convenience and Necessity to construct the pollution control facilities remains pending before the Kentucky Public Service Commission in Case No. 2004-00426.

With the understanding that the pollution control facilities will not be constructed without a Certificate of Public Convenience and Necessity, Applicant seeks to obtain expedited approval for the related tax-exempt financing to ensure that this lowest cost alternative for ratepayers is not lost. As indicated in the Company's application, the time for this financing option is limited because the Pollution Control Bonds must be issued before July 14, 2005, to fall within the required 90 days of the Allocation Committee's decision. In addition, Applicant seeks to have the requested authority as soon as possible to take advantage of low current interest rates. Expedited approval would also afford Applicant maximum flexibility to negotiate the most attractive terms under current market conditions and to arrange for underwriting, marketing and public notice of the Pollution Control Bonds.

Subject to one or more loan agreements ("Loan Agreement") with Carroll County, proceeds from the issuance of the Pollution Control Bonds will be loaned to the Company. Under the terms of the Loan Agreement, Applicant will issue the Proposed Debt in a form that will mirror the structure and terms of the Pollution Control Bonds. Depending on market conditions and Applicant's credit rating at the time of issuance, the Proposed Debt may be issued as First Mortgage Bonds to be held by one or more corporate trustees (each a "Trustee"). The Proposed Debt will serve as collateral to guarantee payment of the Pollution Control Bonds, in conjunction with any additional guarantee agreements, bond insurance agreements, or other similar arrangements that may be necessary or cost effective.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

To obtain the most advantageous financing based on market conditions at the time of issuance, Applicant requests broad authority to negotiate terms and conditions of the Pollution Control Bonds, which will be assumed by the Proposed Debt. The Pollution Control Bonds will be sold in one or more underwritten public offerings, negotiated sales, or private placement transactions. The Pollution Control Bonds may be issued as fixed rate or variable rate debt. If a variable rate option is chosen, the Pollution Control Bonds may include provisions to convert to other interest rate modes. In addition, the Pollution Control Bonds may include a tender purchase provision that would require entering into remarketing agreements with remarketing agents. Applicant may also need to enter into one or more liquidity facilities to provide immediate funding to pay for bonds tendered for purchase. Such facilities would require entering into one or more credit agreements and possibly a promissory note to each facility provider to secure repayments by Applicant.

Applicant may issue the Proposed Debt in the form of First Mortgage Bonds. Applicant states, however, that the maturity of the Pollution Control Bonds and Proposed Debt will not exceed 30 years from the date of issuance. In addition, compensation for underwriters will not exceed two percent (2%) of the principal amount of each series of Pollution Control Bonds to be sold. Excluding underwriting fees, Applicant estimates that issuance costs for the Proposed Debt will be approximately \$600,000. Finally, Applicant requests authority to enter into one or more interest rate hedging agreements to manage its exposure to variable interest rates or to lower its fixed rate borrowing with respect to the Proposed Debt.

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) Applicant is hereby authorized to issue and deliver the Proposed Debt in an aggregate principal amount not to exceed \$13,266,950 in the manner and for the purposes as set forth in its application, through the period ending December 31, 2005.
- 2) Applicant is authorized to execute and deliver and perform the obligations of the Company under *inter alia*, the Loan Agreement with Carroll County, the Proposed Debt authorized in Ordering Paragraph (1), and under any remarketing agreements, hedging agreements, auction agreements, bond insurance agreements, guaranty agreements, credit agreements and facilities, and such other agreements and documents as set out in its Application, and to perform the transactions contemplated by such agreements.
- 3) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), to include the type of security, the issuance date, the amount issued, the interest rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.
- 4) Within sixty (60) days after the end of each calendar quarter in which any of the Proposed Debt is issued pursuant to Ordering Paragraph (1), Applicant shall file with the Commission a detailed Report of Action with respect to all Proposed Debt issued during the calendar quarter to include:
  - (a) The issuance date, type of security, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to Applicant;
  - (b) A summary of the specific terms and conditions of each Hedging Facility and an explanation of how it functions with respect to the underlying Proposed Debt; and
  - (c) The cumulative principal amount of Proposed Debt issued under the authority granted herein and the amount remaining to be issued.
- 5) Applicant shall file a final Report of Action on or before March 31, 2006, to include all information required in Ordering Paragraph (3) along with a balance sheet that reflects the capital structure following the issuance of the Proposed Debt. Applicant's final Report of Action shall further provide a detailed account of all the actual expenses and fees paid to date for the Proposed Debt with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.
- 6) Approval of the application shall have no implications for ratemaking purposes.
- 7) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00042  
JULY 11, 2005**

APPLICATION OF  
DELTA ENERGY, LLC

For a license to conduct business as a natural gas competitive service provider

**ORDER GRANTING LICENSE**

On June 2, 2005, Delta Energy, LLC ("Delta" or "Company"), completed an application with the State Corporation Commission ("Commission") for a license to conduct business as a natural gas competitive service provider ("CSP") pursuant to Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). Delta requests a license to serve commercial and industrial customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice.

On June 7, 2005, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be given to natural gas utilities and other interested persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of Delta's application and present its findings in a Staff Report. The Company filed proof of publication of its notice on June 15, 2005. No comments from the public on Delta's application were received.

The Staff filed its Report on June 30, 2005, concerning Delta's fitness to conduct business as a natural gas CSP. In its Report, the Staff summarized Delta's proposal and evaluated its financial condition and technical fitness. The Staff recommended that Delta be granted a license to conduct business as a natural gas competitive service provider to commercial and industrial customers throughout the Commonwealth of Virginia, subject to an additional condition. The Staff determined that the Company currently has sufficient financial resources to support its expansion into Virginia. Since the Company is relatively new and its financial position can change rapidly, the Staff recommended that Delta be required to file a copy of its annual financial statements with the Division of Economics and Finance simultaneously with its annual report submission as required by the Retail Access Rules 20 VAC 5-312-20 Q. The Company filed no comments in response to the Staff's Report.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, the Commission finds that Delta's application to provide competitive natural gas service should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Delta Energy, LLC, is hereby granted License No. G-21 to provide competitive natural gas supply service to commercial and industrial customers throughout the Commonwealth of Virginia. This license to act as a competitive service provider is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) Delta is required to file a copy of its annual financial statements with the Division of Economics and Finance simultaneously with its annual report submission as required by the Retail Access Rules 20 VAC 5-312-20 Q.

(4) Failure of Delta to comply with the Retail Access Rules, the provisions of this Order, other State Corporation Commission orders and rules, or other applicable state or federal laws may result in an enforcement action by the Commission that includes, without limitation, the revocation, suspension, or modification of the license granted herein, the refusal to renew such license, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(5) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2005-00043  
JULY 29, 2005**

JOINT PETITION AND APPLICATION OF  
DUKE ENERGY CORPORATION,  
DUKE ENERGY GAS TRANSMISSION, LLC,  
DUKE ENERGY SALTVILLE GAS STORAGE LLC  
and  
AGL RESOURCES INC.,  
NUI CORPORATION,  
VIRGINIA GAS COMPANY,  
NUI SALTVILLE STORAGE INC.,  
VIRGINIA GAS PIPELINE COMPANY,  
VIRGINIA GAS STORAGE COMPANY,  
SALTVILLE GAS STORAGE COMPANY LLC

For approval of an affiliates agreement under Chapter 4 of Title 56 of the Code of Virginia and for approval of change of control under Chapter 5 of Title 56 of the Code of Virginia, and for such other relief as may be necessary under the law

**FINAL ORDER**

By filings dated May 12 and 18, 2005, Duke Energy Corporation ("Duke Energy"), Duke Energy Gas Transmission, LLC ("DEGT"), Duke Energy Saltville Gas Storage LLC ("Duke Member"), AGL Resources Inc. ("AGLR"), NUI Corporation ("NUI"), Virginia Gas Company ("VGC"), NUI Saltville Storage Inc. ("NUISS"), Virginia Gas Pipeline Company ("VG Pipeline"), Virginia Gas Storage Company ("VG Storage"), and Saltville Gas Storage Company LLC ("SGS") submitted a Joint Petition and Application ("Application") with the State Corporation Commission ("Commission").<sup>1</sup> The Application requests approval pursuant to Chapter 5 of Title 56 of the Code of Virginia (§ 56-88 *et seq.*) ("Chapter 5") for transactions under which: (1) DEGT will acquire control of VG Pipeline and VG Storage; and (2) Duke Member will acquire control of SGS. In addition, the Application requests approval pursuant to Chapter 4 of Title 56 of the Code of Virginia (§ 56-76 *et seq.*) ("Chapter 4") for affiliate transactions under which VGC will transfer certain assets to VG Pipeline, to VG Storage, and to SGS in order to effectuate the proposed transaction.

Specifically, DEGT and VGC have entered into a Purchase and Sale Agreement ("Agreement") pursuant to which DEGT will purchase from VGC all of the issued and outstanding shares of capital stock of VG Storage and VG Pipeline, and Duke Member will purchase NUISS' 50% interest in

<sup>1</sup> Duke Energy, DEGT, Duke Member, AGLR, NUI, VGC, NUISS, VG Pipeline, VG Storage, and SGS are referred to herein collectively as the "Applicants."

SGS.<sup>2</sup> At the consummation of the proposed transaction, VG Pipeline and VG Storage will become wholly owned subsidiaries of DEGT. The Application asserts that the transaction will neither jeopardize nor impair VG Pipeline's and VG Storage's provision of adequate service to the public at just and reasonable rates, and that DEGT will make the commitment needed for the continued successful operation of VG Pipeline and VG Storage.

The Application further explains that VGC will assign and transfer its rights in certain assets including (but not limited to): (1) title to land in Saltville, Virginia, a lease agreement for a proposed P-24 pipeline meter site in Buchanan, Virginia, approximately 53 right-of-way agreements related to a proposed P-24 pipeline, and the P-25 Segment 5 easements and fee properties to VG Pipeline; (2) portions of other assets to VG Storage; and (3) Commonwealth of Virginia Department of Mines, Minerals, and Energy Division of Mining Mineral Permit/License No. 90421-AA, Commonwealth of Virginia Department of Agriculture and Consumer Services Division of Animal and Food Industry Services Office of Dairy and Foods Certificate of Free Sale (Salt Food Grade Certification), and portions of other VGC assets to SGS. The Application states that the assignment and transfer of such assets is a condition precedent to effectuate the Agreement, is in the public interest as it will allow each company to continue its operations, and will provide for a seamless transition once the proposed transaction is consummated.

In addition, the Applicants note that on October 29, 2004, in Case No. PUE-2004-00097, the Commission issued an order granting approval of a Plan of Merger under which NUI and its subsidiaries, including VGC, VG Pipeline, VG Storage, Virginia Gas Distribution Company ("VG Distribution"), and NUISS, were acquired by AGLR ("Merger Order"). The Applicants state that several conditions imposed by the Merger Order were applicable only to the transaction between AGLR and NUI and should not be applicable to DEGT. The Applicants assert that these conditions include, for example: the requirement that AGLR represent to the Commission and to the Securities and Exchange Commission ("SEC") that AGLR bears full risk of a preemptive action by the SEC; the deferral of treatment of NUI's pension asset as a regulatory asset until the next rate case; and the requirement that AGLR and NUI notify the Commission of any changes in their tax election for the Merger Agreement.

DEGT also requests that the Commission not condition its approval of the proposed transaction upon the following: (1) that VG Pipeline or VG Storage provide the Commission with semi-annual written reports regarding any structural or organizational changes; and (2) that VG Pipeline and VG Storage continue to identify any cost savings resulting from the merger of NUI and AGLR, including merger-related costs, merger-related savings, and merger-related cost of service changes. DEGT states that it is prepared to accept a condition requiring it to seek approval for any subsequent affiliate financing or service arrangements by VG Pipeline or VG Storage, as such separate approval is required by statute.

On May 20, 2005, the Commission issued an Order for Notice and Comment that, among other things: docketed the Application as Case No. PUE-2005-00043; directed the Applicants to provide public notice of the Application; afforded interested persons an opportunity to file comments and requests for hearing; directed the Commission's Staff ("Staff") to investigate and to file a report on the Application; and extended the Commission's review period for an additional thirty (30) days pursuant to §§ 56-77 and 56-88.1 of the Code of Virginia.

On May 27, 2005, the LENOWISCO Planning District Commission ("LENOWISCO") filed comments in support of the Application. LENOWISCO explains that VG Pipeline, VG Storage, and SGS are located in Southwest Virginia and that their continued operation is extremely important to the region. LENOWISCO states its understanding that Duke Energy is committed to improving the facilities associated with these companies, especially as these high-deliverability storage facilities will become increasingly important in managing natural gas prices. LENOWISCO encourages the Commission to approve the Application, no later than August 1, 2005, in order to protect these and other important economic projects from risk.

On July 6, 2005, Atmos Energy Corporation ("Atmos") filed a Notice of Participation as a Respondent, along with a motion requesting permission to late-file such Notice of Participation as a Respondent.<sup>3</sup>

On July 8, 2005, the Virginia Coalfield Economic Development Authority ("VCEDA") filed comments in support of the Application. VCEDA states that its mission is to enhance the economic base of the seven-county and one-city coalfield region of Southwest Virginia. VCEDA explains that, in accordance with such mission, it is interested in seeing businesses and industries strengthen, grow, and expand in the region. VCEDA states that companies such as VG Pipeline, VG Storage, and SGS are very important to the economy of Southwest Virginia and that these companies in particular are critical assets for Southwest Virginia. VCEDA explains that, for instance, the development of the Early Grove storage facility in Scott County will have a significant economic impact and will help in the attraction and development of electric generating facilities in Southwest Virginia. VCEDA further notes that it has included the recruitment of electrical generating facilities as part of its business development plan, for the express purpose of enhancing the VCEDA region's economic base. VCEDA requests that the Commission approve the Application no later than August 1, 2005.

On July 14, 2005, the Applicants filed proof of notice required by the May 20, 2005, Order for Notice and Comment.

On July 22, 2005, the Staff filed its report on the Application ("Staff Report"). The Staff states that it believes the proposed Chapter 4 transfer is in the public interest. The Staff further concludes that, based on the Commission's continuing authority to ensure reliable service at just and reasonable rates, the Commission may approve the Application under Chapters 4 and 5 subject to the following eight conditions:

1) Within thirty (30) days of completing the proposed transfer of assets and transfer of stock, subject to administrative extension by the Commission's Director of Public Utility Accounting, the Applicants should file a Report of Action with the Commission. Included in the Report of Action should be the date of the transfers and any legal document, settlement sheet, or accounting entries recording the transfers.

<sup>2</sup> The Applicants state that the Federal Energy Regulatory Commission has exercised exclusive jurisdiction over SGS, and SGS is in the process of cancelling its certificate in Virginia in the Commission's Case No. PUE-2005-00021. Therefore, the Applicants do not believe that Commission approval is required for Duke Member's acquisition of NUISS' interest in SGS. However, the Application states that, given that the Commission has not yet approved the cancellation of SGS' certificate, the Applicants do not want to unnecessarily delay the Commission's approval of the proposed transaction. As a result, in the event that the Commission has not cancelled SGS' Virginia certificate prior to closing of the proposed transaction, Duke Member and NUISS request approval for Duke Member to acquire NUISS' 50% interest in SGS.

<sup>3</sup> No party filed an objection to Atmos' motion.

- 2) The Commission's approval granted pursuant to Chapters 4 and 5 should not extend to any subsequent affiliate financing or service agreements or arrangements. Such agreements or arrangements should require separate Commission approval under Chapters 3 and/or 4 of Title 56 of the Code.
- 3) Separate Commission approval pursuant to Chapters 4 and 5 should be required for any subsequent merger, transfer, or disposal of VG Pipeline and/or VG Storage, as applicable.
- 4) Commission approval granted pursuant to Chapters 4 and 5 should have no ratemaking implications. In particular, Commission approval should not guarantee recovery of any acquisition adjustment or any other costs directly or indirectly related to the approved transactions.
- 5) The Commission should direct the Applicants to develop and maintain records for tracking all transfer-related costs and savings from the inception of the VG Pipeline/VG Storage/SGS asset and stock transfers, and to make such records available for Staff's review upon request. VG Distribution, VG Pipeline, VG Storage, and SGS should include such records in future annual informational filings or rate case proceedings until such time as these issues are resolved.
- 6) The Commission should direct AGLR, NUISS, VGC and VG Distribution to submit to the Director of Public Utility Accounting, within sixty (60) days of the date of the Order in this case, a comprehensive written overview of AGLR's plans for VG Distribution subsequent to the VG Pipeline/VG Storage/SGS asset and stock transfers. The overview should include any and all anticipated changes to VG Distribution's organization, management, operations, quality, and cost of service.
- 7) The Commission should direct the Applicants to provide, in VG Distribution's, VG Pipeline's, VG Storage's, and SGS' future annual informational filings or rate case proceedings, comprehensive updates on any structural or organizational changes or any cost of service implications stemming from the VG Pipeline/VG Storage/SGS asset and stock transfers.
- 8) The Commission should direct the Applicants that:
  - a) The quality of service in VG Distribution's, VG Pipeline's, VG Storage's, and SGS' service territories should not deteriorate due to a lack of capital investment;
  - b) The quality of service in VG Distribution's, VG Pipeline's, VG Storage's, and SGS' service territories should not deteriorate due to a reduction in the number of employees providing services; and
  - c) The Applicants should continue to maintain a high degree of cooperation with the Staff and should take all actions necessary to ensure VG Distribution's, VG Pipeline's, VG Storage's, and SGS' timely response to Staff inquiries with regard to their provision of service in Virginia.

On July 27, 2005, the Applicants filed a letter response to the Staff Report ("Response"). The Response states that DEGT respectfully disagrees with two discussions in the Staff Report – specifically, the Staff's suggested treatment of VG Pipeline's and VG Storage's accumulated deferred federal income tax ("ADFIT") balances, and the possible cost of service implications resulting from the difference between DEGT's purchase price and the book value of the assets. The Response acknowledges, however, that these are matters for future rate proceedings, that these matters are not the subject of this proceeding, and that the Staff's recommended condition 4) states that the Commission's approval in this proceeding should have no ratemaking implications. Finally, the Response states that the Applicants do not object to any of the Staff's eight enumerated conditions listed above.

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds as follows:

Section 56-77 of the Code of Virginia sets forth the Commission's authority under Chapter 4 regarding the proposed affiliate transactions by which VGC will transfer certain assets to VG Pipeline, to VG Storage, and to SGS:

No contract or arrangement providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services, and no contract or arrangement for the purchase, sale, lease or exchange of any property, right or thing, other than those above enumerated, or for the purchase or sale of treasury bonds or treasury capital stock made or entered into between a public service company and any affiliated interest shall be valid or effective unless and until it shall have been filed with and approved by the Commission.

Section 56-90 of the Code of Virginia sets forth the Commission's authority under Chapter 5 regarding the proposed transactions by which DEGT will acquire control of VG Pipeline and VG Storage and by which Duke Member will acquire control of SGS:

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 ...

We find that approval of the proposed transfer under Chapter 4, subject to the conditions adopted below, is in the public interest. We also find that approval of the proposed transactions under Chapter 5, subject to the conditions adopted below, will not impair or jeopardize adequate service to the public at just and reasonable rates. We adopt the Staff's recommended conditions, enumerated 1) through 8) above, as the conditions of our approval herein under Chapters 4 and 5.

Finally, we agree with DEGT that the cost of service implications regarding ADFIT balances, and regarding the difference between purchase price and book value, are not the subject of this proceeding and can be addressed in future rate proceedings. Indeed, we note that the Staff's recommended condition 4) explicitly states that our approval herein has no ratemaking implication, that condition 5) directs the Applicants to track transfer-related costs

and savings, and that condition 7) directs the Applicants to provide subsequent updates on any cost of service implications stemming from the asset and stock transfers.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Atmos' Motion to File Notice of Participation as a Respondent is granted.
- (2) Pursuant to § 56-77 of the Code of Virginia, the proposed affiliates transactions under which VGC will transfer certain assets to VG Pipeline, to VG Storage, and to SGS are hereby approved subject to the conditions adopted in this Final Order.
- (3) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the proposed transactions under which (a) DEGT will acquire control of VG Pipeline and VG Storage, and (b) Duke Member will acquire control of SGS, are hereby approved subject to the conditions adopted in this Final Order.
- (4) This matter is dismissed.

**CASE NO. PUE-2005-00044  
AUGUST 10, 2005**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of gas supply and other related supply agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On May 16, 2005, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application (the "Application") with the State Corporation Commission (the "Commission") requesting approval of certain gas supply and other related supply agreements with affiliates pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code"). On July 12, 2005, the Commission issued an Order Extending Time for Review that extended the period for review until August 12, 2005.

The Application stems from two prior Commission cases. On February 19, 2002, the Commission issued an Order Granting Approval (the "2002 Order") in Case No. PUA-2001-00068, which granted CGV approval to enter into certain gas supply and other related supply agreements with Columbia Gas Transmission Corporation ("TCO") and ten other CGV affiliates. The 2002 Order contained certain conditions and reporting requirements and limited the duration of the Commission's approval to 18 months from the date of the 2002 Order.

On August 13, 2003, the Commission issued an Order Granting Approval (the "2003 Order") in Case No. PUE-2003-00219, which granted CGV approval to enter into the same gas supply and other related supply agreements previously approved in the 2002 Order, excluding TCO. The 2003 Order contained certain conditions and reporting requirements and limited the duration of the Commission's approval to 24 months from the date of the 2003 Order.

The current Application seeks to extend and make permanent the approval of the same gas supply and other related supply agreements previously approved in the 2002 and 2003 Orders. In addition, CGV requests approval to execute Base Contracts with future regulated affiliate distribution companies ("Future LDC Affiliates") without further approval from the Commission. CGV also requests that the Commission approve its requests without the necessity of a public hearing and provide further relief as may be appropriate.

CGV is a natural gas distribution company serving over 213,000 customers in central and southeast Virginia, the Shenandoah Valley, and portions of Northern and Southwest Virginia. CGV is a wholly owned subsidiary of the Columbia Energy Group, which is a wholly owned subsidiary of NiSource, Inc. ("NiSource").

Columbia Gas of Kentucky, Inc. ("CKY"), a wholly owned subsidiary of the Columbia Energy Group, is a natural gas distribution company serving customers in Kentucky.

Columbia Gas of Maryland, Inc. ("CMD"), a wholly owned subsidiary of the Columbia Energy Group, is a natural gas distribution company serving customers in Maryland.

Columbia Gas of Ohio, Inc. ("COH"), a wholly owned subsidiary of the Columbia Energy Group, is a natural gas distribution company serving customers in Ohio.

Columbia Gas of Pennsylvania, Inc. ("CPA"), a wholly owned subsidiary of the Columbia Energy Group, is a natural gas distribution company serving customers in Pennsylvania.

EnergyUSA-TPC Corporation ("TPC") is an energy marketing company that, among other things, is engaged in the business of selling, purchasing and exchanging natural gas commodity and other related services. TPC is a wholly owned subsidiary of EnergyUSA, Inc., which is a wholly owned subsidiary of NiSource.

Northern Indiana Public Service Company ("NIPSCO"), a wholly owned subsidiary of NiSource, is an electric utility and natural gas distribution company serving customers in northern Indiana.

Kokomo Gas and Fuel Company ("Kokomo"), a wholly owned subsidiary of NiSource, is a natural gas distribution company serving customers in Indiana.

Northern Indiana Fuel & Light Company ("NIFL"), a wholly owned subsidiary of NiSource, is a natural gas distribution company serving customers in northeastern Indiana.

Bay State Gas Company ("Bay State"), a wholly owned subsidiary of NiSource, is a natural gas distribution company serving customers in Massachusetts.

Northern Utilities, Inc. ("Northern"), is a natural gas distribution company serving customers in New Hampshire and Maine. Northern is a wholly owned subsidiary of Bay State, which is a wholly owned subsidiary of NiSource.

Since CGV and CKY, CMD, COH, CPA, TPC, NIPSCO, Kokomo, NIFL, Bay State, and Northern (collectively the "NiSource Affiliates") share the same senior parent company, NiSource, the companies are considered affiliated interests under § 56-76 of the Code. As such, CGV and the NiSource Affiliates must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to provide or receive services.

#### Base Contracts and Transaction Confirmations

The Applicant represents that, in the natural gas industry, it is customary for buyers and sellers to negotiate a standardized master agreement (a "Base Contract") to facilitate gas sales, purchases, exchanges, and other supply transactions. A Base Contract covers transactions such as:

- (1) Purchases where one party purchases gas quantities from the other party to the contract;
- (2) Sales where one party sells gas quantities to the other party to the contract;
- (3) Exchanges that provide for the exchange of like quantities of gas supplies between parties at two locations or during two different time periods;
- (4) Put options that provide one party with the right to sell gas quantities to the other party to the contract under certain pre-established conditions; and
- (5) Call options that provide a party with the right to purchase gas quantities from the other party to the contract under certain pre-established conditions.

A Base Contract creates a contractual framework within which the parties can enter into one or more individual gas supply transactions by means of a "Transaction Confirmation" that generally incorporates by reference the standardized terms and conditions of the Base Contract. Under a Base Contract, either party can be the buyer or seller. A Transaction Confirmation specifies the details of a particular transaction with respect to such key contract terms as quantity, price, term, delivery and receipt points, and any other special provisions in the transaction.

When entering into a transaction, the parties will agree on the performance level or obligation under the transaction. These performance obligations include:

- (1) Primary Firm, which means that either party may only interrupt its performance to the extent that such performance is prevented for reasons of Force Majeure or curtailment of firm transportation and/or storage between primary firm points;
- (2) Secondary Firm, which means that either party may interrupt its performance to the extent that such performance is prevented for reasons of Force Majeure or curtailment or interruption of such party's interruptible transportation and/or storage, transportation between secondary firm points or recallable firm transportation;
- (3) Interruptible, which means that either party may interrupt its performance at any time for any reason except for reasons of price, whether or not caused by an event of Force Majeure; or
- (4) Exchange of Futures for Physicals, which means the purchase, sale or exchange of natural gas as the physical side of an exchange for physical transaction involving futures contracts on the New York Mercantile Exchange.

The purpose of the Base Contract structure is to allow the parties to quickly execute market orders and to avoid costly delays caused by extensive contract negotiations over specific sales and purchases. Each Base Contract has a term of one month and continues from month to month unless terminated by either party with 30 days advance notice.

#### Gas Supply Policy ("GSP")

The Application also includes a request for approval of a written GSP, which is included as Exhibit C to the Application. The GSP governs CGV's management of gas supply transactions with the NiSource Affiliates. The GSP states that its purpose is to ensure that CGV obtains the least cost-reliable supply of gas for the benefit of its ratepayers.

To fulfill its obligation as a supplier of economic-reliable gas supplies to its customers, CGV monitors and participates in the gas marketplace to obtain and, at times, reduce its available gas supplies. This process includes obtaining market information from a pool of gas suppliers, including the NiSource Affiliates, that may be interested in doing business with the Applicant. CGV uses the information to determine current or prevailing market prices<sup>1</sup> and measure the availability of gas supplies.

<sup>1</sup> CGV uses two terms when referring to market prices. The "prevailing" market price refers to the price of gas that is generally available in the market at the time of a given transaction. The "delivered" market price is the actual price paid for the gas delivered.

Under the GSP, when CGV buys gas it uses the market information to obtain the lowest price for gas purchases that meets its reliability requirements. In non-emergency situations, CGV purchases gas from the NiSource Affiliates only if the offer price is at or below prevailing market prices.

Under the GSP, when CGV sells gas it uses the market information to obtain the highest price for its gas sales. In non-emergency situations, CGV sells gas to the NiSource Affiliates only if the offer price is at or above prevailing market prices.

During emergency situations, CGV represents that its relationships with the NiSource Affiliates give it access to a larger gas supply market than it would have available as a stand alone utility. In these situations, the GSP states that gas sales and purchases will be made at the prevailing market price.

#### Future LDC Affiliates

The Applicant has requested approval to execute Base Contracts and the related gas supply agreements with Future LDC Affiliates without further approval from the Commission. CGV represents that the term, Future LDC Affiliates, refers to regulated local distribution companies that through the future actions of CGV, the Columbia Energy Group, and/or NiSource could become CGV affiliates as defined by § 56-76 of the Code.

CGV represents that the terms and conditions of the Base Contracts, Transaction Confirmations, and the Gas Supply Policy with the Future LDC Affiliates would be identical to CGV's existing gas supply agreements. In addition, any transactions with the Future LDC Affiliates would be subject to the same reporting requirements that CGV has with its other gas supply agreements. CGV represents that this request is simply being proposed to enhance administrative efficiency, given that sufficient regulatory safeguards are already in place to ensure that these contracts would be in the public interest.

#### Pricing

CGV has represented in prior cases that the GSP language is intended as a base price guideline to ensure CGV will not sell to a NiSource Affiliate at below market rates and that it will not purchase from a NiSource Affiliate at above market rates. The NiSource Affiliate Base Contracts are identical to base contracts used by CGV with nonaffiliated suppliers. Since natural gas supply markets are competitive, most transactions occur at the market price. Therefore, CGV represents that an asymmetric pricing mechanism would be impractical, given that transactions at any price other than each party's view of the market price would be highly unlikely.

#### Subsidies / Competitive Bidding / Accounting

The Applicant states that the transactions will not subsidize any unregulated affiliates. CGV represents that the Base Contracts are not competitively bid in the traditional sense because they do not, in and of themselves, result in a gas supply transaction. The Base Contracts simply give CGV a larger pool of buyers and sellers with which it can sell or buy natural gas. CGV believes that the larger pool increases competition and helps to ensure competitive prices. CGV states in the application that the costs of the affiliate gas supply transactions will be included as part of the cost of gas incurred to serve CGV's retail customers.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicant and having been advised by its Staff, finds that the Base Contracts and related arrangements for CKY, CMD, COH, CPA, TPC, NIPSCO, Kokomo, NIFL, Bay State and Northern are in the public interest and meet the test of the Affiliates Act, and should be approved. CGV represents that the proposed Base Contracts and related arrangements permit CGV to meet its customer requirements more efficiently and effectively while offering CGV more gas supply flexibility in emergency situations. CGV may also reap cost savings by being able to buy or sell gas at better than market prices. The gas supply transactions that CGV has made under the approvals granted in the 2002 and 2003 Orders support these claims. Therefore, we will approve a renewal of these agreements.

However, we will not approve CGV's request to make the approval of the Base Contracts and related arrangements permanent. CGV, NiSource and the natural gas industry have experienced significant changes over the last few years. Some of the major trends include industry consolidation, steady demand growth, worsening transportation constraints, new supply sources, and increasing gas price volatility. The future is likely to see more of the same. Therefore, we will limit the duration of our approval to three years in order to ensure that the Base Contracts and related agreements remain in the public interest.

Regarding CGV's request to enter into Base Contract with Future LDC Affiliates, we normally discourage such open-ended requests because we believe that they can expose the utility to unintended costs and obligations. However, we find that we can grant approval to CGV to enter into Base Contracts with Future LDC Affiliates subject to the same limited duration of approval, pricing, and reporting requirements that apply to the existing Base Contracts.

We also note that CGV submitted a "form" Base Contract for four of its affiliates, Kokomo, NIFL, Bay State and Northern, because these utilities have never obtained approval for these contracts from their respective state commissions. We do not object to CGV entering into Base Contracts with these affiliates or with Future LDC Affiliates, but we find that CGV should submit to the Director of Public Utility Accounting executed copies of the Base Contracts and related gas supply agreements with Kokomo, NIFL, Bay State, Northern and any Future LDC Affiliates prior to engaging in any transactions with these affiliates pursuant to the approval granted in this case.

In addition, we find that, to ensure that Base Contracts and related agreements are cost-beneficial and remain in the public interest over the duration of the Commission's approval, the same Base Contract and related gas supply agreement pricing and reporting directives that were contained in the 2002 and 2003 Orders will be required in this case.

Finally, we note that CGV does not always utilize Account 146 (Accounts Receivable - Associated Companies) and Account 806 (Exchange Gas) when recording gas exchange transactions. In order to provide a better auditing trail for tracking gas exchange transactions, we will direct CGV to use the above accounts where applicable.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Columbia Gas of Virginia, Inc., is granted approval to enter into the Base Contracts and related gas supply agreements with CKY, CMD, COH, CPA, TPC, NIPSCO, Kokomo, NIFL, Bay State, and Northern as described herein, consistent with the findings above. CGV is also granted approval of the Gas Supply Policy as requested.
- 2) CGV's request to make the Commission's approval of the Base Contracts and related arrangements permanent is denied. The approval granted herein shall be limited to three years from the date of this Order. Should CGV wish to continue the Base Contracts and related gas supply agreements thereafter, further Commission approval shall be required.
- 3) CGV's request to enter into Base Contracts and related gas supply agreements with Future LDC affiliates is granted subject to the limited duration of approval, pricing and reporting requirements described herein.
- 4) CGV shall submit to the Director of Public Utility Accounting executed copies of the Base Contracts and related supply agreements with Kokomo, NIFL, Bay State, Northern, and any Future LDC Affiliates prior to engaging in any gas supply transactions with these affiliates pursuant to the approval granted herein.
- 5) CGV is hereby granted approval to enter into Base Contracts and execute individual Transaction Confirmations with the NiSource Affiliates and Future LDC Affiliates at the prevailing market price so long as such price is the delivered market price. CGV shall also bear the burden of proving, in any Annual Informational Filing or rate proceeding, that gas supply purchases from the NiSource Affiliates or Future LDC Affiliates were made at the lowest possible cost and that sales to the NiSource Affiliates or Future LDC Affiliates were made at that highest possible price. CGV shall maintain records necessary to show that, at any particular time, gas purchases from the NiSource Affiliates or Future LDC Affiliates were made at the lowest possible cost and that gas sales to the NiSource Affiliates or Future LDC Affiliates were made at the highest possible price.
- 6) Commission approval shall be required for any changes in the terms and conditions of the Base Contracts, Transaction Confirmations, and Gas Supply Policy including, but not limited to, any changes in the types of gas transactions, pricing practices, and any successors or assigns.
- 7) CGV is directed to employ Account 146 and Account 806 for booking gas exchange transactions where applicable.
- 8) The approvals granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 9) The Commission reserves the right to examine the books and records of any affiliate in connection with the approvals granted herein whether or not such affiliate is regulated by this Commission.
- 10) CGV shall maintain a log of all transactions authorized pursuant to the Base Contracts and Gas Supply Policy approved herein and will submit quarterly reports to the Division of Energy Regulation. The log shall, at a minimum, note the dates of individual transactions, provide a description of each transaction including the reasons underlying the transaction, explain the basis for the market price ascribed to each transaction, and, in instances where CGV is selling gas to an affiliate, note CGV's actual cost of gas resold.
- 11) CGV shall provide to Staff any information deemed necessary to enable Staff to monitor effectively such transactions.
- 12) CGV shall include the Base Contracts and related gas supply transactions approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Director of Public Utility Accounting.
- 13) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then CGV shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 14) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00045  
OCTOBER 5, 2005**

NOTIFICATION OF  
PARAMONT ENERGY, LC

To furnish natural gas service pursuant to § 56-265.4:5 of the Code of Virginia

**ORDER DISMISSING PROCEEDING**

On May 20, 2005, Paramont Energy, LC ("Paramont"), notified the State Corporation Commission ("Commission"), pursuant to § 56-265.4:5 of the Code of Virginia ("Code"), of its intent to furnish exempt natural gas service to Commonwealth-Norton Partners, LP ("Commonwealth") at a new retail and office development comprised of approximately 142,000 square feet in Norton, Virginia ("New Development").

On July 15, 2005, the Staff of the Commission filed a memorandum advising that Commonwealth's facilities were not located within a territory for which a certificate of public convenience and necessity has been granted or within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On July 19, 2005, the Commission entered an Order docketing the proceeding and notifying all Virginia public utilities providing natural gas service of Commonwealth's plans to furnish gas service to the New Development. The utilities were advised they could file an application with the Commission to provide natural gas service within the area identified in Commonwealth's notification documents within sixty (60) days of the entry of the July 19, 2005, Order. The Commission found that Commonwealth's facilities were not located within a territory for which a certificate of public convenience and necessity has been granted or within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

Sixty days now have elapsed since the entry of the July 19, 2005, Order, and no jurisdictional public utility has filed an application to provide natural gas service within the area identified in the captioned notification.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that Commonwealth has satisfied the requirements of §§ 56-265.1(b)(4) and 56-65.4:5 of the Code, and that there being nothing further to be done herein, this matter should be dismissed.

Accordingly, IT IS THEREFORE ORDERED THAT this matter shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein made a part of the Commission's file for ended causes.

**CASE NO. PUE-2005-00046  
AUGUST 23, 2005**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY,  
DOMINION ENERGY MARKETING, INC.,  
and  
VIRGINIA ENERGY MARKETING, INC.

For exemption from the filing and prior approval requirement of the Affiliates Act or, alternatively, approval of transfers of general plant assets and capital leases associated with transfer of power marketing activities pursuant to Chapter 4, Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On May 26, 2005, Virginia Electric and Power Company ("Dominion Virginia Power"), Dominion Energy Marketing, Inc. ("DEMI"), and Virginia Power Energy Marketing, Inc. ("VPEM) (collectively, the "Companies"), filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 4, Title 56 of the Code of Virginia requesting an exemption from the filing and prior approval requirement of Chapter 4, Title 56 (the "Affiliates Act") of the Code of Virginia ("Code") or alternatively, approval of transfers of general plant assets and capital leases associated with the transfer of power marketing activities.

Dominion Virginia Power is a public service corporation that provides electric service to customers within its service territory in Virginia and North Carolina. It is a wholly owned subsidiary of Dominion Resources, Inc. ("Dominion"). Dominion is a "holding company" as defined in the Public Utility Holding Company Act of 1935.

DEMI is a Delaware corporation that participates in the wholesale market for purchases and sales of electric energy, capacity, and ancillary services. DEMI is an indirect subsidiary of Dominion.

VPEM is a Virginia corporation that performs fuel management and related services for Dominion Virginia Power, other Dominion subsidiaries, and unrelated third parties. VPEM is an indirect subsidiary of Dominion Virginia Power.

The proposed transfers of general plant assets and capital leases consist of furniture, office equipment, software, software development costs, and computer equipment. The proposed transfers are in connection with the transfer of power marketing activities from Dominion Virginia Power to DEMI, which was approved by the Federal Energy Regulatory Commission on July 29, 2003, in Docket No. EC03-97-000 and was implemented on October 1, 2003. As a result, certain Dominion Virginia Power employees were terminated and subsequently rehired by DEMI or VPEM. The Companies represent that, in addition to the movement of employees from Dominion Virginia Power to DEMI or VPEM, Dominion Virginia Power also must transfer certain general plant assets and capital leases. These transfers can be grouped into two categories: (1) general plant assets consisting of furniture and office equipment and software and software development and (2) capital leases consisting of computer equipment. The Companies represent that the proposed transfers are priced at the higher of cost or market price.

As stated by the Companies, since October 1, 2003, was the date the power marketing activities were transferred from Dominion Virginia Power and, therefore, the date DEMI and VPEM began benefiting from the general plant assets and capital leases, the same date was used to determine the initial valuation to use in transferring the assets and capital leases. Since more than a year has passed, adjustments have been made in the price to reimburse Dominion Virginia Power for the expense impact of depreciation and amortization.

With the transfer of power marketing activities, Dominion Virginia Power assigned its "out of system" contracts with third parties for wholesale sales and purchases of energy and capacity to DEMI on and after October 1, 2003. As stated in the petition, these contracts were predominately related to electric wholesale transactions. Coincident with this date, certain Dominion Virginia Power employees performing functions related to these wholesale sales transactions were terminated by Dominion Virginia Power and rehired by DEMI. During the third quarter of 2003, certain Dominion Virginia Power employees who were performing fuel management and related services for Dominion Virginia Power were terminated and rehired by VPEM.

NOW THE COMMISSION, upon consideration of the petition and representations of the Companies and having been advised by its Staff, is of the opinion and finds that the requested exemption from the filing and prior approval requirement of Chapter 4 of Title 56 of the Code is not in the public interest. However, we do find that the proposed transfers of general plant assets and capital leases are in the public interest and should be approved. Concerning the Companies' representation that the proposed transfer pricing of general plant assets is at the higher of cost or market price, we do not agree.

It appears that the proposed pricing in fact represents net book value. The proposed transfer of capital leases in which DEMI and VPEM will assume Dominion Virginia Power's future payments under the leases appears to approximate cost, which may or may not equal market. Nevertheless, we find that such differences in the proposed pricing and the higher of cost or market standard may not be significant and that such proposed pricing should be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code, the requested exemption is hereby denied.
- (2) Pursuant to § 56-77 of the Code, the Companies are hereby granted approval of the proposed transfers of general plant assets and capital leases from Dominion Virginia Power to DEMI and VPEM under the terms and conditions and for the purposes as described herein.
- (3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.
- (4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.
- (5) Dominion Virginia Power shall include the transactions approved herein in its Annual Report of Affiliate Transactions submitted to the Director of Public Utility Accounting of the Commission.
- (6) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Dominion Virginia Power shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- (7) Dominion Virginia Power shall file a report of the action taken pursuant to the approval granted herein within 30 days of the transfers taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transfers took place, the price at which the transfers took place, and the actual accounting entries reflecting the transfers.
- (8) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00048  
JUNE 13, 2005**

JOINT APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER  
and  
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For revision of certificate under the Utility Facilities Act

**ORDER FOR REVISION OF CERTIFICATE**

On June 3, 2005, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or the "Company") and the Northern Virginia Electric Cooperative ("NOVEC") submitted to the Division of Energy Regulation ("Division") of the State Corporation Commission ("Commission") a letter, along with copies of a detailed map, requesting a revision to Certificate E-D50 to change the boundary lines between their service territories.

Dominion Virginia Power and NOVEC have reached an agreement for the adjustment of the electric utility service territory boundary line between them as it relates to a residential subdivision known as Stowers. The Company and NOVEC agree that the proposed change to the existing service territory boundary is due solely to the fact that the proposed subdivision of lots and dedication of streets within the subdivision will fall across the service territory boundary line, and that such boundary change is merely an equitable division of lots. The applicants therefore request the Commission to approve the changes and to revise the service territory boundary lines.

NOW THE COMMISSION, having considered the request, is of the opinion and finds that it is in the public interest to amend Certificate E-D50. We are advised that the parties affected by the proposed revisions have notice thereof, and are in agreement with the revision of boundary lines.

ACCORDINGLY, IT IS ORDERED that:

- (1) Certificate E-D50 is hereby amended as delineated on Map D50.
- (2) The amended certificate and map shall be sent to Dominion Virginia Power and NOVEC by the Division of Energy Regulation forthwith.
- (3) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUE-2005-00049  
JULY 1, 2005**

APPLICATION OF  
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to incur long-term debt

**ORDER GRANTING AUTHORITY**

On June 28, 2005, Southside Electric Cooperative ("Applicant" or the "Cooperative"), completed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia. In its application, the Cooperative requests authority to incur long-term debt with the National Rural Utilities Cooperative Finance Corporation ("CFC"). Application paid the requisite fee of \$250.

In its application, the Cooperative requests authority to borrow \$1,178,000 in the form of a CFC "Power Vision" loan. The proceeds will be used to refund the Cooperative's General Fund for earlier payments made in support of construction of a vehicle maintenance facility begun in December of 2004.

The loan will have a seven (7) year maturity. Applicant represents that the interest on the loan is established daily by the CFC. Applicant will request from the CFC an option that the loan's interest rate 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) Applicant is hereby authorized to borrow up to \$1,178,000 from the CFC, under the terms and conditions and for the purposes set forth in the application.
- (2) Within thirty (30) days of the date of any advance of funds from CFC, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the amount of the advance, the interest rate selected and the interest rate 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-2005-00050  
JULY 12, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to lease rail equipment

**ORDER GRANTING AUTHORITY**

On June 21, 2005, Virginia Electric and Power Company ("Virginia Power" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to lease 46 used, steel rail coal hopper cars. Applicant has paid the requisite fee of \$250.

The railcars, which each has a gross transport capacity of 286,000 pounds, will be leased from Rail Connection, Inc. The term of the lease is 4 years. The lease will require monthly lease payments that escalate during the term of the lease but will average approximately \$410 per car/per month. The lease will be a full service lease wherein Rail Connection, Inc. will be required to pay for all normal maintenance, licensing, registration, and taxes associated with the ownership, delivery, use, and operation of the railcars. In its application, Virginia Power indicated that it expects to realize net freight cost savings of \$251,000 annually, as a result of the proposed lease.

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 execute the lease for the railcars under the terms and conditions and for the purposes stated 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-2005-00051  
AUGUST 5, 2005**

APPLICATION OF  
RENAISSANCE ENERGY, LLC

For a license to conduct business as an electric and natural gas aggregator

**ORDER GRANTING LICENSE**

On June 24, 2005, Renaissance Energy, LLC ("Renaissance" or "the Company"), completed an application with the State Corporation Commission ("Commission") for a license to provide electric and natural gas aggregation service pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). The Company seeks authority to serve commercial and industrial customers throughout the Commonwealth of Virginia. The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B.

On July 8, 2005, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be served upon appropriate persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of Renaissance's application and to present its findings in a Staff Report. The Company filed proof of publication of its notice on July 18, 2005. No comments from the public on Renaissance's application were received.

The Staff filed its Report on July 28, 2005, concerning Renaissance's fitness to conduct business as an electric and natural gas aggregator. In its Report, the Staff summarized Renaissance's proposal and evaluated its financial condition and technical fitness. The Staff recommended that Renaissance be granted a license to conduct business as an electric and natural gas aggregator for commercial and industrial customers throughout the Commonwealth of Virginia.

NOW UPON CONSIDERATION of the application and the Staff Report, the Commission finds that Renaissance's application to provide electric and natural gas aggregation service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Renaissance Energy, LLC is hereby granted license No. A-23 to provide competitive electric and natural gas aggregation service to commercial and industrial customers throughout the Commonwealth of Virginia. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2005-00053  
SEPTEMBER 21, 2005**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an amendment to its Service Agreement with NiSource Corporate Services Company under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On June 28, 2005, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application (the "Application") with the State Corporation Commission (the "Commission") requesting approval of an amendment (the "Amendment") to its service agreement (the "Service Agreement") with NiSource Corporate Services Company ("NCSC") under Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code"). On August 22, 2005, the Commission issued an Order Extending Time for Review that extended the period for review until September 26, 2005.

CGV is a natural gas distribution company serving over 213,000 customers in central and southeast Virginia, the Shenandoah Valley, and portions of Northern and Southwest Virginia. CGV is a wholly owned subsidiary of the Columbia Energy Group, which is a wholly owned subsidiary of NiSource, Inc. ("NiSource").

NCSC is a Delaware corporation with approximately 1,500 employees that is engaged in providing corporate, administrative and technical support services to members of the NiSource system, including CGV.

NiSource is an energy holding company whose subsidiaries provide natural gas, electricity, and other products and services to approximately 3.7 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England.

Since CGV and NCSC share the same senior parent company, NiSource, the companies are considered affiliated interests under § 56-76 of the Code. As such, CGV and NCSC must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to provide or receive services.

Under the Service Agreement, NCSC provides CGV with centralized corporate, administrative and technical support services ("Centralized Services"). These Centralized Services include: accounting and statistical, auditing, budget, business promotion, corporate, depreciation, economic, electronic communications, employee, engineering and research, gas dispatching, information technology, information, insurance, legal, office space, officers, operation and planning, purchasing and storage, rate, tax, transportation, treasury and land/surveying services. The Commission approved the Service Agreement in Case No. PUE-2004-00072 wherein it issued a September 30, 2004, Order Granting Approval<sup>1</sup> and later modified and clarified its approval in a December 1, 2004, Order on Reconsideration<sup>2</sup> (the "Service Agreement Orders").

Since then, CGV has determined that a new category of services, entitled Customer Billing, Collection and Contact Services ("Customer Services"), should be added to the Service Agreement. CGV has also determined that six existing categories of services require clarification or expansion. CGV's proposed Amendment incorporates the new Customer Services service category and the six service category clarifications and/or expansions into a revised Appendix A to the Service Agreement. CGV is requesting approval of the revised Appendix A subject to the same Service Agreement terms and conditions approved by the Commission in the Service Agreement Orders.

The Application reflects CGV's recognition that, under the Service Agreement Orders, CGV is not permitted to employ the Service Agreement's Miscellaneous Services category to add new Centralized Services. Instead, the Service Agreement Orders require CGV to obtain separate Commission approval to add new services or to modify the terms and conditions of the Service Agreement.

The Applicant represents that the Amendment is intended to address certain contractual language shortcomings in the current Service Agreement. Subsequent to the Service Agreement Orders, CGV realized that it had inadvertently omitted from the Service Agreement certain services historically rendered by NCSC to CGV. For the same reason, CGV also determined that the descriptions for several service categories needed clarification. Put simply, CGV represents that the proposed Amendment is intended to reconcile the Service Agreement with the historic services provided to CGV by NCSC.

The new Customer Services service category includes the following services. Customer Billing services include calculating, bill exception processing, back office processing and posting, printing, inserting and mailing of customer bills, notices, inserts and similar mailings. Collection services include cash processing, revenue recovery, account reconciliations and adjustments. Customer Contact services include customer contact center management, operation and administration; management of key customer relationships; communications associated with the commencement, transfer, maintenance and discontinuance of service; sales of optional products and services; receipt and processing of emergency calls; handling of customer complaints; and responses to customer billing, credit, collection, order take and inquiry, outage, meter reading, and retail choice inquiries.

The description of Accounting and Statistical Services has been modified to specify the variety of accounting-related functions provided pursuant to the Service Agreement. The description of Employee Services has been clarified to include temporary labor matters. The description of Engineering and Research Services has been clarified to include the engineering and supervision of the fabrication of natural gas facilities. The description of Information Technology Services has been expanded to clarify the scope of information technology services provided pursuant to the Service Agreement. The title and description of Operation and Planning Services has been expanded to clarify the scope of operations-related activities that may be provided by NCSC. The title and description of services provided under the Purchasing and Storage Services category has been expanded to clarify that the acquisition of services, intellectual property and other assets, as well as the disposition of assets, are included within the scope of the category.

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 the proposed Amendment to the Service Agreement is in the public interest and meets the test of the Affiliates Act and should be approved. The Applicant represents that the Amendment is intended to address certain contractual language shortcomings and to reconcile the Service Agreement with the historic services provided to CGV by NCSC. The Amendment also reflects the organizational changes caused by the outsourcing of several Centralized Services to IBM. We find these representations reasonable and provide sufficient reason to approve the Amendment. We also find that the Amendment will be subject to the same conditions and limitations as the Service Agreement as set forth in the Service Agreement Orders. Furthermore, with the repeal of the Public Utility Holding Company Act of 1935, we are of the opinion and find that our supervisory control over the Service Agreement will be enhanced by requiring that NiSource's Form U5S and Form U-13-60 service company reports, which are currently filed with the Securities and Exchange Commission ("SEC"), or the information contained in such reports, should be submitted with and become part of CGV's Annual Report of Affiliate transactions.<sup>3</sup>

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Columbia Gas of Virginia, Inc., is granted approval of the Amendment to its Service Agreement as described herein. The Amendment will be subject to the same conditions and limitations as the Service Agreement as set forth in our orders dated September 30, 2004, and December 1, 2004, in Case No. PUE-2004-00072.
- 2) Commission approval shall be required for any further changes in the terms and conditions of the amended Service Agreement including, but not limited to, any changes in successors or assigns.
- 3) The approvals granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 4) The Commission reserves the right to examine the books and records of any affiliate in connection with the approvals granted herein, whether or not such affiliate is regulated by this Commission.

<sup>1</sup> *Order Granting Approval, September 30, 2004, Case No. PUE-2004-00072, Application of Columbia Gas of Virginia, Inc., for approval of a service agreement with NiSource Corporate Services Company.*

<sup>2</sup> *Case No. PUE-2004-00072, Order on Reconsideration, December 1, 2004.*

<sup>3</sup> *The Commission previously approved this reporting requirement in its July 8, 2005, Order Denying Petition for Clarification and Granting Approval, Case No. PUE-2005-00025, Application of Virginia Natural Gas, Inc., and AGL Services Company, for approval of a revised services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia.*

5) CGV shall provide to Staff any information deemed necessary to enable Staff to monitor effectively the transactions referenced herein.

6) CGV shall include the transactions associated with the amended Service Agreement approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting. CGV shall also be required, in addition to its current reporting requirements, to provide with its Annual Report of Affiliate Transactions a copy of NiSource's Form U5S and Form U-13-60 reports filed with the SEC. In the event that such reports are no longer required by the SEC, the information contained in these reports shall be submitted with and become part of the Annual Report of Affiliate Transactions submitted to the Director of Public Utility Accounting.

7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then CGV shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

8) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00053  
OCTOBER 12, 2005**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an Amendment to its Service Agreement with NiSource Corporate Services Company under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING RECONSIDERATION**

On June 28, 2005, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed an Application with the State Corporation Commission ("Commission") requesting approval of an Amendment to its Service Agreement with NiSource Corporate Services Company ("NCSC") under Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia. The Company and NCSC share the same senior parent company, NiSource, Inc. ("NiSource").

On September 21, 2005, the Commission issued an Order Granting Approval, which approved the Amendment to the Service Agreement. On October 11, 2005, CGV filed a Petition for Reconsideration ("Petition") and Motion to Partially Suspend Final Order ("Motion"). The Company requests that the Commission: (1) reconsider and eliminate the provision in Ordering Paragraph (6) of the September 21, 2005, Order Granting Approval that requires CGV to submit NiSource's Form U-5S and Form U-13-60 reports filed with the Securities and Exchange Commission ("SEC"), or the information contained in the reports if no longer required by the SEC; and (2) suspend such reporting requirement during the period of reconsideration.

CGV asserts, among other things, that these required reports: (i) contain information that is unrelated and irrelevant to CGV's utility operations; (ii) contain information that has nothing to do with the NCSC's contract with CGV; (iii) contain information on other affiliates who do not transact business with CGV; (iv) exceed the scope of the Commission's continuing supervisory control under the Affiliates Act; (v) effectively represent a new rule, *i.e.*, a future-oriented legislative change in the existing status quo; and (vi) place an unnecessary and burdensome requirement on NiSource if such reports are not federally mandated in the future.

NOW THE COMMISSION, having considered the Petition and Motion, is of the opinion and finds as follows. We grant the Petition for the purpose of continuing our jurisdiction over this matter and considering such Petition. In addition, we grant the Motion such that the reporting requirement discussed above from Ordering Paragraph (6) of the September 21, 2005, Order Granting Approval is suspended pending further order of the Commission.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The Petition is granted for the purpose of continuing our jurisdiction over this proceeding and considering such Petition.

(2) The reporting requirement discussed above from Ordering Paragraph (6) of the September 21, 2005, Order Granting Approval is suspended pending further order of the Commission.

(3) This matter is continued pending further order of the Commission.

**CASE NO. PUE-2005-00054  
AUGUST 10, 2005**

APPLICATION OF  
ATMOS ENERGY CORPORATION

For authority to implement a three-year revolving credit facility

**ORDER GRANTING AUTHORITY**

On June 28, 2005, Amos Energy Corporation ("Atmos" or "Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia (Va. Code §§ 56-55 et seq. requesting approval of a three-year \$600,000,000 revolving credit facility ("New Facility"). On July 21, 2005, Atmos filed an amendment to its application ("Amendment"). On July 22, 2005, the Commission issued

an order granting Atmos leave to amend its application and restarted the period for review of the application under Va. Code § 56-61 as of July 21, 2005. Applicant paid the requisite fee of \$250.

Atmos proposes to execute the New Facility to replace a 364-day, \$600,000,000 revolving credit facility originally executed on October 22, 2004, and approved by the Commission in Case No. PUE-2004-00129 ("Current Facility"). The New Facility will primarily serve as backstop liquidity for Amos' \$600,000,000 commercial paper program, but may also be used for direct borrowings from the capital markets. The interest rate under the New Facility will be a floating rate at a spread over the London InterBank Offered Rate or an alternative floating rate, such as Prime Rate or Federal Funds Rate ("Rate Index"). The spread over the Rate Index will be determined based on Atmos' then-prevailing senior unsecured credit ratings. Atmos anticipates the maximum spread to be 1.50% per annum. In addition, Atmos expects to pay a fee for the unused portion of the New Facility, also based on its then-prevailing senior unsecured credit ratings. Atmos anticipates the maximum unused fee would be 0.50% per annum. Atmos also expects to pay one-time arrangement fees and annual and administrative fees at closing to the financial institutions that provide commitment to the New Facility. The New Facility would have an expiration date three years after the date of execution.

The proceeds from the New Facility will be used to repay short-term debt and to purchase, acquire or construct additional facilities, as well as to make improvements to the existing utility plant, to refund higher coupon long-term debt as market conditions permit, and for general corporate purposes.

In the Amendment, Atmos requested the Commission to terminate the authority for the \$600,000,000 Current Facility, but to leave the additional \$43,000,000 in credit facilities and \$100,000,000 affiliate lending facility in place through December 31, 2005. Atmos intends to file an application no later than November 15, 2005, for the continuance of those authorizations beyond December 31, 2005.

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 as amended will not be detrimental to the public interest.

ACCORDINGLY, IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to implement a new three-year, \$600,000,000 revolving credit facility, from the date of this order through October 31, 2008, under the terms and conditions and for the purposes set forth in the application as amended.
- 2) Upon execution of the three-year, \$600,000,000 New Facility, the Commission's authorization of the \$600,000,000 364-day facility granted in Case No. PUE-2004-00129 will be terminated.
- 3) All other terms and conditions contained in the Order of December 17, 2004, in Case No. PUE-2004-00129 shall remain in full force and effect.
- 4) Amos shall file with the Commission within 15 days of execution of the New Facility, but no later than December 1, 2005, a report of action. Such report shall include a summary of terms of the New Facility, including the spreads negotiated for interest rates and unused fees, initial and annual fees, and the date of termination of the Current Facility.
- 5) Approval of this application shall have no implications for ratemaking purposes.
- 6) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00058  
JULY 8, 2005**

JOINT APPLICATION OF  
SHENANDOAH VALLEY ELECTRIC COOPERATIVE  
and  
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For revision of service territory boundary lines under the Utility Facilities Act

**ORDER FOR REVISION OF CERTIFICATE**

On June 2, 2005, Shenandoah Valley Electric Cooperative ("SVEC") submitted to the Division of Energy Regulation ("Division") of the State Corporation Commission ("Commission") a letter in response to inquiries from Mr. Delmon B. Hall IV regarding electric service to a property in Nelson County, VA.

Mr. Hall's property is located in a territory which is currently served by Central Virginia Electric Cooperative ("CVEC"). CVEC has tried unsuccessfully to obtain the necessary easements for the line extension to Mr. Hall's property. Mr. Hall has requested that SVEC serve the property. SVEC has agreed to a service territory boundary line adjustment if the Commission agrees to waive the Cooperative's TERMS AND CONDITIONS for Supplying Electric Distribution Service applicable to normal line extensions and to allow SVEC to pass the total cost of the line extension to Mr. Hall.

Mr. Hall submitted a letter to the Division indicating that he favors the proposed boundary change and understands the implications of the waiver of the SVEC line extension policy. Mr. Hall stated that he needs power and SVEC is his best option.

CVEC provided to the Division a letter and copies of a detailed map of the service territory boundary. CVEC indicates agreement with the revision to change the boundary lines between CVEC and SVEC territories.

NOW THE COMMISSION, having considered the request, is of the opinion and finds that it is in the public interest to approve the waiver of the TERMS AND CONDITIONS for Supplying Electric Distribution Service applicable to normal line extensions for Shenandoah Electric Cooperative and to revise the service territory boundary lines. The parties affected by the proposed revision have notice thereof, and are in agreement with the revision of the boundary lines.

ACCORDINGLY, IT IS ORDERED that:

(1) The Shenandoah Valley Electric Cooperative TERMS AND CONDITIONS for Supplying Electric Distribution Service applicable to normal line extensions are waived as described herein.

(2) Certificate E-M38 is hereby amended as delineated on Map M38.

(3) The amended certificate and map shall be sent to Shenandoah Valley Electric Cooperative and Central Virginia Electric Cooperative by the Division of Energy Regulation forthwith.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUE-2005-00060  
DECEMBER 28, 2005**

APPLICATION OF  
ALPHA WATER CORPORATION,  
AQUA UTILITY-VIRGINIA, INC.,  
LAND 'OR UTILITY COMPANY, INC.,  
CAROLINE UTILITIES, INC.,  
AQUA/SL, INC.,  
MAYFORE WATER COMPANY, INC.,  
ELLERSON WELLS, INC.,  
BLUE RIDGE UTILITY COMPANY,  
MOUNTAINVIEW WATER COMPANY, INC.,  
JAMES RIVER SERVICE CORPORATION,  
EARLYSVILLE FOREST WATER COMPANY,  
RAINBOW FOREST WATER CORPORATION,  
POWHATAN WATER WORKS, INC.,  
HERITAGE HOMES OF VIRGINIA, INC.,  
SYDNOR HYDRODYNAMICS, INC.,  
SYDNOR WATER CORPORATION,  
INDIAN RIVER WATER COMPANY,  
WATER DISTRIBUTORS, INC.,  
RESTON/LAKE ANNE AIR CONDITIONING CORP.,  
AQUA VIRGINIA, INC.,  
and  
AQUA SERVICES, INC.

For authority to enter into an agreement for support services pursuant to Affiliates Act, Va. Code § 56-76 et seq.

**ORDER GRANTING AUTHORITY**

On July 7, 2005, Aqua Services, Inc. ("Aqua Services"), and its above-listed affiliates ("Virginia Water Companies") (together with Aqua Services, "Applicants") submitted a joint application with the State Corporation Commission ("Commission") for authority to enter into an agreement whereby Aqua Services would supply the Virginia Water Companies with support services pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"). On October 3, 2005, Applicants filed an Amendment to the joint application to include a Subcontract Agreement. By Order Amending Application entered October 5, 2005, the Commission accepted the Amendment and found that the review period under § 56-77 of the Code should restart as of the filing of the Amendment on October 3, 2005.

Aqua Services is a Pennsylvania corporation and is a wholly owned subsidiary of Aqua America. Aqua Services provides water and wastewater related products and services to operating companies in efforts to help each company reduce costs or achieve efficiencies in the areas of accounting and financial services, administration, communications, corporate secretary, engineering, human resources, information systems, rates and regulatory compliance, risk management, water quality, purchasing, and legal services.

Alpha Water Corporation, Aqua Utility-Virginia, Inc., Land 'Or Utility Company, Inc., Caroline Utilities, Inc., Aqua/SL, Inc., Mayfore Water Company, Inc., Ellerson Wells, Inc., Blue Ridge Utility Company, Mountainview Water Company, Inc., James River Service Corporation, Earlysville Forest Water Company, Rainbow Forest Water Corporation, Powhatan Water Works, Inc., Heritage Homes of Virginia, Inc., Sydnor Hydrodynamics, Inc., Sydnor Water Corporation, Indian River Water Company, Water Distributors, Inc., Reston/Lake Anne Air Conditioning Corp, and Aqua Virginia, Inc. (hereinafter referred to together as the "Virginia Water Companies" and collectively with Aqua Services as "Applicants"), are all subsidiaries of Aqua America that provide water and sewer services in Virginia. The majority of the Virginia Water Companies are small water companies with annual revenues of less than \$500,000 and, therefore, not subject to the Affiliates Act under §§ 56-265.13:3 and 56-265.13:7 ("Small Water or Sewer Public Utility Act") of the Code of Virginia ("Code"). Only Aqua Virginia, Inc., and Land 'Or Utility Company have annual revenues in excess of \$500,000 at this time. Sydnor

Hydrodynamics and its subsidiaries Ellerson Wells, Inc., and Mayfore Water Company, Inc., are not public service corporations subject to the Affiliates Act but will participate in the Agreement.

The proposed Service Company Agreement ("Agreement") for support services would allow Aqua Services to provide the Virginia Water Companies services in the areas of accounting and financial services, administration, communications, engineering, human resources, information systems, rates, risk management, water quality, purchasing, and legal services. While only two of the Virginia Water Companies are required to obtain approval from the Commission under the Affiliates Act, Applicants request approval for all participating companies because each affects the allocation of costs, and it is possible that several companies may exceed \$500,000 in annual revenues in the future, making them subject to the Affiliates Act.

The services to be provided by Aqua Services to each of the Virginia Water Companies will be rendered at cost. Costs will be direct charged to each of the Virginia Water Companies when such costs can be determined. Where the cost for services are rendered in common with similar services to another Virginia Water Company, such cost for services will be allocated among all water companies so served based upon the ratio of the numbers of customers served by each water company to the total number of customers served by the Virginia Water Companies.

The Amendment filed on October 3, 2005, includes a Service Company Sub-Contract Agreement ("Sub-contract Agreement"). The Sub-contract Agreement allows the proposed services that Aqua Services will provide to the Virginia Water Companies to be sub-contracted out to Aqua North Carolina, Inc. ("Aqua North Carolina"), and Heater Utilities, Inc ("Heater Utilities"). All work performed by either Aqua North Carolina or Heater Utilities will be at their cost. Such costs for services will be allocated among all water companies so served based upon the ratio of the numbers of customers served by each water company to the total number of customers served by the Virginia Water Companies.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described Agreement and Sub-contract Agreement are in the public interest and should be approved. We believe that there are certain economies of scale that could result from Virginia Water Companies obtaining services from Aqua Services, Aqua North Carolina, and Heater Utilities. However, the Virginia Water Companies should evaluate services obtained from these affiliates on a regular basis. Services for which a market exists should be evaluated as to the cost of such services from the market to ensure that Virginia Water Companies are paying the affiliates the lower of the affiliates' cost or the market price for such services. Each of the Virginia Water Companies should bear the burden of proving during any rate proceeding that each paid the affiliates the lower of cost or market for such services. Our approval should include only those services specifically identified in the Agreement from Aqua Services and the Sub-contract Agreement from Aqua North Carolina and Heater Utilities.

We further believe that the Applicants should review billings under the Agreement and Sub-contract Agreement to determine whether a larger percentage of billings can be direct charged and to determine whether other allocation bases would be more appropriate than relying on one single general allocator, number of customers, to allocate costs to the Virginia Water Companies.

We find that it is appropriate to include all of the Virginia Water Companies in our approval since each could affect the costs allocated to the two Virginia Water Companies that are subject to the Affiliates Act, Aqua Virginia, Inc., and Land 'Or Utility Company, Inc.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, Applicants are hereby granted authority to enter into the Agreement and Sub-contract Agreement as described herein.
- (2) Regarding services obtained through the Agreement and Sub-contract Agreement for which a market exists, the Virginia Water Companies shall make the necessary comparisons to ensure that they are paying the lower of cost or market for such services.
- (3) The Applicants shall review costs charged to the Virginia Water Companies to determine whether a larger percentage of billings can be direct charged and review indirect costs in terms of cost causation to determine whether other allocation bases should be used to allocate certain costs and report such findings by no later than June 30, 2006.
- (4) For purposes of cost recovery during any rate proceeding, the Virginia Water Companies shall bear the burden of proving that the pricing policy as described in Ordering Paragraph (2) was followed and shall maintain such records to support such compliance for Staff review upon request.
- (5) The authority granted herein shall include only the specific services identified in the Agreement and Sub-contract Agreement from the specific affiliates named in the agreements. Any other services from other affiliates not included herein shall require separate approval.
- (6) Any changes in the terms and conditions of the Agreement or Sub-Contract Agreement, including other affiliates providing services and changes in cost allocations, shall require Commission approval.
- (7) The authority granted herein does not bind the Commission for ratemaking purposes relative to the allocation of costs pursuant to the Agreement and Sub-contract Agreement, nor does it limit the Staff or other parties from raising issues regarding costs allocated pursuant to the Agreement and Sub-contract Agreement in other regulatory proceedings.
- (8) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- (9) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.
- (10) Aqua Virginia, Inc., and Land 'Or Utility Company, Inc., shall submit an Annual Report of Affiliate Transactions with the Commission's Director of Public Utility Accounting by no later than May 1 of each year, such date subject to administrative extension by the Director of Public Utility Accounting. Information to be included in such report shall include the name of the affiliate, a description of each affiliate arrangement or agreement, the dates covered by such arrangement or agreement, and the total dollar amount for each service provided or transaction conducted. The report, the first of which shall be due on or before May 1, 2006, shall include all agreements with affiliates regardless of the amount involved.

(11) If General Rate Case Filings or Annual Informational Filings are not based on a calendar year, then Aqua Virginia, Inc., and Land 'Or Utility Company, Inc., shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

(12) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00063  
OCTOBER 19, 2005**

APPLICATION OF  
MASSANUTTEN PUBLIC SERVICE CORPORATION

For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On January 21, 2005, Massanutten Public Service Corporation ("MPSC") filed an application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia ("Code") in Case No. PUE-2005-00005 requesting approval for the agreement under which MPSC will receive services provided by Water Service Corporation ("WSC") that are deemed necessary for the performance of MPSC's public service obligations. At MPSC's request, the Commission permitted MPSC to withdraw the application. By Order dated June 7, 2005, MPSC was directed to file a new application under Chapter 4 of Title 56 of the Code in connection with the services provided by WSC to MPSC. On July 22, 2005, MPSC filed a new application for approval of services provided to MPSC by WSC ("Revised Agreement").

MPSC is a Virginia public service corporation that provides water and sewer services in and around Massanutten Village, located in Rockingham County, Virginia. MPSC first obtained a certificate of public convenience and necessity from the Commission to provide such services in 1985. MPSC is a wholly owned subsidiary of Utilities, Inc., a holding company that owns and operates water and sewer companies in 17 states. WSC also is a wholly owned subsidiary of Utilities, Inc., that manages and operates the water and sewer companies owned or operated by Utilities, Inc.

Pursuant to Chapter 4 of Title 56 of the Code (the "Affiliates Act"), MPSC and WSC are deemed to be "affiliates" within the meaning of the Affiliates Act because of their relationship to Utilities, Inc. As such, MPSC is required to file for prior approval under the Affiliates Act for any arrangements or agreements with WSC since MPSC's annual operating revenues are equal to or greater than \$500,000, pursuant to Chapter 10.2:1 of Title 56 of the Code of Virginia ("Small Water or Sewer Public Utility Act").

MPSC, therefore, requests approval under the Affiliates Act for the Revised Agreement. The Revised Agreement provides for WSC to provide to the operating subsidiaries of Utilities, Inc., including MPSC, services to include executive, engineering, accounting, operating, construction, legal, and billing and customer relations services. The Revised Agreement provides for these services to be provided at cost, without any profit. The Revised Agreement also prescribes the method of allocating costs among water and sewer companies owned or operated by Utilities, Inc. The Revised Agreement continues in effect until termination by either party upon 90 days' written notice.

MPSC has been operating under an agreement for the provision of services by WSC since January 1, 1987. At that time, approval was not required because MPSC was exempt from the Affiliates Act pursuant to the provisions of the Small Water or Sewer Public Utility Act. MPSC does not meet, and has not met for many years, the Small Water or Sewer Public Utility Act's financial threshold for exemption from the Affiliates Act and, therefore, has filed this application seeking approval of the Revised Agreement.

Even though MPSC has been subject to the Affiliates Act for quite some time, it was not until Staff discovered in the course of MPSC's 2002 Annual Informational Filing review that MPSC was operating under an agreement without Commission approval. MPSC subsequently filed for approval of the agreement in Case No. PUE-2005-00005 and the Revised Agreement under the Affiliates Act.

MPSC represents that WSC is able to provide the services that MPSC needs due to its centralized management system. As provided for in the Revised Agreement, charges that can be directly assigned to MPSC will be charged as such, while expenses that cannot be directly assigned will be allocated among MPSC and its affiliates or in the case of costs incurred with respect to a particular group of the operating companies, among the members of such group. Such costs will then be allocated based, among other factors, on each company's average number of customers, or customer equivalents, as defined in the Revised Agreement. MPSC represents that the majority of costs will be directly assigned from WSC with allocations used only when it is not possible to directly assign costs to each of the operating companies. Costs will be allocated among the operating companies through the use of allocation codes.

MPSC states that, by being part of the Utilities, Inc., family, MPSC is able to obtain services at a lower cost than MPSC could provide internally or through a third party due to the economies of scale associated with Utilities, Inc.

NOW THE COMMISSION, upon consideration of the application and representations of MPSC and having been advised by its Staff, is of the opinion and finds that MPSC's participation in the Revised Agreement with WSC to obtain services deemed necessary to provide its public service function is in the public interest and should be approved. We believe that there are certain economies of scale that could result from MPSC's affiliation with Utilities, Inc., and from obtaining needed services from WSC. However, MPSC should evaluate services obtained from WSC on a regular basis. Services for which a market exists should be evaluated as to the cost of such services from the market to ensure that MPSC is paying WSC the lower of WSC's cost or the market price for such services. MPSC should bear the burden of proving during any rate proceeding that it paid WSC the lower of cost or market for such services. Our approval should include only those services specifically identified in the Revised Agreement. Any other services, including any loans or other capital from affiliates to MPSC would require separate approval.

We are concerned, however, that MPSC did not file for approval of the agreement in Case No. PUE-2005-00005 and the Revised Agreement until Staff discovered MPSC had been operating under an agreement for the provision of services by WSC during the course of its review. We, therefore, direct MPSC to take the necessary steps to ensure that such violations of the Affiliates Act do not occur in the future.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code of Virginia, approval is hereby granted for MPSC to obtain services from WSC pursuant to the Revised Agreement under the terms and conditions and for the purposes as described herein.
- (2) Regarding services obtained from WSC for which a market exists, MPSC shall make the necessary comparisons to ensure that it is paying the lower of cost or market for such services obtained from WSC.
- (3) For purposes of cost recovery during any rate proceeding, MPSC shall bear the burden of proving that the pricing policy as described in Ordering Paragraph (2) was followed and shall maintain such records to support such compliance for Staff review upon request.
- (4) The approval granted herein shall include only the specific services identified in the Revised Agreement. Any other services, including loans or other capital to MPSC from its affiliates shall require separate approval.
- (5) MPSC shall take the necessary steps to ensure that prior approval is obtained from the Commission under the Affiliates Act for any future affiliate transactions.
- (6) Any changes in the terms and conditions of the Revised Agreement from those described herein, including additional services, pricing, and allocation methods, shall require Commission approval.
- (7) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- (8) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.
- (9) MPSC shall submit an Annual Report of Affiliate Transactions with the Commission's Director of Public Utility Accounting by no later than May 1 of each year, such date subject to administrative extension by the Director of Public Utility Accounting. Information to be included in such report shall include the name of the affiliate, a description of each affiliate arrangement or agreement, the dates covered by such arrangement or agreement, and the total dollar amount for each service provided or transaction conducted. The report, the first of which shall be due on or before May 1, 2006, shall include all agreements with affiliates regardless of the amount involved.
- (10) If General Rate Case Filings or Annual Informational Filings are not based on a calendar year, then MPSC shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- (11) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00065  
SEPTEMBER 21, 2005**

JOINT APPLICATION OF  
ATMOS ENERGY CORPORATION  
and  
ATMOS ENERGY SERVICES, LLC

For authority to execute Amendment No. 1 to the AES Services Agreement pursuant to the Affiliates Act, Va. Code § 56-76 *et seq.*

**ORDER GRANTING AUTHORITY**

On July 25, 2005, Amos Energy Corporation ("Atmos") and Atmos Energy Services, LLC ("AES") (collectively the "Applicants"), filed a joint application (the "Application") with the State Corporation Commission (the "Commission") seeking authority to execute Amendment No. 1 (the "Amendment") to the services agreement between the two (the "AES Agreement")<sup>1</sup> pursuant to the Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code").

Atmos, which is headquartered in Dallas, Texas, is a natural gas distribution company providing distribution, transmission, and transportation services to approximately 3.2 million customers in Virginia, Tennessee, Colorado, Louisiana, Kentucky, Mississippi, Missouri, Kansas, Georgia, Iowa, Illinois and Texas. In Virginia, Atmos provides gas distribution service to approximately 19,000 customers located in Abingdon, Blacksburg, Bristol, Marion, Pulaski, Radford, Wytheville and their environs.

AES, which is located in New Orleans, Louisiana, provides administrative, management and other services<sup>2</sup> to Atmos and its affiliates. AES is a subsidiary of Atmos Energy Holdings, Inc. ("AEH"), which is a wholly owned subsidiary of Atmos that oversees Atmos' unregulated activities.

<sup>1</sup> On April 28, 2004, the Commission approved the AES Agreement in *Joint Application of Atmos Energy Corporation and Atmos Energy Services, LLC, for authority to enter into a services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2004-00016, 2004 S.C.C. Ann. Rept. 436 ("Unbundling Order").

<sup>2</sup> AES specifically provides gas supply procurement, system load management, regulatory support and compliance and gas supply accounting administration services to Atmos.

In early 2004, Atmos and AES filed a joint application with the Commission requesting authority to unbundle Atmos' energy management services by entering into the AES Agreement, whereby AES would provide Atmos the energy administrative services formerly provided by Atmos' energy marketing affiliate, Atmos Energy Marketing, LLC, except for commodity procurement and asset management services. On April 28, 2004, the Commission issued an Order<sup>3</sup> (the "Unbundling Order") approving the request.

Atmos and AES are considered affiliated interests under § 56-76 of the Code of Virginia (the "Code"). As such, the Applicants must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to provide or receive services.

The Amendment adds two additional services to the AES Agreement. First, the Applicants propose for AES to provide oversight and supervisory services for all of Atmos' Gas Control functions, which include monitoring gas flow, operating the Supervisory Control and Data Acquisition ("SCADA") system, monitoring compressor stations, responding to SCADA alarms, maintaining records, assuring that operating requirements are met, responding to operational emergencies, preparing reports and confirming nominated supply.

Second, the Applicants propose for certain AES employees to provide credit administration services to Atmos, which will include credit research for existing and new (greater than \$1 00,000 annual revenue) customers.

#### Gas Control

The Applicants propose for AES to oversee and supervise all of Gas Control's functions. Gas Control will remain staffed by Atmos employees, but Atmos' Director of Storage and Gas Control Operations will report to AES' Senior Vice President. AES will oversee the following Gas Control functions.

- A. Monitoring Flow - Gas Control monitors and controls the flow of gas from major purchase points and storage fields in order to stay within allocation guidelines. Gas Control also controls the daily and seasonal balances of these sources.
- B. SCADA - Gas Control operates the Supervisory Control and Data Acquisition ("SCADA") systems to review data from and make changes to a metering station's gas flow and pressures.
- C. Compressor Station - Gas Control monitors and operates compressor stations to control the flow of gas in and out of the Company's storage fields.
- D. Response to Alarms - Gas Controls responds to SCADA alarms as indicated on alarm summary and as determined through the monitoring of terminal displays. Gas Control takes required remedial actions by remote control or by requesting assistance from appropriate field personnel.
- E. Record Maintenance - Gas Control reviews previous shift records for critical operating conditions and data, and maintains records of unusual activities on the system.
- F. Operating Requirements - Gas Control utilizes various sources of gas supply in meeting operating requirements.
- G. Response to Emergencies - Gas Control responds to after-hour pipeline or operations emergency calls and dispatching appropriate personnel.
- H. Reports - Gas Control prepares and distributes various reports relating to gas control activities.
- I. Nominated Supply Confirmation - Gas Control accesses numerous pipeline electronic bulletin boards to confirm nominated supply and watch for pipeline operational flow orders.

The Applicants represent that the Gas Control function was limited in the past to monitoring pressures and responding to alarms on Atmos' system. However, today's Gas Control function has become synonymous with the Gas Supply function. This change is highlighted by the fact that Gas Control keeps Atmos' systems balanced, controls storage levels, keeps Atmos within its contract maximum daily quantities, and performs third party transportation management. The Applicants represent that AES' Senior Vice President's intense focus on gas control issues should improve Gas Control's effectiveness. Atmos does not anticipate any significant increase in executive charges allocated to Virginia as a result of AES' oversight of the Gas Control function. However, Atmos does hope to reap operational cost savings. One potential area of savings is the consolidation of three Gas Control software platforms down to one platform. The Applicants also note that the Gas Control group has been able to absorb the gas control responsibilities of new acquisitions such as the Mississippi operation without hiring additional staff, which should dilute the share of AES' costs that are allocated to Virginia.

#### Credit Administration

The Applicants propose for AES employees to provide credit administration services for Atmos under the oversight and supervision of Atmos' treasurer. The credit administration services will include the following activities.

New Accounts - AES will perform credit research and recommend appropriate credit level for new accounts whose annual revenue is expected to exceed \$100,000 per year, or such other amounts as directed by the Atmos treasurer. AES will recommend appropriate collateral levels and obtain appropriate collateral pursuant to contractual agreements for such accounts.

Existing Accounts - AES will monitor on an ongoing basis the financial condition and payment history of existing utility accounts whose revenues exceed \$100,000 per year, or such other amount as directed by the Atmos treasurer. In the event AES determines that a credit downgrade is required or inadequate credit assurance exists, it will recommend necessary collateral levels and obtain necessary collateral pursuant to contractual agreements governing such accounts.

<sup>3</sup> Case No. PUE-2004-00016, *Amos Energy Corporation and Amos Energy Services, LLC, re: Joint Application for Authority to enter into a Services Agreement pursuant to the Affiliates Act, Order Granting Authority, April 28, 2004.*

The Applicants represent that this AES service can be more effectively supervised by a senior Atmos executive who is more intensely focused on Atmos' largest gas distribution customers. The Applicants represent that Atmos has no stand-alone credit department or Atmos employees that perform credit administration on a fulltime basis. By contracting with AES to provide credit administration service for Atmos' large customers, Atmos should reap the benefit of existing analytical expertise and economies of scale that would be difficult and costly to replicate. The AES credit staff has an average tenure in credit administration of more than 10 years per employee. The Applicants also represent that AES already has the infrastructure in place to begin serving Atmos immediately and effectively. Currently, the Applicants cannot provide an estimate of the AES credit administration charges that would be allocated to Virginia. However, given the relative size of its Virginia operations, Atmos expects that the additional charges should be minimal.

Pricing / Cost Allocation / Accounting

The other terms and conditions of the AES Agreement will remain intact. AES will provide all services at cost without markup or profit. The direct costs of the AES services will be determined upon the applicable labor distribution. The full cost of providing services will include certain indirect costs such as departmental overheads, administrative and general costs and taxes. Indirect costs will be associated with the services performed in proportion to the direct costs of the services or other relevant cost allocators.

The methodologies utilized for assigning and allocating AES' costs to Atmos' jurisdictions will remain the same. Specific costs from third parties will be directly charged or assigned to Atmos. Costs will be allocated to Atmos' operating divisions based upon the applicable labor distribution of the employees of AEH that perform the agreed-upon services. Costs attributable to more than one rate division within an operating division of Atmos will be allocated using methods determined on a case-by-case basis consistent with the nature of the work performed. Labor distribution studies will be reviewed annually and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

The AES Agreement will continue to be terminable by Atmos upon providing sixty (60)-days advance written notice to AES. All AES Agreement charges will continue to be charged to Account 923 (Outside Services Employed).

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, finds that the Amendment is in the public interest and, therefore, meets the test of the Affiliates Act and should be approved subject to certain conditions.

AES already provides Atmos with gas supply procurement, system load management, regulatory support and compliance, and gas supply accounting administration services. We find that oversight and supervision over Atmos' Gas Control functions are a natural extension of these services and that centralizing the Gas Control function through AES may offer some operational cost savings. Further, providing trained AES employees to perform credit administration work under the supervision of Atmos' treasurer appears to be an effective solution Atmos' lack of stand-alone credit department or fulltime employees to perform credit analyses on large customers. Therefore, we find that, except as discussed below, the Amendment is consistent with our directives for the AES Agreement in the Unbundling Order.

We note, however, a provision in the AES Agreement that deserves additional scrutiny. Under Section 3, Personnel, the AES Agreement states that AES may provide services to Atmos by:

utilizing the services of such persons as have the necessary qualifications and expertise to provide the Services.  
If necessary, AES, after consultation with the Company, may serve as administrative agent, arranging and monitoring Services provided by third parties to the Company.

We have ruled in several cases<sup>4</sup> that while such arrangements are acceptable if the expert third party is a non-affiliate, an expert third party arrangement with an affiliate does not constitute an arm's length negotiation and therefore requires separate Commission approval. Pursuant to our continuing supervisory control over the terms and conditions of affiliate contracts and arrangements granted by § 56-80 of the Code, we find that the approval granted in this case will exclude the above-referenced provision to the extent that it is utilized by AES to engage affiliated third parties to provide services to Atmos. If the Applicants desire to make use of an affiliate's expertise, separate Commission approval will be required.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code, Atmos Energy Corporation and Atmos Energy Services, LLC, are granted approval to execute Amendment No. 1 to the AES Agreement as described herein, consistent with the findings above. The Amendment will be subject to the same conditions and limitations as the AES Agreement as set forth in our April 28, 2004, Order Granting Authority in Case No. PUE-2004-00016.
- 2) The approval granted herein does not include approval of the amended AES Agreement provision that allows AES to engage affiliated third parties to provide services to Atmos. Should the Applicants desire to make use of such affiliate's expertise, separate Commission approval shall be required.
- 3) Commission approval shall be required for any changes in the terms and conditions of the amended AES Agreement, including any successors or assigns.
- 4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

<sup>4</sup> November 30, 2004, Order Granting Approval, Case No. PUE-2004-00107, Application of Columbia 4 Gas of Virginia, Inc., for approval of an Electronic Data Interchange Trading Partner Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia; November 8, 2004, Order Granting Approval, Case No. PUE-2004-00108. Application of Virginia Gas Pipeline Company, Virginia Gas Distribution Company, Virginia Gas Storage Company, and AGL Services Company for approval of services agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia; December 1, 2004, Order on Reconsideration, and September 30, 2004, Order Granting Approval, Case No. PUE-2004-00072, Application of Columbia Gas of Virginia, Inc., for approval of a service agreement with NiSource Corporate Services Company pursuant to Chapter 4 of Title 56 of the Affiliates Act.

5) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by the Commission.

6) Atmos shall include the transactions associated with the amended AES Agreement approved herein in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Director of Public Utility Accounting.

7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Atmos shall include the affiliate information contained in the ARAT in such filings.

8) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00066  
OCTOBER 7, 2005**

APPLICATION OF  
VIRGINIA-AMERICAN WATER COMPANY  
and  
AMERICAN WATER RESOURCES, INC.

For approval of a lease agreement pursuant to the Affiliates Act, VA. Code §§ 56-76 et seq.

**ORDER GRANTING APPROVAL**

On July 25, 2005, Virginia-American Water Company ("VAWC") and American Water Resources, Inc. ("AWR") (collectively the "Applicants"), filed an application (the "Application") with the State Corporation Commission (the "Commission") seeking approval of a Granular Activated Carbon ("GAC") Lease Agreement (the "GAC Lease") pursuant to the Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code").

VAWC is a Virginia public service corporation headquartered in Alexandria, Virginia, that has a certificate of public convenience and necessity ("CPCN") to operate public water systems in and around Alexandria, Dale City, Fort Lee, and Hopewell, Virginia. VAWC is a wholly owned subsidiary of American Water Works Company, Inc. ("AWWC").

AWR is a Virginia corporation headquartered in Voorhees, New Jersey, that provides water and wastewater related products and services. American Carbon Services ("ACS/AWR") is an internal name used to designate a business division and subject area of AWR that owns a customized potable water carbon reactivation facility in Columbus, Ohio. AWR is a wholly owned subsidiary of AWWC.

Since the Applicants share the same senior parent company, AWWC, the companies are considered affiliated interests under § 56-76 of the Code. As such, VAWC and AWR must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to provide or receive services.

In the Hopewell, Virginia district, VAWC utilizes GAC in its treatment process to remove tastes and odors from its water supply. Taste and odor removal occurs as water passes through contactor filters filled with carbon, which adsorb odor-bearing compounds from the water. Over time, the carbon becomes "spent" for odor removal and must be replaced or "reactivated." Spent carbon is reactivated by subjecting the material to high temperatures in a rotary kiln furnace. The high temperature destroys the adsorbed compounds and reactivates the carbon's adsorption properties. Recycling the carbon reduces not only waste, but also costs. Carbon reactivation also eliminates the tracking, manifesting, and liability associated with spent carbon disposal.

VAWC itself does not possess or own the equipment necessary to reactivate carbon. Several companies provide carbon reactivation services including ACS/AWR. However, VAWC represents that ACS/AWR operates the only carbon reactivation facility that is dedicated to processing only potable water grade carbon and selected food grade carbon. Further, ACS/AWR is the only carbon reactivator that will remove, process and return the same carbon initially utilized at VAWC's facility. This customized service avoids any concerns associated with the introduction of unknown contaminants from other facilities and processes. In addition, after each customer's carbon is reactivated, ACS/AWR cleans the storage vessels and reheats the furnace to destroy any remaining impurities. ACS/AWR has been providing reactivated GAC to VAWC since April 18, 1994.

VAWC and AWR are seeking approval of a GAC Lease under which ACS/AWR will collect spent GAC from VAWC's Hopewell, Virginia water plant during the fourth quarter of 2005 and the first quarters of 2006 and 2007, transport the spent GAC to ACS/AWR's carbon reactivation plant in Columbus, Ohio, reactivate the spent GAC, and return the reactivated GAC to VAWC's Hopewell water plant. The Applicants represent that the proposed GAC Lease is substantially the same as two GAC leases that the Commission approved in prior affiliate cases.<sup>1</sup>

Under the GAC Lease, ACS/AWR will provide all equipment and labor to operate the equipment for the removal and replacement of all GAC at the Hopewell water plant. Equipment will include but not be limited to eductors, transfer hose, booster pump and all miscellaneous fittings and connections to permit the post contactor media removal.

<sup>1</sup> 2000 S.C.C. Ann. Rept. 224-225, Case No. PUA-2000-00061, October 24, 2000, Order Granting Approval re: Application of Virginia-American Water Company, for approval of a lease agreement with its affiliate, American Water Resources, Inc., d/b/a American Carbon Services.

1997 S.C.C. Ann. Rep. 208-209, Case No. PUA-1997-00047, November 4, 1997, Order Granting Approval re: Application of Virginia-American Water Company, for approval of a lease agreement with its affiliate, American Commonwealth Management Services Company, Inc.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

ACS/AWR will reactivate all spent GAC and will return all reactivated GAC meeting the following quality control specifications.

Iodine Number	800 minimum
Density	28-30 lb/cubic feet
Effective Size	0.9-1.0 mm
Uniformity Coefficient	2.1 maximum
Moisture	2% maximum
Abrasion Number	75 minimum
Typical Mesh Size	8x30mm

ACS/AWR will perform testing on all carbon supplied under the GAC Lease every six months. The first testing will occur April 2006, and the testing will include Iodine Number, Apparent Density, Abrasion Number, Total Ash and Screen Analysis.

As consideration for the services received under the GAC Lease, VAWC will pay ACS/AWR a monthly fee of \$956.25 per post contactor #1D, #2A and #2B, a monthly fee of \$980.77 per post contactor #2C and #2D, and a monthly fee of \$1,005.29 per post contactor #1A, #1B and #1C for 36 months following the initial installation of GAC. Should VAWC elect to maintain the GAC in service beyond the normal 36-month warranty period, VAWC shall pay ACS/AWR one-half the monthly fee listed above for all months the GAC remains in service.

If VAWC elects to (a) terminate the GAC Lease, (b) not renew the GAC Lease, or (c) have the GAC removed from the filters, ACS/AWR will provide the GAC removal services and VAWC will pay for the cost of removal.

ACS/AWR warrants that the GAC supplied under the GAC Lease will, for 36 months after installation, provide acceptable Taste & Odor ("T&O") control as well as meet all state criteria regarding filter media specifications. Acceptable T&O control is defined as the reduction of adsorbable dissolved odors such that the threshold order number of the GAC filtered water as measured by the procedure defined in "Standard Methods for the Examination of Water and Wastewater," 20th Edition, shall not persistently exceed two (2) in the GAC filtered plant effluent for four (4) consecutive days with the treatment plant in normal operation.

The initial term of the GAC Lease is 51 months, beginning in November 2005. The GAC Lease will be automatically extended on a month-to-month basis after the initial term unless and until VAWC provides ACS/AWR with 30 days written notice of termination. In the case of a material breach or default, either party may terminate the GAC Lease after providing seven days written notice provided that (a) the defaulting party has not remedied the default within 30 days of notice being given to it, (b) such breach is capable of being remedied but cannot be remedied within 30 days, or (c) the defaulting party fails to complete the remedy as soon as reasonably possible following the 30-day period. Under these terms, any failure by VAWC to remit payment when due to ACS/AWR will be considered a material breach of the GAC Lease.

The GAC Lease will not be assignable by either party without the prior written consent of the other party, which consent may not be unreasonably withheld.

The Applicants represent that the GAC Lease charges are cost-based and priced at the lower of cost or market. VAWC also compared the cost of leasing versus purchasing GAC from ACS/AWR. The lease/buy analysis shows that there is a \$36,162 revenue requirement benefit related to leasing GAC (\$221,537 present value) versus purchasing GAC (\$257,699 present value).

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the GAC Lease is in the public interest and, therefore, meets the test of the Affiliates Act and should be approved. The utilization of GAC to remove tastes and odors from the Hopewell facility's water supply provides a qualitative benefit to VAWC's customers. VAWC also saves money and reaps environmental benefits by re-using rather than purchasing GAC. The GAC Lease pricing methodology appears consistent with our practice of requiring utilities to pay the lower of cost or market for services received from unregulated affiliates. However, we believe that VAWC should be required to maintain records demonstrating that the GAC Lease services provided by ACS/AWR remain cost beneficial to Virginia consumers throughout the term of the lease. Such records should be available for Commission Staff review upon request. VAWC should bear the burden of proving, in any rate proceeding, that VAWC paid ACS/AWR the lower of cost of market for all GAC Lease services.

Accordingly, IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code, Virginia-American Water Company and American Water Resources, Inc., are hereby granted approval to enter into the Granular Activated Carbon Lease Agreement as described herein, consistent with the findings above.

2) VAWC shall be required to maintain records demonstrating that the GAC Lease services provided by ACS/AWR remain cost beneficial to Virginia consumers throughout the term of the lease. Such records shall be available for Commission Staff review upon request. VAWC shall bear the burden of proving, in any rate proceeding, that VAWC paid ACS/AWR the lower of cost or market for all GAC Lease services.

3) Commission approval shall be required for any changes in the terms and conditions of the GAC Lease, including any successors or assigns.

4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by the Commission.

6) VAWC shall include the transactions associated with the GAC Lease approved herein in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of Public Utility Accounting on or before April 1 of each year, which deadline may be extended administratively by the Director of Public Utility Accounting.

7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then VAWC shall include the affiliate information contained in the ARAT in such filings.

8) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NOS. PUE-2005-00067 and PUE-2002-00426  
AUGUST 24, 2005**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For authority to issue debt securities and preferred stock

and

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For authority to issue long-term debt and preferred stock

**ORDER GRANTING AUTHORITY**

On August 1, 2005, Washington Gas Light Company ("WGL," or "Applicant") filed an application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code"). Applicant paid the requisite fee of \$250.

In its application, WGL proposes to issue up to \$377.6 million of long-term debt securities or preferred stock (hereafter collectively referred to as "Proposed Securities"), and any combination thereof, during the three-year period beginning October 1, 2005. Applicant also requests authority to replace up to the amount of any debt securities that are issued and mature during the three-year period. Additionally, WGL requests authority to enter into one or more interest rate hedging transactions in association with the issuance of the proposed debt securities. Finally, the Company seeks to align expiration of its current and future financing authority with its fiscal year, *i.e.*, October 1 through September 30. Applicant notes that its existing financing authority extends through the period ending December 31, 2005, as authorized in Case No. PUE-2002-00426 by Commission Order dated September 6, 2002. Contingent upon the Commission's approval of the authority requested by WGL in this matter, Applicant further requests that its existing financing authority under Case No. PUE-2002-00426 be amended to terminate on September 30, 2005.

The proposed long-term debt will be issued in the form of bonds, notes, or other forms of indebtedness. The preferred stock may take the form of fixed-rate, adjustable-rate, auction-rate, perpetual, tax-advantaged, or other forms of preferred stock. Applicant states that the Proposed Securities will be used for the refunding of long-term debt as market conditions permit, for general corporate purposes, and for the reimbursement of funds actually expended for any of those purposes permitted under § 56-58 of the Code of Virginia.

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) Applicant is hereby authorized to issue up to \$377.6 million of long-term debt securities or preferred stock, and any combination thereof, during the three-year period from October 1, 2005, through September 30, 2008, under the terms and conditions and for the purposes as set forth in its application, provided that any refinancings result in demonstrated savings to the Company and its ratepayers.

2) Applicant is hereby authorized to enter into interest hedging agreements, under the terms and conditions and for the purposes set forth in the August 1, 2005 application.

3) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any Proposed Securities pursuant to Ordering Paragraph (1), to include the type of security, the issuance date, the amount issued, the interest or dividend rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.

4) Within sixty (60) days after the end of each calendar quarter in which any of the Proposed Securities are issued pursuant to Ordering Paragraph (1), Applicant shall file with the Commission a detailed Report of Action with respect to all Proposed Securities issued during the calendar quarter to include:

- (a) The issuance date, type of security, amount issued, interest or dividend rate, date of maturity, issuance expenses realized to date, net proceeds to Applicant;
- (b) A summary of the specific terms and conditions of each Hedging Facility and an explanation of how it functions with respect to the underlying debt; and
- (c) The cumulative principal amount of Proposed Securities issued under the authority granted herein and the amount remaining to be issued.

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- 5) Applicant shall file a final Report of Action on or before December 1, 2008, to include all information required in Ordering Paragraph (3) along with a balance sheet that reflects the capital structure following the issuance of the Proposed Securities. Applicant's final Report of Action shall further provide a detailed account of all the actual expenses and fees paid to date for the Proposed Securities with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.
- 6) The termination date for the authority granted in Case No. PUE-2002-00426 is hereby amended from December 31, 2005, to September 30, 2005.
- 7) The final Report of Action date for the authority granted in Case No. PUE-2002-00426, is hereby amended to change from February 28, 2006, to November 28, 2005.
- 8) All other provisions of the authority granted in Case No. PUE-2002-00426 shall remain in full force and effect.
- 9) The authority granted herein shall have no implications for ratemaking purposes.
- 10) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00068  
OCTOBER 21, 2005**

PETITION AND APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION TECHNICAL SOLUTIONS, INC.

For exemption from filing and prior approval requirements or, alternatively, approval of sale of a Mobile Oil Processing Plant Trailer under Chapter 4 Title 56 of the Code of Virginia, and expedited consideration

**ORDER GRANTING APPROVAL**

On August 25, 2005, Virginia Electric and Power Company ("Dominion Virginia Power") and Dominion Technical Solutions, Inc. ("Dominion Technical") (collectively, the "Applicants"), filed a petition and application pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for an exemption from filing and prior approval requirements or, alternatively, approval of the sale of a Mobile Oil Processing Plant Trailer ("Trailer") from Dominion Virginia Power to Dominion Technical. The Applicants request the approval on an expedited basis.

Dominion Virginia Power is a Virginia public service corporation engaged in the provision of wholesale and retail electric service in Virginia and North Carolina. Dominion Virginia Power is a wholly owned subsidiary of Dominion Resources, Inc. ("Dominion Resources"). Dominion Resources is a registered public utility holding company pursuant to the Public Utility Holding Company Act of 1935.

Dominion Technical is a Virginia corporation which provides engineering, construction, and other services, including building transmission lines and substations, for Dominion Resources as well as unaffiliated third parties. Dominion Technical is a wholly owned subsidiary of Dominion Resources.

The Applicants are seeking to transfer a Mobile Oil Processing Plant Trailer that was purchased by Dominion Virginia Power to Dominion Technical. Due to an administrative error, the Trailer was ordered and paid for by Dominion Virginia Power, although it was intended for use by Dominion Technical. When the order was placed by Dominion Technical to purchase the Trailer, the Dominion Technical staff inadvertently placed the order in Dominion Virginia Power's name and as a result, Dominion Virginia Power paid for the Trailer and all associated costs. It was Dominion Technical's full intention to be the purchaser and sole user of the Trailer. The Applicants state that the proposed transaction is simply an effort to rectify this administrative error.

Dominion Virginia Power paid \$560,000.00 for the Trailer. In addition, Dominion Virginia Power incurred an additional \$22,522.21 in costs associated with the purchase, which include additions to the equipment on the Trailer, shipping costs, and capitalized AFC. The Applicants propose that Dominion Technical will reimburse Dominion Virginia Power for the total cost of the Trailer as well as all additional associated costs. In total, Dominion Technical will pay Dominion Virginia Power \$582,522.21.

The Applicants state that the transaction is in the public interest as it will allow Dominion Virginia Power to be fully reimbursed for its costs, and Dominion Technical can use the Trailer to further its business purposes. The transaction will be a straight forward one-time transfer.

NOW THE COMMISSION, upon consideration of the petition and application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the requested exemption from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code is not in the public interest. However, we find that the above-described transfer of the Mobile Oil Processing Plant Trailer from Dominion Virginia Power to Dominion Technical is in the public interest and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the requested exemption is hereby denied.
- (2) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the sale of a Mobile Oil Processing Plant Trailer from Dominion Technical to Dominion Virginia Power under the terms and conditions and for the purpose as described herein.
- (3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.

(4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.

(5) Dominion Virginia Power shall include the transaction approved herein in its Annual Report of Affiliate Transactions submitted to the Director of Public Utility Accounting of the Commission.

(6) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Dominion Virginia Power shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

(7) Dominion Virginia Power shall file a report of the action taken pursuant to the approval granted herein within 30 days of the transfer taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transfer took place, the price at which the transfer took place, and the actual accounting entries reflecting the transfer.

(8) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00069  
DECEMBER 2, 2005**

JOINT PETITION OF  
MASSANUTTEN PUBLIC SERVICE CORPORATION,  
NUON GLOBAL SOLUTIONS USA B. V.  
and  
HYDRO STAR, LLC

For approval of a transaction by which Hydro Star, LLC, will acquire indirect ownership of Utilities, Inc., and therefore Massanutten Public Service Corporation from Nuon Global Solutions USA B.V. under Chapter 5 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On August 30, 2005, Massanutten Public Service Corporation ("Massanutten PSC"), Nuon Global Solutions USA B.V. ("Nuon Global") and Hydro Star, LLC ("Hydro Star") (collectively the "Petitioners"), filed a joint petition with the State Corporation Commission (the "Commission") requesting approval of a transaction by which Hydro Star will acquire indirect ownership of Utilities, Inc. ("Utilities"), and therefore Massanutten PSC from Nuon Global under Chapter 5 of Title 56 (the "Utility Transfers Act") of the Code of Virginia (the "Code").

Massanutten PSC is a Virginia public service corporation that provides water and wastewater utility services to approximately 2,200 residential and business customers in Rockingham County, Virginia. Massanutten PSC is a wholly owned subsidiary of Utilities, an Illinois corporate holding company with approximately 90 operating subsidiaries that provide water and/or wastewater services to approximately 300,000 customers in 17 states. Utilities is owned by Nuon Global Solutions USA, Inc. ("Nuon USA"), a Delaware corporation whose sole function is to act as the parent company for Utilities. Nuon USA is owned by Nuon Global.

Nuon Global is a Dutch private limited liability company whose sole function is the ownership of Nuon USA. Nuon Global is a wholly owned subsidiary of n.v. Nuon ("Nuon"), a Dutch company engaged in the generation, sale and distribution of electricity, gas and water as well as related products and services to more than two million customers primarily in the Netherlands, Belgium and Germany. Nuon, the largest energy distributor in the Netherlands, is principally owned by the Dutch provinces of Gelderland, Noord-Holland and Friesland and the City of Amsterdam.

Hydro Starr is a Delaware limited liability company that is engaged in the acquisition and ownership of water and wastewater related infrastructure businesses. Hydro Star is a subsidiary of AIG Highstar Capital II, L.P., a private equity investment fund and the general partner for AIG Highstar Capital II Prism Fund, L.P., and AIG Highstar Capital II Overseas Investors Fund (collectively known as the "Highstar II Funds"). The Highstar II Funds are sponsored by AIG Global Investment Group, which is an indirect subsidiary of American International Group, Inc. ("AIG"), one of the world's leading international financial and insurance services organizations.

The Petitioners request approval of a stock purchase agreement (the "Agreement") wherein all shares of issued and outstanding common stock of Nuon USA will be sold by Nuon Global to Hydro Star, after which Massanutten PSC will become a third tier subsidiary of Hydro Star. In addition to seeking the Commission's approval, the Petitioners are requesting approval of the stock sale from public service commissions in the states of Illinois, Pennsylvania, New Jersey, North Carolina, Florida, Mississippi, Louisiana, Nevada, Tennessee and Kentucky, among others.

Several financial restructuring activities are planned for the closing date that will effectively transfer part of Nuon USA's intercompany borrowings from Nuon's affiliates to Hydro Star. First, Nuon USA will borrow from Hydro Star an amount not greater than the interest owed by Nuon USA on loans with two affiliates, Nuon Energy & Water Investments, Inc. ("NEWI"), and Nuon Global Water Solutions, Inc. ("NGWS"), plus the principal owed on the NEWI loans. Second, Nuon USA will apply the loan proceeds to repay the interest owed on the NEWI and NGWS loans and part or all of the principal owed on the NEWI loans. Third, the NGWS loans will be transferred to Nuon Global and contributed to the capital of Nuon USA. Fourth, Hydro Star will pay Nuon Global the purchase price less Nuon USA's borrowings from Hydro Star as described above.

The proposed transfer will occur after all regulatory approvals are received. The anticipated closing date is the first quarter of 2006.

NOW THE COMMISSION, upon consideration of the petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the proposed transaction by which Hydro Star will acquire indirect ownership of Utilities and therefore Massanutten PSC from Nuon Global will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be

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approved. We note two customer complaints concerning Massanutten PSC's availability fees. However, we find the customers' requests to eliminate such fees are issues that are not within the context of this proceeding.

The proposed transfer, though, does raise some concerns that will cause us to condition our approval. The capital stock purchase is at a premium to book value and involves extensive financial restructuring with possible tax implications. To ensure that we have a comprehensive understanding of the transaction, we will require Massanutten PSC to maintain records of any current or ongoing costs or savings related to the transfer. We will also require Nuon Global and Hydro Star to each provide their journal entries recording the transfer. In addition, we will require that the Petitioners provide a comprehensive description and the related journal entries of the financial restructuring activities that will shift intercompany debt from Nuon's affiliates to Hydro Star and its affiliates. Finally, we will seek ex post confirmation from Massanutten PSC that the tax representations made in the Petition remain true after closing.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, Massanutten Public Service Corporation, Nuon Global Solutions USA B.V. and Hydro Star, LLC, are granted approval to enter into the stock purchase agreement described above wherein all shares of issued and outstanding common stock of Nuon USA will be sold by Nuon Global to Hydro Star resulting in the transfer of indirect control of Massanutten PSC from Nuon Global to Hydro Star.
- 2) Within thirty (30) days of completing the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting, the Petitioners shall file a Report of Action with the Commission. Included in the Report of Action shall be the following information:
  - a) The date of the transfer and the purchase price;
  - b) Nuon Global's journal entries recording the transfer;
  - c) Hydro Star's journal entries recording the transfer;
  - d) A comprehensive description and the journal entries of the financial restructuring activities that shift intercompany debt from Nuon's affiliates to Hydro Star and its affiliates; and
  - e) Ex-post confirmation from Massanutten PSC that the tax representations made in the Petition remain true after closing.
- 3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00069  
DECEMBER 9, 2005**

JOINT PETITION OF  
MASSANUTTEN PUBLIC SERVICE CORPORATION,  
NUON GLOBAL SOLUTIONS USA B. V.  
and  
HYDRO STAR, LLC

For approval of a transaction by which Hydro Star, LLC, will acquire indirect ownership of Utilities, Inc., and therefore Massanutten Public Service Corporation from Nuon Global Solutions USA B.V. under Chapter 5 of Title 56 of the Code of Virginia

**CLARIFYING ORDER**

On December 2, 2005, the State Corporation Commission (the "Commission") issued an Order Granting Approval (the "Massanutten Order") in the above captioned matter. The last sentence of the Findings Paragraph and part (e) of Ordering Paragraph (2) in the Massanutten Order contain statements that require clarification. Massanutten Public Service Corporation ("Massanutten PSC"), Nuon Global Solutions USA B.V. ("Nuon Global") and Hydro Star, LLC ("Hydro Star") (collectively the "Petitioners"), made certain tax representations in their October 17, 2005, response to the Commission Staff's October 4, 2005, Data Request No. 11. We clarify that we seek ex post confirmation from Massanutten PSC that these tax representations remain true after closing.

Accordingly, IT IS ORDERED THAT:

- 1) The last sentence of our Finding Paragraph on page (4) of our December 2, 2005, Massanutten Order shall be replaced by the following:

Finally, the Petitioners represented in their October 17, 2005, response to Commission Staff Data Request No. 11 that:

- (i) there will be no tax consequences for Hydro Star or Massanutten PSC as a result of the transfer;
- (ii) Massanutten PSC will not be charged any transfer-related taxes; (iii) the transfer will not affect the tax basis of Massanutten PSC; and (iv) the transfer will not affect the current and deferred tax amounts on the books of Massanutten PSC.

We will seek ex post confirmation from Massanutten PSC that these tax representations remain true after closing.

2) Part (e) of our Ordering Paragraph (2) on page (5) of our December 2, 2005, Massanutten Order shall be replaced by the following:

e) Ex post confirmation from Massanutten PSC that the Petitioners' tax representations cited above remain true after closing.

3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00071  
SEPTEMBER 27, 2005**

JOINT APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER  
and  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For revision of certificate under the Utility Facilities Act

**ORDER FOR REVISION OF CERTIFICATE**

On September 9, 2005, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or the "Company") and Rappahannock Electric Cooperative ("REC") submitted to the Division of Energy Regulation ("Division") of the State Corporation Commission ("Commission") a letter, along with copies of a detailed map, requesting a revision to Certificate E-049 to change the boundary lines between their service territories.

Dominion Virginia Power and REC have reached an agreement for the adjustment of the electric utility service territory boundary line between them as it relates to a residential subdivision known as Beauregards Place. The existing territory boundary line bisects the subdivision. Dominion Virginia Power was denied permission by the adjoining property owners to construct electric service facilities across their property. Therefore, in the interest of time and to avoid any further delays in providing electric service, Dominion Virginia Power is requesting that and REC has agreed to serve the bisected lots. The applicants therefore request the Commission to approve the changes and to revise the service territory boundary lines.

NOW THE COMMISSION, having considered the request, is of the opinion and finds that it is in the public interest to amend Certificate E-049. We are advised that the parties affected by the proposed revisions have notice thereof, and are in agreement with the revision of boundary lines.

ACCORDINGLY, IT IS ORDERED that:

- (1) Certificate E-049 is hereby amended as delineated on Map 049.
- (2) The amended certificate and map shall be sent to Dominion Virginia Power and REC by the Division of Energy Regulation forthwith.
- (3) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUE-2005-00072  
SEPTEMBER 22, 2005**

APPLICATION OF  
ROANOKE GAS COMPANY

To revise annual affiliate transaction reporting to a fiscal year basis

**ORDER ON MOTION**

On September 6, 2005, Roanoke Gas Company ("Roanoke" or the "Company"), by counsel, filed a Motion requesting that the State Corporation Commission ("Commission") permit it to file its annual affiliate transactions report on a fiscal year basis prospectively rather than on a calendar year basis. On September 14, 2005, Roanoke filed a document clarifying its request (hereafter collectively referred to as "request" or "Motion").

Roanoke noted in its request that Ordering Paragraph (14) of the January 19, 1999, Order Granting Approval entered in Case No. PUA-1998-00035<sup>1</sup> directed the Company to file a report with the Director of Public Utility Accounting of the Commission on or before May 1 of each year. Specifically, the Commission directed Roanoke to set out in this Report the services provided to and by the Company and charges for such services for the preceding calendar year as well as to report all transactions with the Company's affiliates.

<sup>1</sup> See Application of Roanoke Gas Company and Commonwealth Public Service Corporation, For approval of transactions under Chapters 4 and 5 of Title 56 of the Code of Virginia, Case No. PUA-1998-00035, 1999 S.C.C. Ann. Rep 143, 145-146. On June 7, 1999, the Commission amended the January 19, 1999, Order Granting Approval to approve revisions to one of the subject agreements relating to the allocation of charges back to Roanoke and other subsidiaries of RGC Resources, Inc., a holding company. Id., 1999 S.C.C. Ann. Rep. 146.

Roanoke advised in its Motion that it has been filing its annual affiliate transactions report on May 1 of each year, based on its fiscal year, *i.e.*, the twelve months ended September of each year, and filed its most recent such report in May 2005. It related that the Commission Staff recently reminded the Company of the directives set out in the January 19, 1999, Order concerning a calendar year-based filing. The Company asserted that its books and records are maintained primarily on a fiscal year basis, and that its annual affiliate transactions report is more efficiently prepared on that basis. The Company stated its belief that the Commission Staff would find the affiliate transactional data appropriate for review on a fiscal basis and requested leave to file its annual affiliate transactions report on a fiscal year basis prospectively.

NOW UPON consideration of the foregoing request, the Commission is of the opinion and finds that this matter should be docketed and assigned Case No. PUE-2005-00072; that Roanoke's request should be granted; that Roanoke should be permitted to file its annual report of affiliate transactions on a fiscal rather than calendar year basis; that the provisions of the January 19, 1999, Order Granting Approval entered in Case No. PUA-1998-00035 should be revised to permit the Company to file its annual report of affiliate transactions, reflecting affiliate transactions on a fiscal rather than calendar year basis, to be submitted to the Director of Public Utility Accounting, on May 1 of each year hereafter; that the provisions of the January 19, 1999, Order Granting Approval, as amended, entered in Case No. PUA-1998-00035 should remain in effect in all other respects; and that Case No. PUE-2005-00072 should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2005-00072.
- (2) Roanoke's September 6, 2005, Motion is hereby granted.
- (3) The Company shall submit its annual report of affiliate transactions to the Commission's Director of Public Utility Accounting, reflecting the Company's affiliate transactions on a fiscal year basis, *i.e.*, for the twelve months ending September 30 of each year, rather than on a calendar year basis, on May 1 of each year hereafter.
- (4) All other provisions of the January 19, 1999, Order Granting Approval entered in Case No. PUA-1998-00035, as that Order has been amended, shall remain in effect.
- (5) Case No. PUE-2005-00072 shall be dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2005-00074  
DECEMBER 12, 2005**

APPLICATION OF  
KENTUCKY UTILITIES CORPORATION d/b/a OLD DOMINION POWER COMPANY

For authority to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On September 12, 2005, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") for authority to enter into an affiliate agreement with Louisville Gas and Electric Company ("LG&E"). Specifically, KU and LG&E along with the Illinois Municipal Electric Agency and the Indiana Municipal Power Agency have agreed to a Participation Agreement where all parties will jointly construct, own, and operate a 750 MW nominal net super-critical pulverized coal fired base load generating unit at LG&E's Trimble County, Kentucky Generating Station.

KU/ODP is a public service corporation organized pursuant to the laws of the Commonwealth of Kentucky and the Commonwealth of Virginia. In Kentucky, KU/ODP provides retail electric service to approximately 487,000 customers in 77 counties and wholesale service to several municipalities. In Virginia, KU/ODP conducts business under the name "Old Dominion Power Company" and provides retail electric service to approximately 29,000 customers in five southwestern counties. KU/ODP does not have any wholesale customers in Virginia. KU/ODP is a direct, wholly owned subsidiary of LG&E Energy LLC ("LG&E Energy").

LG&E is a corporation organized under the laws of the Commonwealth of Kentucky. LG&E is a combination gas and electric utility providing service in Kentucky. LG&E is also a wholly owned subsidiary of LG&E Energy.

KU/ODP and LG&E, along with the Illinois Municipal Electric Agency ("IMEA"), a body politic and corporate, municipal corporation and unit of local government of the State of Illinois and the Indiana Municipal Power Agency ("IMPA"), a body politic and corporate and a political subdivision of the State of Indiana (collectively, "Applicants") propose to construct, operate, and jointly own as tenants-in-common a 750 MW nominal net super-critical pulverized coal fired base load generating unit ("Trimble County Unit 2" or the "Project") at LG&E's generating station in Trimble County, Kentucky. Collectively, KU/ODP and LG&E will own 75% of Trimble County Unit 2 and IMEA and IMPA will own the remaining 25%. Based upon their relative energy and capacity needs, KU/ODP would own 81% and LG&E would own 19% of their collective share. The necessity for the unit was determined after KU/ODP and LG&E prepared a 2004 Joint Load Forecast with results showing a need for base load capacity beginning in 2010. The Applicants request that Trimble County Unit 2 itself not be considered an affiliate of KU/ODP because it is not a separate legal entity.

Applicants state that the undivided ownership interests of KU/ODP, LG&E, IMPA, and IMEA will be free and clear of the lien of any indenture or mortgage, deed of trust, bond resolution, or any other indenture establishing a lien on the interests of the other owners. Therefore, KU/ODP's interest will not be used as security for the obligations of the other co-owners, including affiliate LG&E.

Pursuant to a Participation Agreement, LG&E will convey interest in the land and easements at LG&E's Trimble Generating Station to the other participants in the Project for \$100,000. Of the \$100,000, KU/ODP would pay \$60,750, which equates to KU/ODP's overall ownership in the Project. Management of the Project will be through a Coordination Committee, consisting of representatives of each of the co-owners. Each of the co-owners will be entitled to vote in proportion to its ownership in the Project, and actions of the Coordination Committee will be determined by majority vote. In addition, each party will participate in the power and capacity from the Project in proportion to the party's ownership interest in Trimble County Unit 2.

Applicants state that the construction of Trimble County Unit 2 will be accomplished primarily through an engineering, procurement, and construction contract, awarded through a bid process, which will include engineering, procurement, and construction of the boiler, air pollution control equipment, and turbine generator. The Applicants estimate that KU/ODP's costs for its share of the Project will be \$648,000,000, excluding costs for any transmission facilities needed to serve native load. The projected Operation and Maintenance costs for KU/ODP's share of Trimble County Unit 2 is \$9.15 million non-fuel fixed and variable Operation and Maintenance in 2004 dollars. Applicants state that it is possible KU/ODP or its affiliates may perform construction of some of the minor portions of the Project but believe any such work would be minor in nature and such work has yet to be identified.

KU/ODP expects to finance its share of the Project with a combination of new debt and equity. The debt is expected to be a combination of short-term debt, in the form of commercial paper notes, loans from affiliates via the money pool, bank loans, and/or long-term inter-company loans from affiliates, and/or new long-term tax-exempt bonds. KU/ODP will continue to evaluate financing alternatives during construction and will seek Commission approval as required for the issuance of securities under Chapter 3 of Title 56 the Code of Virginia.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that to allow KU/ODP to undertake the transactions contemplated in the Participation Agreement, including the construction, ownership, and operation of Trimble County Unit 2 at the Trimble County, Kentucky Generating Station is in the public interest and should, therefore, be approved. However, should KU/ODP utilize affiliates in connection with the proposed Project for services not already specifically approved by the Commission, such arrangements or agreements with such affiliates should require Commission approval pursuant to Chapter 4 of Title 56 of the Code prior to entering into such transactions.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code of Virginia, KU/ODP is hereby granted authority to undertake the transactions contemplated in the Participation Agreement, including the construction, ownership, and operation of Trimble County Unit 2 at the Trimble County, Kentucky Generating Station under the terms and conditions and for the purposes as described herein.

(2) Trimble County Unit 2 itself shall not be considered an affiliate of KU/ODP within the meaning of Chapter 4 of Title 56 of the Code of Virginia since it is not a separate legal entity.

(3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia.

(4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.

(5) KU/ODP shall include the transactions authorized herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting.

(6) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then KU/ODP shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

(7) Should KU/ODP utilize affiliates in connection with the proposed Project for services not already specifically approved by the Commission, such arrangements or agreements with such affiliates should require Commission approval pursuant to Chapter 4 of Title 56 of the Code prior to entering into such transactions.

(8) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00075  
OCTOBER 5, 2005**

APPLICATION OF  
ROANOKE GAS COMPANY

For an expedited increase in rates

**ORDER FOR NOTICE AND HEARING**

On September 15, 2005, Roanoke Gas Company ("Roanoke" or the "Company") filed a rate application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. Roanoke seeks to increase its annual revenues by \$2,000,781, an increase of approximately 2.2%. The Company requests that it be permitted to place its proposed rates for service and all terms and conditions proposed in its supporting testimony into effect for service rendered on and after October 23, 2005.<sup>1</sup>

<sup>1</sup> The Company filed a Supplement to Schedules 2 and 25 on September 22, 2005. Staff filed a Memorandum of Completeness on September 26, 2005, noting that the application's completion was on September 15, 2005.

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The Company reports that its operations have not materially changed since its last rate case; however, several components of operating costs are reported rising faster than the rate of customer growth, which leads to the Company's application for rate relief filed herein.

Section B of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rules"), 20 VAC 5-200-30, permits the rates of a public utility to take effect within 30 days after the application is filed, subject to refund, pending investigation, so long as the rate application complies with the Rules and the utility has not experienced a substantial change in circumstances since its last rate case. In its application, the Company is not proposing any new accounting adjustments and is utilizing the same rate of return on equity as approved in the Company's last general rate Order, issued January 7, 2003, in Case No. PUE-2002-00373. On October 4, 2005, the Commission's Staff filed an interim Report, in which it concluded that there is a reasonable probability that the proposed increase will be justified following a full investigation and hearing.

NOW UPON CONSIDERATION of the Company's application, the Commission is of the opinion and finds that this matter should be docketed, that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, and that a procedural schedule should be established as prescribed herein.

Accordingly, IT IS ORDERED THAT:

- (1) Roanoke's application for approval of an expedited increase in rates is docketed and assigned Case No. PUE-2005-00075.
- (2) Roanoke may put its rates into effect on an interim basis subject to refund on October 23, 2005.
- (3) A public hearing shall be convened on March 29, 2006, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence on the captioned application. Any person not participating as a respondent as provided in Ordering Paragraph (10) below, may give oral testimony concerning the application as public witness at the March 29, 2006, public hearing. Public witnesses desiring to make statements at the public hearing concerning this application need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's bailiff.
- (4) As provided by § 12.1-31 of the Code of Virginia and Rule 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to issue a final report herein.
- (5) Upon written request received by its counsel, the Company shall provide a copy of the application to the requesting party at no cost. If acceptable to the requesting individual, the Company may provide the application, with or without attachments, by electronic means. Written requests shall be made to Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. Interested persons may also review a copy of the application and the Commission's Order for Notice and Hearing in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Monday through Friday.
- (6) On or before November 28, 2005, Roanoke shall complete publication of the following notice as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territories within the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION  
BY ROANOKE GAS COMPANY, FOR  
APPROVAL OF AN EXPEDITED INCREASE IN RATES  
CASE NO. PUE-2005-00075

On September 15, 2005, Roanoke Gas Company ("Roanoke" or the "Company") filed a rate application, supporting testimony and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. Roanoke seeks to increase its annual revenues by \$2,000,781, an increase of approximately 2.2%.

The rates are proposed to go into effect for service rendered on and after October 23, 2005. Roanoke may put its rates into effect on an interim basis, subject to refund, on October 23, 2005.

On or before December 19, 2005, any interested person may file written comments on the Company's request with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons may also submit comments electronically on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>. Persons commenting electronically need not file written comments.

Copies of the application are available through written request to counsel for the Company, Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. Interested persons may also review a copy of the application and the Commission's Order for Notice and Hearing in the Commission's Document Control Center, located on the First Floor of the Tyler building, 1300 East Main Street, Richmond, Virginia between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. A copy of the Commission's Order may also be obtained on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

A public hearing on the application will be held on March 29, 2006, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

Any interested person may participate as a respondent in the proceeding by filing, on or before December 19, 2005, an original and fifteen (15) copies of a notice of participation with the Clerk of the

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Commission at the address set forth above. Interested parties should obtain a copy of the Commission's Order for further details on participation as a respondent.

Interested persons not participating as a respondent may give oral testimony concerning the application as a public witness at the March 29, 2006, public hearing. Public witnesses desiring to make statements at the public hearing concerning this application need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's bailiff.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2005-00075 and shall simultaneously be served on counsel to the Company at the address set forth above.

ROANOKE GAS COMPANY

(7) On or before November 14, 2005, the Company shall mail a copy of its application and this Order by personal delivery or by first-class mail, postage prepaid, to 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 December 15, 2005, Roanoke shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, proof of the publication and service required in Ordering Paragraphs (6) and (7).

(9) On or before November 11, 2005, Roanoke shall file with the Clerk, at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any additional direct testimony, exhibits, and other materials supporting its application.

(10) Any interested person may participate as a respondent in this proceeding by filing, on or before December 19, 2005, an original and fifteen (15) copies of a notice of participation with the Clerk, at the address set forth in Ordering Paragraph (8) above, and shall simultaneously serve a copy of the notice of participation on counsel to the Company, Richard D. Gary, at the address set forth in Ordering Paragraph (5) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2005-00075.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, 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 December 19, 2005, any interested person may file any comments on the captioned application with the Clerk, at the address in Ordering Paragraph (8) above, and shall mail a copy to counsel for the Company, Richard D. Gary, at the address set forth in Ordering Paragraph (5) above.

(13) On or before January 6, 2006, each respondent shall file with the Clerk, at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company and on all other respondents. The respondent shall comply with Rules 5 VAC 5-20-140, 5 VAC 5-20-150, and 5 VAC 5-20-240 of the Commission's Rules of Practice and Procedure.

(14) The Commission Staff shall investigate the Company's application for an expedited increase in rates. On or before February 28, 2006, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(15) On or before March 14, 2006, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that it expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one copy on Staff and all respondents.

(16) Roanoke and respondents shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with the Commission's Rules of Practice and Procedure.

**CASE NO. PUE-2005-00076  
NOVEMBER 2, 2005**

APPLICATION OF  
COMMERCE ENERGY, INC.

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On September 19, 2005, Commerce Energy, Inc. ("Commerce Energy" or "Company"), completed an application for a license to conduct business as a natural gas competitive service provider ("CSP") pursuant to Commission's Rules Governing Retail Access to Competitive Gas Services. Commerce Energy requests a license to serve residential, commercial, and industrial customers in the retail access program throughout the Commonwealth

of Virginia as the Commonwealth opens to retail access and customer choice.<sup>1</sup> The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

On September 27, 2005, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be given to natural gas utilities and other interested persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of Commerce Energy's application and present its findings in a Staff Report. The Commission permitted the Company to file any response it may have had to the Staff Report on or before October 28, 2005.

The Company filed proof of publication of its notice on October 11, 2005. No comments from the public on Commerce Energy's application were received.

The Staff filed its Report on October 21, 2005, concerning Commerce Energy's fitness to conduct business as a natural gas CSP. In its Report, the Staff summarized Commerce Energy's proposal and evaluated its financial condition and technical fitness. The Staff recommended that Commerce Energy be granted a license to conduct business as a natural gas competitive service provider to residential, commercial, and industrial customers throughout the Commonwealth of Virginia. The Staff determined that the Company currently has sufficient financial and technical resources to support its expansion into Virginia. No response to Staff's report was received.

NOW UPON CONSIDERATION of the application and the Staff Report, the Commission finds that Commerce Energy's application to provide competitive natural gas service should be granted subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Commerce Energy, Inc., is hereby granted License No. G-22 to provide competitive natural gas supply service to residential, commercial, and industrial customers throughout the Commonwealth of Virginia. This license to act as a competitive service provider is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) Commerce Energy is required to file a copy of its annual financial statements with the Division of Economics and Finance simultaneously with its annual-report submission as required by the Retail Access Rules, 20 VAC 5-312-20 Q.

(4) Failure of Commerce Energy to comply with the Retail Access Rules, the provisions of this Order, other State Corporation Commission orders and rules, or other applicable state or federal laws may result in an enforcement action by the Commission that includes, without limitation, the revocation, suspension, or modification of the license granted herein, the refusal to renew such license, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(5) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

<sup>1</sup> On October 8, 2004, the Commission granted Commonwealth Energy Corporation, d/b/a electricAmerica, a license to provide electric service throughout the Commonwealth of Virginia. On July 6, 2005, the Commission reissued the license in the name of Commerce Energy, Inc. to reflect a corporate name change.

**CASE NO. PUE-2005-00077  
DECEMBER 15, 2005**

JOINT PETITION OF  
AGL RESOURCES INC.,  
VIRGINIA GAS COMPANY,  
VIRGINIA GAS DISTRIBUTION COMPANY,

Requesting the issuance of certificates of public convenience and necessity pursuant to the Utility Facilities Act

**ORDER GRANTING CERTIFICATES**

On September 22, 2005, AGL Resources Inc. ("AGLR"), Virginia Gas Company ("VGC"), and Virginia Gas Distribution Company ("VGDC") (collectively, "Petitioners") filed their Amended and Revised Joint Petition ("Petition") with the State Corporation Commission ("Commission"). The Petition requests the issuance, pursuant to Chapter 10.1 of Title 56 of the Code of Virginia, of certificates of public convenience and necessity to VGDC, authorizing it to provide natural gas distribution service in and around the Town of Saltville, Virginia, in Dickenson County, Virginia, and in a specified portion of Tazewell County, Virginia.

The Commission issued its Order for Notice and Comment in this matter on October 12, 2005. Among other things, this Order directed the publication of notice to the public to occur on or before October 21, 2005. The Commission, by order entered November 14, 2005, extended the time for Petitioners to complete publication to November 12, 2005, at Petitioners' request, but left the record open for receipt of public comment or requests for hearing in this matter. None were received.

In its Final Order in Case No. PUE-1997-00025, issued on December 1, 1997, the Commission issued certificates authorizing VGDC to provide service in the areas addressed in the current Petition, conditioned upon VGDC beginning such provision of service within five (5) years of that date. VGDC

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was unable to meet this condition and the certificates, Nos. G-165, G-166, and G-167, lapsed. Petitioners assert that "future business opportunities may present themselves to VGDC to provide service to these areas[]" and have requested re-issuance of certificates for these areas.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that it should issue the requested certificates to VGDC and will again direct the Company to begin the provision of natural gas service to the certificated areas within five (5) years of the date of this Order Granting Certificates.

Accordingly, IT IS ORDERED THAT:

(1) VGDC shall be issued Certificate of Public Convenience and Necessity No. G-165a, authorizing it to furnish natural gas service, subject to the condition specified in the certificate to

the western portion of Tazewell County, excluding the following service territory allotted to Commonwealth Public Service Corporation. The area allotted to Commonwealth Public Service Corporation is described as that territory beginning at the point of intersection of Bland County, Virginia, Tazewell County, Virginia, and Mercer County, West Virginia, then following the Bland County and Tazewell County line southwest, south, and southwest to Crabtree Gap; then following a northwesterly line to Low Gap; then following the Tazewell County, Virginia and McDowell County, West Virginia line in a northeasterly direction to the point of intersection of Tazewell County, Virginia, McDowell County, West Virginia, and Mercer County, West Virginia; then following the Mercer County, West Virginia and Tazewell County, Virginia line in a southeasterly direction to the point of beginning.

If gas service to the area designated herein to Virginia Gas Distribution Company is not furnished within five years of the date of the Final Order in Case No. PUE-2005-00077, the authority granted to furnish natural gas service shall be terminated and this certificate voided.

(2) Certificate of Public Convenience and Necessity No. G-166a shall be issued to VGDC, authorizing it to furnish natural gas service, subject to the conditions specified in this certificate, to all of Dickenson County, Virginia. If gas service to the area designated in this certificate is not provided within five years of the date of this Order Granting Certificates, the authority granted herein to furnish natural gas service shall be terminated and this certificated voided.

(3) Certificate of Public Convenience and Necessity No. G-167a shall be issued to VGDC, authorizing it to furnish natural gas service, subject to the conditions specified in the certificate, to an

area encompassing the proposed Virginia Gas Distribution Company Saltville Distribution Area located in Smyth and Washington Counties of Virginia and being a tract of land that encompasses the Town of Saltville, Virginia and its surrounding communities more particularly described as follows:

Beginning at a point approximately 1.43 miles South of Saltville Corporate Boundary along State Route 107 and .30 miles East of State Route 107 and whose scaled Virginia State plane coordinates are North 204332.2 and East 1058297.1;

Thence South 84° 54' 26" West for a distance of 17121.29' to a point;

Thence North 53° 06' 56" West for a distance of 6736.24' to a point;

Thence North 32° 17' 17" West for a distance of 7572.35' to a point;

Thence North 29° 16' 54" East for a distance of 14282.59' to a point;

Thence North 89° 43' 34" East for a distance of 17922.32' to a point;

Thence South 04° 12' 22" East for a distance of 21526.00' to the point of beginning.

Said property contains 11,338.2 acres more or less.

If gas service to the area designated herein to Virginia Gas Distribution Service Company is not provided within five years of the date of the Order Granting Certificates in Case No. PUE-2005-00077, the authority granted to furnish natural gas service shall be terminated and this certificate voided.

(4) VGDC shall file maps of the service territories certificated herein with the Commission's Division of Energy Regulation within sixty (60) days of the date of this Order.

(5) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active cases.

**CASE NO. PUE-2005-00078  
DECEMBER 9, 2005**

JOINT PETITION OF  
ANGD LLC  
and  
AGL RESOURCES INC.,  
NUI CORPORATION,  
VIRGINIA GAS COMPANY,  
VIRGINIA GAS DISTRIBUTION COMPANY,

For approval of transfer of control under Chapter 5 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

By filing dated September 15, 2005, ANGD LLC ("ANGD" or "Buyer"), AGL Resources Inc. ("AGLR"), NUI Corporation ("NUI"), Virginia Gas Company ("VGC" or "Seller"), and Virginia Gas Distribution Company ("VGDC") submitted a Joint Petition ("Petition") with the State Corporation Commission ("Commission").<sup>1</sup> The Petition requests approval pursuant to Chapter 5 of Title 56 of the Code of Virginia (§ 56-88 *et seq.*) ("Chapter 5") for a transaction in which ANGD will acquire 100% of the issued and outstanding stock of VGDC (the "Transaction").

Specifically, subject to Commission approval and other customary conditions in such transactions, the Buyer and Seller have entered into a Purchase and Sale Agreement ("Agreement"), effective August 25, 2005, pursuant to which ANGD will purchase from VGC all of the issued and outstanding shares of capital stock of VGDC. As a result, VGDC will become a wholly owned subsidiary of ANGD. Under the terms of the Agreement, within 180 days following closing of the Transaction, ANGD has agreed to discontinue use of the name "Virginia Gas Distribution Company" and intends to change the name of VGDC to Appalachian Natural Gas Distribution Company. Furthermore, the Petition asserts that the Transaction will not impair or jeopardize adequate service at just and reasonable rates to VGDC's customers. The Petitioners submit that the Transaction will not impair or in any way diminish the ability of VGDC to provide safe, continuous, and adequate natural gas service to its Virginia customers.

The Petitioners note that on October 29, 2004, in Case No. PUE-2004-00097, the Commission issued an order granting approval of a Plan of Merger under which NUI and its subsidiaries, including VGC, Virginia Gas Pipeline Company ("VG Pipeline"), Virginia Gas Storage Company ("VG Storage"), VGDC, and NUI Saltville Storage Inc. ("NUISS") were acquired by AGLR ("Merger Order"). The Petitioners further note that on July 29, 2005, in Case No. PUE-2005-00043, the Commission granted its approval of Duke Energy Gas Transmission, LLC's purchase of all the issued and outstanding shares of capital stock of VG Storage and VG Pipeline from VGC, as well as Duke Energy Saltville Gas Storage, L.L.C.'s purchase of NUISS's 50% interest in Saltville Gas Storage Company LLC.

On October 5, 2005, the Commission issued an Order for Notice and Comment that: docketed the Petition as Case No. PUE-2005-00078; directed the Petitioners to provide notice to the public; afforded interested persons an opportunity to file notices of participation as a party, comments, and requests for hearing; directed the Commission's Staff ("Staff") to investigate and file a report on the Petition; and extended the Commission's review period for an additional thirty (30) days, through December 14, 2005, pursuant to § 56-88.1 of the Code of Virginia.

On October 14, 2005, the Petitioners filed a Motion for Extension of Time ("Motion"), in which they requested a one-week extension for the publication of notice in two of the five regional newspapers of general circulation within the service territory of VGDC. The Commission granted the Petitioners' Motion in an Order Granting Extension of Time dated October 17, 2005.

On November 14, 2005, the Commission issued an Order Extending Time for Review, which, due to the complex issues involved and consequential continuing data requests, extended the deadline for Staff to file its report by one week, until November 21, 2005, and also extended the deadline by which Petitioners could file a response to the Staff Report by one week, until December 6, 2005.

On November 17, 2005, the Petitioners filed timely proof of notice as required by the October 5, 2005 Order for Notice and Comment, as modified by the October 17, 2005 Order Granting Extension of Time. No notices of participation, comments, or requests for hearing were filed.

On November 21, 2005, the Staff filed its report on the Petition ("Staff Report"). The Staff concludes that the proposed transfer of control of the utility neither impairs nor jeopardizes the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved. Nonetheless, Staff expressed concern with VGDC's accounting for asset impairments, debt extinguishments and the proposed transfer, which Staff states should be accomplished in accordance with the Uniform System of Accounts ("USOA"). While Staff believes such matters are best addressed in the context of future Annual Informational Filings and rate proceedings, Staff also believes that the Petitioners should develop and maintain records of any costs, savings, or tax consequences arising from the transfer, and should make such records available to Staff upon request. Accordingly, Staff recommends approval of the proposed transfer subject to the following five (5) conditions:

(1) Within thirty (30) days of completing the proposed transfer, subject to administrative extension by the Commission's Director of Public Utility Accounting, the Petitioners should file a Report of Action ("Report") with the Commission. Included in the Report should be the date of the transfer, the actual sales price, the settlement sheet, any legal documentation, and ANGD's and VGDC's accounting entries recording the transfer. Such accounting entries should be in accord with the USOA.

(2) The Commission should direct the Petitioners to develop and maintain records for tracking all costs, savings, or tax consequences arising from the proposed transfer, and to make such records available to Staff upon request. VGDC should disclose such costs and savings in future annual information filings or rate case proceedings.

<sup>1</sup> ANGD, AGLR, NUI, VGC, and VGDC are referred to herein collectively as the "Petitioners."

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(3) The Commission approval granted for the proposed transfer should not extend to any subsequent affiliate financing or service agreements or arrangements. Such agreements or arrangements should require separate Commission approval under Chapters 3 and/or 4 of Title 56 of the Code.

(4) Commission approval granted for the proposed transfer should have no ratemaking implications. In particular, Commission approval should not guarantee recovery of any costs directly or indirectly related to the transfer.

(5) The Commission should direct ANGD and VGDC that:

- a) The quality of service in VGDC's service territory should not deteriorate due to a lack of capital investment;
- b) The quality of service in VGDC's service territory should not deteriorate due to a reduction in the number of employees providing services; and
- c) ANGD and VGDC should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure VGDC's timely response to Staff inquiries with regard to VGDC's provision of service in Virginia.

On November 30, 2005, the Petitioners filed a letter indicating that they have no comments on the Staff Report and respectfully requesting that the Commission enter an order on an expedited basis approving the Joint Petition.

NOW THE COMMISSION, having considered the pleadings, the Staff Report, and applicable law, is of the opinion and finds as follows:

Section 56-90 of the Code of Virginia sets forth the Commission's authority under Chapter 5 regarding the proposed transactions by which ANGD will acquire control of VGDC:

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 . . .

We find that approval of the proposed transaction under Chapter 5, subject to the conditions adopted below, will not impair or jeopardize adequate service to the public at just and reasonable rates. We adopt the Staff's recommended conditions, enumerated (1) through (5) above, as the conditions of our approval herein under Chapter 5.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the proposed transaction in which ANGD will acquire from VGC all of the issued and outstanding shares of capital stock of VGDC is hereby approved subject to the conditions adopted in this Order Granting Authority.

(2) The Director of Public Utility Accounting shall advise us when the Report of Action is received and is satisfactory.

(3) This matter is continued generally.

**CASE NO. PUE-2005-00080  
DECEMBER 16, 2005**

APPLICATION OF  
AQUA VIRGINIA, INC.

For a general increase in rates

**ORDER FOR NOTICE AND HEARING**

On September 27, 2005, Aqua Virginia, Inc. ("Aqua Virginia" or the "Company"), filed an application with the State Corporation Commission ("Commission") for a two-phase general increase in rates. The application was deemed complete as of the date of filing. According to its application Aqua Virginia has applied for a two-phase general increase in rates in accordance with Chapter 10 of Title 56 of the Code of Virginia ("Code") and the provisions for rate increases set forth in the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rules") (20 VAC 5-200-30). The Company seeks a total rate increase that would produce additional annual jurisdictional revenues of \$2,483,000, representing an overall revenue increase of approximately 114 % on 2004 calendar year revenues. The proposed increase would be implemented in two phases, a Phase 1 increase of \$1,500,000, and a Phase 2 increase of \$983,000. The Phase 1 increase is comprised of \$1,165,000 in additional sewer revenues and \$335,000 in additional water revenues. The Phase 2 increase is comprised of additional sewer revenues of \$739,200 and additional water revenues of \$243,800. As part of its proposal, the Company is requesting Commission approval to discontinue the annual availability fee, currently \$90. The Company requests that its Phase 1 proposed revenue increase be allowed to go into effect on an interim basis, subject to refund, on January 1, 2006, and that its Phase 2 proposed revenue increase be allowed to go into effect on January 1, 2007.

Aqua Virginia's current rates were approved by the Commission in a Final Order dated September 3, 1997, in Case No. PUE-1996-00064.<sup>1</sup> The Company states that expansion and improvement of its facilities and general cost increases since 1996 are the principal reasons for the filed rate application.

<sup>1</sup> The Company's most recent application for a general increase in rates was in its former name, Lake Monticello Service Company.

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NOW THE COMMISSION, having considered the application with accompanying schedules, testimony, and exhibits, finds that this application for a general increase in rates should be docketed and that, as required by §§ 56-237 and 56-237.1 of the Code, notice of the application should be given. The Commission further finds that a public hearing on the lawfulness of the proposed revised rates and charges should be held, that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, and that a procedural schedule should be established as prescribed herein.

Pursuant to §§ 56-237 and 56-240 of the Code, we will permit the Company to place Phase 1 of its proposed rates into effect, subject to refund, 150 days after completion of the Application, on February 24, 2006, while the reasonableness of those rates and charges is investigated. The proposed rates and charges shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits. While § 56-240 of the Code does not expressly provide for interest on any refund by a certificated utility ordered, we have interpreted this and other provisions of Title 56 of the Code to empower the Commission to require a utility to pay interest on any refund.<sup>2</sup> The Commission notes that should we ultimately decide that an availability fee is reasonable that Aqua will be allowed to reinstate an availability fee only on a prospective basis. Implementation of the proposed Phase 2 increase, to be effective no earlier than February 24, 2007, will be addressed by separate Order of the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) Aqua Virginia's application shall be docketed as Case No. PUE-2005-00080 and all associated papers shall be filed in that docket.
- (2) As provided by §§ 56-237 and 56-240 of the Code, Aqua Virginia's proposed Phase 1 increase in rates and charges may take effect on February 24, 2006, subject to the Commission's power to fix and order substituted just and reasonable rates, charges, terms and conditions, and to order refunds or credits, with interest. Aqua Virginia's request to discontinue the availability fee is granted on an interim basis as of February 24, 2006. The Commission notes that should we ultimately decide that an availability fee is reasonable that Aqua will be allowed to reinstate an availability fee only on a prospective basis.
- (3) On or before January 20, 2006, the Company shall file with the Commission's Division of Energy regulation appropriate replacement tariff sheets showing all proposed changes for all schedules and terms and conditions permitted to take effect as provided by Ordering Paragraph (2) above. The following caption shall appear at the foot of each sheet showing any change: "Effective February 24, 2006, subject to investigation and modification by the Virginia State Corporation Commission in Case No. PUE-2005-00080."
- (4) A public hearing shall be held at 10:00 a.m. on May 24, 2006, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence on the application for a general increase in rates.
- (5) As provided by § 12.1-31 of the Code and the Commission's Rules of Practice and Procedure ("Commission's Rules"), 5 VAC 5-20-120, *Procedure before hearing examiners*, a hearing examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.
- (6) Aqua Virginia's application and accompanying materials may be viewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Applicant, Anthony J. Gambardella, Jr., Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219. The Applicant shall make a copy available on an electronic basis upon request.
- (7) On or before January 31, 2006, Aqua Virginia may file with the Clerk, State Corporation Commission, c/o Document Control Center, Tyler Building, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any additional testimony and exhibits by which it expects to establish its case.
- (8) On or before February 24, 2006, any person who expects to participate as a respondent in this proceeding shall file with the Clerk at the address set out in Ordering Paragraph (7) an original and fifteen (15) copies of a notice of participation as a respondent, as required by the Commission's Rules, 5 VAC 5-20-80 B, *Participation as a respondent*, and shall serve a copy on counsel to Aqua Virginia, Anthony J. Gambardella, Jr., Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219, and on Commission Staff counsel, Donald Wells, Esquire, Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197. The notice of participation shall be filed and served as required by the Commission's Rules, 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. Any organization, corporation or government entity participating as a respondent must be represented by counsel as required by the Commission's Rules, 5 VAC 5-20-30, *Counsel*.
- (9) Within five (5) business days of receipt of a notice of participation as a respondent, Aqua Virginia shall serve upon each 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.
- (10) On or before March 31, 2006, each respondent shall file with the Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to Aqua Virginia and on all other parties. Respondents shall comply with the Commission's Rules, 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*.
- (11) Interested persons may file written comments on the application with the Clerk, State Corporation Commission, c/o Document Control Center, Tyler Building, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2005-00080 and should be filed by March 31, 2006. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

<sup>2</sup> Commonwealth Public Service Corp., Case No. PUE-1994-00076, 1994 S.C.C. Ann. Rep. 424.

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(12) The Staff shall investigate the application, and on or before April 28, 2006, shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(13) On or before May 12, 2006, Aqua Virginia may file with the Clerk an original and fifteen (15) copies of all testimony and exhibits that it expects to offer in rebuttal to testimony and exhibits of the respondents and the Commission Staff and shall serve one copy on all parties.

(14) The Commission's Rule 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: (i) responses to interrogatories and objections shall be served within ten (10) days after receipt of interrogatories, counting weekends and holidays; (ii) motions on the validity of any objections raised shall be filed within four (4) business days of receipt of the objection; and (iii) responses to interrogatories, objections, and motions on the validity of objections shall be served by 3:00 p.m. on the date due, unless the Staff or party upon whom service must be made agrees in advance to other arrangements.

(15) On or before January 20, 2006, Aqua Virginia shall serve by first-class mail a copy of this Order on all officials previously served as required by the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30 H.

(16) On or before January 20, 2006, Aqua Virginia shall make available for inspection copies of the application and this Order at the following offices:

Aqua Virginia, Inc.  
420 Garden Lane  
Palmyra, Virginia 22963

(17) Aqua Virginia shall publish as display advertising the following notice once a week for two consecutive weeks in a newspaper or newspapers of general circulation in its service territory. Publication shall be completed by January 20, 2006.

NOTICE TO CUSTOMERS OF  
AQUA VIRGINIA, INC., OF A  
GENERAL INCREASE IN RATES  
CASE NO. PUE-2005-00080

Aqua Virginia, Inc., has filed with the State Corporation ("Commission") an application for a two-phase general increase in rates. The application has been docketed as Case No. PUE-2005-00080. The Company seeks a total rate increase that would produce additional annual jurisdictional revenues of \$2,483,000, representing an overall revenue increase of approximately 114% on 2004 test year revenues. The proposed increase would be implemented in two phases, a Phase 1 increase, effective January 1, 2006, of \$1,500,000, and a Phase 2 increase, effective January 1, 2007, of \$983,000. The Phase 1 increase is comprised of \$1,165,000 in additional sewer revenues and \$335,000 in additional water revenues. The Phase 2 increase is comprised of additional sewer revenues of \$739,200 and additional water revenues of \$243,800. As part of its proposal, the Company is requesting Commission approval to discontinue the annual availability fee, currently \$90.

The present and proposed rates follow:

WATER			
	Present	Phase 1	Phase 2
Base charge	\$9.90	\$12.00	\$14.00
Usage charge (per 1,000 gallons)	2.94	4.14	4.74

SEWER			
	Present	Phase 1	Phase 2
Base charge	\$9.90	\$26.00	\$39.00
Usage charge (per 1,000 gallons)	2.94	4.68	4.88

AVAILABILITY FEE			
	Present	Phase 1	Phase 2
Annual Charge	\$90.00	\$0	\$0

The Commission has suspended implementation of the proposed Phase 1 rates and charges until service rendered on and after February 24, 2006. The proposed rates and charges shall take effect subject to the

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power of the Commission to fix and substitute just and reasonable rates and to order the utility to make refunds or give credits, with interest. Any Phase 2 increase must be authorized by further Commission Order. While the total revenues that may be approved will not be greater than the amount produced by the Company's proposed rates, please TAKE NOTICE that individual rates approved by the Commission may be higher or lower than those proposed by the Company.

The application and related filings may be inspected in the Document Control Center, Office of the Clerk, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, between 8:15 a.m. and 5:00 p.m. on Commission business days. The application may also be inspected during regular business hours at Aqua Virginia, Inc., 420 Garden Lane, Palmyra, Virginia 22963. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Applicant, Anthony J. Gambardella, Jr., Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219.

The State Corporation Commission has ordered its Staff to investigate the application and has established procedures for affected persons to participate or be represented by counsel in the proceeding. A hearing will be held on the application beginning at 10:00 a.m. on May 24, 2006, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. 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 (800) 552-7945 (voice) or (804) 371-9206 (TDD).

Interested persons may file written comments on the application with the Clerk of the Commission, c/o Document Control Center, Tyler Building, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2005-00080 and should be filed by March 31, 2006. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

Any interested person may participate as a public witness at the hearing on May 24, 2006. Interested persons should arrive at the Commission's Courtroom by 9:45 a.m. and tell the Commission's Bailiff that they wish to be a public witness.

On or before February 24, 2006, any person who expects to present evidence, to cross-examine witnesses, and to otherwise participate as a respondent in this proceeding, as provided by the State Corporation Commission Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-80 B, *Participation as a respondent*, shall file with the Clerk of the Commission, c/o Document Control Center, Tyler Building, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of a notice of participation as a respondent. Copies shall be served on counsel to Aqua Virginia, Anthony J. Gambardella, Jr., Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219, and on Commission Staff counsel, Donald Wells, Esquire, Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197. The notice of participation shall be filed and served as required by the Rules of Practice, 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. As required by the Rules of Practice, 5 VAC 5-20-30, *Counsel*, any organization, corporation, or government entity participating as a respondent must be represented by counsel.

The unofficial text of the State Corporation Commission's orders in Case No. PUE-2005-00080 may be viewed at <http://www.scc.virginia.gov/caseinfo.htm>. The Commission's Rules of Practice and Procedure and other information may be viewed at <http://www.scc.virginia.gov>.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2005-00080 and shall simultaneously be served on counsel to the Company at the address set forth above.

AQUA VIRGINIA, INC.

(18) Aqua Virginia shall provide notice to each customer once as a bill insert or separate mailing the text of the public notice prescribed in Ordering Paragraph (17). Customer notice shall commence as soon as practicable and shall continue until all customers have received the notice and shall be completed by January 20, 2006.

(19) On or before February 10, 2006, Aqua Virginia shall file with the Clerk a certificate of service evidencing compliance with all notice requirements as set out in Ordering Paragraphs (15) through (18), proof of the posting, mailing, and publication required by Ordering Paragraphs (17) and (18).

**CASE NO. PUE-2005-00082  
DECEMBER 14, 2005**

JOINT APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER  
and  
BARC ELECTRIC COOPERATIVE

For revision of certificate under the Utility Facilities Act

**ORDER FOR REVISION OF CERTIFICATES**

On November 4, 2005, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or the "Company") and BARC Electric Cooperative ("BARC") submitted to the Division of Energy Regulation ("Division") of the State Corporation Commission ("Commission") a letter, along with copies of a detailed map, requesting a revision to Certificate E-M36 to change the boundary lines between their service territories.

Dominion Virginia Power and BARC have reached an agreement for the adjustment of the electric utility service territory boundary line between them as it relates to a residential development known as Ridgemoor Subdivision in Raphine, Virginia. The existing territory boundary line bisects the subdivision. Dominion Virginia Power was denied permission by the adjoining property owners to construct electric service facilities across their property. Therefore, in the interest of time and to avoid any further delays in providing electric service, the utilities have requested a change in their service territories. BARC has agreed to serve the entire subdivision. The applicants therefore request the Commission to approve the changes and to revise the service territory boundary lines.

NOW THE COMMISSION, having considered the request, is of the opinion and finds that it is in the public interest to amend Certificate E-M36. We are advised that the parties affected by the proposed revisions have notice thereof, and are in agreement with the revision of boundary lines.

ACCORDINGLY, IT IS ORDERED that:

- (1) Certificate E-M36 is hereby amended as delineated on Map M36.
- (2) The amended certificate and map shall be sent to Dominion Virginia Power and BARC by the Division of Energy Regulation forthwith.
- (3) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUE-2005-00083  
DECEMBER 16, 2005**

NOTIFICATION OF  
PARAMONT ENERGY, LC

To furnish natural gas service pursuant to § 56-265.4:5 of the Code of Virginia

**ORDER DISMISSING PROCEEDING**

On September 30, 2005, Paramount Energy, LC ("Paramont"), notified the State Corporation Commission ("Commission"), pursuant to § 56-265.4:5 of the Code of Virginia ("Code"), of its intent to furnish exempt natural gas service to Applebee's of Virginia, Inc. ("Applebee's"), at a new restaurant to be built in Norton, Virginia ("New Restaurant").

On October 7, 2005, the Staff of the Commission filed a memorandum advising that Applebee's proposed facilities were not located within a territory for which a certificate of public convenience and necessity has been granted or within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

On October 12, 2005, the Commission entered an Order docketing the proceeding and notifying all Virginia public utilities providing natural gas service of Paramont's plans to furnish gas service to the New Restaurant. The utilities were advised they could file an application with the Commission to provide natural gas service within the area identified in Paramont's notification documents within sixty (60) days of the entry of the October 12, 2005, Order. The Commission found that Applebee's facilities were not located within a territory for which a certificate of public convenience and necessity has been granted or within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

Sixty days now have elapsed since the entry of the October 12, 2005, Order, and no jurisdictional public utility has filed an application to provide natural gas service within the area identified in the captioned notification.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that Paramont has satisfied the requirements of §§ 56-265.1(b)(4) and 56-265.4:5 of the Code, and that there being nothing further to be done herein, this matter should be dismissed.

Accordingly, IT IS THEREFORE ORDERED THAT this matter shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein made a part of the Commission's file for ended causes.

**CASE NO. PUE-2005-00084  
NOVEMBER 22, 2005**

APPLICATION OF  
ROANOKE GAS COMPANY

For authority to issue long-term debt

**ORDER GRANTING AUTHORITY**

On October 6, 2005, 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") requesting authority to issue long-term debt. On November 15, 2005, Roanoke submitted information necessary to complete the application. The Company has paid the requisite fee of \$250.

Roanoke requests authority to incur up to \$15,000,000 in debt in the form of an unsecured bank loan ("Loan"). The Company expects to incur the debt in November of 2005. The Loan will have a five year maturity. Additionally, beginning on the first anniversary of the Loan and at any time prior to December 1, 2010, the Company has the right to request an extension of the maturity date. The interest rate on the Loan 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 69 basis points. The proceeds will be used to retire short-term and long-term debt.

In its application, Roanoke has also indicated that it will enter into an interest-rate swap agreement to fix the interest rate on the Loan.<sup>1</sup> In a letter dated October 13, 2005, to our Staff, the Company indicated that all of the specifics of the swap agreement will not be known until execution. The Company has however, indicated that the swap will have a maturity of ten years and that the variable rate portion of the swap will pay interest in amounts necessary to pay the interest obligation on the underlying loan.

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. Additionally, the Commission will treat the Company's application as a request to enter into an interest rate swap agreement. We are, however, troubled by the lack of detail concerning the interest-rate swap agreement, so we will grant approval to enter into the interest-rate swap agreement under the following conditions. First, the notional principal of the interest-rate swap agreement must equal the principal amount of the Loan. Secondly, the index used to determine the interest rate in the embedded floating rate in the swap agreement must be the same index used to determine the interest rate on the Loan or on any subsequent loan. Lastly, the fixed-rate portion of the interest-rate swap agreement must not exceed 200 basis points over a Treasury note with a maturity comparable to the tenor of the interest-rate swap agreement at the time the swap is executed.

Accordingly, IT IS ORDERED THAT:

- 1) Roanoke is hereby authorized to incur up to \$15,000,000 in long-term indebtedness in the form of a bank loan, under the terms and conditions and for the purposes set forth in the application.
- 2) Roanoke is authorized to enter into an interest-rate swap agreement for the purposes of establishing a fixed interest rate on the Loan authorized herein, under the terms and conditions set forth herein.
- 3) That on or before December 31, 2005, Roanoke shall file a report of action to include the type of debt issued, the date of issuance, the amount of issuance, the applicable interest rate at the time of issuance and the index used to determine such rate, the maturity date, the interest payment cycle, and net proceeds to the Company.
- 4) Within 10 days of execution of the interest rate swap agreement, Roanoke shall file a report of action with the Commission to include a copy of the executed promissory note and the confirmation letter from Wachovia Bank to Roanoke Gas concerning the interest rate swap, as well as details concerning the swap agreement including the notional principal amount, the execution date, 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.
- 5) The authority granted herein shall have no implications for ratemaking purposes.
- 6) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

<sup>1</sup> By Order dated November 24, 1997, in Case No. PUF-1997-00019, the Commission found that interest rate swap agreements constitute securities, as defined by § 56-55 of the Code, and are subject to Commission regulation.

**CASE NO. PUE-2005-00085  
OCTOBER 31, 2005**

APPLICATIONS OF  
ATMOS ENERGY CORPORATION  
and  
ATMOS ENERGY HOLDINGS, INC.

For authority to incur short-term debt and to lend short-term debt to an affiliate

**ORDER GRANTING AUTHORITY**

On October 7, 2005, Atmos Energy Corporation ("Atmos" or "Company") and Atmos Energy Holdings, Inc. ("AEH"), completed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia (Va. Code §§ 56-55 *et seq.* and 56-76 *et seq.*) requesting authority to incur additional short-term debt for the remainder of 2005<sup>1</sup> not to exceed \$325,000,000 and to incur short-term indebtedness up to a maximum of \$968,000,000 between January 1, 2006, and December 31, 2006. The amount of short-term debt requested in the application is in excess of twelve percent (12%) of total capitalization as defined in § 56-65.1 of the Code of Virginia. Atmos also requests authority to lend short-term funds to an affiliate in an amount not to exceed \$100,000,000 at any one time during 2006. Applicant paid the requisite fee of \$250.

Atmos proposes to incur short-term indebtedness by making drawdowns under existing credit facilities, new lines of credit, or through the use of its commercial paper program. Atmos has in place three separate credit facilities totaling \$643,000,000 of available credit. Atmos is in the final stages of arranging for two additional lines of credit. The new lines of credit are anticipated to consist of a \$300,000,000, 364-day facility and a \$25,000,000 bank facility. Under any of the credit facilities, the interest rate may be negotiated at the time of drawdown or based on the then prevailing London InterBank Offered Rate ("LIBOR"). Under the commercial paper program, the interest rate is set daily based on market conditions. Applicant states that the funds will be used to maintain its construction budget, to acquire additional assets, to redeem maturing long-term debt securities, to provide working capital, to provide for maximum peak day gas purchases, and for other general corporate purposes.

Atmos also proposes to continue to lend to AEH, its wholly owned subsidiary, through a \$100,000,000 short-term cash credit facility ("Affiliate Facility") for calendar year 2006. The requested loan to AEH will support the natural gas supply procurement efforts of Atmos Energy Marketing, LLC ("AEM"), another wholly owned subsidiary of Atmos, on behalf of, among others, Atmos. The Affiliate Facility will also supply cash working capital needs for Atmos Storage and Pipeline, LLC, Atmos Energy Services, LLC, and Atmos Power Systems, Inc. The interest rate on the proposed affiliate transactions will be based on LIBOR plus 275 basis points. This interest rate is 25 basis points higher than the LIBOR plus 250 basis points that AEM would pay to draw down funds from its uncommitted, secured revolving letter of credit facility ("Stand Alone Facility").

According to the application, the \$100,000,000 Affiliate Facility will entail relatively modest risk to Atmos as to any impact on financial standing or as to any impact on Virginia regulated operations. Atmos states that AEH's subsidiaries are growing and providing more credit support for the Affiliate Facility. Applicant provides additional information showing that borrowings under the Affiliate Facility decreased last year compared to prior years. In addition, the Stand Alone Facility may increase from \$250,000,000 to between \$400,000,000 and \$500,000,000, which further demonstrates AEH's ability to provide for its own financial needs and its decreasing reliance on Atmos. Applicant also states that AEH is the guarantor of all amounts outstanding under the Stand Alone Facility. The six financial institutions that provide the Stand Alone Facility have no recourse to Atmos' regulated utility assets.

The application also represents that the \$100,000,000 Affiliate Facility represented 7.1% of Atmos' capitalization in 2003, and the Affiliate Facility represents 2.6% of Atmos' capitalization as of June 30, 2005. Atmos estimates that its total investment in AEH, represented by its equity investment and maximum of \$100,000,000 of short-term loans, represents 8.1% of total capitalization.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that, subject to the conditions provided herein, approval of the application will not be detrimental to the public interest.

With regard to the pricing of the loans from Atmos to AEH through the Affiliate Facility, in order to maintain for the Affiliate Facility a more accurate proxy for the market based interest cost rate when the Stand Alone Facility is renewed, we will require Atmos to adjust the interest rate it charges to AEH to 25 basis points above the interest rate effective for the Stand Alone Facility upon renewal. We will require that Atmos file a report of action containing the new credit limit, date of maturity, and revised rate index no later than January 31, 2006.

ACCORDINGLY, IT IS ORDERED THAT:

(1) Applicant is hereby authorized to incur additional short-term indebtedness up to \$325,000,000, over and above the \$643,000,000 authorized by the Commission in Case Nos. PUE-2004-00129 and PUE-2005-00054, provided that such short-term borrowing in aggregate does not exceed \$968,000,000 at any one time between the date of this Order and December 31, 2005, under the terms and conditions and for the purposes set forth in the application.

(2) Applicant is hereby authorized to incur short-term indebtedness in excess of twelve percent (12%) of total capitalization, provided that such debt does not exceed \$968,000,000 at any one time between January 1, 2006, and December 31, 2006, under the terms and conditions and for the purposes set forth in the application.

(3) Applicant is hereby authorized to lend to AEH short-term funds up to an aggregate amount of \$100,000,000 between January 1, 2006, and December 31, 2006, under the terms and conditions and for the purposes set forth in the application.

<sup>1</sup> In Case No. PUE-2004-00129, the Commission authorized Atmos to incur up to \$643 million in short-term debt for calendar year 2005, comprised of three credit facilities, a \$600 million facility and two smaller facilities of \$25 million and \$18 million. In Case No. PUE-2005-00054, the Commission authorized Atmos to execute a new \$600 million credit facility, for a three year period, replacing the expiring facility authorized in Case No. PUE-2004-00129.

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- (4) Applicant shall file no later than January 31, 2006, a report of action stating the major components of the renewed Stand Alone Facility agreement, including the new credit limit, date of maturity, and the interest rate index.
- (5) Applicant shall file with the Commission quarterly reports of action no later than May 15, 2006, August 15, 2006, and November 15, 2006, reporting on its short-term debt activities during the previous calendar quarter. Such reports shall include a monthly schedule of daily short-term borrowings of Atmos separate from AEH borrowings, the average monthly balance, the average monthly interest rate, and the monthly maximum amount of short-term debt outstanding.
- (6) Applicant shall submit to the Commission a final report of action on or before February 28, 2007, providing the information required in Ordering Paragraph (5) above for the fourth calendar quarter of 2006. The final report of action shall also include a summary schedule of fees paid by Atmos in 2006 for each line of credit, credit facility, bank facility or loan, with dates of origination and maturity for each provider of credit in effect during 2006.
- (7) Applicant shall provide to the Divisions of Economics and Finance and Public Utility Accounting the quarterly financial reports for AEH that are provided to its lenders at the same time such reports are provided to the lenders.
- (8) Commission approval shall be required for any subsequent changes in the terms and conditions of the Affiliate Facility.
- (9) The authority granted herein shall not preclude the Commission from applying to Applicant the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- (10) The Commission reserves the right to examine the books and records of any affiliate of Applicant in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.
- (11) Should Applicant wish to obtain authority beyond calendar year 2006, it shall file an application requesting such authority no later than November 15, 2006. Such application shall also include a summary of the actions taken to separate non-regulated financing from dependence on Atmos' utility operations and a detailed description of the progress made during 2005 to obtain fully independent financing for AEH and its subsidiaries.
- (12) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00086  
NOVEMBER 2, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to lease rail equipment

**ORDER GRANTING AUTHORITY**

On October 13, 2005, Virginia Electric and Power Company ("Virginia Power" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to lease 110 used, aluminum rapid-discharge coal hopper cars. Applicant has paid the requisite fee of \$250.

The railcars, which will be upgraded to a gross transport capacity of 286,000 pounds, will be leased from Joseph Transportation. The term of the lease is 3 years. The lease will require monthly lease payments \$475 per car. The lease will be a net lease wherein Virginia Power will be required to pay for all normal maintenance, licensing, registration, and taxes associated with the ownership, delivery, use, and operation of the railcars. In its application, Virginia Power indicated that it expects to realize net freight cost savings of approximately \$23 1,924 annually, based on certain assumption concerning the use of the rail cars.

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 execute the lease for the railcars under the terms and conditions and for the purposes stated 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-2005-00088  
NOVEMBER 3, 2005**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On October 18, 2005, Appalachian Power Company ("APCO" or "Applicant"), filed an application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code"). Applicant paid the requisite fee of \$250.

Applicant requests authority to assume certain obligations and to enter into various agreements to support the issuance of up to \$125,000,000 of tax-exempt Solid Waste Disposal Facility Bonds ("SWDF Bonds") by the West Virginia Economic Development Authority (the "Authority"), pursuant to one or more indentures ("Indenture") between the Authority and a Trustee. Proceeds from the issuance of the SWDF Bonds would be loaned by the Authority to APCO, pursuant to one or more loan agreements ("Loan Agreement") between the Authority and APCO, to provide financing for portions of Applicant's environmental and pollution control facilities at its Mountain Generating Station in Mason County, West Virginia. Under the terms of the Loan Agreement, Applicant would assume the obligation to pay the principal, interest, and any premium on the SWDF Bonds. In addition, Applicant may enter into one or more guarantee agreements, bond insurance agreements and other similar arrangements assigned to the Trustee to guarantee repayment of any part of the related obligations under one or more series of SWDF Bonds.

To obtain the most advantageous financing based on market conditions at the time of issuance, Applicant requests broad authority to negotiate terms and conditions of the SWDF Bonds to be assumed by APCO. The SWDF Bonds will be sold in one or more underwritten public offerings, negotiated sales, or private placement transactions. The SWDF Bonds may be issued as fixed rate or variable rate debt. However, no SWDF Bonds will be issued with a fixed rate in excess of 8.0% or with an initial variable rate in excess of 8.0%. The stated maturity on any SWDF Bonds will not exceed forty (40) years. Any discount from the initial offering price of SWDF Bonds will not exceed 5% of the principal amount.

If a variable rate option is chosen, the SWDF Bonds may include provisions to convert to other interest rate modes, including a fixed rate of interest. In addition, the SWDF Bonds may include a tender purchase provision that would require Applicant to enter into one or more remarketing agreements ("Remarketing Agreement") with one or more remarketing agents. To provide immediate funding to pay for bonds tendered for purchase under its Remarketing Agreement, Applicant may also need to enter into one or more liquidity or credit facilities ("Bank Facility") with one or more banks. In conjunction, APCO may also be required to execute and deliver to the bank a note evidencing its obligation under the Bank Facility.

In lieu of or in addition to a Bank Facility, Applicant may utilize and replace one or more alternative credit facilities ("Alternative Facility") to provide credit support for variable rate SWDF Bonds. An Alternative Facility may be used to obtain credit support under better terms and conditions than a Bank Facility or to provide additional liquidity to enhance the marketability of variable rate SWDF Bonds. Alternative Facility providers may include one or more banks, insurance companies, or other financial institutions. An Alternative Facility may be in the form of a letter of credit, revolving credit agreement, bond purchase agreement, or other similar arrangement.

Applicant estimates that issuance costs for the SWDF Bonds will be approximately \$3,218,250. Finally, Applicant requests authority to enter into one or more interest rate hedging arrangements ("Hedge Agreements") from time to time through December 31, 2006. The purpose of the Hedge Agreements would be to protect against future interest rate movements when the SWDF Bonds are issued. The Hedge Agreements may be in the form of treasury lock agreements, forward-starting interest rate swaps, treasury put options or interest rate collar agreements. The aggregate principal amount of all Hedge Agreements will not exceed the corresponding amount of SWDF Bonds, up to \$125,000,000.

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) Applicant is hereby authorized to assume the types of obligations and enter into the various types of agreements requested in its application for the purpose of supporting the issuance and guaranteeing the repayment of up to \$125,000,000 of one or more series of SWDF Bonds issued by the Authority on behalf of APCO in the manner and for the purposes as set forth in its application, through the period ending December 31, 2006.
- 2) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), to include the type of security, the issuance date, the amount issued, the interest rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.
- 3) Within sixty (60) days after the end of each calendar quarter in which any of the SWDF Bonds are issued or supporting arrangements are entered into pursuant to Ordering Paragraph (1), Applicant shall file with the Commission a detailed Report of Action with respect to all SWDF 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, net proceeds to Applicant;
  - (b) A summary of the specific terms and conditions of each supporting arrangement related to the SWDF Bonds such as any Bank Facility, Alternative Facility, and Hedging Agreement;
  - (c) A copy of each Loan Agreement pertaining to all SWDF Bond proceeds received to date, which may be omitted from subsequent reports after initial submission; and

- (d) The cumulative principal amount of SWDF Bonds issued to date and the amount remaining to be issued.
- 4) Applicant shall file a final Report of Action on or before March 31, 2007, to include all information required in Ordering Paragraph (3) along with a balance sheet that reflects the capital structure following the obligations assumed for the SWDF Bonds issued. Applicant's final Report of Action shall further provide a detailed account of all the actual expenses and fees paid to date associated with the SWDF Bonds with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.
- 5) Approval of the application shall have no implications for ratemaking purposes.
- 6) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00089  
NOVEMBER 21, 2005**

APPLICATIONS OF  
COLUMBIA GAS OF VIRGINIA, INC.

For authority to issue long-term debt and participate in an intrasystem money pool arrangement with an affiliate

**ORDER GRANTING AUTHORITY**

On October 18, 2005, Columbia Gas of Virginia, Inc., ("CGV" or "Company") filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia (§§ 56-55 *et seq.* and 56-76 *et seq.*) requesting authority to issue long-term debt to an affiliate and to participate in an intrasystem money pool arrangement ("Money Pool") with an affiliate. The application requests authority to borrow up to \$75,000,000 in short-term debt through the Money Pool between January 1, 2006, and December 31, 2008. The amount of short-term debt requested in the application is in excess of twelve percent (12%) of total capitalization as defined in § 56-65.1 of the Code of Virginia. CGV also requests authority to invest up to \$45,000,000 in the Money Pool at any one time between January 1, 2006, and December 31, 2008. CGV paid the requisite fee of \$250.

CGV proposes to refinance \$130,175,000 of existing long-term debt carrying a weighted average interest rate of 7.33%, which is currently held by affiliate Columbia Energy Group ("CEG"), by retiring the CEG debt and issuing a like amount of promissory notes ("Refinancing Notes") to NiSource Finance Corp. ("NiSource Finance"), on or around November 28, 2005. The interest rate and terms and conditions on the Refinancing Notes will mirror those on debt recently obtained by NiSource Finance.

CGV also proposes to issue up to \$33,000,000 of new promissory notes ("New Notes"), to NiSource Finance, between January 1, 2006 and December 31, 2008. The proceeds from the New Notes will be used to finance a portion of its construction program that is projected to be \$132,513,000 during 2005-2008. The interest rate on any New Notes will be determined by the corresponding applicable US Treasury yield effective on the date a New Note is issued, plus the yield spread on corresponding maturities for companies with a credit risk profile equivalent to that of NiSource Finance effective on the date a New Note is issued.

In addition, CGV proposes to continue to participate in the NiSource System Money Pool ("Money Pool") under the NiSource System Money Pool Agreement for the period January 1, 2006, through December 31, 2008. CGV requests authority to borrow up to \$75,000,000 in short-term debt through the Money Pool. CGV states that the Money Pool proceeds will be used to maintain its construction budget, to acquire additional assets, to provide working capital, to provide for maximum peak day gas purchases, to pay dividends, and for other general corporate purposes. In addition, CGV requests authority to invest no more than \$40,000,000 at any one time of its excess cash in the Money Pool.

CGV notes in the application that it received Commission authority to participate in the Money Pool in Case No. PUE-2003-00223. CGV has authority through December 31, 2005, to invest up to \$30,000,000 in the Money Pool and to borrow up to \$70,000,000 in the Money Pool. The Commission put restrictions in the Orders<sup>1</sup> approving CGV's current Money Pool participation. In Case No. PUE-2003-00223, the Commission found:

The authority granted to CGV in this proceeding to participate in the Money Pool remains conditioned on the requirement that non-regulated participants shall not be allowed to borrow, in the aggregate, more than the amount that the non-regulated participants (including NiSource, Inc., and NiSource Finance Corp.) have invested in the Money Pool. We will, however, modify this condition to provide that CGV's authority to participate in the Money Pool is not immediately withdrawn if the condition is violated. Rather, when a violation of this condition occurs: (1) CGV will be deemed to have discovered the violation of this condition on the business day following its occurrence; (2) CGV shall notify the Commission's Division of Economics and Finance in writing that a violation has occurred within five (5) business days following the discovery of such violation and shall identify the steps taken to remedy the violation and to comply with the requirements of this Order; (3) CGV shall invest no additional funds in the Money Pool during the violation; and (4) if CGV does not remedy the violation within two (2) business days following the discovery of such violation, the authority provided in this proceeding to invest in the Money Pool is withdrawn and CVG shall immediately withdraw all of its investment in the Money Pool (September 25, 2003, Order at 4-5).

In the current application, CGV respectfully asks that the Commission eliminate these restrictions.

<sup>1</sup> Application of Columbia Gas of Virginia, Inc., For approval of intercompany financing, Case No PUE-2003-00223, Order dated July 28, 2003 and Order on Reconsideration dated September 25, 2003.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 modifications detailed herein, will not be detrimental to the public interest.

We will authorize the Company to refinance \$130,175,000 of existing long-term debt held by CEG. We will authorize CGV to issue up to \$33,000,000 in New Notes, but will condition such authority. It has come to the Commission's attention that following CGV issuances of long-term securities to affiliates in December 1997, December 1998, December 1999 and October 2000, CGV had sizable investment balances in the Money Pool of between \$28,000,000 and \$58,000,000 within six months of these issuances. While we do not intend to mandate the combination of short-term and long-term financing that CGV's management chooses to capitalize itself with, we will condition the issuance of any New Note during the authorization period. CGV will not be authorized to issue any New Notes if, in any month during the twelve month period prior to the date of issuance of New Notes, CGV's investment balance in the Money Pool and/or temporary money market investment averaged in excess of \$20,000,000.

In addition, we continue to be concerned about participants in the Money Pool consisting of regulated and non-regulated participants. Non-regulated participants have less certain revenues and more business risk than rate-regulated participants. Such risks increase the likelihood of bankruptcy by those participants. In the event of a bankruptcy by one of the non-regulated participants, CGV's investment in the Money Pool might be lost. We remain convinced that it would not be prudent for us to remove the restrictions placed on Money Pool investment in Case No. PUE-2003-00223 in the Order on Reconsideration dated September 25, 2003. We will authorize CGV to borrow up to \$75,000,000 in short-term debt and invest no more than \$40,000,000 in the Money Pool between January 1, 2006, and December 31, 2008, subject to certain conditions.

## ACCORDINGLY, IT IS ORDERED THAT:

(1) CGV is hereby authorized to issue and sell Refinancing Notes to NiSource Finance Corp., in an amount not to exceed \$130,175,000, between the date of this Order and December 31, 2005, under the terms and conditions and for the purposes set forth in the application.

(2) CGV is hereby authorized to issue and sell New Notes to NiSource Finance Corp., up to a maximum amount of \$33,000,000, between January 1, 2006 and December 31, 2008, under the terms and conditions and for the purposes set forth in the application and subject to the following condition. CGV is not authorized to issue any New Notes if, in any month during the prior twelve month period prior to the date of issuance of the New Notes, CGV's investment balance in the Money Pool and/or temporary money market investment averaged in excess of \$20,000,000.

(3) CGV is hereby authorized to incur short-term indebtedness through the Money Pool in excess of twelve percent (12%) of total capitalization, provided that such debt does not exceed \$75,000,000 at any one time between January 1, 2006, and December 31, 2008, under the terms and conditions and for the purposes set forth in the application.

(4) CGV is hereby authorized to invest short-term funds in the Money Pool up to an aggregate amount of \$40,000,000 between January 1, 2006, and December 31, 2008, under the terms and conditions and for the purposes set forth in the application and subject to the following condition. The non-regulated participants shall not be allowed to borrow, in the aggregate, more than the amount that the non-regulated participants (including NiSource, Inc., and NiSource Finance Corp.) have invested in the Money Pool. When a violation of this condition occurs: (i) CGV will be deemed to have discovered the violation of this condition on the business day following its occurrence; (ii) CGV shall notify the Commission's Division of Economics and Finance in writing that a violation has occurred within five (5) business days following the discovery of such violation and shall identify the steps taken to remedy the violation and to comply with the requirements of this Order; (iii) CGV shall invest no more additional funds in the Money Pool during the violation; and (iv) if CGV does not remedy the violation within two (2) business days following the discovery of such violation, the authority provided in this proceeding to invest in the Money Pool is withdrawn and CVG shall immediately withdraw all of its investment in the Money Pool.

(5) CGV shall file annually for 2006, 2007, and 2008, with the Clerk of the Commission quarterly reports of action no later than February 15, May 15, August 15, and November 15 of each year, reporting on its Money Pool activities during the previous calendar quarter. Such reports shall include a monthly schedule of daily short-term borrowings and investment by CGV, the average monthly balance, the average monthly interest rate, and the monthly maximum amount of short-term debt outstanding. The February 15 report shall also include an annual schedule of allocated fees related to credit facilities charged to CGV.

(6) CGV shall submit to the Clerk of the Commission a final report of action on or before February 28, 2009, providing the information required in Ordering Paragraph (5) above for the fourth calendar quarter of 2008.

(7) Commission approval shall be required for any subsequent changes in the terms and conditions of the Money Pool.

(8) The authority granted herein shall not preclude the Commission from applying to CGV the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(9) The Commission reserves the right to examine the books and records of any affiliate of CGV in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(10) Should CGV wish to obtain authority beyond calendar year 2008, it shall file an application requesting such authority no later than November 1, 2008. Such application shall also include proforma sources and uses of funds schedules for the next three years; a monthly projection of money pool borrowing and lending balances; and documentation supporting the need for requested short-term borrowing limit, Money Pool investment limit, and long-term debt financing activity.

(11) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00089  
DECEMBER 9, 2005**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For authority to issue long-term debt and participate in an intrasystem money pool arrangement with an affiliate

**ORDER GRANTING RECONSIDERATION**

On October 18, 2005, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed an Application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia (§§ 56-55 *et seq.*, and 56-76 *et seq.*, respectively), requesting authority to issue long-term debt to an affiliate and to participate in an intrasystem money pool arrangement ("Money Pool") with an affiliate. The Application requested authority to borrow up to \$75,000,000 in short-term debt through the Money Pool between January 1, 2006, and December 31, 2008. CGV also requested authority to invest up to \$45,000,000 in the Money Pool at any one time between January 1, 2006, and December 31, 2008.

CGV proposed to refinance \$130,175,000 of existing long-term debt carrying a weighted average interest rate of 7.33%, which is currently held by affiliate Columbia Energy Group ("CEG"), by retiring the CEG debt and issuing a like amount of promissory notes ("Refinancing Notes") to NiSource Finance Corp. ("NiSource Finance"), on or around November 28, 2005. The interest rate and terms and conditions on the Refinancing Notes would mirror those on debt recently obtained by NiSource Finance.

CGV also proposed to issue up to \$33,000,000 of new promissory notes ("New Notes") to NiSource Finance between January 1, 2006, and December 31, 2008. The proceeds from the New Notes would be used to finance a portion of its construction program that is projected to be \$132,513,000 during 2005-2008. The interest rate on any New Notes would be determined by the corresponding applicable US Treasury yield effective on the date a New Note is issued, plus the yield spread on corresponding maturities for companies with a credit risk profile equivalent to that of NiSource Finance effective on the date a New Note is issued.

In addition, CGV proposed to continue to participate in the NiSource System Money Pool under the NiSource System Money Pool Agreement for the period January 1, 2006, through December 31, 2008. CGV requested authority to borrow up to \$75,000,000 in short-term debt through the Money Pool. CGV stated that the Money Pool proceeds would be used to maintain its construction budget, to acquire additional assets, to provide working capital, to provide for maximum peak day gas purchases, to pay dividends, and for other general corporate purposes. CGV also requested authority to invest no more than \$40,000,000 at any one time of its excess cash in the Money Pool.

On November 21, 2005, the Commission issued an Order Granting Approval that, among other things, authorized Columbia:

- (1) to issue and sell Refinancing Notes to NiSource Finance in an amount not to exceed \$130,175,000, between the date of the Order Granting Approval and December 31, 2005, under the terms and conditions and for the purposes set forth in the Application;
- (2) to issue and sell New Notes to NiSource Finance up to a maximum amount of \$33,000,000, between January 1, 2006 and December 31, 2008, under the terms and conditions and for the purposes set forth in the Application and subject to the following condition – CGV was not authorized to issue any New Notes if, in any month during the prior twelve month period prior to the date of issuance of the New Notes, CGV's investment balance in the Money Pool and/or temporary money market investment averaged in excess of \$20,000,000;
- (3) to incur short-term indebtedness through the Money Pool in excess of twelve percent (12%) of total capitalization, provided that such debt does not exceed \$75,000,000 at any one time between January 1, 2006, and December 31, 2008, under the terms and conditions and for the purposes set forth in the Application; and
- (4) to invest short-term funds in the Money Pool up to an aggregate amount of \$40,000,000 between January 1, 2006, and December 31, 2008, under the terms and conditions and for the purposes set forth in the Application and subject to certain conditions.

On December 7, 2005, CGV filed a Petition for Reconsideration and Motion to Partially Suspend Order Granting Authority ("Petition and Motion"). The Company requests "that the Commission reconsider and eliminate the condition in Ordering Paragraph No. 2 in its November 21, 2005, Order Granting Authority that restricts CGV's authority to issue New Notes if, in any month during the twelve month period prior to the date of issuance of the New Notes, CGV's investment balance in the Money Pool and/or temporary money market investment averaged in excess of \$20,000,000 ["Borrowing Restriction"]". . ."<sup>1</sup> In support thereof, Columbia asserts in part as follows:

[D]ue to factors involved in CGV's natural business cycle, rather than its issuance of long-term debt, CGV will likely exceed the \$20 million threshold that triggers the Borrowing Restriction in at least May of each upcoming year. Therefore, the Borrowing Restriction effectively denies CGV the authority to issue long-term debt. Such a denial creates an unfair restriction on CGV's capital structure by forcing it to use short-term debt to finance long-term capital needs. Thus, with this restriction the Commission is in a very real sense controlling an important part of CGV's capital structure.<sup>2</sup>

In addition, the Company requests that the Commission suspend the Borrowing Restriction during the period of reconsideration. In support thereof, Columbia asserts in part as follows:

<sup>1</sup> Petition and Motion at 9.

<sup>2</sup> *Id.* at 8-9 (footnote omitted).

Suspension of the requirement during reconsideration will impose no hardship on the Staff nor prejudice any interest, because CGV agrees not to issue any New Notes during the period of reconsideration if, in any month during the twelve month period prior to the date of issuance of the New Notes, CGV's investment balance in the Money Pool and/or temporary money market investment averaged in excess of \$20,000,000.<sup>3</sup>

NOW THE COMMISSION, having considered the Petition and Motion, is of the opinion and finds as follows. We grant the Petition for Reconsideration for the purpose of continuing our jurisdiction over this matter and considering such Petition. We deny the Motion to Partially Suspend Order Granting Authority; all of the conditions in our November 21, 2005, Order Granting Approval shall remain in effect pending reconsideration of this matter.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Petition for Reconsideration is granted for the purpose of continuing our jurisdiction over this proceeding and considering such Petition.
- (2) The Motion to Partially Suspend Order Granting Authority is denied.
- (3) This matter is continued pending further order of the Commission.

<sup>3</sup> *Id.* at 9.

**CASE NO. PUE-2005-00090  
NOVEMBER 4, 2005**

APPLICATION OF  
APPALACHIAN POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

**ORDER ESTABLISHING 2006 FUEL FACTOR PROCEEDING**

On October 21, 2005, Appalachian Power Company ("Appalachian" or the "Company") filed with the State Corporation Commission ("Commission") an application along with testimony, exhibits, and a proposed tariff intended to increase its current fuel factor from 1.420¢ per kWh to 1.785¢ per kWh, effective with bills rendered on and after January 1, 2006.

The application states that the revision from 1.420¢ per kWh to 1.785¢ per kWh is necessary to reflect the appropriate level of fuel expense recovery over the period January 1, 2006, through December 31, 2006, within the meaning of § 56-249.6 of the Code of Virginia ("Code"). The proposed fuel factor change will result in an estimated annual revenue increase of approximately \$57.7 million.

NOW THE COMMISSION, having considered the application and applicable statutes and regulations, is of the opinion and finds that this matter should be docketed, that public notice and an opportunity for participation in this proceeding should be given, and that a hearing should be scheduled. Based on the timing of the procedural schedule, we will permit the proposed fuel factor of 1.785¢ per kWh be placed into effect on an interim basis, effective with bills rendered on and after January 1, 2006.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2005-00090.
- (2) A public hearing shall be convened on January 12, 2006, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence related to the application. Any person not participating as a respondent as provided for in Ordering Paragraph (8) below may give oral testimony at the January 12, 2006, public hearing. Any person desiring to make such a testimonial statement need only appear in the Commission's Second Floor Courtroom in the Tyler Building at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.
- (3) Appalachian shall put its proposed fuel factor into effect, on an interim basis, effective with bills rendered on or after January 1, 2006.
- (4) Copies of the Company's application, prefiled testimony, exhibits, and proposed tariff, as well as this Order, are available to the public by submitting a request to counsel for Appalachian, Anthony J. Gambardella, Jr., Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219. 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 between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, or download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.
- (5) On or before November 23, 2005, Appalachian 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:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOTICE TO THE PUBLIC OF  
 APPALACHIAN POWER COMPANY'S REQUEST  
 TO REVISE ITS FUEL FACTOR  
 CASE NO. PUE-2005-00090

On October 21, 2005, Appalachian Power Company ("Appalachian" or the "Company") filed with the State Corporation Commission (the "Commission") an application along with testimony, exhibits, and a proposed tariff intended to increase its current fuel factor from 1.420¢ per kWh to 1.785¢ per kWh, effective with bills rendered on and after January 1, 2006.

The application states that the revision from 1.420¢ per kWh to 1.785¢ per kWh is necessary to reflect the appropriate level of fuel expense recovery over the period January 1, 2006, through December 31, 2006, within the meaning of § 56-249.6 of the Code of Virginia. The proposed fuel factor change will result in an estimated annual revenue increase of approximately \$57.7 million.

The Commission has scheduled a public hearing to commence at 10:00 a.m. on January 12, 2006, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the application.

Copies of Appalachian's application, prefiled testimony, exhibits, and proposed tariff, as well as a copy of the Commission's Order in this proceeding, are available to the public by submitting request to counsel for Appalachian, Anthony J. Gambardella, Jr., Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219. 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 between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, or download unofficial copies from the Commission's website: <http://www.sec.virginia.gov/caseinfo.htm>.

On or before December 2, 2005, any interested person may participate as a respondent in this proceeding as provided by the Commission's Rules of Practice and Procedure by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested parties should obtain a copy of the Commission's Order in this proceeding for further details on participation as a respondent.

Any person not participating as a respondent as provided above and desiring to make a testimonial statement at the public hearing concerning the application may appear in the Commission's Second Floor Courtroom in the Tyler Building at 9:45 a.m. on the day of the hearing and sign up to speak.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2005-00090 and shall simultaneously be served on counsel for the Company at the address set forth above.

APPALACHIAN POWER COMPANY

(6) On or before November 23, 2005, Appalachian 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.

(7) On or before December 2, 2005, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (4) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all their filed papers to Case No. PUE-2005-00090.

(8) Within five (5) business days of receipt of a notice of participation as a respondent, Appalachian shall serve upon each respondent a copy of this Order, a copy of the application, and all other materials that it has filed with the Commission, unless these materials have already been provided to the respondent.

(9) On or before December 16, 2005, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (7) above an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case. Each respondent shall serve copies of the testimony and exhibits on counsel to Appalachian and on all other respondents.

(10) On or before December 22, 2005, Appalachian shall file with the Clerk of the Commission proof of the publication and service as required in this Order.

(11) The Commission Staff shall investigate the reasonableness of Appalachian's estimated costs and proposed fuel factor. On or before December 30, 2005, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits regarding its investigation of the application and shall promptly serve a copy on counsel to the Company and all respondents.

(12) On or before January 6, 2006, Appalachian shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one copy on Staff and all respondents.

(13) Appalachian and respondents shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

**CASE NO. PUE-2005-00091  
DECEMBER 15, 2005**

APPLICATION OF  
EAST COAST TRANSPORT, INC.  
and  
TENASKA VIRGINIA II PARTNERS, L.P.

For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On October 24, 2005, East Coast Transport, Inc. ("ECTI"), and Tenaska Virginia II Partners, L.P. ("Tenaska II LP") (collectively the "Applicants"), filed an application with the State Corporation Commission (the "Commission") requesting approval of an Amended and Restated Contract for Water Service (the "Contract") and a Letter Agreement Amendment to the proposed Contract (the "Amendment") pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code").

ECTI is a Virginia public service corporation incorporated on January 16, 2001, to construct, own and operate water supply facilities in Buckingham County and Fluvanna County for the purpose of supplying raw, non-potable water to the public. ECTI filed its initial rate schedule for water sales and transportation service with the Commission on July 16, 2001, pursuant to Virginia Code § 56-236. ECTI's rate schedule has been amended several times since the initial filing with the most recent amendment, effective January 1, 2005, submitted to the Commission's Division of Energy Regulation on March 18, 2005. ECTI is a wholly owned subsidiary of Tenaska Energy, Inc. ("Tenaska").

Tenaska II LP is a limited partnership that holds a certificate of public convenience and necessity ("CPCN") to construct and operate a 900 megawatt ("MW") natural gas-fired electrical generating facility (the "Facility") in Buckingham County, Virginia. Tenaska Virginia II, Inc. ("Tenaska II Inc."), is the managing general partner for Tenaska II LP. Tenaska II Inc. is a wholly owned subsidiary of Tenaska.

Since ECTI and Tenaska II LP share the same senior parent company, Tenaska, the companies are considered affiliated interests under § 56-76 of the Code. As such, ECTI and Tenaska II LP must obtain approval from the Commission pursuant to the Affiliates Act prior to entering into any contract or arrangement between the companies to provide or receive services.

The proposed Contract, which is dated May 9, 2002, provides for ECTI to provide raw, non-potable cooling water service for Tenaska II LP's Facility. ECTI will sell and deliver to Tenaska II LP up to 8.5 million gallons of water per day at a pressure of approximately 100 pounds per square inch. The water will be used for non-contact cooling, boiler makeup, evaporative coolers, water storage and other miscellaneous and intermittent uses related to power generation. If requested, ECTI may deliver contracted water to a premises designated by Tenaska II LP other than the Facility to the extent that ECTI's water supply facilities are capable of delivering the water.

All water furnished under the proposed Contract will be subject to ECTI's rate schedule on file with the Commission. The proposed Contract states that the provisions of the proposed Contract, rate schedules, and the terms and conditions of service are subject to modification at any time, and when so modified, shall supersede the provisions and rate schedules referenced in the Contract.

The Applicants represent that the rates are cost-based. Tenaska II investigated optional water sources and determined that there were no other water service providers within a reasonable distance of the Facility that had adequate capacity to serve the Facility.

Under the proposed Contract, ECTI will not be obligated to apply for any permits or begin construction of the water supply facilities until Tenaska II LP has paid or arranged to pay to ECTI a Facility Construction Charge of \$2.5 million, which is intended to fund the permitting, construction, and other costs necessary to place the ECTI water supply facilities in service.

The proposed Contract contains an assignment clause, which states that the proposed Contract will inure to the benefit of and be binding upon the heirs, successors, or assigns of each of the parties hereto.

Paragraph 3 of the proposed Contract ("Paragraph 3") states that service will commence no later than July 1, 2004, and will continue for 22 years. Afterwards, the proposed Contract will continue until either party gives the other 90 days written notice of termination. The Applicants represent that while the proposed Contract was executed in 2002, no service or transactions have occurred under the proposed Contract because the Facility has not been built.

The Amendment, which is dated September 27, 2005, extends the proposed Contract's date whereby water service must commence to December 27, 2010. In its January 9, 2003, Final Order for Case No. PUE-2001-00429, the Commission granted Tenaska II LP a CPCN to construct the Facility. However, the Applicants represent that construction of the \$250 to \$325 million Facility has been postponed because of unfavorable power market conditions. According to Tenaska II LP, it will not begin construction of the Facility until it has an agreement to sell the Facility's output. Tenaska II LP cannot predict with any certainty when the Facility will be placed into service. The Applicants note that much of the design work for the Facility has already been completed, and construction has commenced on some of the Facility's infrastructure. Pursuant to Virginia Code § 56-580 H, the CPCN has been extended to January 9, 2007.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the proposed Contract and Amendment are in the public interest and, therefore, meet the test of the Affiliates Act and should be approved. We have already issued a CPCN to Tenaska II LP for the Facility. The Facility's successful operation is dependent on a reliable source of cooling

water, which ECTI will provide. We accept the Applicants' representations that the proposed water service rates are cost-based and that there are no market alternatives to ECTI.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, East Coast Transport, Inc., and Tenaska Virginia II Partners, L.P., are granted approval of the May 9, 2002, Amended and Restated Contract for Water Service and the September 27, 2005, Letter Agreement Amendment to the proposed Contract as described herein.
- 2) Commission approval shall be required for any changes in the terms and conditions of the Contract and Amendment including, but not limited to, any changes in successors or assigns.
- 3) The approvals granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 4) The Commission reserves the right to examine the books and records of any affiliate in connection with the approvals granted herein, whether or not such affiliate is regulated by this Commission.
- 5) ECTI shall provide to Staff any information deemed necessary to enable Staff to monitor effectively the transactions referenced herein.
- 6) ECTI shall include the transactions associated with the Contract approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting.
- 7) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00092  
NOVEMBER 21, 2005**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For authority to incur short-term debt

**ORDER GRANTING AUTHORITY**

On October 27, 2005, Washington Gas Light Company ("WGL" or "the Company") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to issue up to \$325 million in short-term debt. The aggregate amount of short-term debt requested in the application is in excess of twelve percent (12%) of total capitalization as defined in § 56-65.1 of the Code of Virginia. The Company has paid the requisite fee of \$250.

In its application, WGL requests authority to issue up to \$325 million in short-term debt through September 30, 2008. The Company states that the short-term debt will be in the form of short-term bank notes to financial institutions or commercial paper issuances. According to the application, WGL's needs for the short-term debt is temporary and seasonal in nature and will be used for purposes described in § 56-58 of the Code of Virginia.

The notes or commercial paper will have maturities ranging from 1 to 364 days. The notes and commercial paper will be issued at interest rates, terms and conditions prevailing at the time of issuance. There will be no underwriting fees in connection with the issuance of the proposed short-term debt. WGL will pay fees related to bank credit facilities and commissions customary for commercial paper sales.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- 1) WGL is hereby authorized to issue short-term indebtedness in excess of 12% of total capitalization, provided that such indebtedness does not exceed \$325 million, through September 30, 2008, under the terms and conditions and for the purposes set forth in the application.
- 2) The Company shall file a report of action on or before December 31 of 2006, 2007, and 2008 concerning WGL's daily short-term debt activity for the proceeding year ended September 30 of 2006, 2007 and 2008, respectively. Such reports shall include the type, amount, issuance date, maturity, and interest rate on each borrowing, the average daily balance and maximum outstanding balance for each month, and any commissions or bank line of credit fees paid in connection with the short-term borrowings.
- 3) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00093  
OCTOBER 31, 2005**

APPLICATION OF  
MANAKIN WATER & SEWERAGE CORPORATION

For changes in rates, rules and regulations

**PRELIMINARY ORDER**

By notice dated September 7, 2005, Manakin Water & Sewerage Corporation ("Manakin" or the "Company") notified its customers and the State Corporation Commission ("Commission") through the Division of Energy Regulation (the "Division") of its intent to increase its rates effective for sewage service rendered on and after November 1, 2005, pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")). On September 12, 2005, the Division received revised tariffs reflecting the proposed increased sewage rates.<sup>1</sup>

Pursuant to Manakin's revised tariff, the Company serves 183 usage customers and 73 availability customers. By October 27, 2005, the Division had received objections to the proposed rate increase from 164 customers, or approximately sixty-two percent (62%) of Manakin's customers.

NOW THE COMMISSION having considered the matter, finds that at least 25 percent of Manakin's affected customers have requested a hearing. Therefore, the Commission concludes Manakin's proposed sewage rates should be suspended for a period of 60 days and be made interim, subject to refund with interest, pursuant to § 56-265.13:6 A of the Code, and that Manakin should file certain financial information with the Commission.

Pursuant to Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure, this matter is assigned to a Hearing Examiner to conduct all further proceedings. The Hearing Examiner shall schedule a hearing as provided by § 56-265.13:6 of the Code; establish a procedural schedule; and provide for notice to customers.

Accordingly, IT IS ORDERED THAT:

- (1) The matter be docketed and assigned Case No. PUE-2005-00093.
- (2) Manakin's proposed rates and charges as set forth in the Notice may take effect for sewage service provided in billing periods commencing subsequent to December 30, 2005, subject to the Commission's power to fix and order substituted just and reasonable rates, charges, terms, and conditions, and to order refunds and credits with interest.
- (3) Pursuant to 5 VAC 5-10-120 A of the Commission's Rules of Practice and Procedure, a Hearing Examiner is appointed to conduct all further proceedings in this matter, including establishing a procedural schedule for a public hearing and prescribe notice.
- (4) On or before December 1, 2005, Manakin shall file certain financial information with the Commission's Division of Public Utility Accounting. Such information shall include an income statement, balance sheet, customer consumption by month, cash flow statement, and a rate of return statement, with work papers supporting all proposed adjustments to book amounts, which support the Company's proposed rate increase as required by the Commission's Rules Implementing the Small Water and Sewer Public Utility Act (20 VAC 5-200-40 *et seq.*), as well as the Company's most recent federal income tax return.
- (5) Manakin shall respond to written interrogatories, data requests, or requests for the production of documents within five (5) business days after the receipt of the same. Except as so modified, discovery shall be in accordance with Part VI of the Commission's Rules of Practice and Procedure.

<sup>1</sup> The Company's notice dated September 7, 2005, and revised tariff have been filed October 31, 2005, in what is now established as Case No. PUE-2005-00093.

**CASE NO. PUE-2005-00097  
DECEMBER 27, 2005**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.  
and  
AGL RESOURCES INC.

For exemption of a tax allocation agreement from the filing and prior approval requirements of the Affiliates Act pursuant to § 56-77.B of the Code of Virginia, or in the alternative, approval to enter into such agreement pursuant to § 56-77 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On November 1, 2005, Virginia Natural Gas, Inc. ("VNG"), and AGL Resources Inc. ("AGLR") (collectively the "Applicants"), filed an application (the "Application") with the State Corporation Commission (the "Commission") requesting an exemption (the "Exemption") of a Tax Allocation Agreement (the "Tax Agreement") from the filing and prior approval requirements of Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code") pursuant to § 56-77.B of the Code, or in the alternative, approval to enter into such agreement pursuant to § 56-77 of the Code.

VNG is a Virginia public service corporation based in Norfolk, Virginia, that provides natural gas distribution service to more than 230,000 residential, commercial, and industrial customers in southeastern Virginia. VNG is a wholly owned subsidiary of AGLR.

AGLR is a Fortune 1000 energy services holding company headquartered in Atlanta, Georgia. AGLR's business is organized into four operating segments: natural gas distribution operations, retail energy operations, wholesale energy services, and energy investments. AGLR's six natural gas local distribution companies - Elizabethtown Gas Company, Elkton Gas Company, VNG, Chattanooga Gas Company, Atlanta Gas Light Company and Florida City Gas Company - serve more than 2.3 million customers in New Jersey, Maryland, Virginia, Tennessee, Georgia and Florida, making AGLR the largest natural gas distributor based on customer count in the mid-Atlantic and Southeast regions of the United States. AGLR's retail energy operations consist of Southstar Energy Services, a 70% owned joint venture energy retail marketing company that markets natural gas and related services to more than 530,000 customers in Georgia under the brand name Georgia Natural Gas. AGLR's wholesale energy services consist of its wholly owned subsidiary, Sequent Energy Management, which is involved in asset optimization, transportation, storage, producer and peaking services and wholesale marketing. AGLR's energy investments include Pivotal Jefferson Island Storage and Hub, a Louisiana natural gas storage facility; AGL Networks, a dark fiber optical network business; and Pivotal Propane of Virginia, a Virginia-based propane air supplier. AGLR's subsidiaries also include AGL Services, which provides centralized administrative services to AGLR's subsidiaries, and AGL Capital Corporation, which provides financing support to AGLR's subsidiaries. AGLR and its subsidiaries have approximately 2,650 employees.

The Applicants are considered affiliated interests under § 56-76 of the Code. As such, the Applicants must obtain prior approval or an exemption from the Commission pursuant to the Affiliates Act for any agreement or arrangement between the companies for the provision of services, the exchange of property, rights, or things, or the purchase or sale of treasury bonds or stock.

The Applicants are seeking an exemption from the filing and prior approval requirements of the Affiliates Act for AGLR's consolidated Tax Agreement, which provides for AGLR to prepare and file the consolidated federal and state income tax returns for the affiliate members of AGLR's consolidated tax group ("Group Members") and contains rules for allocating and paying each Group Member's federal and state income tax liability. The Applicants represent that such an exemption will reduce the administrative burden on VNG and the Commission. Alternatively, the Applicants request approval of the Tax Agreement pursuant to the Affiliates Act.

The Tax Agreement was executed on June 13, 2004, and there currently are 49 Group Members that participate in the federal return and 10 Group Members that participate in the Virginia state return. The Tax Agreement is written to comply with a number of federal statutes and regulations governing consolidated tax agreements, including Internal Revenue Code §1552, Treasury Regulation §1.1502 and §1.1552, and the Public Utility Company Act of 1935 ("PUHCA") §250.45(c).

#### Tax Allocation Methodology

Article 11, Subsection 2.1 of the Tax Agreement describes the general methodology for allocating federal income taxes. Subsection 2.1(b) allocates the consolidated federal tax liability among the members of the AGLR Group based on the percentage of each Group Member's separate return tax liability, excluding alternative minimum taxes ("AMT") and related credits ("AMTC"), to the total separate return tax liability of the Group Members. After the initial allocation, the Tax Agreement reallocates an additional amount (the "Tax Benefit Amount") to each Group Member up to, but not greater than, the difference between its separate return tax liability and the consolidated federal tax liability initially allocated. This re-allocation results in payments to, and an increase in the earnings and profits of, Group Members who have items of deduction, loss or credits to which the additional tax or credit is attributable (see Subsection 2.1(d) discussion below).

The Tax Agreement also allocates any AMT liability based on the relative separate adjusted AMT of each Group Member and any AMTC based on each Group Member's previously assigned AMT liability on a "first in/first out" basis. To the extent that any current AMTC is not fully utilized, then it is utilized proportionately by the Group Members previously assigned AMT for that year.

Subsection 2.1 (c) provides that each Group Member's allocable share of the consolidated federal tax liability will be used in the computation of its earnings and profits and to determine the amount of cash each Group Member needs to pay or receive from AGLR to settle its allocable tax bill.

Subsection 2.1(d) allows AGLR to employ the Tax Benefit Amount payments received from Group Members with a positive difference between their separate return tax liability and their initial allocated share of the consolidated federal tax liability (the "Paying Members") to make Tax Benefit Amount payments to those Group Members with tax deductions, losses, or credits (the "Loss Members") that are utilizable by the AGLR Group.

The exception to this general tax allocation treatment is AGLR. In 1981, a Securities and Exchange Commission ("SEC") amendment to PUHCA §250.45(c) initially precluded registered holding companies, which are usually Loss Members, from sharing in any consolidated return tax benefits because of possible abusive expense reimbursement of the holding company in the guise of a tax allocation. In early 2000, the SEC modified this position to allow holding companies to retain the consolidated tax benefits associated with the interest deduction attributable to debt assumed by the holding company to finance new acquisitions.<sup>1</sup> AGLR thereafter sought and received from the Securities and Exchange Commission an exception to PUHCA §250.45(c)(5) for the tax benefit attributable to the \$535 million in indebtedness ("Acquisition Indebtedness") incurred by AGLR to finance its 2000 acquisition of all of the issued and outstanding stock of VNG.<sup>2</sup> Subsection 2.1(d)(ii) of the Tax Agreement allows AGLR to retain the Tax Benefit Amount attributable to the Acquisition Indebtedness. All other AGLR tax benefits are re-allocated to the Paying Members in accordance with Subsection 2.1(b).

Subsection 2.1(e) of the Tax Agreement describes the general methodology for apportioning the Tax Benefit Amount payments to the Loss Members. First, any consolidated net operating loss ("NOL") will be allocated among the Group Members pursuant to Treasury Regulation §1502-21(b). To the extent the consolidated NOL is carried back, any Group Member's allocable NOL shall be deemed carried back and utilized in the same proportion that the Group Member's NOL bears to the consolidated NOL. Similar principles shall apply to NOL carryforwards. Second, any tax credits will be allocated among the Group Members in accordance with the amount that the Group Members would be able to utilize on a separate return basis. Third, the cost of any credit recapture that results in a tax payment shall be specifically charged to the Group Member whose credit is recaptured. Finally, tax allocations shall be subject to further adjustments from time to time as a result of additional tax payments or refunds caused by amended returns or taxing authority audits.

<sup>1</sup> *National Grid Group plc*, HCAR No. 27154 (March 15, 2000).

<sup>2</sup> *AGL Resources, Inc., et al.*, SEC Release No. 35-27781; 70-9707 (December 23, 2003).

Other Taxes

Subsection 2.2 of the Tax Agreement authorizes AGLR to prepare and file tax returns and allocate among Group Members all taxes assessed by state or municipal governments or by other political subdivisions ("Other Taxes").

Responsibility for Tax and Inter-company Payments

Article III of the Tax Agreement states that AGLR will be responsible for paying the consolidated federal tax and Other Tax liability for the AGLR Group. In addition, AGLR's Treasurer will be responsible for estimating and assessing or paying the Group Members their share of the AGLR Group's estimated federal tax liability for each tax year. AGLR will also have sole authority to deal with the Internal Revenue Service or any other taxing authority with respect to any adjustments proposed by the taxing authority relating to items of income, deductions or credits, as well as interest or penalties. In the event of an adjustment, each Group Member's liability will be adjusted as if the adjustment were part of the original tax computation, and adjustment payments between AGLR and the Group Members will be made after the adjustment payments/refunds are made with the taxing authority. Transactions between AGLR and the Group Members under the Tax Agreement can either be made as debits and credits to inter-company accounts or as actual cash payments. AGLR shall be responsible for maintaining the books and records with respect to the inter-company accounts reflecting the amounts owed, collected and paid with respect to taxes under the Tax Agreement.

Miscellaneous Provisions

Subsection 4.16 states that any Group Member that departs from the AGLR Group ("Departing Member") has to reach a dollar settlement with the AGLR Group within 60 days for any differences between the tax attributes previously assigned the Departing Member and the tax attributes that it actually departs with. The settlement amounts shall be allocated among the remaining Group Members according to the relative level of each Group Member's attributes.

PUHCA Repeal

The Energy Policy Act of 2005 (the "2005 Act") repealed PUHCA ("PUHCA Repeal") effective as of February 8, 2006. One effect of the PUHCA Repeal is that the PUHCA §250.45(c) as administered by the SEC will no longer provide the controlling statutory and regulatory authority for public utility holding companies' consolidated tax agreements. The Federal Energy Regulatory Commission's ("FERC(s)") Final Rule<sup>3</sup> concerning the PUHCA Repeal and enactment of EPA 2005 does not assume and continue PUHCA §250.45(c)'s consolidated tax allocation rules. The PUHCA repeal removes the statutory requirement that AGLR must share holding company consolidated tax benefits with Group Members, which has represented a tangible benefit to VNG. However, the Applicants represent that AGLR has no current plans to modify the Tax Agreement as a result of the PUHCA Repeal.

NOW THE COMMISSION, upon consideration of the Application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the Applicants' request for an exemption should be denied.

The Tax Agreement is a formal, legal arrangement between AGLR and its consolidated subsidiaries to conduct financial transactions that include cash payments associated with the allocation of income tax liabilities and refunds among the Group Members. The parties are exchanging items of value including cash, not services, so the Tax Agreement does not fall within the scope of the VNG-AGL Services Company Agreement.<sup>4</sup> Likewise, the Tax Agreement provides tangible incremental benefits to AGLR and the Group Members by minimizing their total federal income tax liability through the filing of a consolidated return. Therefore, the Tax Agreement is not simply a cost allocation methodology. Finally, we have previously expressed concern that holding companies may have an economic incentive to misuse the allocation of consolidated income taxes to drain cash from their affiliate utilities.<sup>5</sup> In short, we find that the Tax Agreement has clear public interest implications.

However, we also find that the Tax Agreement as proposed is, in general, an equitable means of assigning consolidated tax liabilities to member companies. The Tax Agreement benefits VNG as a positive separate return company because VNG has the opportunity to receive consolidated tax benefits, which can reduce its tax liability and boost its cash flow. Therefore, we find that the Tax Agreement is in the public interest and meets the test of the Affiliates Act and, therefore, should be approved subject to two conditions. First, we will require Affiliates Act approval for any changes in the terms and conditions of the Tax Agreement, which includes changes in the allocation of consolidated taxes or tax benefits. Second, to clarify and emphasize that our approval of the Tax Agreement has no ratemaking implications, we will specifically reserve the right to reflect ratemaking adjustments to VNG's income taxes in the course of the Commission's review and analysis of VNG's cost of service in the future. We have previously ordered the latter condition in a similar Affiliates Act case.<sup>6</sup>

Accordingly, IT IS ORDERED THAT:

1) Pursuant to § 56-77.B of the Code of Virginia, Virginia Natural Gas, Inc.'s, and AGL Resources Inc.'s request for an exemption of a Tax Allocation Agreement from the filing and prior approval requirements of the Affiliates Act is hereby denied.

<sup>3</sup> *Repeal of the Public Utility Holding Company Act of 1935 and Enactment of the Public Utility Holding Company Act of 2005*, Docket No. RM05-32-000, 113 FERC ¶ 61,248 (Dec. 8, 2005) (Order No. 667).

<sup>4</sup> *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of a revised services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00025, Order Denying Petition for Clarification and Granting Approval (July 8, 2003, Doc. Con. Cen. No. 359379, Order on Reconsideration (November 1, 2005), Doc. Con. Cen. No. 362969).

<sup>5</sup> *Application of Virginia Electric and Power Company and Dominion Resources, Inc., For exemption of a Tax Allocation Agreement and a Cash Contribution from the filing and prior approval requirements of the Affiliates Act pursuant to § 56-77 B of the Code of Virginia or, in the alternative, approval to enter into such Agreement and Cash Contribution*, Case No. PUE-2003-00126, 2003 S.C.C. Ann. Rep. 488.

<sup>6</sup> *Id.*

- 2) Pursuant to § 56-77 of the Code of Virginia, Virginia Natural Gas, Inc., is hereby granted approval to participate in the Tax Allocation Agreement with AGL Resources Inc. and its subsidiaries under the terms and conditions and for the purposes described herein, consistent with the findings above.
- 3) Commission approval shall be required for any changes in the terms and conditions of the Tax Allocation Agreement including, but not limited to, any changes in the allocation of consolidated taxes or tax benefits.
- 4) The approval granted herein has no ratemaking implications. The Commission reserves the right to reflect ratemaking adjustments to Virginia Natural Gas, Inc.'s income taxes in the course of the Commission's review and analysis of VNG's cost of service in the future.
- 5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 6) The Commission reserves the right to examine the books and records of any affiliate in connection with the approvals granted herein, whether or not such affiliate is regulated by this Commission.
- 7) VNG shall include the transactions associated with the Tax Allocation Agreement approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Public Utility Accounting.
- 8) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then VNG shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 9) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2005-00099  
DECEMBER 21, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY,  
DOMINION RESOURCES, INC.,  
VIRGINIA POWER SERVICES, INC.,  
VIRGINIA POWER SERVICES ENERGY CORP., INC.,  
and  
VIRGINIA ENERGY MARKETING, INC.

For approval of the transfer of Virginia Power Energy Marketing, Inc., from Virginia Electric and Power Company to Dominion Resources, Inc., and for approval of technical changes to previously approved affiliate agreements, or alternatively, an exemption from the filing and prior approval requirement of the Affiliates Act pursuant to Chapter 4, Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On November 4, 2005, Virginia Electric and Power Company ("Dominion Virginia Power"), Dominion Resources, Inc. ("Dominion Resources"), Virginia Power Services, Inc. ("VPS"), Virginia Power Services Energy Corp., Inc. ("VPSE"), and Virginia Power Energy Marketing, Inc. ("VPPEM") (collectively, the "Companies"), filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4, Title 56 (the "Affiliates Act") of the Code of Virginia ("Code") requesting approval of the transfer of Virginia Power Energy Marketing, Inc., from Virginia Electric and Power Company to Dominion Resources via dividend of 100% of VPS's stock in VPPEM to Dominion Virginia Power, which will then dividend the VPPEM stock to Dominion Resources; and to make technical changes to previously approved affiliate agreements or alternatively, an exemption from the filing and prior approval requirement of the Affiliates Act.

Dominion Virginia Power is a public service corporation that provides electric service to customers within its service territory in Virginia and North Carolina. It is a wholly owned subsidiary of Dominion Resources. Dominion Resources is a "holding company" as defined in the Public Utility Holding Company Act of 1935.

VPS is a Virginia general business corporation and a wholly owned subsidiary of Dominion Virginia Power. It serves as a holding company for VPSE and VPPEM.

VPSE is a Virginia general business corporation that provides fuel services to Dominion Virginia Power pursuant to a current affiliate agreement.

VPPEM is a Virginia general business corporation and serves as agent for VPSE in providing fuel services to Dominion Virginia Power and also engages in the provision of fuel services. VPPEM is a Virginia corporation that performs fuel management and related services for Dominion Virginia Power, other Dominion Resources subsidiaries, and unrelated third parties. VPPEM is an indirect subsidiary of Dominion Virginia Power.

After the proposed transfer via stock dividend to Dominion Resources, VPPEM will no longer be an indirect subsidiary of Dominion Virginia Power but become a wholly owned subsidiary of Dominion Resources. In order to effectuate the stock dividend without potentially negative tax consequences, VPS will be converted from a Virginia general business corporation to a Virginia limited liability company, which also will require a change in VPS's name to Virginia Power Services, LLC. No substantive change in its role previously approved by the Commission is proposed or contemplated. Due to the conversion to an LLC, certain technical amendments must be made to four previously approved affiliate agreements to which VPS is a party to identify VPS by its new name and as a Virginia limited liability company. Specifically, the following approved affiliate agreements will be amended:

(1) the Amended Affiliate Services Agreement, (2) the First Inter-Company Credit Agreement, (3) the Second Inter-Company Credit Agreement, and (4) the Fuel Management Agreement.<sup>1</sup>

Companies are proposing to transfer VPEM from Dominion Virginia Power in an effort to help the financial standing of Dominion Virginia Power. VPEM engages in financial transactions to manage price risk or "hedging" activities from other Dominion Resources affiliates. Companies represent that these hedging activities have generated and can generate future derivative gains and losses, which in turn affect Dominion Virginia Power's consolidated operations results and financial condition. At the consolidated Dominion Resources level, these derivative gains and losses are combined with the related physical transactions to effectively eliminate the volatility in the consolidated financial statements of Dominion Resources. By transferring VPEM to Dominion Resources, Dominion Virginia Power's financial statements would no longer contain any of VPEM's financial transactions, including VPEM's hedging activities. Companies state that removing the volatile hedging activities from Dominion Virginia Power's financial statements could remove concerns from investors and rating agencies and, therefore, improve the opportunity for Dominion Virginia Power to obtain more favorable financing costs.

NOW THE COMMISSION, upon consideration of the application and representations of the Companies and having been advised by its Staff, is of the opinion and finds that the requested exemption from the filing and prior approval requirement of Chapter 4 of Title 56 of the Code is not in the public interest. However, we do find that the proposed transfer of VPEM from Dominion Virginia Power to Dominion Resources via a stock dividend and the proposed modifications to the existing approved affiliate agreements shown herein to reflect the new business name of Virginia Power Services, Inc., to Virginia Power Services, LLC, are in the public interest and should be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code, the requested exemption is hereby denied.
- (2) Pursuant to § 56-77 of the Code, the Companies are hereby granted approval of the proposed transfer of VPEM from Dominion Virginia Power to Dominion Resources via a dividend of 100% of VPS's stock in VPEM to Dominion Virginia Power, which will then dividend the VPEM stock to Dominion Resources.
- (3) Pursuant to § 56-77 of the Code, the Companies are hereby granted approval to make changes in the aforementioned approved affiliate agreements to properly reflect VPS's name change and identity as a limited liability company as described herein.
- (4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.
- (5) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.
- (6) Dominion Virginia Power shall include the transactions approved herein in its Annual Report of Affiliate Transactions submitted to the Director of Public Utility Accounting of the Commission.
- (7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Dominion Virginia Power shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- (8) Dominion Virginia Power shall file a report of the action taken pursuant to the approval granted herein within 30 days of the transfer of VPEM from Dominion Virginia Power to Dominion Resources taking place, subject to administrative extension by the Commission's Director of Public Utility Accounting. Such report shall include the date the transfer took place, the amount of the stock dividend associated with the transfer, and the actual accounting entries reflecting the transfer.
- (9) There appearing nothing further to be done in this matter, it hereby is dismissed.

<sup>1</sup> *Application of Virginia Electric and Power Company, Case No. PUA-1998-00039*, 1999 S.C.C. Ann. Rpt. 150 (Order Granting Approval, Jan. 28, 1999); *Application of Virginia Electric and Power Company and Virginia Power Energy Services, Inc.*, Case No. PUA-1999-00061, 1999 S.C.C. Ann. Rpt. 206 (Order Granting Approval, December 21, 1999).

**CASE NO. PUE-2005-00102  
DECEMBER 8, 2005**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For authority to incur long-term debt

**ORDER GRANTING AUTHORITY**

On November 14, 2005, Appalachian Power Company ("APCO" or "Applicant") filed an application with the Virginia State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia for authority to issue long-term debt to the public and to an affiliate. In conjunction, Applicant requests authority to enter into one or more interest rate hedging arrangements to protect against future interest rate movements in connection with the long-term debt securities to be issued. Furthermore, APCO requests authority to utilize interest rate management techniques by entering

into various Interest Rate Management Agreements ("IRMAs"). Applicant has paid the requisite fee of \$250. On December 8, 2005, APCO filed<sup>1</sup> an Amended Application withdrawing the Chapter 4 portion of its application.

APCO proposes to issue secured or unsecured promissory notes ("Notes") up to the aggregate principal amount of \$700,000,000 from time to time through December 31, 2006. The Notes may be issued in the form of First Mortgage Bonds, Senior Notes, Senior or Subordinated Debentures (including Junior Subordinated Debentures), Trust Preferred Securities 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 (9) months and not more than 60 years. The interest rate may be fixed or variable. The fixed rate of any note shall not exceed by more than 350 basis points the yield to maturity on United States Treasury obligations of comparable maturity at the time of pricing of the Notes. The initial interest rate on any variable rate Note will not exceed 10% per annum.

APCO intends to sell the Notes (i) by competitive bidding; (ii) through negotiation with underwriters or agents; or (iii) by direct placement with a commercial bank or other institutional investor. Issuance costs are expected to be less than 1.0% of the principal. The proceeds from the issuance of the Notes will be used to redeem, directly or indirectly, long-term debt; to refund, directly or indirectly, preferred stock; to repay short-term debt; to reimburse APCO's treasury for construction program expenditures; and for other proper corporate purposes.

Trust Preferred Securities would be issued by financing entities, which APCO would organize and own exclusively for the purpose of facilitating certain types of financings such as the issuance of tax advantaged preferred securities. The financing entities would issue Trust Preferred Securities to third parties. APCO requests approval of all necessary authorities to enable the issuance of Trust Preferred Securities.

In conjunction with the issuance of the proposed securities, Applicant requests authority, through December 31, 2006, to enter into one or more interest rate hedging arrangements to protect against future interest rate movements in connection with the issuance of the Notes. Such hedging arrangements may include, but not be limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options, or interest rate collar agreements ("Treasury Hedges"). All Treasury Hedges will correspond to one or more of the Notes. Consequently, the cumulative notional amount of the Treasury Hedges cannot exceed \$700,000,000.

Finally, APCO requests a continuation of the authority granted in Case No. PUE-2004-00123 to utilize interest rate management techniques and enter into IMRAs through December 31, 2006.<sup>2</sup> 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 IRMAs with counterparties that are highly rated financial institutions. The aggregate notional amount of the IMRAs outstanding will not exceed 25% of APCO's existing debt obligations.

THE COMMISSION, upon consideration of the application, as amended, and having been advised by its Staff, is of the opinion and finds that approval of the amended application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Applicant is hereby authorized to issue and sell up to \$700,000,000 of Notes, from time to time during the period January 1, 2006, through December 31, 2006, for the purposes and under the terms and conditions set forth in the application, as amended by its filing dated December 8, 2005.

(2) Applicant is authorized to enter into the hedging agreements for the purposes set forth in its application and to the extent that the aggregate notional amount outstanding does not to exceed \$700,000,000 during the period January 1, 2006 through December 31, 2006.

(3) Applicant is authorized to enter into IRMAs for the purposes set forth in its application and to the extent that the aggregate notional amount outstanding does not exceed 25% of Applicant's total outstanding debt obligations during the period January 1, 2006, through December 31, 2006.

(4) Applicant shall not enter into any IRMA or hedging transaction involving counterparties having credit ratings of less than investment grade.

(5) Applicant shall submit to 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) Applicant shall submit to the Clerk of the Commission a preliminary Report of Action within ten (10) days after it enters into any hedging agreement or IRMA pursuant to Ordering 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 60 days after the end of each calendar quarter in which any security is issued pursuant to this Order, Applicant 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 or yield, the maturity date, net proceeds to Applicant, an itemized list of expenses to date associated with each issue, a description of how the proceeds were used, a list of all hedging agreements and IRMAs associated the debt issued, and a balance sheet reflecting the actions taken.

<sup>1</sup> APCO provided the Amended Application to Commission Staff Counsel, who then transmitted the Amended Application for filing with the Clerk of the Commission at the request of and as an accommodation to the Applicant.

<sup>2</sup> Pursuant to the Commission's Order Granting Authority, dated November 30, 2004, in Case No. PUE-2004-00123, APCO's existing authority to utilize IRMAs is set to expire after December 31, 2005.

(8) Applicant's Final Report of Action shall be due on or before March 1, 2007, to include the information required in Ordering Paragraph (7) in a cumulative summary of actions taken during the period authorized.

(9) This matter shall remain under the continued review, audit, and appropriate action of this Commission.

**CASE NO. PUE-2005-00104  
DECEMBER 5, 2005**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.,  
AGL RESOURCES INC.,  
and  
AGL SERVICES COMPANY

For authority to issue short-term debt, long-term debt, and common stock to an affiliate

**ORDER GRANTING AUTHORITY**

On November 15, 2005, Virginia Natural Gas, Inc. ("VNG"), AGL Resources Inc., ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants"), filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia requesting authority for VNG to participate in an AGLR 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 capitalization as defined in § 56-65.1 of the Code of Virginia. Applicants paid the requisite fee of \$250.

VNG, AGLR, and AGL Services request authorization for VNG to: 1) issue short-term debt up to an aggregate balance of \$100,000,000 through participation in the AGLR Utility Money Pool administered by AGL Services; 2) issue long-term debt to AGLR in an amount not to exceed \$250,000,000; and 3) issue and sell common stock to AGLR in an amount not to exceed \$300,000,000, all through December 31, 2006.

Applicants note that the requested level of authority to issue short-term debt, long-term debt, and common stock in this case is identical to the limits previously authorized in Case Nos. PUF-2001-00019, PUE-2002-00515, PUE-2003-00548, and PUE-2004-00132.

Terms of significance to these various issuances follow. 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 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 commercial paper ("External Funds"), the daily rate will reflect the weighted average cost of External Funds. In months when borrowings are supported by Internal and External Funds, the rate will reflect a composite rate, equal to the weighted average cost of Internal 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.

The terms and conditions of long-term debt issued by VNG will mirror the terms and conditions of debt issued by AGLR. If AGLR does not issue long-term debt within one year from the date of the proposed financings, the rate of interest will be determined utilizing Lehman Brothers Long Treasury Bond rate as quoted in The Wall Street Journal dated nearest to the time of the loan drawn, plus the appropriate credit spread for AGLR's existing long term debt rating. However, such rate will be adjusted to match AGLR's cost of borrowing if AGLR subsequently issues long-term debt within one year after the loan is drawn.

For common stock, VNG requests authority to issue up to 6,282 shares of common stock without par value to AGLR. If all additional shares of common stock are issued pursuant to this request, the total number of common shares outstanding will be 10,000 shares. This is equal to the total number of shares authorized. The common stock will be sold at the book value of VNG's common equity as of its most recent balance sheet date immediately prior to the sale date.

Applicants state that the proposed issuance of long-term debt and common equity will be used to reduce short-term debt, to recapitalize VNG in connection with its acquisition by AGLR, to refinance maturing long-term debt, and to permanently fund capital projects.

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 AGLR Utility Money Pool and to incur short-term indebtedness in excess of twelve percent of capitalization not to exceed \$100,000,000, for the period January 1, 2006, through December 31, 2006, under the terms and conditions and for the purposes set forth in the application.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) VNG is hereby authorized to issue long-term debt to AGLR in an amount not to exceed \$250,000,000 and to issue and sell common stock to AGLR in an amount not to exceed \$300,000,000, through December 31, 2006, under the terms and conditions and for the purposes set forth in the application.

(3) The authority granted herein, shall remain in effect through December 31, 2006, without regard to the scheduled repeal of PUHCA in February of 2006 under the Energy Policy Act of 2005.

(4) Applicants shall seek additional Commission authority to alter or amend the terms and conditions set forth in the application for participation in the Utility Money Pool.

(5) Should Applicants seek to extend the authority for VNG to participate in the Utility Money Pool beyond December 31, 2006, Applicants shall file an application requesting such authority no later than November 15, 2006.

(6) Approval of this application shall have no implications for ratemaking purposes.

(7) Approval of this application does not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

(8) Applicants shall provide the Commission's Division of Economics and Finance with at least thirty (30) days advance notice of the prospective amount and date of any dividend payment by VNG to AGLR.

(9) 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.

(10) Applicants shall file quarterly reports of action within 60 days of the end of each calendar quarter following the date of this order, to include:

- a) a monthly schedule of Utility Money Pool borrowings, segmented by borrower (whether VNG or affiliate); and
- b) monthly schedules that separately reflect interest expenses, each type of allocated fee, and an explanation of how both the interest rate and allocated fee have been calculated.

(11) Applicants shall within ten (10) days after the issuance of any common stock or long-term debt pursuant to the authority granted herein submit a preliminary report. Such report shall include the date of issuance, type of security, amount issued, and the respective interest rate, date of maturity, and other terms and conditions of any issuance.

(12) Applicants shall within sixty (60) days of the end of each calendar quarter in which common stock or long-term debt securities are issued pursuant to the authority granted herein submit a more detailed report. Such report shall include the information noted in Ordering Paragraph (11), the cumulative amount of securities issued to date for each type of security and the amount of authority remaining, a general statement concerning the purposes for which the securities were issued, and a balance sheet reflecting the actions taken.

(13) Applicants shall file their final report of action on or before March 1, 2007, to include all of the information outlined in Ordering Paragraphs (10) and (12), summarizing the financings entered into pursuant to Ordering Paragraphs (1) and (2) during the fourth calendar quarter of 2006.

(14) This matter shall be continued subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2005-00105  
DECEMBER 8, 2005**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to lease rail equipment

**ORDER GRANTING AUTHORITY**

On November 18, 2005, Virginia Electric and Power Company ("Virginia Power or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to lease 119 used, aluminum rapid-discharge coal hopper cars. Applicant has paid the requisite fee of \$250.

The railcars will be leased from CIT Group. The term of the lease is five-years. The lease will require monthly lease payments \$644 per car. The lease will be a full service lease wherein CIT Group will be required to pay for all normal maintenance, licensing, registration, and taxes associated with the ownership, delivery, use, and operation of the railcars. In its application, Virginia Power indicated that it expects to realize net freight cost savings of approximately \$306,377 annually, based on certain assumptions concerning the use of the rail cars.

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 execute the lease for the railcars under the terms and conditions and for the purposes stated 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-2005-00108  
DECEMBER 20, 2005**

APPLICATION OF  
OLD DOMINION UTILITY SERVICES, INC.

For a certificate of public convenience and necessity

**ORDER**

On December 5, 2005, Old Dominion Utility Services, Inc. ("Old Dominion"), filed the above-captioned application with the State Corporation Commission ("Commission") requesting a certificate of public convenience and necessity ("Certificate") to authorize Old Dominion to assume ownership and operation of water and waste water utility systems at Fort Eustis, Fort Monroe, and Fort Story, and the waste water utility system at Fort Lee (collectively, the "Bases"), all of which are located within the Commonwealth of Virginia. In the alternative, Old Dominion requests a determination that the Commission has general authority over Old Dominion as a public utility but that a Certificate is not required.

Old Dominion is a public service company authorized by the Clerk of the Commission to transact business in the Commonwealth.<sup>1</sup> Pursuant to § 56-35 of the Code of Virginia ("Code"), the Commission is charged with the duty of supervising, regulating and controlling all public service companies doing business in this Commonwealth, in all matters relating to the performance of their public duties. The Commission will look to the application to determine what public duties are to be performed by Old Dominion under its contracts with the Federal Government in deciding whether a Certificate is required.

The Application states that Old Dominion's parent, American States Utility Services ("ASUS"), following a competitive bid process, was awarded contracts to privatize the water and waste water utility systems at the Bases. These contracts are to commence January 1, 2006, prior to which ASUS is to novate the contracts to Old Dominion, and will have a term of fifty years. Under the contracts, Old Dominion shall assume ownership and operation of existing utility facilities currently owned and operated by the Federal Government and shall provide service exclusively on the Bases through such facilities. Old Dominion will have only one customer, the Federal Government, which will pay all fees thereunder. The Federal Government retains the right to repurchase the utility facilities at any time.

Pursuant to § 56-265.3 of the Code, no public utility shall begin to furnish public utility service within the Commonwealth without first having obtained from this Commission a certificate authorizing it to furnish such service. With the Federal Government as its sole customer, Old Dominion is excepted from the definition of "public utility" in § 56-265.1(b)(1) because it will have fewer than fifty customers.<sup>2</sup> Based upon the facts disclosed by the application, the Commission is of the opinion that Old Dominion is not a "public utility" as that term is used in § 56-265.3 of the Code; therefore, Old Dominion does not need to obtain a certificate to perform under its contracts with the Federal Government.

NOW UPON CONSIDERATION of the application and applicable law, the Commission concludes that Old Dominion does not require a certificate to perform its contracts with the Federal Government as described herein for the reason that Old Dominion will not operate as a public utility, as described in its application. The Commission does exercise jurisdiction, however, over Old Dominion as a public service company to the extent provided by the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Old Dominion's application for a certificate of public convenience and necessity is hereby denied under the facts presented in the application and the Commission's findings of applicable law.
- (2) The Commission hereby determines that it continues to exercise jurisdiction over Old Dominion as a public service company organized in the Commonwealth of Virginia.
- (3) There being nothing further, this matter is hereby dismissed.

<sup>1</sup> The Commission takes judicial notice of the Clerk of the Commission's certificate of incorporation issued to Old Dominion Utility Services, Inc., dated April 28, 2005.

<sup>2</sup> While § 56-265.3:1 does require a certificate for a company proposing to construct facilities ultimately intended to make water or sewer service available to more than fifty residential building lots, there is no indication from the application and appended contracts that construction of such facilities is contemplated. If facilities are to be constructed as described in the statute, then a certificate would be required under § 56-265.3:1 of the Code.

**CASE NO. PUE-2005-00113  
DECEMBER 30, 2005**

APPLICATION OF  
MECKLENBURG ELECTRIC COOPERATIVE

For authority to issue long-term debt

**ORDER GRANTING AUTHORITY**

On December 20, 2005, Mecklenburg Electric Cooperative ("Mecklenburg" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 (§ 56-55 *et seq.*) of Title 56 of the Code of Virginia requesting authority to incur long-term indebtedness with the Rural Utilities Service ("RUS"). The Applicant paid a fee of \$250, pursuant to § 56-75 of the Code of Virginia.

In its application, Applicant requests authority to borrow \$17,500,000 in the form of a RUS Treasury Rate Loan. The proceeds will be used to fund a portion of Applicant's three-year construction work plan. The plan specifically includes improving systems, purchasing equipment, and extending lines.

The loan will have a 35-year maturity. Applicant represents that the interest rate on the loan is established daily by the United States Treasury. Applicant intends to select the interest rate term for each advance of funds. Such interest rate terms can range from one year to 35 years.

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) The Applicant is hereby authorized to borrow up to \$17,500,000 from the RUS, under the terms and conditions and for the purposes set forth in the application.
- (2) Within thirty (30) days of the date of each advance of funds from RUS, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action that shall include the amount of the advance, the interest rate selected, and the interest rate term.
- (3) Approval of the application shall have no implications for ratemaking purposes.
- (4) There being nothing further to be done, this matter is hereby dismissed.

**DIVISION OF ECONOMICS AND FINANCE****CASE NO. PUF-2001-00017  
FEBRUARY 15, 2005**

APPLICATION OF  
TOLL ROAD INVESTORS PARTNERSHIP II, L.P.

For Approval of Refinancing

**ORDER**

On July 3, 2001, Toll Road Investors Partnership II, L.P. ("TRIP II" or the "Company"), the owner and operator of the Dulles Greenway, filed an application ("Application") in this docket with the State Corporation Commission ("Commission"). The Application requested, among other things, approval of a proposed refinancing. The Company requested approval of a plan to call certain outstanding bonds and to raise additional capital by issuing new bonds maturing from 2036 to 2056. On November 7, 2001, the Commission issued a Final Order that, among other things, approved TRIP II's proposal to issue approximately \$270 million in new debt securities with the proceeds to be used to retire approximately \$100 million of existing debt ("Refinancing Order").

On November 12, 2004, the Company filed a letter with the Commission advising that TRIP II was expected to complete the refinancing as close to December 15, 2004, as possible - if it could obtain from the Commission, on an expedited basis, confirmation that no further approvals from the Commission were required. The Company requested such confirmation in its November 12, 2004, letter. The Company also explained that modifications had been made to the proposed refinancing since the Commission issued the Refinancing Order. The new refinancing plan differed from that approved by the Refinancing Order in the following respects, among others: (1) the amount of debt to be issued had increased from approximately \$270 million to approximately \$298 million<sup>1</sup>; (2) the debt to be issued under the new refinancing plan was to be insured by MBIA at a cost of approximately \$55 million, whereas the original Application did not contemplate bond insurance; (3) the Multi-Modal Insured Project Revenue Bonds were to carry a variable rate of interest hedged through an interest rate swap agreement; and (4) the debt proposed to be issued would no longer be entirely in the form of zero coupon bonds.

In its Order Approving Refinancing dated November 19, 2004, the Commission treated TRIP II's November 12, 2004, letter as an amendment to its July 3, 2001, Application. The Commission also found that the new refinancing proposal was materially different from that approved in the Refinancing Order and, thus, required separate approval by the Commission. However, the Commission also found that the new refinancing proposal was in the public interest, and approved the new proposal.

On February 11, 2005, TRIP II filed an Interim Report on Refinancing ("Interim Report") in this docket. TRIP II stated in its Interim Report that since it filed the November 12, 2004, letter with the Commission, market conditions had improved such that the estimated blended rate for the refinancing decreased by approximately 100 basis points. Due to this reduction in interest rates, TRIP II will be able to generate additional proceeds for deposit in project reserves with little or no change in the debt service obligation relative to the level contemplated by the Commission's November 19, 2004, Order. In its Interim Report, the Company provided projected debt service obligations based on proceeds to it of approximately \$387 million. In the cover page of its February 11, 2005, Interim Report, TRIP II, by Counsel, requested that the Commission issue an order accepting the filing and finding that the current financing outlined in the Interim Report is consistent with the Commission's Order Approving Refinancing dated November 19, 2004.

NOW THE COMMISSION, having considered the November 19, 2004, Order Approving Refinancing, the Interim Report of TRIP II dated February 11, 2005, and the applicable law, and having been advised by the Staff, is of the opinion and finds that the financing described in the Interim Report is consistent with the November 19, 2004, Order and that our further approval is unnecessary.

Accordingly, IT IS ORDERED THAT:

- (1) Case No. PUF-2001-00017 be restored to the Commission's active status in the records of the Clerk of the Commission to receive: (a) the Company's February 11, 2005, Letter; (b) the Commission's Staffs action brief in this matter which is being filed simultaneously with the Order; and (c) this Order.
- (2) The Commission's November 19, 2004 Order remains in full force and effect.
- (3) This matter is dismissed.

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<sup>1</sup> In its November 12, 2004, letter TRIP II stated that its estimates indicated that \$298 million in debt would be issued but that proceeds in excess of \$310 million would be applied to fund any additional construction contingencies and additional reserves.

## DIVISION OF SECURITIES AND RETAIL FRANCHISING

### CASE NOS. SEC-2002-00054 and SEC-2003-00072 MARCH 18, 2005

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
ALPHACOM, INC.,  
and  
ROBERT SNYDER  
Defendants

#### FINAL ORDER

On July 30, 2004, the State Corporation Commission ("Commission") issued a Final Order against AlphaCom, Inc., and Robert Snyder ("Defendants"). The Order penalized each Defendant \$20,000, to be imposed if the Defendants failed to present a plan to the Commission by which they would make monetary restitution to the investors within 90 days. The 90 day time period has passed, and no plan for restitution has been submitted.

Accordingly, IT IS ORDERED THAT:

- (1) The penalties of \$20,000 against each Defendant shall be imposed; and
- (2) The papers filed herein shall be placed in the Commission's file for ended causes.

### CASE NO. SEC-2002-00055 JUNE 20, 2005

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
KEVIN L. HARRELL,  
Defendant

#### JUDGMENT ORDER

By Rule to Show Cause issued on February 1, 2005, this matter is before the State Corporation Commission ("Commission") to address allegations against Kevin L. Harrell, Defendant, that he violated a Commission Order on several counts. The Commission's Division of Securities and Retail Franchising ("Division") alleged that the Defendant violated the terms of the Settlement Order entered in this case on January 14, 2003 ("Settlement Order"), in which he agreed to pay the Commission a penalty of \$80,000 and costs of investigation of \$5,000. The Order further provided that the Defendant could avoid paying the penalty and costs if he repaid Freeman and Pamela Reynolds their \$10,000 investment with interest. The Division alleged in the Rule that the Defendant has paid neither the investors nor the Commission.

The Commission assigned this case to a Hearing Examiner to conduct a hearing for the Commission. At the hearing, Debra Bollinger, Esquire, appeared on behalf of the Division. Mr. Harrell appeared *pro se*. After the hearing, the Hearing Examiner issued her Report on April 28, 2005, setting forth the following findings and recommendations:

1. Defendant has not returned the full principal investment of \$10,000 plus interest to the North Carolina investors as required in the Settlement Order;
2. Defendant has not paid any portion of the \$80,000 penalty or the \$5,000 costs of the investigation imposed on the Defendant by the Settlement Order;
3. Defendant is therefore in contempt for failure to comply with a Commission order;
4. Defendant should be required to provide the Division with copies of cancelled checks to verify the return of the portion, if any, already repaid to the North Carolina investors;
5. Defendant should be directed to repay investors their investment plus interest as required in the Settlement Order, subject to a modified repayment schedule of no less than \$350 per month beginning immediately upon issuance of a Commission order herein;
6. Defendant should be further directed to verify each monthly payment by sending a copy of the cancelled check to the Division;
7. The Defendant will continue to be responsible for payment of the penalty of eighty thousand dollars (\$80,000) and the sum of five thousand dollars (\$5,000) if he fails to repay the investors as required in the Settlement Order subject to the modified repayment schedule approved by the Commission, and as verified to the Division;

8. Harrell, pursuant to § 12.1-33 of the Code of Virginia, should also be directed to pay to the Commission the sum of \$250 as a penalty for contempt, provided that said penalty should be suspended upon the condition that Harrell shall repay the investors, in full with interest; and

9. The Commission should retain jurisdiction in this matter for all purposes, including the institution of other show cause proceedings or other action it deems appropriate if Defendant continues to fail to comply with the terms and undertakings of the settlement as may be modified by the Commission in any subsequent orders.

On May 5, 2005, the Division filed comments on the Hearing Examiner's Report. No comments were filed by the Defendant.

NOW THE COMMISSION, having considered the record, the Hearing Examiner's Report and the comments thereto, and the applicable law, finds that the Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ADJUDGED AND ORDERED THAT:

(1) The Hearing Examiner's findings and recommendations contained in her April 28, 2005, Report are hereby adopted.

(2) This matter is continued generally for all purposes, including the institution of other show cause proceedings or other action it deems appropriate if the Defendant continues to fail to comply with the terms and undertakings of the Settlement Order, as modified.

**CASE NO. SEC-2003-00023  
MARCH 30, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
DEUTSCHE BANK SECURITIES, INC.,  
Defendant

**CONSENT ORDER**

DEUTSCHE BANK SECURITIES, INC. ("Deutsche Bank"), is a broker-dealer registered in the Commonwealth of Virginia;

A coordinated investigation into Deutsche Bank's activities concerning securities research analysts' conflicts of interest and investment banking business practices during the period of approximately 1999 through 2001 has been conducted by a multi-state task force and the U.S. Securities and Exchange Commission ("SEC");

The California Department of Corporations conducted an investigation on behalf of the state securities regulators (with the assistance of the District of Columbia Securities Bureau and the State of Maryland Attorney General's Office) into the practices at Deutsche Bank;

Deutsche Bank has cooperated with the above securities regulators during the investigation;

Deutsche Bank has agreed to resolve the aforementioned investigation;

Deutsche Bank agrees to adopt and implement certain changes to securities research analysts' conflicts of interest and investment banking business practices, and to make certain payments as set forth herein;

Deutsche Bank voluntarily elects to permanently waive any right to a hearing and appeal under § 12.1-39 of the Code of Virginia with respect to this Consent Order (the "Order");

The State Corporation Commission ("Commission") has jurisdiction over this matter pursuant to the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia;

The Commission finds the following relief appropriate and in the public interest; and

NOW, THEREFORE, the Commission, as administrator of the Act, hereby enters this Order:

**I. ALLEGATIONS OF FACT**

1. Deutsche Bank admits the jurisdiction of the Commission, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to the entry of this Order by the Commission.

2. The Commission finds the following facts applicable to this action:

**A. General Findings Of Fact:**

3. From July 1999 through 2001 ("the relevant period"), Deutsche Bank engaged in acts and practices that created and/or maintained inappropriate influence by investment banking over research analysts, thereby creating conflicts of interest for its research analysts. Deutsche Bank failed to manage these conflicts in an adequate manner. During this time period, Deutsche Bank offered research coverage in order to gain investment banking business and receive investment banking fees. It received over \$1 million from other investment banks to provide research coverage of their investment banking clients, and made payments of approximately \$10 million to other securities firms primarily for research coverage for its investment banking clients.

In addition, Deutsche Bank compensated its research analysts based in part upon their contributions to Deutsche Bank's investment banking business. These relationships and activities constituted substantial conflicts of interest for Deutsche Bank's research analysts.

4. Deutsche Bank failed to establish and maintain adequate policies and procedures reasonably designed to manage these conflicts of interest.

5. Deutsche Bank also failed to promptly produce copies of e-mail communications that had been requested by the staff during the investigation. Despite repeated inquiries from the staff and state investigators, Deutsche Bank insisted during the investigation that its production of the e-mail was complete. In fact, Deutsche Bank had produced less than one-fourth of the responsive e-mail by April 2003. Over the next year, Deutsche Bank produced another 227,000 e-mails, more than tripling its original production and delaying completion of the investigation for over a year.

#### **DEFENDANT**

6. Deutsche Bank Securities, Inc. is a Delaware corporation with its headquarters and principal executive offices in New York, New York. It has branch offices throughout the U.S., including Washington, D.C., San Francisco, Los Angeles, and Baltimore. Deutsche Bank is a broker-dealer registered with the SEC pursuant to Section 15(b) [15 U.S.C. § 78o(b)] of the Exchange Act and is a member of NASD and NYSE. Deutsche Bank provides a comprehensive range of advisory, financial, securities research, and investment services to corporate and private clients. Deutsche Bank's clients include both institutional investors and individual investors (often referred to as "retail customers"). Deutsche Bank also provides investment banking services to corporate clients.

7. Deutsche Bank is currently registered with the Commission as a broker-dealer, and has been so registered since September 22, 1983.

#### **FACTUAL ALLEGATIONS**

##### **I. BACKGROUND**

###### **A. The Role of Research Analysts at Deutsche Bank**

8. Deutsche Bank has a securities research department called the "equity research department," which provides its investment clients and the public with research reports on certain public companies. Research analysts at Deutsche Bank are generally assigned to review the investment outlook of specific public companies within a certain industry or sector, such as technology or biosciences. This is called "covering" a company's stock. In their research reports, analysts typically review the performance of the covered companies, evaluate their business prospects, and provide analysis and projections regarding the future prospects of the company. They also provide a rating or recommendation as to whether the company presents a good investment opportunity, and often provide a price target (the market price at which the analyst expects the stock to trade within a given time).

9. During the relevant period, Deutsche Bank analysts made themselves available via telephone, electronic mail, and in person to the firm's institutional and retail sales force to answer questions about industry sectors and companies covered by the analyst. In addition, analysts provided periodic research updates to the sales forces through "morning calls" held before the start of trading.

10. During the relevant period, Deutsche Bank had a four-point rating system: "Strong Buy"; "Buy"; "Market Perform"; and "Market Underperform." According to the firm's policy, a "Strong Buy" or "1" rating meant that "DBSI expects, with a high degree of confidence, that the securities will significantly outperform the market time frame and that the time to buy the securities is now." A "Buy" or "2" rating meant that "DBSI expects that the securities will outperform the market by 10% or more over the next 12 months." A "Market Perform" or "3" rating meant that "DBSI expects that the securities will broadly perform in line with the local market over a 12-month period and the share price is likely to trade within a range of +/- 10%." A "Market Underperform" or "4" rating meant that "DBSI expects the securities to underperform against the local market by 10% or more over the next 12 months."

11. During the relevant time period, a substantial majority of the companies covered by Deutsche Bank's analysts in the technology, biotechnology, media, and telecommunications sectors received a Buy or Strong Buy rating. In contrast, only one of the more than 250 companies covered by Deutsche Bank during the time period had lower than a Market Perform. Accordingly, what Deutsche Bank held out as a four-point rating system for stocks in the above sectors was effectively a three-point system.

12. Deutsche Bank distributed its analysts' research reports internally to various departments at the firm, made the reports available to its institutional and retail customers, and disseminated the reports to subscription services such as First Call and Bloomberg. The firm's customers received the research reports through the firm's website and also through electronic mail or postal mail if they were on the firm's mailing lists. Analysts' recommendations were also reported in the U.S. financial news media.

13. Deutsche Bank held out its research analysts as providing independent, objective and unbiased information, reports, and recommendations upon which investors could rely in making informed investment decisions.

###### **B. Investment Banking at Deutsche Bank**

14. Deutsche Bank's investment banking division assists companies with raising capital through initial public offerings ("IPOs"), "follow-on" offerings (subsequent offerings of stock to the public), and private placements of stock. It also assists companies with negotiating and brokering other corporate transactions, such as mergers and acquisitions. During the relevant period, investment banking was an important source of revenue for Deutsche Bank, accounting for approximately 29.2% of its total revenues.

15. Deutsche Bank generally competes with other investment banks for selection by issuers and other sellers of securities as lead underwriter or "bookrunner" on securities offerings. The lead underwriters receive the largest portion of the investment banking fees, called underwriting fees; accordingly, there are significant financial rewards to being selected as the lead underwriter. The lead underwriters also establish the allocation of shares in a securities offering and typically retain the greatest number of shares for themselves. The typical IPO generates significant investment banking fees for the lead underwriters. During the relevant period, Deutsche Bank was the ninth largest underwriter in the U.S. securities market, receiving about \$1.15 billion in investment banking fees.

16. In addition to their research responsibilities, analysts assisted investment bankers in performing due diligence on investment banking transactions.

## **II. DEUTSCHE BANK'S RESEARCH STRUCTURE CONTAINED CONFLICTS OF INTEREST**

17. Because Deutsche Bank does not charge for its research, the Americas Equity Research Department at Deutsche Bank was a "cost center." Its costs were substantially funded by the firm's departments responsible for institutional clients and investment banking. During the relevant period, the equities department funded 50% of the research department's expenses, the investment banking department funded 43%, and the retail department funded 7%.

18. Investment banking considerations were an important factor in deciding what research to provide and how much research analysts were paid. As stated below, Deutsche Bank's compensation structure rewarded analysts for investment banking deals consummated in their sectors. Investment banking interests also played a role in determining which companies would be covered by the firm's analysts and which would be dropped.

### **A. Analysts' Compensation Was Determined In Part By The Analysts' Contribution to Investment Banking Revenues**

19. In order to "align" the interests of the analysts with the interests of the other departments at the firm whose revenues funded the research department, Deutsche Bank created an "analyst performance matrix" that ranked all of Deutsche Bank's analysts based upon several criteria. Beginning in 2000, Deutsche Bank determined bonuses for its research analysts based upon this matrix. These bonuses, which ranged from hundreds of thousands to millions of dollars, made up the vast majority of most analysts' compensation.

20. In 2000, under the matrix, one-third of an analyst's ranking was based upon the analyst's contribution to investment banking, one-third upon his or her contribution to the institutional investor franchise, and one-third upon the research director's subjective assessment. In 2001, a fourth equally-weighted category – the analysts' ranking in independent surveys, such as the All American Institutional Investor Poll – was added to the matrix.

21. Analysts received "credit" for all investment banking deals in their sector (regardless of whether they worked on the deal), as well as deals outside their sector to which they contributed personally. This amount was then adjusted upward or downward by 25-30% based upon the reviews provided by the investment bankers who worked with the analyst. Thus, if an analyst was helpful to investment bankers in the analyst's sector by, for example, generating deals for his sector, the analyst could get a high rating from the investment banker and thus increase his rating in the matrix and, potentially, the size of the analyst's bonus.

22. Investment bankers rated analysts based on a scale of 1 ("Analyst Extremely Important To A Majority Of Investment Banking Revenue. Without The Analyst, Our Revenue Would Have Been More Than 50% Below What We Generated.") to 5 ("Analyst Had A Negative Impact On Investment Banking Revenue."). Analysts at the top of the matrix – and thus who received the largest bonuses – typically received all 1s or 2s from investment bankers, as well as scored high in other areas of the matrix.

23. Deutsche Bank research management circulated draft quarterly investment banking deal reports to analysts to verify the investment banking deals for which analysts were to receive credit. Analysts were encouraged to, and did, respond to these reports with additional examples of deals in their sector or on which they had worked.

24. In these responses and in the yearly performance self-evaluations that analysts completed, many analysts identified the importance of their work in bringing investment banking business to Deutsche Bank and the value of that work to the firm. For example, analysts stated in their self-evaluations:

- (a) "Won two lead managed IPO mandates ... Won one secondary offering ... as a result of relationship with management team (our investment bankers did not have any previous relationship with the Company). ... DBAB generated a \$400K (roughly) fee. Participated in winning mandate on ... convertible debt offering despite previous ... analyst leaving DBAB. ... DBAB earned a \$10M (roughly) fee.... My previous management relationships allowed the firm to make equity investment in a number of promised private communications equipment companies."
- (b) Completed 8 banking deals ..., generating an estimated \$8-10 million in fees; 7 of the 8 were either research driven or solely research driven ... Were invited to pitch ... the \$2-3 billion [company] IPO; I started the ball rolling."

25. In certain instances, research management requested that analysts complete "business plans," such as when transitioning coverage from one analyst to another. Analysts discussed the investment banking imperatives that they had addressed through coverage of certain areas or companies or otherwise. For example, in an April 2001 e-mail exchange between two analysts, one analyst said that he was told one of his goals for the year was to "generate at least as much in banking fees as he did last year."

26. Research management based promotion decisions in part upon the analyst's assistance to the firm's investment banking business.

27. In sum, research analysts at Deutsche Bank were compensated millions of dollars in part for their contribution in winning the business of investment banking clients, for whom they issued reports, ratings and recommendations.

### **B. Investment Banking Interests Influenced Coverage Decisions**

28. The research department at Deutsche Bank made decisions about the stocks on which its analysts would initiate and maintain coverage based in part upon investment banking concerns. According to the director of research, investment banking opportunities were a factor in determining research coverage. For example, one analyst testified that he agreed to maintain coverage of certain companies he would otherwise drop until the banker had the opportunity to "close" the transactions the banker was hoping to win.

29. In another example, an analyst expressed her disappointment in a February 2001 e-mail that Deutsche Bank had not been included in an offering by Charlotte Russe Holding Inc. The analyst stated that "the only reason we picked up coverage of the stock [Charlotte Russe Holding Inc.] was to be involved in IB flow." The analyst had just rated the company a "Buy" on December 21, 2000.

30. Analysts also routinely identified to their investment banking counterparts private companies that might go public. Often, it was the research analyst's relationship with the company that convinced the company to use Deutsche Bank's investment banking services. If the company did indeed use Deutsche Bank for its investment banking business, the analyst would typically cover the company for Deutsche Bank. The fact that the analyst had originated Deutsche Bank's investment banking transaction with the company that he covered presented a potential conflict of interest.

31. In July 2000, a banker in the Hong Kong office of Deutsche Bank sent an e-mail to the director of research stating that "the lack of coverage [of Pacific Century Cyberworks] continues to be a major problem in our relationship, and we have been categorically assured that none of [the company owner's] (very substantial) deal flow will come our way until we make good on our promise . . . ." The director of research later sent an e-mail to his assistant stating "we need to have active, co-coverage of this name in the US. been [sic] a big fee paying customer of ours that we have promised US coverage that past US research management agreed to."

32. In addition to initiating positive coverage on investment banking clients, Deutsche Bank research analysts at times maintained favorable ratings on investment banking clients' stocks, even in the face of precipitous declines in the stocks' prices.

33. For example, Deutsche Bank acted as a lead underwriter for the Webvan IPO in November 1999 and initiated coverage with a Strong Buy rating and \$50 price target shortly thereafter. At the time, the stock was trading at \$24.69. In a series of reports issued in April-July 2000, although the new analyst covering the stock recognized and discussed significant risk factors facing the company in his reports, he maintained the Strong Buy rating (with no price target) even as the stock dropped to the \$6-9 range. On September 15, 2000, with the stock trading at \$3.47, the analyst downgraded Webvan to a Buy. On January 10, 2001, with Webvan at \$0.44, the analyst downgraded it to Market Perform, and held that rating on July 9, 2001, when Webvan declared bankruptcy.

34. Similarly, in March 2000, Deutsche Bank had a Strong Buy recommendation on the stock of Peregrine Systems. At the time, the stock was trading at over \$70. In April 2000, although the stock had dropped to \$24.50, Deutsche Bank maintained its Strong Buy recommendation. Deutsche Bank continued its Strong Buy recommendation until the stock price hit \$0.24 in September 2002.

### **C. Deutsche Bank Implicitly Promised Potential Investment Banking Clients Favorable Research Coverage**

35. To win investment banking business for a public company, securities firms typically put together a presentation (soliciting an issuer's investment banking business is called "pitching the company"). Investment banks make "pitches" for any kind of investment banking business, most frequently for IPOs and follow-on offerings. The presentation material is referred to as a "pitchbook." The pitchbooks were presented to the company's management by Deutsche Bank investment bankers.

36. During the relevant period, Deutsche Bank implicitly promised in its pitchbooks that its research analysts would cover the company if the company gave it investment banking business. Deutsche Bank pitchbooks spoke of the firm's "commitment to research" and to the company, stating that Deutsche Bank's "commitment doesn't end with the IPO" and that Deutsche Bank would "be [the company's] leading advocate." Analysts prepared one section of the pitchbooks, entitled "Research Positioning." Deutsche Bank analysts typically prepared this section after completing some due diligence on the company and discussed in the section how the analyst would market the company to investors in research reports. Generally, the research positioning section of the pitchbook made a variety of positive statements about the company. For example, the pitchbook would sometimes state that Deutsche Bank analysts would promote the company's "compelling business model," its action in "rebuilding supply chains to provide superior value to producers and customers," or its "huge market opportunity." Pitchbooks described analysts as the "key 'Champion'" of the pitched companies.

37. In other pitchbooks, the promise of positive research coverage was suggested by reference to Deutsche Bank's positive coverage of other companies. Deutsche Bank described how the analyst had covered another company – and how the analyst's favorable ratings of the stock corresponded with the stock's rise in price. For example, the December 11, 2001, pitchbook for LeapFrog Enterprises, Inc. ("LeapFrog"), similarly promoted the analyst's reports on another company – his Buy and Strong Buy ratings of that company in frequent research reports – and graphed them against the stock price of the company to suggest that the analyst's ratings and reports assisted in the increase in the stock's price. Several months later, Deutsche Bank was selected as a co-manager for LeapFrog and received investment banking fees.

38. Deutsche Banks' pitchbooks also typically discussed the "research commitment" of the firm, stating that the analyst would engage in various activities in connection with the IPO, including pre-marketing, marketing, initial coverage, ongoing coverage, industry reports, sponsorship of visits, dinners with key investors, and investor presentations. The analyst also assisted the investment bankers in performing due diligence on the company and had a say in whether the firm would participate in the offering. If the analyst did not support the deal, the firm typically would not proceed with the offering.

39. In addition to preparing part of the pitchbook, research analysts often accompanied investment bankers on the pitches to the company. After the pitch and once Deutsche Bank was selected as the underwriter, the analyst typically worked together with the investment banker to (among other things) perform additional "due diligence" on the offering and participated in so-called "roadshows" to meet institutional investors.

40. It was understood by all parties involved - the analyst, the underwriters, and the issuer - that the analyst would speak favorably about the issuer when initiating coverage. Indeed, at least one pitchbook implied that Deutsche Bank would provide favorable coverage. In October 1999, Deutsche Bank marketed a European-based company called Autonomy for its U.S. IPO. (At the time, Deutsche Bank had an analyst in London covering the company for the European markets.) The pitchbook for Autonomy showed a timeline for the deal and indicated that after the "quiet period" (statutorily-mandated period of time after an offering during which the underwriting firms cannot publish research), the analyst would "Raise Rating and Estimates." After the pitch, Deutsche Bank became the lead underwriter. The analyst who was involved in the pitch began covering the company in the U.S. after its U.S. IPO at the same Buy rating that his European counterpart had used prior to the U.S. IPO.

41. In another example, an analyst sent an e-mail to an issuer stating the analyst would provide bi-monthly research coverage on the issuer "if [Deutsche Bank were] meaningfully included in [the issuer's] financing activities." The analyst also stated that she would present the issuer to Deutsche Bank's sales force once a week and to publish several in-depth reports to send out to Deutsche Bank's institutional base.

42. The foregoing all contributed to Deutsche Bank's ability to win investment banking deals and receive investment banking fees from such offerings and subsequent investment banking relationships.

**D. Deutsche Bank Knew That Research Was An Important Factor In Winning Investment Banking Business**

43. Deutsche Bank knew that companies expected the firm to commit to provide them with research coverage before they would award the firm investment banking business. For example, in an e-mail from Deutsche Bank's Asia office, a banker reported that a company told them that "for any future business, [they] had to have research coverage and it had to be from a U.S. analyst ... the lack of coverage continues to be a major problem in our relationship, and we have been categorically assured that none of deal flow will come our way until we make good on our promise." Thus, in at least some cases, companies often demanded research coverage before selecting an investment banker.

44. Indeed, at least one company conditioned payment of its investment banking fee to Deutsche Bank upon receiving research coverage after the transaction. Proxima ASA withheld payment to Deutsche Bank of approximately \$6 million in investment banking fees relating to its merger with another company in 2000 because Deutsche Bank had not published research on the company. After Deutsche Bank subsequently issued a September 21, 2001, research report on the company, the fee was paid.

45. In some instances, Deutsche Bank analysts also internally suggested conditioning the continuation of research coverage upon whether the company gave Deutsche Bank its investment banking business. One analyst e-mailed the director of research in April 2000 and asked whether he should tell a company whom he believed had misled him about its earnings report that he would drop coverage, unless they brought their recently announced financing transaction to Deutsche Bank. The director of research responded, "I think that is EXACTLY [*sic*] what you should do." The firm ultimately did not drop coverage.

**III. IN CERTAIN INSTANCES, THE FIRM PUBLISHED EXAGGERATED OR UNWARRANTED RESEARCH**

46. In some instances, Deutsche Bank analysts gave advice to institutional clients or others that conflicted with their published ratings on particular stocks, thus indicating that in those instances, Deutsche Bank published research that was exaggerated, unwarranted, or unreasonable.

47. In the spring of 2001, one of Deutsche Bank's analysts met with a large institutional client of the firm to discuss the stocks that analyst covered. One of those stocks was Oracle, on which the analyst had Buy recommendations in his published research on March 1, 2001, March 15, 2001, and April 30, 2001. After meeting with the analyst in the spring of 2001, the institutional investor placed an order with Deutsche Bank to sell more than a million shares of its position in the stock. Immediately after the sale, the Deutsche Bank institutional salesperson responsible for the account sent an e-mail to the director of research, commending the analyst's performance and stating that the client would be sending its *Institutional Investor* votes to the analyst. (Subscribers vote for analysts that have provided information in an annual poll of the most influential research analysts conducted by *Institutional Investor* magazine.) Other institutional salespeople also commented about the analyst's helpfulness to them, stating that he had put a "great sell on Oracle."

48. In another example, an analyst in the software application sector e-mailed an investment banker in April 2001 on another stock he covered, Eprise Corp., with a "request to drop coverage," stating that the "stock continues to trade below \$1 and these guys are permanent toast." The analyst had a January 5, 2001, Market Perform rating on the stock at the time.

49. In April 2002, an analyst communicated to an executive officer of Deutsche Bank's investment banking client, Getty Images, Inc., about the price target he had given the company in an April 5, 2002, report. He told the executive not to worry about his current price target, because he would consider raising it at another time:

I thought my approach was appropriately supportive of my favorite company [the client], but still realistic.... My best guess is the stock stays in a trading range pending another quarter's evidence of [the client's] superior operating skills, [*sic*] leveraged by further improvements in the ad market. This leaves me room to boost the target price in conjunction with future increases in the earnings estimates [*sic*]. I certainly wouldn't want to put you under any near-term pressure by raising the bar too high. After all, I'm only thinking about you!

**IV. DEUTSCHE BANK RECEIVED AND MADE PAYMENTS FOR SERVICES THAT INCLUDED THE PROVISION OF RESEARCH**

50. During the relevant time period, Deutsche Bank received over \$1 million from other investment banks for services that included research coverage of those firms' banking clients. In addition, it directed payments of more than \$10 million to other brokers for services that included research coverage of Deutsche Bank's banking clients. These payments were made from the underwriting proceeds of the transaction, and in certain instances, were directed by the issuers.

51. In a January 2000 e-mail discussing the "norm" on Wall Street, a banker stated that for transactions above \$75 million, "there are plenty of gross spread dollars to be allocated for future research coverage in the management fee."

**A. Deutsche Bank Received Payments for Research**

52. During the relevant time period, Deutsche Bank received payments on at least four deals for which it was not the lead or co-lead manager. Internal documents at the firm reflect that these payments were made for research.

53. For example, in the spring of 2001, Deutsche Bank was covering Transkaryotic Therapeutics, Inc., with a "Strong Buy" and was pitching for the company's investment banking business. When the company selected another investment bank, the research analyst called Transkaryotic and expressed his displeasure that Deutsche Bank had not been selected to do the deal. The analyst told the company that he had spent his morning on the phone

supporting the deal and that it was the analyst's upgrade of the stock from a Market Perform to a Strong Buy several weeks before that had increased the stock price and helped make the deal a success. The company directed that Deutsche Bank receive a payment of \$300,000 from the underwriting proceeds. The analyst recorded in his self-evaluation form for that year that the firm had been "paid for our research" on this and one other deal.

54. Similarly, in October 1999, a company called Emisphere, which was not being covered by Deutsche Bank, decided to do a follow-on offering. Although Deutsche Bank did not participate in the deal, it received an \$87,500 payment from the proceeds of the deal. The deal sheet and the \$87,500 check from the lead manager both reflected that the payment was made "for research." In fact, the deal sheet specifically stated "Not in Deal/Received \$87500.00 for research." Moreover, a contemporaneous internal e-mail from Deutsche Bank states that "[t]here was talk about us participating in the deal but b/c of the small size, proposed economics, etc we opted to pass. However, we did agree to pick up research coverage and a[s] result we will be getting the sales credit on 10% of the institutional pot." (During an offering, whenever the sale of shares to large institutional clients cannot be attributed to the selling efforts of any one firm, the commissions for the sales are placed into an "institutional pot." The credits are then divided among the firms as selling concessions). Deutsche Bank initiated research coverage of Emisphere with a Buy recommendation on November 17, 1999, after the end of the quiet period. The research report did not disclose the \$87,500 payment.

55. Deutsche Bank also received a payment of \$150,000 in March 2000 for research on United Therapeutics, Inc., and a payment of \$375,764 in December 2001 for covering Trimeris, Inc.

56. In each of the four instances where Deutsche Bank received a payment for research, Deutsche Bank was not a member of the underwriting syndicate. (In several of the instances, Deutsche Bank was considered a member of the "selling group;" however, the selling group members do not retain any underwriting risk and Deutsche Bank did not acquire or sell any shares in these offerings). The payments were made from the underwriting proceeds of the offerings. The payments totaled over \$900,000.

57. In each instance, Deutsche Bank issued research reports recommending the stocks of the issuers involved in the offerings. Emisphere was initiated at a "Buy"; the ratings of the three stocks already covered by Deutsche Bank did not change. However, in all four instances, Deutsche Bank failed to disclose in its research reports that the firm had received the payments and the source and amount of the payments.

#### **B. Deutsche Bank Made Payments To Other Firms for Coverage**

58. During the relevant period, Deutsche Bank made payments to other investment banking firms to have them, among other things, provide research coverage of Deutsche Bank's investment banking clients. A senior executive in Deutsche Bank's Equity Capital Markets department testified that, during the relevant time period, these payments were made on "one out of four" deals for which Deutsche Bank was the lead or co-lead manager.

59. Although in many instances the payments were made at the issuer's direction, Deutsche Bank actively participated in the process. In its pitches for the business, Deutsche Bank advised the issuer that it would select members for the underwriting syndicate based upon that firm's ability to provide research coverage. In at least one instance, Deutsche Bank advised its client that it would be possible to "attract specific additional Research Analysts" by offering them free retention shares.

60. During the relevant period, Deutsche Bank made these payments in at least 25 offerings where it was the lead or co-lead manager. The payments, which came from the underwriting proceeds, were made to at least 35 other broker-dealers who either were not part of the underwriting syndicate or who received a payment significantly in excess of their underwriting fee on the transaction. In many of these instances, Deutsche Bank's internal e-mail and other internal documents recorded these payments as "research payments."

61. For example, Deutsche Bank was the lead manager for U.S. Aggregates' follow-on offering of 5.475 million shares of stock in August 1999. The dealer book (the document used by Deutsche Bank to track firms' involvement in the deal) noted under one firm's name: "RESEARCH FOR \$. ADDL 100M SHARES OF CREDIT." The dealer book made similar notations for other firms.

62. Similarly, Deutsche Bank was the lead manager for Endwave Corporation's follow-on offering of 6.9 million shares of stock in October 2000. Deutsche Bank's dealer book reflected that another firm would receive payment as part of the deal and notes that the Deutsche Bank deal captain "spoke to Jan – their going rate is \$100,000 – no less for research, she will follow with [ ] analyst...." On January 12, 2001, Deutsche Bank sent a \$100,000 check to the firm. The accompanying statement reflected that the payment was a "Research Payment."

63. Although not all of the firms appear to have issued research after receiving the payments, internal e-mails indicate that Deutsche Bank policed the other firms to ensure that research was in fact issued. For example, in connection with Deutsche Bank's lead-managed follow-on offering for Align Technologies, Inc., in January 2001, one of the deal captains wrote, "They [another firm] owe us on a past deal for which they promised and got paid on research but lost the analyst prior to rollout. They are picking this up regardless with no fees associated."

64. In all, Deutsche Bank made payments totaling over \$10 million on at least 50 deals in order to have other firms provide research coverage of Deutsche Bank's investment banking clients. These payments were not disclosed in the prospectus or other publicly available documents disclosing the terms of the underwriting deal. Deutsche Bank did not take steps to ensure that these firms disclosed in their research reports that they had been paid to issue research. Further, where applicable, Deutsche Bank did not disclose or cause to be disclosed in the offering documents or elsewhere the details of these payments.

#### **V. DEUTSCHE BANK FAILED TO REASONABLY SUPERVISE RESEARCH ANALYSTS' ACTIVITIES AND TO ESTABLISH PROCEDURES TO GUARD AGAINST IMPROPER CONDUCT**

65. Deutsche Bank failed to establish and maintain adequate policies and procedures to ensure the objectivity and independence of its research reports and recommendations. Although Deutsche Bank had written policies governing the preparation and distribution of research during the relevant period, these policies were not reasonably designed to prevent or manage conflicts of interest that existed between research and investment banking.

66. In addition, at least several analysts were unfamiliar with or did not comply with the policies. Deutsche Bank's written policies in effect after May 2001 prohibited research analysts from sending issuers draft reports containing the analysts' recommendations and price targets. At least one

analyst was unaware of this policy; other analysts admitted that even though they knew of the policy, they violated it by sending draft reports with recommendations and price targets to issuers for comment before the reports were published.

#### **VI. DEUTSCHE BANK FAILED TO PROMPTLY PRODUCE ALL ELECTRONIC MAIL**

67. In April 2002, state and federal regulators requested that Deutsche Bank produce all e-mail for a two-year period for certain employees in its research and investment banking departments. At the same time, Deutsche Bank was asked to not delete e-mail or overwrite e-mail backup tapes. Deutsche Bank agreed to the requests, sent out such instructions, and began producing e-mail. State regulators joined in the investigation in coordination with the federal regulators.

68. In their review of Deutsche Bank's production, the SEC and California state regulators noticed apparent discrepancies in the volume of e-mail that was being produced for various individuals. The regulators also believed that anticipated responses to certain e-mails were missing and the production appeared to be incomplete. These discrepancies were immediately brought to the attention of Deutsche Bank. Deutsche Bank repeatedly assured the regulators that its e-mail production was complete. Responding to the issues raised by the regulators, the firm stated that the variance in the volume of emails for particular individuals was attributable to a) individual practices (that is, that some people received and kept more e-mail than others), b) the fact that different entities that now comprised Deutsche Bank had differing historical e-mail retention practices, or c) Deutsche Bank's failure to maintain all of its e-mail for the required three-year time period, for which the firm had been fined \$1.65 million in joint actions by the SEC, the NASD, and the NYSE in December 2002.

69. The regulators continued to examine the production discrepancies. One discrepancy involved Deutsche Bank's production of e-mails for only twelve of the twenty-four months for the e-mail server located in its San Francisco office. Ultimately, on the eve of the Global Settlement in April 2003, Deutsche Bank, based on inquiries by California state regulators, determined that one or more e-mail backup tapes had not been restored to retrieve available e-mail, and so informed the regulators. Deutsche Bank subsequently learned, and informed the regulators, that in numerous instances, their production retrieval process had failed.

70. Deutsche Bank failed to ensure that it was producing all responsive e-mail. Deutsche Bank relied upon the statements of low level supervisory and information technology personnel that all available e-mail had been produced, without confirming that such assurances were accurate. The information technology personnel who retrieved the email data from backup tapes and other storage media did not have sufficient guidance and had not been adequately trained on how to respond to regulatory or other requests for e-mail. Despite Deutsche Bank's assurances to regulators that e-mail would not be overwritten or deleted, a number of electronic backup tapes containing e-mail were discarded during the production period by an employee who believed that they contained no recoverable e-mail. Internal or external third parties with forensic data retrieval expertise were not consulted to confirm that the tapes were corrupted and to assess whether restoration was possible using different technology.

71. In certain instances, Deutsche Bank neglected to restore backup tapes to determine whether they contained responsive e-mail. In other instances, Deutsche Bank incorrectly identified as "unavailable" backup tapes that were, in fact, available or in offsite storage facilities, and also stated that certain tapes had been overwritten when that turned out not to be the case. Deutsche Bank also discovered, after continued questioning by the regulators, that a large volume of e-mail still existed on file servers, an offline help desk server, and backup tapes that had been scrapped but not yet overwritten. Once the tapes were restored and data retrieved from them, Deutsche Bank found certain e-mail for analysts for whom Deutsche Bank had previously stated that no e-mail existed. After Deutsche Bank had informed the regulators that it was close to completing its production, Deutsche Bank determined that it had the ability to retrieve certain previously-deleted e-mail which had not been retrieved by Deutsche Bank's original restoration process.

72. Deutsche Bank's inability to reliably locate and produce e-mail in response to regulatory requests and subpoenas, which resulted from a lack of guidance to information technology personnel, a lack of adequate procedures, and a lack of proper supervision, delayed the completion of the investigation into analyst conflicts of interest at Deutsche Bank by over a year. As the investigation continued, the regulators were forced to invest considerable time and resources to probe Deutsche Bank's e-mail production failures, including taking testimony from numerous information technology personnel. In response to the problems that were identified by the regulators in April 2003, Deutsche Bank took steps to ensure that the previously overlooked e-mail was restored and produced to regulators, and revised its procedures and protocol for gathering and producing historical e-mail. Ultimately, however, the failure of Deutsche Bank to fully and completely respond to the initial requests of the regulators significantly delayed the completion of the investigation for an unreasonable length of time.

73. Over the course of the following year, Deutsche Bank produced an additional 227,000 e-mail -- more than three times the volume that it produced during the investigation as of December 2002.

74. By failing to timely produce e-mail, Deutsche Bank breached its obligation to comply with a reasonable regulatory request for documents that it is required by law to maintain and produce for inspection to the SEC staff and state regulators.

#### **VII. CONCLUSIONS OF LAW**

The Commission has jurisdiction over this matter pursuant to the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

The Commission finds that the above conduct is in violation of Securities Rule ("Rule") 21 VAC 5-20-260, Rule 21 VAC 5-20-270, and Rule 21 VAC 5-20-280 (E) (12).

The Commission finds the following relief appropriate and in the public interest.

#### **VIII. ORDER**

On the basis of the Findings of Fact, Conclusions of Law, and Deutsche Bank's consent to the entry of this Order, for the sole purpose of settling this matter, prior to a hearing and without admitting or denying any of the Findings of Fact or Conclusions of Law,

## IT IS HEREBY ORDERED:

(1) This Order concludes the investigation by the Commission's Division of Securities and Retail Franchising ("Division") and any other action that the Division could commence under the Act on behalf of the Commonwealth of Virginia as it relates to certain research practices at Deutsche Bank described herein, provided, however, that the Commission may enforce any claims against defendant arising from or relating to any violation of the "Order" provisions herein.

(2) Pursuant to § 12.1-15 of the Code of Virginia, Deutsche Bank will refrain from engaging in acts in violation of the Act in connection with the research practices referenced in this Order and will comply with the Act and Regulations in connection with the research practices referenced in this Order and will comply with the undertakings of Addendum A, incorporated herein by reference.

(3) As a result of the Findings of Fact and Conclusions of Law contained in this Order, Deutsche Bank shall pay a total amount of \$87,500,000.00. This total amount shall be paid as specified in the final judgment in the related action by the SEC against Deutsche Bank ("SEC Final Judgment") as follows:

(a) \$28,750,000 to the states (50 states, plus the District of Columbia and Puerto Rico), which amount includes the states' portion of the penalty for violating Section 17(b) of the Exchange Act as specified in the SEC Final Judgment and related state law (Deutsche Bank's offer to the state securities regulators hereinafter shall be called the "state settlement offer"). Upon execution of this Order, Deutsche Bank shall pay the sum of \$627,219 of this amount to the Treasurer, Commonwealth of Virginia as a civil monetary penalty pursuant to § 13.1-521 of the Act. The total amount to be paid by Deutsche Bank to state securities regulators pursuant to the state settlement offer may be reduced due to the decision of any state securities regulator not to accept the state settlement offer. In the event another state securities regulator determines not to accept Deutsche Bank's state settlement offer, the total amount of the Commonwealth of Virginia payment shall not be affected and shall remain at \$627,219;

(b) \$25,000,000 as disgorgement of commissions, fees and other monies as specified in the SEC Final Judgment;

(c) \$25,000,000 to be used for the procurement of independent research, as described in the SEC Final Judgment;

(d) \$5,000,000 to be used for investor education, as described in Addendum A, incorporated by reference herein;

(e) \$3,750,000 to the SEC, as a penalty for violating Section 17(b) of the Exchange Act, as specified in the SEC Final Judgment.

(4) Deutsche Bank agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to payment made pursuant to any insurance policy, with regard to all penalty amounts that Deutsche Bank shall pay pursuant to this Order or Section II of the SEC Final Judgment, regardless of whether such penalty amounts or any part thereof are added to the Distribution Fund Account referred to in the SEC Final Judgment or otherwise used for the benefit of investors. Deutsche Bank further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any penalty amounts that Deutsche Bank shall pay pursuant to this Order or Section II of the SEC Final Judgment, regardless of whether such penalty amounts or any part thereof are added to the Distribution Fund Account referred to in the SEC Final Judgment or otherwise used for the benefit of investors. Deutsche Bank understands and acknowledges that these provisions are not intended to imply that the Commission would agree that any other amounts Deutsche Bank shall pay pursuant to the SEC Final Judgment may be reimbursed or indemnified (whether pursuant to an insurance policy or otherwise) under applicable law or may be the basis for any tax deduction or tax credit with regard to any state, federal or local tax.

(5) If payment is not made by Deutsche Bank or if Deutsche Bank defaults in any of its obligations set forth in this Order, the Commission may vacate this Order, at its sole discretion, upon ten (10) days notice to Deutsche Bank and without opportunity for administrative hearing and Deutsche Bank agrees that any statute of limitations applicable to the subject of the Investigation and any claims arising from or relating thereto are tolled from and after the date of this Order.

(6) This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Virginia without regard to any choice of law principles.

(7) This Order is not intended by the Commission to subject any Covered Person to any disqualifications under the laws of any state, the District of Columbia or Puerto Rico (collectively, "State"), including, without limitation, any disqualifications from relying upon the State registration exemptions or State safe harbor provisions. "Covered Person" means Deutsche Bank, or any of its officers, directors, affiliates, current or former employees, or other persons that would otherwise be disqualified as a result of the Orders (as defined below).

(8) The SEC Final Judgment, the NYSE Stipulation and Consent, the NASD Letter of Acceptance, Waiver and Consent, this Order and the order of any other State in related proceedings against Deutsche Bank (collectively, the "Orders") shall not disqualify any Covered Person from any business that they otherwise are qualified, licensed or permitted to perform under the applicable law of the Commonwealth of Virginia and any disqualifications from relying upon this state's registration exemptions or safe harbor provisions that arise from the Orders are hereby waived.

(9) The Orders shall not disqualify Deutsche Bank from any business that they otherwise are qualified or licensed to perform under applicable state law.

(10) For any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against Deutsche Bank including, without limitation, the use of any e-mails or other documents of Deutsche Bank or of others regarding research practices, or limit or create liability of Deutsche Bank, or limit or create defenses of Deutsche Bank to any claims.

(11) Nothing herein shall preclude the Commonwealth of Virginia, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations, other than the Commission and only to the extent set forth in paragraph 1 above, (collectively, "State Entities") and the officers, agents or employees of State Entities from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against Deutsche Bank in connection with securities research analysts' conflicts of interest and investment banking business practices at Deutsche Bank.

(12) Deutsche Bank agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in this Order or creating the impression that this Order is without factual basis.

(13) This Order shall be binding upon Deutsche Bank and its successors and assigns. Further, with respect to all conduct subject to Paragraph 2 above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions, the terms "Deutsche Bank" and "Deutsche Bank's" as used herein shall include Deutsche Bank's successors and assigns which, for these purposes, shall include a successor or assign to Deutsche Bank's investment banking and research operations, and in the case of an affiliate of Deutsche Bank, a successor or assign to Deutsche Bank's investment banking or research operations.

NOTE: A copy of the Attachment entitled "Consent to Entry of Order by Deutsche Bank Securities, Inc." is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**JANUARY 6, 2005  
CASE NO. SEC-2003-00057**

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

v.

FIDELITY ASSURANCE ASSOCIATES, LLC,  
Defendant

**SETTLEMENT ORDER**

The Commission's Division of Securities and Retail Franchising ("Division") has instituted an investigation of Defendant, Fidelity Assurance Associates, LLC, pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

As a result of its investigation, the Division alleges that the Defendant:

1. Offered and sold securities in the form of viatical settlements to non-residents of Virginia without registering such securities, in violation of § 13.1-507 of the Act; and

2. Made material omissions in the offer and sale of securities to California residents by failing to inform them of a previous Order issued by the Colorado Division of Securities on November 6, 2002, in which the Defendant was ordered to immediately and permanently cease and desist offering, selling or purchasing any security in or from the State of Colorado, in violation of § 13.1-502(2) of the Act.

The Defendant neither admits nor denies these allegations, but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has offered, and agreed to comply with, the following terms and undertakings:

1. Defendant will make the following rescission offer to the eight California residents to whom the Defendant sold viatical settlements after November 6, 2002, without disclosing the Cease and Desist Order issued by the Colorado Division of Securities.

a. Within thirty (30) days of the date of this Settlement Order, the Defendant will make a written offer of rescission sent by certified mail to each of such California investors, which will include:

(i) An offer to repay, upon tender of such security to the Defendant, the consideration paid for such security, less the amount of any income received on the security; and

(ii) A provision that gives the investor thirty (30) days from the date of receipt of the rescission offer to provide the Defendant with written notification of the investor's irrevocable decision to accept or reject the offer.

b. If the rescission offer is accepted in writing and the security is received by the Defendant, the Defendant will forward the payment to the investor within fifteen (15) days of the receipt of the acceptance and the security. If the investor does not respond within such thirty (30) day period, then the rescission offer will be deemed rejected by the investor and the Defendant will have no payment obligation.

c. Within ninety (90) days from the date of the Settlement Order, Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the following:

(i) The date on which each investor received the offer of rescission;

(ii) Each investor's response; and

(iii) If applicable, the amount and the date that payment was sent to each investor.

2. Pursuant to § 13.1-521 of the Act, the Defendant will pay to the Commonwealth a sum of One Hundred Thousand Dollars (\$100,000); however, this penalty will be waived in its entirety provided that the Defendant has fully performed its rescission offer commitment set forth in the above Section 1 of this Order and paid the investigation costs specified below in Section 3 of this Order.

3. Pursuant to § 13.1-518 of the Act, the Defendant will pay to the Commission Ten Thousand Dollars (\$10,000) to defray the costs of the investigation.

4. Defendant agrees not to violate the Act in the future.

5. It is recognized and understood that if the Defendant fails to comply with any of the foregoing terms and undertakings, then the Commission reserves the right to take whatever action it deems appropriate including, but not limited to, instituting a show cause proceeding under the Act or other applicable statutes based on such failure to comply, on the allegations contained herein and/or such other allegations as are warranted, and the Defendant will not contest the exercise of the right reserved.

The Division has recommended that the Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

THEREFORE, IT IS ORDERED THAT:

1. Pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, the Defendant's offer of settlement is accepted.

2. Defendant will fully comply with the aforesaid terms and undertakings of the settlement.

3. Defendant will pay to the Commonwealth One Hundred Thousand Dollars (\$100,000) as a penalty; however, it is understood and agreed that this penalty will be waived provided that the Defendant has fully performed its rescission offer commitment set forth in the above Section 1 of this Order and paid the investigation costs specified above in Section 3 of this Order.

4. Pursuant to § 13.1-518 of the Act, the Defendant will pay to the Commission Ten Thousand Dollars (\$10,000) contemporaneously with the entry of this Order.

5. The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding as described above, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of this settlement.

**CASE NOS. SEC-2003-00064, SEC-2004-00012, and SEC-2004-00011  
JANUARY 25, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

VIRZONA, INC. f/k/a VAAZ, INC.,  
STEPHEN PAUL GOETTING,  
and  
BARBARA A. GOETTING,  
Defendants

**SETTLEMENT ORDER**

The Commission's Division of Securities and Retail Franchising ("Division") has instituted an investigation of Virzona, Inc. ("Virzona"), Stephen Paul Goetting ("Stephen Goetting") and Barbara A. Goetting ("Barbara Goetting"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia.

As a result of its investigation, the Division alleges that:

1. The Goettings and Virzona obtained money by means of an untrue statement of a material fact or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, to wit: they did not provide adequate disclosure of the financial condition of the company, including that monies invested would be used for items other than investment in real estate, in violation of § 13.1-502(2) of the Act.

2. Virzona and Stephen Goetting willfully provided the Commission with false and misleading information in response to a letter from the Division dated February 17, 2004, in violation of § 13.1-516 of the Act.

The Defendants neither admit nor deny the allegations, but admit the Commission's jurisdiction and authority to enter this Settlement Order. As a proposal to settle all matters arising from the allegations made against them, the Defendants have offered, and agreed to comply with, the following terms and undertakings:

1. Defendants will make a rescission offer to all investors to occur as follows:

a. Within forty five (45) days of the date of this Settlement Order, the Defendants will make a written offer of rescission sent by certified mail to each investor to include:

i. An offer to repay all monies invested with or through Virzona or the Goettings; and

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- ii. A provision that gives the investor thirty (30) days from the date of receipt of the rescission offer to provide the Defendants with written notification of each investor's decision to accept or reject the offer.
- b. The Defendants will include with the written offer of rescission a copy of this Settlement Order.
- c. If the rescission offer is accepted, Defendants will forward the payment to the investors within twenty one (21) days of receipt of the acceptance.
- d. Within one hundred ten (110) days from the date of the Settlement Order, Defendants will submit to the Division an affidavit, executed by the Defendants, which contains the following:
  - i. The date on which the investor received the offer of rescission;
  - ii. The investor's response; and
  - iii. If applicable, the amount and the date that payment was sent to the investor.
- 2. Defendant Virzona will pay to the Commonwealth five thousand dollars (\$5,000) per violation in penalties for each of seventeen (17) violations, this amount to be waived if the rescission offer is made in accordance with Section 1, above.
- 3. Defendant Stephen Goetting will pay to the Commonwealth five thousand dollars (\$5,000) per violation in penalties for each of seventeen (17) violations, this amount to be waived if the rescission offer is made in accordance with Section 1, above.
- 4. Defendant Barbara Goetting will pay to the Commonwealth five thousand dollars (\$5,000) per violation in penalties for each of six (6) violations, this amount to be waived if the rescission offer is made in accordance with Section 1, above.
- 5. The Defendants will not violate the Act in the future.
- 6. The Defendants will not register with the Division as an agent, a broker-dealer, an investment advisor, an investment advisor representative or an agent of the issuer for a period of nine (9) months from the date of entry of this Order.
- 7. The Defendants will pay, jointly and severally, to the Commission two thousand five hundred dollars (\$2,500) to defray the cost of investigation.
- 8. It is recognized and understood that if the Defendants fail to comply with any of the foregoing terms and undertakings, then the Commission reserves the right to take whatever action it deems appropriate including, but not limited to, instituting a show cause proceeding under the Act or other applicable statutes based on such failure to comply, on the allegations contained herein and/or such other allegations as are warranted, and the Defendants will not contest the exercise of the right reserved.

The Division has recommended that Defendants' offer of settlement be accepted pursuant to authority granted to the Commission in § 12.1-15 of the Code of Virginia.

## THEREFORE, IT IS ORDERED THAT:

- 1. Pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, the Defendants' offer of settlement is accepted.
- 2. Defendants will fully comply with the aforesaid terms and undertakings of the settlement.
- 3. Defendant Virzona will pay to the Commonwealth five thousand dollars (\$5,000) per violation in penalties for each of seventeen (17) violations, which will be waived if rescission is made in accordance with the terms set out above.
- 4. Defendant Stephen Goetting will pay to the Commonwealth five thousand dollars (\$5,000) per violation in penalties for each of seventeen (17) violations, which will be waived if rescission is made in accordance with the terms set out above.
- 5. Defendant Barbara Goetting will pay to the Commonwealth five thousand dollars (\$5,000) per violation in penalties for each of six (6) violations, which will be waived if rescission is made in accordance with the terms set out above.
- 6. The Defendants will pay, jointly and severally, to the Commission two thousand five hundred dollars (\$2,500) to defray the cost of investigation.
- 7. The Defendants will not register with the Division as an agent, a broker-dealer, an investment advisor, an investment advisor representative or an agent of the issuer for a period of nine (9) months from the date of entry of this Order.
- 8. The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding as described above, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2003-00067  
APRIL 6, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
DAVID T. SHANNON, JR. d/b/a SHINETEC, LLC,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") has instituted an investigation of Defendant, David T. Shannon, Jr. ("Shannon") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

As a result of its investigation, the Division alleges that:

1. Shannon acted as an unregistered agent, in violation of § 13.1-504 A of the Act.
2. Shannon, also known as SHINETEC, LLC, employed an unregistered agent, in violation of § 13.1-504 B of the Act.
3. Shannon offered for sale and sold unregistered securities, to wit: promissory notes, in violation of § 13.1-507 of the Act.
4. Shannon obtained money by means of an omission to state a material fact in the offer and sale of securities, in violation of § 13.1-502 (2) of the Act.

The Defendant neither admits nor denies the allegations, but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from the allegations made against him, the Defendant has offered, and agreed to comply with, the following terms and undertakings:

(1) Defendant agrees to provide to the Division a list of all persons who invested funds with SHINETEC for the purpose of investing with a company called CKP 2000 LTD and principal John Chapman, and to provide the names and any further information available to him with regard to any other person, entity, or company related to the same series of transactions.

(2) Pursuant to § 13.1-519 of the Act, Defendant agrees to be permanently enjoined from violating the provisions of the Act.

(3) Pursuant to § 13.1-521 of the Act, Defendant agrees to pay a penalty to the Treasurer of the Commonwealth of Virginia of five thousand dollars (\$5,000) on April 1, 2005.

The Division has recommended that the Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, the Defendant's offer of settlement is accepted;
- (2) Defendant will fully comply with the aforesaid terms and undertakings of the settlement;
- (3) Pursuant to § 13.1-521 of the Act, Defendant agrees to pay a civil penalty in the amount of five thousand dollars (\$5,000) on April 1, 2005, to the Treasurer of the Commonwealth;
- (4) Pursuant to § 13.1-519 of the Act, Defendant David T. Shannon is permanently enjoined from violating the provisions of the Virginia Securities Act; and
- (5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. SEC-2004-00031  
FEBRUARY 15, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
CUMBERLAND MANAGEMENT GROUP, INC.,  
Defendant

**AMENDED SETTLEMENT ORDER**

On October 21, 2004, the State Corporation Commission ("Commission") entered a Settlement Order ("Original Settlement Order") against Defendant, Cumberland Management Group, Inc. ("Cumberland"), pursuant to § 12.1-15 of the Code of Virginia. The Original Settlement Order ordered and Cumberland agreed to comply with the following terms and undertakings:

1. Pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, Defendant will pay to the Commission seven hundred fifty dollars (\$750) to defray the cost of investigation.
2. Pursuant to § 13.1-521 of the Act, Defendant agrees to pay a penalty of one hundred seventy thousand dollars (\$170,000). However, this penalty will be waived at the time Defendant repays the original ten (10) limited partners of Blairs Ridge the principal invested amounts, less any payments made by Defendant. Defendant agrees that the payments will be made as soon as possible and all payments will be made by January 31, 2005.
3. Defendant will provide each limited partner a copy of this Order.
4. Defendant will, by February 17, 2005, submit to the Division an affidavit, executed by the Defendant, which contains the following:
  - a. The name and address of each investor;
  - b. The date and amount repaid; and
  - c. The date each investor was sent a copy of this Order.
5. Defendant agrees to be permanently enjoined from violating the provisions of the Act in the future.
6. It is recognized and understood that if the Defendant fails to comply with any of the foregoing terms and undertakings, then the Commission reserves the right to take whatever action it deems appropriate, including but not limited to, instituting a show cause proceeding under the Act or other applicable statutes based on such failure to comply, on the allegation contained herein and/or on such other allegations as are warranted and the Defendant will not contest the exercise of the right reserved.

In a letter dated January 18, 2004 (sic), Ben S. Read, Jr., President of Cumberland notified the Division of Securities and Retail Franchising ("Division") that Cumberland would not be able to fulfill the terms and undertakings of the Original Settlement Order. A copy of that letter is marked Exhibit I and is attached hereto and incorporated herein by reference.

Pursuant to their letter, Cumberland indicated that the firm would need additional time in which to complete payments to Cumberland's investors. In an effort to indicate to the Commission its good faith effort to comply with the terms and undertakings of the Original Settlement Order, Cumberland made partial payments to each of the ten investors as indicated in Exhibit I. Cumberland has indicated that the balance of monies to investors will be paid no later than 60 days from the date of the Original Settlement Order of January 31, 2005. Cumberland has agreed to consent to the entry of this Amended Settlement Order.

Based upon the representations and good faith payment made by Cumberland, IT IS THEREFORE ORDERED THAT: the Commission will extend the deadline for completion of Cumberland's payments to investors to April 1, 2005. In addition, Cumberland will submit the affidavit required by paragraph 4, listed above, of the original Settlement Order no later than April 18, 2005. All other terms and conditions ordered in the Original Settlement Order remain in effect.

**CASE NO. SEC-2004-00032  
JUNE 3, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WOLF CREEK EXPLORATION, LTD.,  
and  
GEORGE T. MCDONALD, II,  
Defendants

**FINAL ORDER**

On December 1, 2004, the State Corporation Commission ("Commission") entered a Settlement Order ("Order") in this case. That Order, among other things, stated:

1. The Defendants agree to be permanently enjoined from violating the provisions of the Virginia Securities Act ("Act") in the future.
2. The Defendants will provide each investor with a copy of the Order.
3. Pursuant to § 13.1-521 of the Act, the Defendants will pay to the Commonwealth a monetary penalty of forty-five thousand dollars (\$45,000). The Commission has agreed to waive this penalty if the Defendants fully comply with the restitution provisions of the Order.
4. The Defendants make restitution of forty-five thousand dollars (\$45,000) to investors on a pro-rata basis within 120 days from the date of the Order.
5. The Defendants, within 150 days of the date of the Order, submit to the Division of Securities and Retail Franchising ("Division") an affidavit, executed by George T. McDonald, II, containing the name and address of each investor and the amount and date of restitution to each investor.

The Division staff has now reported to the Commission that the Defendant has fulfilled the requirements of the Settlement Order.

Accordingly, IT IS ORDERED THAT:

- (1) All undertakings and provisions of a continuing nature set forth in the prior order remain in full force and effect.
- (2) Entry of this order shall not affect any duty or obligation to disclose the existence or nature of this matter or of any order entered herein.
- (3) This case is dismissed, and the papers herein shall be filed among the ended cases.

**CASE NO. SEC-2004-00035  
FEBRUARY 23, 2005**

MICHAEL SINDRAM

v.

DIVISION OF SECURITIES AND RETAIL FRANCHISING,  
DAVID B. ROBINSON,  
and  
ROGER SEBRILL,  
Defendants

**FINAL ORDER**

On October 14, 2004, Michael Sindram ("Petitioner" or "Sindram") sent a document captioned as a "Verified Complaint and Request for Injunctive Relief" ("Petition") to the Office of General Counsel for the State Corporation Commission ("Commission"). The Petition was subsequently filed in the Office of the Clerk of the Commission. The Petition, *inter alia*, claims that the Division of Securities and Retail Franchising ("Division") has failed to take disciplinary action against Roger Sebrill for his alleged violations of the Virginia Securities Act, §§ 13.1-501 *et seq.* of the Code of Virginia (the "Act"), and requests injunctive and monetary relief against the Defendants<sup>1</sup> for investments made involving Roger Sebrill, and for which David Robinson is alleged to be the "paying agent." Petitioner states that these claims are made pursuant to §§ 13.1-519 and 13.1-521 D of the Act, respectively.

On October 19, 2004, the Commission entered an Order Docketing Case, Appointing Hearing Examiner, and Setting Date for Filing Answer. Therein, the Commission docketed this matter, assigned it to a hearing examiner to conduct further proceedings, and directed the Defendants to file an answer or other responsive pleading.

On December 22, 2004, the hearing examiner filed his Report in this case.<sup>2</sup> In his Report, the hearing examiner recommends that the Division's Motion to Dismiss<sup>3</sup> be granted and the Commission enter an Order dismissing this matter with prejudice.

On January 7, 2005, Petitioner filed his Response to Hearing Examiner Report ("Response"). Therein, Sindram disagrees with the recommendations and conclusions contained in the Report. Petitioner requests that the Commission strike the Report and certify the complaint for hearing on the merits.

NOW THE COMMISSION, having considered the papers filed herein, including the Report and Petitioner's Response thereto, finds as follows. We adopt the recommendations of the hearing examiner and dismiss the Petition.

The Division filed a Motion to Dismiss, which the Petitioner failed to respond to in a timely manner as required by our Rules. Even if we were to consider Petitioner's subsequent responses and motions that have been filed, we find nothing therein to alter our conclusion that the Division's Motion to Dismiss should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) The Division's Motion to Dismiss is hereby GRANTED.
- (2) The Petition of Michael Sindram is hereby DISMISSED, with prejudice.
- (3) Sindram's motions<sup>4</sup> are hereby DENIED.
- (4) This case is dismissed and the papers herein be passed to the file for ended causes.

<sup>1</sup> The Defendants named in the Petition are the Division, Roger Sebrill, and David B. Robinson.

<sup>2</sup> Report of Howard P. Anderson, Jr., Hearing Examiner, dated December 22, 2004 ("Report").

<sup>3</sup> The Division filed its Motion to Dismiss on November 23, 2004, and the Petitioner failed to file a timely response thereto. The Commission's Rules of Practice and Procedure ("Rules"), 5 VAC 5-20-110 and 5 VAC 5-20-140 require that, in this case, any response to the Division's Motion to Dismiss be filed no later than December 15, 2004. Petitioner's subsequent motions were not filed until December 22, 2004, and December 29, 2004. All of Petitioner's motions filed on such dates are hereby denied.

<sup>4</sup> The Motion for Summary Judgment; or in the Alternative, Motion for Judgment on the Pleadings; or in the Further Alternative, to Strike Motion to Dismiss and Order More Specific Answer and for Related Relief, filed on December 22, 2004; the Motion to Compel Discovery and for Sanctions, filed on December 22, 2004; and the Motions to Compel Discovery and for Sanctions, filed on December 29, 2004.

**CASE NO. SEC-2004-00036  
FEBRUARY 7, 2005**

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

v.

WILLIAM B. CAIN,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") has instituted an investigation of William B. Cain ("Mr. Cain"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

As a result of its investigation, the Division alleged in its November 19, 2004, Rule to Show Cause that:

1. William B. Cain is a Virginia resident whose last known address is 2726 Sussex Drive, Emporia, Virginia 23847. From August 27, 1999 to January 31, 2001, Mr. Cain was registered as a broker-dealer agent with the Division.
2. On April 20, 1999 and August 18, 1999, and prior to registration as an agent in Virginia, Mr. Cain offered and sold promissory notes issued by limited liability companies named World Cash Network, LLC/Hotel Connect LLC to three Virginia residents. Mr. Cain told the investors that the promissory notes were issued to purchase automatic teller machines ("ATMs") or cash voucher machines ("CVMs"). Mr. Cain promised the investors that the promissory notes would pay 13% to 13.5% interest in three payments and that the entire investment would be repaid in nine (9) months time. No prospectus or disclosure documents were given to any investor.
3. Mr. Cain offered and sold investment contracts for the purchase of ATMs and CVMs issued by a company named Integrated Cash Systems, Inc., to three Virginia residents. Mr. Cain offered and sold these investment contracts to the Virginia investors on December 7, 1999, January 18, 2000, and January 19, 2000. All of these investment contracts were sold after Mr. Cain became registered as an agent in Virginia. Mr. Cain told investors that the investment contracts would allow Integrated Cash Systems, Inc., to purchase and service ATMs and CVMs machines for each investor and that the investors would receive a minimum of \$45 each month for each machine purchased through the investment contract. Mr. Cain did not provide a prospectus or any other disclosure document for these investment contracts.
4. Promissory notes are securities as defined in § 13.1-501 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.
5. Investment contracts are securities as defined in § 13.1-501 of the Act.
6. Mr. Cain offered and sold unregistered securities in the form of promissory notes and investment contracts in violation of § 13.1-507 of the Act.
7. When he offered and sold the promissory notes referenced in paragraph 2 above, Mr. Cain acted as an unregistered agent in violation of § 13.1-504 A of the Act.
8. When he offered and sold the investment contracts referenced in paragraph 3 above, Mr. Cain was duly employed as a registered agent and an unregistered agent of the issuer Integrated Cash Systems, Inc., in violation of § 13.1-504 B. By making these offers and sales, Mr. Cain was in violation of Securities Rule 21 VAC 5-20-280 B.2, in that he effected securities transactions not recorded on the books or records of the broker-dealer with whom he was registered.
9. When Mr. Cain offered and sold the securities referenced in paragraph 3 above, he recommended unsuitable purchases of securities in violation of Securities Rule 21 VAC 5-20-280 B. 6.
10. When Mr. Cain offered and sold the securities referenced in paragraph 2 and 3 above, he failed to provide any disclosures and made untrue statements of material fact about the investments in violation of § 13.1-502 (2) of the Act.

The Defendant neither admits nor denies these allegations, but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, Mr. Cain has offered, and agrees to comply with, the following terms and undertakings:

- (1) Mr. Cain will refrain from any further conduct which constitutes a violation of the Act or the Commission's Rules promulgated thereunder.
- (2) Mr. Cain agrees to pay the sum of twenty thousand dollars (\$20,000) to two Virginia investors, ten thousand dollars (\$10,000) to Ms. Gloria Betts and ten thousand dollars (\$10,000) to Ms. Annie Pegram. The payments will be made in several installments, two thousand dollars (\$2,000) to each investor upon entry of this Order. Mr. Cain will pay each investor a minimum of two thousand dollars (\$2,000), each quarter thereafter until paid, but no later than May 1, 2006.
- (3) If Mr. Cain fails to make any of the payments listed above, he will immediately pay, pursuant to § 13.1-521 of the Act, the penalty sum of twenty thousand dollars (\$20,000), payable to the Treasurer of the Commonwealth for the violations alleged above.

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- (4) On the first day of the week following each quarter, Mr. Cain will file an affidavit with the Division indicating that he has made the quarterly payment. On or before May 1, 2006, Mr. Cain will file a final affidavit indicating that he has completed payment.
- (5) It is recognized and understood that if Mr. Cain fails to comply with any of the foregoing terms and undertakings, then the Commission reserves the right to take whatever action it deems appropriate, including, but not limited to, instituting a show cause proceeding under the Act or other applicable statutes based on such failure to comply, on the allegations contained herein and/or on such other allegations as are warranted and Mr. Cain will not contest the exercise of the right reserved.

The Division has recommended that Mr. Cain's offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

THEREFORE, IT IS HEREBY ORDERED THAT:

1. Pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, Mr. Cain's offer of settlement is accepted.
2. Mr. Cain will fully comply with the aforesaid terms and undertakings of the settlement.
3. The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding as described above, or taking such other action it deems appropriate, on account of Mr. Cain's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2004-00038  
JANUARY 6, 2005**

APPLICATION OF  
SOSTENICA, INC.  
1019 Ashley Road  
West Chester, Pennsylvania 19382

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated April 12, 2004, with exhibits attached thereto, as subsequently amended, of SosteNica, Inc. ("SosteNica") requesting that certain Promissory Notes be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the president of SosteNica be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: SosteNica is a non-stock, non-profit Pennsylvania corporation operating not for private profit but exclusively for charitable purposes; SosteNica intends to offer and sell Promissory Notes in an approximate aggregate amount of \$1,200,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and said securities are to be offered and sold by the president of SosteNica who will not be compensated for the sales effort.

THE COMMISSION, based on the facts asserted by SosteNica in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act and the president of SosteNica be, and hereby is, exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2004-00039  
JANUARY 7, 2005**

APPLICATION OF  
CHURCH EXTENSION SERVICES, INC.  
722 Main Street  
Newton, Kansas 671 14

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated June 8, 2004, with exhibits attached thereto, as subsequently amended, of Church Extension Services, Inc. ("CES") requesting that certain 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 certain members of CES be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: CES is a charitable not-for-profit membership Kansas corporation operating exclusively for religious purposes; CES intends to offer and sell Investment Certificates in an approximate aggregate amount of \$6,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; said securities are to be offered and sold by the President and the Vice President/Treasurer of CES who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by CES in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act and the designated CES officers be, and they hereby are, exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2004-00041  
DECEMBER 14, 2005**

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

v.

THOMAS WEISEL PARTNERS, LLC,  
Defendant

**CONSENT ORDER**

Thomas Weisel Partners, LLC ("TWP"), is a broker-dealer registered in the Commonwealth of Virginia ("Commonwealth").

Coordinated investigations ("Investigations") into TWP's activities in connection with certain conflicts of interest that research analysts were subject to during the period of approximately July 1999 through 2001 have been conducted by a multi-state task force and a joint task force of the U.S. Securities and Exchange Commission ("SEC"), the New York Stock Exchange ("Exchange"), and the National Association of Securities Dealers ("NASD") (collectively, "Regulators").

TWP has cooperated with Regulators conducting the Investigations by responding to inquiries, providing documentary evidence and other materials, and providing Regulators with access to facts relating to the Investigations.

TWP has advised Regulators of its agreement to resolve the issues raised in the Investigations relating to its research practices.

TWP agrees to implement certain changes with respect to its research practices to achieve compliance with all regulations and any undertakings set forth or incorporated herein governing research analysts, and to make certain payments, and TWP, through its execution of this Consent Order, elects to permanently waive any right to a hearing and appeal under § 12.1-39 of the Code of Virginia with respect to this Consent Order ("Order").

NOW, THEREFORE, the State Corporation Commission ("Commission"), as administrator of the Division of Securities and Retail Franchising ("Division"), hereby enters this Order:

**I. JURISDICTION/CONSENT**

TWP admits the jurisdiction of the Commission, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to the entry of this Order by the Commission.

**II. FINDINGS OF FACT**

**A. BACKGROUND AND JURISDICTION**

1. Thomas Weisel Partners, LLC, is a Delaware limited liability company with its headquarters and principal executive offices in San Francisco, California. TWP was formed as Portsmouth Capital LLC in September 1998 and changed its name to Thomas Weisel Partners, LLC, in February 1999.

2. TWP is registered with the SEC, is a member of the Exchange and NASD, and is licensed to conduct securities business on a nationwide basis.

3. TWP describes itself as a "merchant bank providing investment banking, institutional brokerage, private client services, private equity and asset management exclusively focused on the growth sectors of the economy." TWP provides a comprehensive range of advisory, financial, securities research, and investment services to corporate and private clients. TWP also provides investment banking services to corporate clients.

4. TWP is currently registered with the Division as a broker-dealer and has been so registered since December 15, 1998.

5. This action concerns the time period of July 1999 through 2001 ("relevant period"). During that time, TWP engaged in both research and investment banking ("IB") activities.

**B. OVERVIEW**

6. During the relevant period, TWP employed research analysts who provided research coverage of the issuers of publicly traded securities. TWP's equity research analysts collected financial and other information about a company and its industry, analyzed that information, and developed recommendations and ratings regarding a company's securities. TWP distributed its research product directly to its own client base. TWP's research was also distributed through subscription services such as Thomson Financial/First Call, Multex.com, Inc., and Zacks Investment Research (collectively referred to as "Public Services").

7. From February 1999 to June 1999, TWP maintained a 4-tiered ratings system: Strong Buy, Buy, Watch List, and Sell. In June of 1999, TWP renamed the Sell rating to Underperform. In August 1999, TWP renamed the Watch List rating to Market Perform so that its 4-tiered ratings system was: Strong Buy, Buy, Market Perform, and Underperform. That rating system remained intact until November 2001.

8. TWP ratings were heavily skewed towards "Buy" and "Strong Buy." For example, as of April 13, 2000, TWP covered approximately 230 stocks with 89% being rated either "Buy" or "Strong Buy" (42% were rated "Strong Buy" and 47% were rated "Buy"). In contrast, there was only one stock rated "Underperform." As of January 18, 2001, TWP covered approximately 268 stocks, with 80% being rated either "Buy" or "Strong Buy" (31% were rated "Strong Buy" and 49% were rated "Buy"), but none rated "Underperform."

9. As set forth below, written presentations prepared in connection with pitches for initial public offerings ("IPOs") often touted TWP's favorable coverage of other issuers and included research coverage as one of a number of services that TWP would provide in "aftermarket" support of an issuer's stock.

10. Research analysts participated in the pitch process for IPOs, secondary offerings and merger and acquisition work that TWP sought to perform on behalf of publicly-traded clients and potential clients. The analysts involved in the pitch process sometimes included the same analysts who were providing or had provided research coverage of the client or potential clients from whom TWP was seeking investment banking business. In written presentations prepared in connection with these pitches, TWP touted the past research "support" it had provided to its client or potential client, and included charts that tracked its coverage and ratings, and the issuer's stock price.

11. TWP analysts considered prospective investment banking business in determining whether to initiate or to continue to provide research coverage for issuers. TWP's investment bankers participated in the evaluation of TWP research analysts, and a portion of the TWP analysts' compensation was tied to the analysts' success in helping TWP generate investment-banking business. TWP failed to disclose any of these facts to its brokerage clients or to the general public.

12. TWP received at least one payment from another broker-dealer as consideration for TWP's research coverage of a security. TWP failed to disclose the payment or the amount thereof to its brokerage clients or to the general public.

13. On occasion, TWP paid other broker-dealers to initiate or to maintain research coverage with respect to issuers for which TWP acted as an underwriter. The broker-dealers that TWP paid to initiate or to maintain research coverage did not disclose that they had received consideration for their research coverage of the securities.

#### **C. TWP'S RESEARCH STRUCTURE CREATED CONFLICTS OF INTEREST FOR RESEARCH ANALYSTS**

##### **Research Analyst Compensation Tied to Investment Banking Revenue**

14. TWP tracked investment banking revenue attributable to research analysts. TWP also tracked to research analysts the brokerage revenue generated from stocks that the analysts covered. During the relevant period, the amount of fees TWP generated from investment banking deals attributed to an analyst accounted for at least five percent (5%) of that analyst's overall compensation. Additionally, TWP used the brokerage commission revenue generated in the stocks covered by TWP analysts as a factor in determining analysts' total compensation.

15. During the relevant period, TWP compensated its research analysts both directly and indirectly on the amount of investment banking revenue they helped to generate. Research analysts thus faced a conflict of interest between the incentive to help win investment banking deals for TWP while being under an obligation to conduct and publish objective research regarding those companies.

##### **TWP's Investment Bankers Evaluated TWP's Research Analysts and Helped Determine the Compensation They Received**

16. During the relevant period, TWP organized research analysts and investment bankers into "Tiger Teams" along industry groups such as telecommunications and software. Tiger Teams coordinated the efforts of research and investment banking to identify new business opportunities.

17. TWP investment bankers who worked with a TWP research analyst on investment banking deals evaluated the research analyst's performance as part of an annual performance evaluation. That evaluation was considered in setting the analyst's compensation. This input from investment bankers further indicated to research analysts the importance of satisfying the needs of investment bankers and their clients and significantly hampered the independence of research reports that the analysts issued.

##### **TWP Research Analysts Played Important Roles in "Pitches" To Win Investment Banking Business, Promised Research Coverage for IPO Clients, and Provided Coverage Immediately Following the Quiet Periods**

18. During the relevant period, research analysts played a pivotal role in winning investment banking business for TWP. Once TWP's investment banking department decided to compete for a company's investment banking business, particularly for an IPO, research analysts played a critical role in obtaining that business.

19. One of a research analyst's significant responsibilities was to assist in TWP's sales "pitch" where TWP explained to a company or an issuer why it should select TWP to be the lead managing underwriter for the offering or to be a member of an underwriting syndicate. According to TWP's October 2000 equity research job descriptions, vice president-level analysts' duties and responsibilities included "developing the ability to pitch and win corporate finance mandates." The job description summary further stated that vice presidents "are building industry-wide relationships that the Firm will monetize via a variety of brokerage and capital market products."

20. The summary of TWP principal-level analysts' job description stated that they "have built industry-wide relationships that the Firm can monetize via a variety of capital markets products." TWP principal-level analysts' duties and responsibilities included:

Develop[ing] a Research Franchise that generates \$10-\$15 MM+ of average annual revenues from multiple revenue streams (Brokerage, CF, M&A, Private Equity) . . . [and] position[ing] the Firm to pitch and win corporate finance mandates.

21. The summary of TWP partner-level analysts' job description stated as well that they "have built industry-wide relationships that the Firm can monetize via a variety of capital markets products." TWP partner-level analysts' duties and responsibilities included:

Continually develop[ing] and maintain[ing] a Research Franchise that generates \$20-\$30 MM of average annual revenues from multiple revenue streams (Brokerage, Corporate Finance, M&A, Private Equity) . . . [and] position[ing] the Firm to pitch and win corporate finance mandates including lead managed transactions.

22. In advocating retention of TWP, research analysts provided material regarding their research to be included in the pitch books presented to the company or issuer. They also routinely appeared with investment bankers at the pitches to help sell TWP services to the potential client. TWP pitch books to potential clients included representations about the role the research analyst would play if TWP obtained the business. In describing the "Role of Research," the pitch book also provided a roadmap for the amount and type of coverage that the research department would provide. Examples of analysts' participation in the "pitch" process are described below.

### **Loudcloud**

23. Loudcloud, Inc. ("Loudcloud"), now known as Opsware, is a company that provides business internet infrastructure services. TWP participated as a member of the underwriting syndicate in Loudcloud's March 9, 2001, IPO. Loudcloud's stock was quoted on the NASDAQ National Market under the ticker symbol LDCL until August 2002, when the company changed its name to Opsware. Since the name change, the company's stock has been quoted under the ticker symbol OPSW.

24. TWP's relationship with Loudcloud began in February 2000 when the then chairman and founder of Loudcloud contacted a TWP partner and senior research analyst ("Loudcloud Senior Analyst"). Thereafter, the Loudcloud Senior Analyst and TWP investment bankers met with Loudcloud to discuss potential financing for the company.

25. Prior to Loudcloud's IPO, the Loudcloud Senior Analyst mentioned Loudcloud in a periodic industry report dated June 19, 2000. TWP also invited Loudcloud to attend its annual "Growth Forum" held in late June 2000. Thereafter, TWP solicited underwriting work for Loudcloud's IPO in a presentation made on or about August 16, 2000. During the presentation, TWP touted its ability to provide "aftermarket support," which included, in part, research coverage. The presentation provided case studies on two companies that TWP had covered. The case studies highlighted the amount and types of research, i.e., reports specific to the particular company, periodic industry reports, and white papers that TWP provided for these two companies, suggesting that TWP would do the same for Loudcloud. TWP also highlighted the fact that it mentioned Loudcloud in a June 19, 2000, TWP report and that Loudcloud had attended TWP's annual "Growth Forum" conference.

26. The presentation included biographical and professional information about the two TWP analysts who would be covering the company along with a list of companies that they previously and currently covered. The presentation also touted TWP's ability to communicate Loudcloud's "story" through, in part, TWP's "all-star ranked research coverage." In a November 4, 2000, e-mail, the Loudcloud Senior Analyst boasted that "Loudcloud is a deal that I won, I lead [sic] this pitch with [a TWP vice president and junior research analyst]."

27. On September 22, 2000, and February 9, 2001, TWP investment bankers and the research analysts who worked on the Loudcloud IPO sent a memorandum to TWP's Commitment Committee in support of TWP participating in the Loudcloud IPO.

28. On April 3, 2001, after TWP participated as an underwriter in the Loudcloud IPO, the Loudcloud Senior Analyst e-mailed senior Loudcloud management stating:

Gentlemen: this e-mail is to inform you that, as promised during the Thomas Weisel Partners [sic] IPO pitch, I initiated written research coverage on Loudcloud this morning – 25 days (to the hour) following the pricing of the offering on March 8<sup>th</sup>. Our First Call note we will (sic) be posted shortly and our +20 page written research report, that you reviewed this weekend and we discussed changes to yesterday, is being sent to editorial and printing today.

TWP also provided research coverage of Loudcloud in other periodic industry reports or notes during 2001. TWP's Loudcloud research reports, notes, and other industry publications discussing Loudcloud were distributed through Public Services.

### **Gemplus**

29. Another example of analyst participation in the pitch process is with respect to Gemplus International, S.A. ("Gemplus"), a French company that provides "smart" cards for wireless communications and transactions. TWP participated as a member of the underwriting syndicate in Gemplus' U.S. IPO of American Depositary Shares on December 8, 2000, and Gemplus' stock has since been quoted on the NASDAQ National Market under the ticker symbol GEMP.

30. TWP solicited underwriting work for the Gemplus U.S. IPO in a presentation to company management on or about September 15, 2000. In the presentation, TWP touted its ability to provide research coverage from "multiple angles" through reports specifically related to the company as well as regularly published industry reports highlighting several companies. TWP also presented a case study of research coverage it provided on another company, Verisign, Inc. ("Verisign"). On a chart depicting Verisign's trade volume and increasing stock price, TWP highlighted dates upon which TWP published recommendations of Verisign's stock. In one instance, the presentation states, "12/21/99 TWP upgrades [Verisign] to a strong buy. Stock jumps \$35 in one day," suggesting that TWP could provide the same sort of coverage and results for Gemplus.

31. A TWP partner and senior research analyst ("Gemplus Senior Analyst") had previously developed a relationship with Gemplus management and was largely responsible for TWP being selected as an underwriter for Gemplus' U.S. IPO. A TWP vice-president and junior research analyst ("Gemplus Junior Analyst") assisted the Gemplus Senior Analyst in his research of the Company. According to the lead TWP investment banker on the Gemplus U.S. IPO, Gemplus, in selecting TWP as an underwriter, wanted "to make sure that [the Gemplus Senior Analyst] will be the lead [analyst], with [the Gemplus Junior Analyst] on the deal. . . ."

32. A venture capital firm with whom TWP had a business relationship also played a role in Gemplus awarding TWP with an underwriting slot on the IPO. The venture capital firm, Gemplus' controlling shareholder, guaranteed TWP a "minimum total fee of \$3 million for being a member of the Gemplus underwriting syndicate."

33. On November 21, 2000, the TWP investment bankers, as well as the TWP research analysts who worked on the Gemplus U.S. IPO, sent a memorandum to TWP's Commitment Committee in support of TWP's participation in the Gemplus U.S. IPO. According to this memorandum, the TWP analysts prepared financial models after spending "extensive time with [the lead underwriter] and the company."

34. On January 3, 2001, the TWP analysts visited the venture capital firm's San Francisco office and discussed Gemplus, among several items, with two senior partners of the venture capital firm. On January 4, 2001, the Gemplus Junior Analyst e-mailed one of the partners of the venture capital firm, writing that "in keeping w/our commitment to support the [Gemplus] stock, we are initiating research coverage tomorrow, Fri., the first day possible after the 25-day quiet period expires in the States." The Gemplus Junior Analyst also advised the venture capital firm partner that "we have not yet had an opportunity to speak w/ [the new Gemplus CFO] regarding any substantive/necessary changes to our model and full report." The Gemplus Junior Analyst continued, "as such, we will publish an abbreviated note in the interim, and would like to set up a conference call as soon as possible to discuss any necessary changes so we can get the full report to our institutional client base." The Gemplus Junior Analyst attached a copy of TWP's European version of the Gemplus report to the e-mail and advised that "we will use as the starting point for any new revision."

35. On January 5, 2001, the Gemplus Senior Analyst e-mailed Gemplus' senior management, as well as partners at the venture capital firm, stating:

Gentlemen: As promised, I am pleased to send you this research note that was transmitted to First Call this morning. This is our launch of research coverage on Gemplus, 25 days to the hour, following the successful company public offering in the U.S. and Europe.

The Gemplus Senior Analyst continued in the e-mail:

We await your final comments on our lengthy written research report that we have already sent you. Following our joint discussions – we will follow through with the publication of the report. Again, it has been a pleasure working with both the Gemplus and [venture capital] management teams. . . We look forward to working together in 2001 and beyond.

In addition to soliciting comments on his research report from Gemplus management, the Gemplus Senior Analyst solicited comments on the report from the controlling shareholder of Gemplus. The Gemplus Senior Analyst published the full research report on January 16, 2001.

36. The Gemplus Senior Analyst provided research coverage of the company until August 1, 2001. TWP's Gemplus research reports, notes, and other industry publications were distributed through Public Services.

#### **Research Department Made Coverage Decisions Based Upon Investment Banking Concerns**

37. TWP's equity research department also made coverage decisions based, in part, on investment banking concerns. TWP prepared research "Drop Lists" that detailed the institutional commissions generated by the covered companies, the trading profit and loss, the names of the institutional investors and venture capitalist firms who held stock in the covered companies, and the banker feedback concerning whether to drop research coverage. Explaining a January 2001 version of the research "Drop List," TWP's Chief Operating Officer of Investment Banking ("COO of Investment Banking"), e-mailed TWP's Head of Corporate Finance, and TWP's Director of Sales:

I've made an attempt to get banking's feedback on potential banking business for each of these clients. We should also assess the potential impact on affiliated venture capitalists for those companies we decide to drop. . . I will be in touch to schedule a meeting for us to review the list in more detail and provide specific recommendations to [TWP's Chief Operating Officer] and [TWP's then acting Director of Research].

38. With regards to the banker feedback section of a February 2001 "Drop List," reasons to "keep" research coverage included: "recent IPO," "M&A engagement," "good banking client," "M&A prospects," "multiple fee opportunity," and "potential M&A." Reasons to "hold" coverage included: "waiting for M&A fee (Jan 01)," and a named investor is "considering investing."

#### **Stamps.com**

39. An example of TWP's decision to drop or effectively to cease research coverage is the case of Stamps.com, Inc., a company that provided Internet postage services. Stamps.com conducted its IPO on June 24, 1999, and its stock has since been quoted on the NASDAQ National Market under the ticker symbol STMP. TWP participated as a member of the underwriting syndicate for the IPO.

40. On July 21, 1999, a TWP partner and senior research analyst ("Stamps.com Senior Analyst") initiated research coverage on Stamps.com with a "Buy" rating. TWP continued its research coverage of Stamps.com in reports it issued during 1999 and 2000. TWP also issued other periodic industry reports or notes mentioning Stamps.com during the relevant period. TWP's Stamps.com research reports, notes, and other industry publications discussing Stamps.com were distributed through Public Services.

41. The Stamps.com Senior Analyst maintained a "Buy" rating on Stamps.com until October 29, 1999, the last date on which he issued a research note on the company. On December 6, 1999, Stamps.com conducted a secondary offering. TWP was again a member of the underwriting syndicate for that offering.

42. In late 1999, TWP transitioned research coverage on the company from the Stamps.com Senior Analyst to a TWP vice president and junior research analyst ("Stamps.com Junior Analyst"). On January 29, 2000, the Stamps.com Junior Analyst initiated research coverage with a "Buy" rating. On February 7, 2000, Stamps.com acquired another company and TWP provided Stamps.com with a fairness opinion regarding the acquisition.

43. The Stamps.com Junior Analyst maintained his "Buy" rating on Stamps.com until September 19, 2000, when he ceased publishing any additional research on the company. During the time period that he actively covered the company, the Stamps.com Junior Analyst maintained a "Buy" rating on Stamps.com despite the steady decline of the company's stock price from \$35.12 on January 27, 2000, to \$6.00 on September 19, 2000.

44. On November 27, 2000, the Stamps.com Junior Analyst e-mailed a TWP partner and Director of East Coast Research (in December 2000, this TWP partner became the acting Director of Research) explaining reasons why TWP should "kill," or discontinue, research coverage on Stamps.com. The Stamps.com Junior Analyst explained that: (1) Stamps.com was not "core" to the companies he was then covering; (2) there was "no more [investment] banking [business] to be done"; and (3) that there was "limited commission opportunity" as a market maker in Stamps.com's stock.

45. With regard to the lack of additional investment banking business, the Stamps.com Junior Analyst explained in more detail that: (1) TWP had been paid for the Stamps.com IPO, a follow-on offering, and a fairness opinion for a merger; (2) Stamps.com had retained another investment banking firm to review the company's strategic options; and (3) contrary to his earlier belief, a Stamps.com wholly-owned subsidiary was unlikely to do a 2001 IPO.

46. The Stamps.com Junior Analyst also explained the "sensitivities" associated with dropping coverage. Those "sensitivities" included the fact that certain venture capitalists, who were also TWP clients, had investments in Stamps.com. He advised his supervisor that one venture capital firm "is a big [institutional] client and has owned all the way down." Despite these "sensitivities," the Stamps.com Junior Analyst pointed out to his supervisor that the venture capitalists "hired [another investment banking firm] not us for potential M&A trade" and that there would be "limited downside on [Stamps.com] stock from cutting research sponsorship."

47. On January 8, 2001, the acting Director of Research, responded to the Stamps.com Junior Analyst's November 27, 2000, e-mail with a number of edits and instructions to send the e-mail to other senior managers of TWP's Sales and Trading Department, Private Client Department, and Corporate Finance for their "reactions" to the Stamps.com Junior Analyst's recommendation. Senior TWP management did not object to dropping research coverage on Stamps.com and, in response to the Stamps.com Junior Analyst's e-mail, the head of TWP Corporate Finance advised the Stamps.com Junior Analyst to "drop" coverage on Stamps.com. However, on January 12, 2001, TWP's COO of Investment Banking e-mailed the Stamps.com Junior Analyst advising him that the head of the firm wanted him to "hold on to this stock for now" but that he "shouldn't feel that [he had] to do any work on it, just don't drop it." The COO of Investment Banking further explained that TWP had a number of venture capitalist backed stocks in the Stamps.com sector and that the head of the firm "wants to manage this relationship carefully."

48. The Stamps.com Junior Analyst did not publish any research on Stamps.com after its last note on September 19, 2000. However, TWP never issued a note that it was dropping coverage on Stamps.com.

### Verisign

49. Verisign, Inc. ("Verisign"), is a provider of digital trust services that enables businesses and consumers to engage in commerce and communications. Verisign's IPO was on January 29, 1998, and its stock has since been quoted on the NASDAQ National Market under the ticker symbol VRSN. TWP did not participate in the underwriting of this IPO.

50. On June 25, 1999, TWP, through a research report issued by a TWP partner and senior research analyst ("Verisign Senior Analyst"), initiated research coverage on Verisign with a "Buy" rating. TWP continued research coverage of Verisign in reports issued during the relevant period. TWP also featured Verisign in other periodic industry reports or notes during the relevant period. TWP's Verisign research reports, notes, and other industry publications discussing Verisign were distributed through Public Services.

51. In November 1999, TWP transitioned coverage of Verisign from the Verisign Senior Analyst to a TWP vice president and junior research analyst ("Verisign Junior Analyst"). The Verisign Junior Analyst maintained the "Buy" rating on Verisign until December 21, 1999, when he upgraded his rating to a "Strong Buy." He maintained that rating until January 25, 2001, when he downgraded Verisign's rating to a "Buy." After the Verisign Junior Analyst advised Verisign's CEO that he was downgrading the stock, the Verisign CEO called a TWP partner and demanded that TWP fire the Verisign Junior Analyst. On February 2, 2001, TWP terminated the Verisign Junior Analyst, along with a number of other research analysts, and transitioned Verisign coverage.

52. On April 16, 2001, the Verisign Senior Analyst re-initiated research coverage on Verisign with a "Buy" rating. The Verisign Senior Analyst also e-mailed a number of TWP investment bankers a copy of his research report and advised them that he had "spoken at length with [Verisign's CFO and CEO] re: possible TWP banking at Verisign, they will make available last week of May for us to pull together a presentation they have asked me to coordinate. Please advise who wants to be involved." On April 27, 2001, the Verisign Senior Analyst upgraded Verisign's rating to a "Strong Buy."

53. The Verisign Senior Analyst and TWP investment bankers prepared a pitch presentation for Verisign management. On May 29, 2001, the Verisign Senior Analyst and TWP investment bankers drove to Verisign's offices in Silicon Valley and made an investment banking pitch to the company's management. The pitch book prepared for the May 29, 2001, presentation touted TWP's research role as a "strong supporter of Verisign's story," and the Verisign Senior Analyst's recent upgrade of the stock to a "Strong Buy."

54. The Verisign Senior Analyst continuously covered Verisign from April 16, 2001, to September 10, 2001, despite his participation in TWP's pitch to Verisign for investment banking business. TWP transitioned research coverage of Verisign on October 26, 2001, from the Verisign Senior Analyst to another analyst who then initiated coverage with a "Buy" rating.

**D. TWP ISSUED RESEARCH REPORTS ON THREE COMPANIES THAT WERE NOT BASED ON PRINCIPLES OF FAIR DEALING AND GOOD FAITH AND DID NOT PROVIDE A SOUND BASIS FOR EVALUATING FACTS, CONTAINED EXAGGERATED OR UNWARRANTED CLAIMS ABOUT THESE ISSUERS, AND/OR CONTAINED OPINIONS FOR WHICH THERE WAS NO REASONABLE BASIS**

**InfoSpace**

55. InfoSpace, Inc. ("InfoSpace"), is a diversified technology and services company. TWP was an underwriter for InfoSpace's March 30, 1999, secondary offering. On April 1, 1999, a TWP partner initiated coverage of InfoSpace with a "Buy" rating. TWP maintained its "Buy" rating on InfoSpace through December 7, 1999. Shortly thereafter, TWP transitioned coverage of InfoSpace from a TWP partner to a vice-president and junior research analyst ("InfoSpace Research Analyst"). InfoSpace's stock trades on the NASDAQ National Market under the ticker symbol INSP.

56. In January 2000, the InfoSpace Research Analyst initiated his coverage on InfoSpace with a "Buy" rating, which he maintained until he lowered it to "Market Perform" in July 2001. During that time, the price of InfoSpace's stock declined from \$43 to about \$2. Despite his "Buy" rating, as early as January 2001 and continuing over the next four months, the InfoSpace Research Analyst had serious doubts about InfoSpace's business prospects and was privately telling others that the stock was not a buy and to "get out of" InfoSpace.

57. In January 2001, the TWP InfoSpace Research Analyst submitted a draft InfoSpace research note to a TWP supervisory analyst for review prior to publication. In the draft report, the InfoSpace Research Analyst recommended that investors await certain information from the company "before considering purchasing shares of INSP." The supervisory analyst edited the report suggesting that the InfoSpace Research Analyst remove the language above, and advised him that "if the stock is BUY rated, we cannot tell investors not to buy the stock." Rather than adjust the buy rating, the InfoSpace Research Analyst issued his report on January 11, 2001, with the edits the supervisory analyst suggested.

58. The InfoSpace Research Analyst privately e-mailed others explaining that he did not think the stock should be rated a "Buy." For example, on January 22, 2001, the InfoSpace Research Analyst explained to a TWP salesperson: "I can't frickin believe that I still have [InfoSpace] as a buy rating. I need a drink." In an e-mail later that same day to a TWP research associate who was working with him, the InfoSpace Research Analyst explained:

While I don't want to piss off [InfoSpace's CEO] I also don't care that much . . . I think INSP is dead \$ and that upside catalysts are limited. I don't talk on the stock and the buy rating only gives me access to mgmt for info on wireless.

59. Within minutes of sending this e-mail to his assistant, the InfoSpace Research Analyst e-mailed TWP's Head of the Product Management Group, TWP's Director of Sales and TWP's acting Director of the Research Department about changes in InfoSpace's management which indicated to the InfoSpace Research Analyst that the company's ability to execute a wireless plan was "probably diminishing." The InfoSpace Research Analyst further explained that the:

Heart of the new mgmt team is out and we are left with the same mgmt team that was in place back in April. I did not have confidence in that previous mgmt team's ability to take the company to the next level and I remain skeptical on the company's near term outlook now. I may be calling the bottom and [InfoSpace's CEO] will be pissed, but this stock is not a buy.

60. Later that same day, the InfoSpace Research Analyst, responding to some of the acting Director of Research's questions, stated:

I do not think INSP falls much, but I cannot comprehend recommending people buy this . . . would like to swap out of INSP and into [Openwave Systems ("Openwave"), an InfoSpace competitor] I have been verbally saying to get out of INSP . . . basically can sit here with a buy and never speak on stock or I can downgrade. I do not want to piss of [InfoSpace's CEO], but I should have downgraded stock long ago.

61. On January 23, 2001, the InfoSpace Research Analyst sent a draft copy of a new research note with a "Buy" rating on InfoSpace to a supervisory analyst for review. The draft research note stated, in part: "We recommend that investors remain cautious on the stock . . ." The supervisory analyst e-mailed the InfoSpace Research Analyst, stating: "We cannot tell investors to 'remain cautious' on a BUY-rated stock." The InfoSpace Research Analyst edited the note and deleted the "remain cautious" language as the supervisory analyst suggested and TWP published the note that day.

62. Later in the morning on January 23, 2001, the InfoSpace Research Analyst sent e-mails to a number of people explaining that he should have downgraded the stock. He first e-mailed his assistant, explaining: "I saw that some people downgraded INSP this morning . . . I want the stock to increase before we downgrade." The InfoSpace Research Analyst next explained to TWP's head of sales: "I never did the downgrade. I missed it weeks ago. Wanted to speak with mgmt first . . . also I'm hoping shares rebound over the next few weeks . . . then I'll downgrade." The InfoSpace Research Analyst also e-mailed a TWP investment banker: "Yea. I should have downgraded INSP last night. I want to have a call with [InfoSpace's CEO] and tell him I'm going to do it before I do it."

63. From January 29, 2001, through February 13, 2001, the InfoSpace Research Analyst continued privately to tell the sales and trading departments, and investors with whom he spoke, that he recommended swapping out of InfoSpace and into Openwave. For example, on January 29, 2001, the InfoSpace Research Analyst, in an e-mail intended for TWP internal use only, wrote to the sales and trading departments that InfoSpace's "2001 guidance will be negative. Swap into Openwave." That same morning, the InfoSpace Research Analyst also e-mailed TWP's head of product management, asking him to mention during the morning call with the sales and trading departments that investors should swap out of InfoSpace and into Openwave.

64. While privately telling TWP sales and trading personnel and investors with whom he spoke to swap out of InfoSpace, the InfoSpace Research Analyst nonetheless published yet another company research note on January 30, 2001, with a "Buy" rating. Later that morning, the TWP InfoSpace Research Analyst responded as follows to an e-mail from an individual at another broker-dealer that noted another broker-dealer was cutting its earnings per share estimates on InfoSpace: "We did the same. Although I still think that '01 numbers are complete bull-shit. . . ."

65. On February 5, 7, and 11, 2001, the TWP InfoSpace Research Analyst again sent e-mails to TWP's sales and trading departments, stating in part: (1) "Swap from INSP to [Openwave ]"; (2) "We believe accounts should wait on the sidelines until the company gives greater clarity on its revised strategic plan"; and (3) "We are still adopting a wait and see attitude until we gain greater confidence that the company will successfully manage the transition from its consumer services business." Despite his private comments to the contrary, on February 13, 2001, the InfoSpace Research Analyst issued a research note in which he reiterated his "Buy" rating.

66. From February 13, 2001, to April 25, 2001, the InfoSpace Research Analyst did not issue any new research reports or notes on InfoSpace, and the stock price declined more than 20%, from \$5.00 to \$3.91. On April 25, 2001, the InfoSpace Research Analyst e-mailed the Deputy Director of Research (on April 16, 2001, a new Director of Research began working at TWP and the acting Director of Research became the Deputy Director of Research), explaining:

At some point we need to discuss this stock. They report today post-close. I have never bothered to downgrade the stock, but made comments to swap into [an InfoSpace competitor]. I think that any [revenue opportunity] for TWP (i.e. banking) has fallen apart so actions can be taken.

67. The Deputy Director of Research responded to the InfoSpace Research Analyst and asked in part, "What are our commissions in INSP? What is it's [sic]current market cap?" The Deputy Director of Research also told the InfoSpace Research Analyst that he would run the potential drop in coverage by other TWP department directors to "build a consensus course of action." The InfoSpace Research Analyst responded to the Deputy Director of Research explaining that TWP's commissions were:

\$145k to-date (\$140 in jan/feb) when we told people to swap into [the InfoSpace competitor]. We have very strong relationships [a TWP partner and senior research analyst and InfoSpace's CEO] . . . but I do not get the sense that the bankers care anymore. Maintaining coverage in [short term] is not a big problem since I've got the quarterly report 'automated' . . . thanks.

68. The Deputy Director of Research e-mailed a number of TWP department directors and other research analysts to ascertain if they had any problem with dropping research coverage or whether other analysts wanted to pick up coverage of InfoSpace. The other TWP department directors did not object to dropping coverage, and none of the other TWP research analysts wanted to pick up coverage of InfoSpace. On April 26, 2001, the InfoSpace Research Analyst issued another research note on InfoSpace and reiterated his "Buy" rating on the Company.

69. On May 2, 2001, the Deputy Director of Research e-mailed the InfoSpace Research Analyst as follows:

Engineer whatever your desired outcome is on this one. If you want to drop [InfoSpace], I will support you. No interest in it from the media guys or consumer guys [i.e., TWP research analysts], and [the head of trading] doesn't care. If you like the insight and get some trading commissions and it helps your franchise, then keep it. If it is a distraction that doesn't help your impact with accounts then . . . Thanks.

70. On May 30, 2001, the InfoSpace Research Analyst, apparently responding to an e-mail from another one of his assistants, stated: "I agree re: INSP. I hate having it as a buy, but nothing I can do now . . ." The InfoSpace Research Analyst maintained his "Buy" rating on InfoSpace until July 25, 2001, when he finally downgraded the stock to a "Market Perform" rating. He published his last research note on InfoSpace on November 26, 2001, again with a "Market Perform" rating. In this report, the InfoSpace Research Analyst also explained that he was discontinuing his research coverage of InfoSpace.

### Level 3 Communications

71. Level 3 Communications, Inc. ("Level 3"), is a telecommunications and information services company that operates an advanced international facilities-based communications network based on Internet Protocol technology. Level 3's stock trades on the NASDAQ National Market under the ticker symbol LVL3.

72. TWP commenced its research coverage of Level 3 with a "Buy" rating and a year-end \$100 price target on September 15, 2000, when the stock opened at \$78.25 per share. TWP maintained its "Buy" rating on Level 3 even as the stock price declined from \$78.25 per share to \$5.97 per share on June 18, 2001. Not until June 19, 2001, did TWP downgrade its rating of Level 3 to "Market Perform." TWP continued to cover Level 3 until October 26, 2001, when it discontinued coverage. TWP re-initiated coverage on Level 3 on January 20, 2004.

73. On May 21, 2001, when TWP rated Level 3 a "Buy" and its shares were trading at \$13.06, another firm covering Level 3 lowered its rating from "Strong Buy" to "Market Underperform." TWP's Deputy Director of Research, who was aware of the downgrade, e-mailed the TWP vice president and research analyst covering the stock ("Level 3 Analyst") about the "Buy" rating stating: "Doesn't sound like a buy." In a series of e-mails that day, the Level 3 Analyst responded to the inquiries concerning the "Buy" rating and explained that he wanted to delay the downgrade to ensure that Level 3 executives attended a conference that TWP sponsored:

- It isn't [a buy]. I'm waiting until after the conference [TWP's annual "Growth Forum" conference], and before the next quarter to downgrade. If we do it now it won't look as aggressive as if we do it in front of their quarter. So we'll probably downgrade around the beginning of July. The stock isn't going to make a significant move until then. We expect it will probably trade in the mid-teens. We're expecting the stock to move down into single digits after another "average" quarter, and possible downward revision in estimates.
- There is also the issue of wanting to ensure that they come to our conference and speak on our panel. If I downgrade right now they will assuredly pull from our conference and we can't afford that.
- We have always maintained the stock is a speculative buy. We've been very clear that there were issues on this name, but that as long as you knew what you were getting into it was a good stock to trade. Just recently it has become very clear that the company [is] settling into a single market company, and the issues haven't gone

away. In my commentary to the clients I am positioning it as a name that they can still trade, but one that will probably see a downward trend before a significant upward movement.

74. On May 31, 2001, in response to an e-mail from TWP's Director of Communications Services Research advising that he had just had a conversation with a firm that was "very negative on level 3," the Level 3 Analyst stated:

We have been negative on the name as well. I've basically been telling our clients that it is a great short. They're on the verge of laying off almost 1,000 people (not yet announced yet). They are still trading at a premium valuation to Williams and 360. I haven't lowered the rating mainly because I need them to show up at our conference. If I lower to a [Market Perform] I guarantee they won't attend. We'll lower the rating after the conference, in front of the quarter.

75. Despite the Level 3 Analyst's view of the company expressed in the May 21, 2001, and May 31, 2001, e-mails, he maintained his "Buy" rating in the stock for almost another month, until he finally downgraded the stock to "Market Perform" on June 19, 2001.

#### **Sprint FON Group**

76. Sprint FON Group ("FON") is comprised of Sprint's wireline telecommunications operations, including long distance, local phone, product distribution, and directory publishing. Sprint FON Group's stock trades on the NYSE under the ticker symbol FON.

77. On June 13, 2001, before initiation of coverage and the announcement of a rating, the TWP vice-president and junior research analyst assigned to cover the stock ("FON Research Analyst") attended a meeting at FON's headquarters with members of the FON management. Following this meeting, the FON Research Analyst e-mailed the Director of Communications Services Research, stating:

This is a market perform company. No 2 ways about it. However, I'm aware of the conflict [sic] that is arising due to a better than average probability of our getting on an FON convert deal. Need to speak to you about the rating. We could go out with a Buy based on our belief that they are going to accomplish a couple of things, and then explain that failure to do so will cause us to downgrade. We're protected in that case. Let's talk tomorrow.

78. On June 19, 2001, TWP initiated coverage of FON with a "Buy" rating. In that report, TWP did not disclose that one reason that it had made a "Buy" recommendation was the fact that TWP hoped to obtain investment banking business from Sprint.

#### **E. TWP RECEIVED PAYMENT IN CONSIDERATION OF ITS PROVIDING RESEARCH COVERAGE OF HOTJOBS.COM**

79. Between 1999 and 2001, TWP received payment from the proceeds of at least one underwriting to compensate the firm for services that included publishing research on the issuer. Despite having an obligation to do so, TWP failed to disclose in research reports or elsewhere that it received the payment, in part, as compensation for issuing the reports.

80. In August 1999, Hotjobs.com, Ltd., conducted an IPO for which another broker-dealer acted as lead underwriter. TWP was not included in the syndicate for the Hotjobs IPO. Although not a member of the original syndicate, TWP did act as an underwriter for a Hotjobs.com secondary offering that took place on November 10, 1999.

81. In connection with the Hotjobs IPO, the lead underwriter for the Hotjobs IPO made a payment of \$40,000 to TWP by a check dated November 4, 1999. The lead underwriter's records concerning the IPO indicate that the lead underwriter made the payment in settlement of a "guaranteed" selling concession to be paid in either stock or cash. The lead underwriter's records indicate that it guaranteed the selling concession to TWP in consideration of the fact that "[a TWP research partner] will pick up research." TWP did not disclose or cause to be disclosed the fact of this payment.

82. On September 9, 1999, TWP, through a research report issued by the TWP research partner, initiated research coverage on Hotjobs.com with a "Buy" rating. TWP continued its research coverage concerning Hotjobs.com in reports it issued during 1999 and 2000. TWP upgraded Hotjobs.com to a "Strong Buy" on February 16, 2000.

83. TWP also provided research coverage to Hotjobs.com in other publications during 1999 and 2000. TWP's Hotjobs.com research reports, notes, and other publications were distributed through Public Services.

84. TWP did not disclose that it had received consideration, or the amount thereof, for its research or other publications concerning Hotjobs.com in any of its publications concerning Hotjobs.com.

#### **F. TWP FAILED TO ENSURE PUBLIC DISCLOSURE OF PAYMENTS IT MADE FROM THE PROCEEDS OF UNDERWRITINGS TO BROKERAGE FIRMS TO ISSUE RESEARCH COVERAGE REGARDING ITS INVESTMENT BANKING CLIENTS**

85. During the relevant period, TWP paid portions of certain underwriting proceeds to other brokerage firms to initiate or continue research coverage on issuers for whom TWP served as lead or co-manager. TWP knew that these payments were, in part, for research. TWP did not take steps to ensure that the brokerage firms it paid to initiate or continue coverage of its investment banking clients disclosed that they had been paid to issue such research. Further, TWP did not disclose or cause to be disclosed in offering documents or elsewhere the fact of or reason for such payments.

#### **Arena Pharmaceuticals**

86. In June 2001, TWP acted as lead underwriter for a secondary offering of securities by Arena Pharmaceuticals, Inc. In connection with that underwriting, TWP made payments totaling \$325,000 to three broker-dealers in consideration of their providing research coverage of Arena

Pharmaceuticals, Inc. stock. The check stub for each of the payments described the payment as "Research Fees for Arena Pharmac." TWP did not ensure these payments were disclosed to the public by the broker-dealers in their published reports on Arena Pharmaceuticals.

**Proxicom**

87. In October 1999, TWP acted as lead underwriter for a secondary offering of securities by Proxicom, Inc. ("Proxicom"). In connection with that underwriting, TWP made payments totaling \$50,000 to two firms in consideration of those firms providing research coverage concerning Proxicom securities. The check stub for each of those payments indicated that the check was in consideration of "Research Proxicom." TWP did not ensure these payments were disclosed to the public by the broker-dealers in their published reports on Proxicom. TWP included another \$25,000 for payment to a third firm in its expense budget for the Proxicom underwriting syndicate. However, TWP did not pay that firm. TWP's accounting records indicate the payment was "held" until that firm "start[ed] research coverage."

**G. TWP FAILED TO SUPERVISE ADEQUATELY ITS RESEARCH ANALYSTS AND INVESTMENT BANKING PROFESSIONALS**

88. During the relevant period, TWP's management failed to monitor adequately the activities of the firm's research and investment banking professionals to ensure compliance with NASD and NYSE rules and the federal securities laws. Among other things, this failure to supervise gave rise to and perpetuated the above-described violative conduct.

**III. CONCLUSIONS OF LAW**

1. The Commission has jurisdiction over this matter pursuant to the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.
2. The Commission finds the following relief appropriate and in the public interest.
3. The Commission finds that the above conduct is in violation of the Securities Rule ("Rule") 21 VAC 5-20-260 and Rule 21 VAC 5-20-280(E)(12).

**IV. ORDER**

On the basis of the Findings of Fact, Conclusions of Law, and TWP's consent to the entry of this Order, for the sole purpose of settling this matter, prior to a hearing and without admitting or denying any of the Findings of Fact or Conclusions of Law,

IT IS HEREBY ORDERED:

(1) This Order concludes the Investigations by the Division and any other action that the Commission could commence under the Act on behalf of the Commonwealth of Virginia as it relates to TWP, or its affiliates, or the current or former directors, officers or employees of TWP or its affiliates arising from or relating to the subject of the Investigations, provided however, that excluded from and not covered by this paragraph 1 are any claims by the Commission arising from or relating to enforcement of the "Order" provisions contained herein.

(2) TWP will refrain from engaging in acts in violation of Rule 21 VAC 5-20-260 and Rule 21 VAC 5-20-280 (E) (12) in connection with the research practices referenced in this Order and will comply with the undertakings of Addendum A, incorporated herein by reference.

(3) If payment is not made by TWP or if TWP defaults in any of its obligations set forth in this Order, the Commission may vacate this Order, at its sole discretion, upon ten (10) days notice to TWP and without opportunity for hearing and TWP agrees that any statute of limitations applicable to the subject of the Investigations and any claims arising from or relating thereto are tolled from and after the date of this Order.

(4) This Order is not intended by the Commission to subject any Covered Person to any disqualifications under the laws of any state, the District of Columbia, or Puerto Rico (collectively, "State"), including, without limitation, any disqualifications from relying upon the State registration exemptions or State safe harbor provisions. "Covered Person" means TWP, or any of its officers, directors, affiliates, current or former employees, or other persons that would otherwise be disqualified as a result of the Orders (as defined below).

(5) The SEC Final Judgment, the NYSE Stipulation and Consent, the NASD Letter of Acceptance, Waiver and Consent, this Order, and the order of any other State in related proceedings against TWP (collectively, "Orders") shall not disqualify any Covered Person from any business that they otherwise are qualified, licensed, or permitted to perform under applicable law of the Commonwealth of Virginia and any disqualifications from relying upon this state's registration exemptions or safe harbor provisions that arise from the Orders are hereby waived.

(6) For any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against TWP including, without limitation, the use of any e-mails or other documents of TWP or of others regarding research practices or limit or create liability of TWP or limit or create defenses of TWP to any claims.

(7) Nothing herein shall preclude the Commonwealth of Virginia, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations, other than the Commission and only to the extent set forth in paragraph 1 above, (collectively, "State Entities") and the officers, agents, or employees of State Entities from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against TWP in connection with certain research and/or banking practices at TWP.

(8) TWP agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in this Order or creating the impression that this Order is without factual basis. Nothing in this paragraph affects TWP's: (i) testimonial obligations, or (ii) right to take factual or legal positions in defense of litigation or in defense of other legal proceedings in which the Commission is not a party.

(9) This Order shall be binding upon TWP and its successors and assigns. Further, with respect to all conduct subject to Paragraph 2 above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions, the terms "TWP" and "TWP's" as used

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herein shall include TWP's successors and assigns (which, for these purposes, shall include a successor or assign to TWP's investment banking and research operations, and in the case of an affiliate of TWP, a successor or assign to TWP's investment banking or research operations).

**V. MONETARY SANCTIONS**

IT IS FURTHER ORDERED, that:

As a result of the Findings of Fact and Conclusions of Law contained in this Order, TWP shall pay a total amount of Twelve Million Five Hundred Thousand Dollars (\$12,500,000). This total amount shall be paid as specified in the SEC Final Judgment as follows:

(1) Five Million Dollars (\$5,000,000) to the states (50 states, plus the District of Columbia and Puerto Rico) (TWP's offer to the state securities Regulators hereinafter shall be called the "state settlement offer"). Upon execution of this Order, TWP shall pay the sum of One Hundred Nine Thousand Eighty-One Dollars (\$109,081) of this amount to the Treasurer, Commonwealth of Virginia as a civil monetary penalty pursuant to § 13.1-521 of the Act. The total amount to be paid by TWP to state securities Regulators pursuant to the state settlement offer may be reduced due to the decision of any state securities regulator not to accept the state settlement offer. In the event another state securities regulator determines not to accept TWP's state settlement offer, the total amount of the Commonwealth of Virginia payment shall not be affected and shall remain at One Hundred Nine Thousand Eighty-One Dollars (\$109,081);

(2) Five Million Dollars (\$5,000,000) as disgorgement of commissions and other monies as specified in the SEC Final Judgment; and

(3) Two Million Five Hundred Thousand Dollars (\$2,500,000) to be used for the procurement of independent research, as described in the SEC Final Judgment.

TWP agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to payment made pursuant to any insurance policy, with regard to all penalty amounts that TWP shall pay pursuant to this Order or Section II of the SEC Final Judgment, regardless of whether such penalty amounts or any part thereof are added to the Distribution Fund Account referred to in the SEC Final Judgment or otherwise used for the benefit of investors.

TWP further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any penalty amounts that TWP shall pay pursuant to this Order or Section II of the SEC Final Judgment, regardless of whether such penalty amounts or any part thereof are added to the Distribution Fund Account referred to in the SEC Final Judgment or otherwise used for the benefit of investors. TWP understands and acknowledges that these provisions are not intended to imply that the Commission would agree that any other amounts TWP shall pay pursuant to the SEC Final Judgment may be reimbursed or indemnified (whether pursuant to an insurance policy or otherwise) under applicable law or may be the basis for any tax deduction or tax credit with regard to any state, federal or local tax.

**VI. GENERAL PROVISIONS**

This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Virginia without regard to any choice of law principles. The parties represent, warrant, and agree that they have received independent legal advice from their attorneys with respect to the advisability of executing this Order.

TWP enters into this Consent Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce TWP to enter into this Consent Order.

This Consent Order shall become final upon entry.

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

**CASE NO. SEC-2005-00002  
FEBRUARY 1, 2005**

APPLICATION OF  
TIDEWATER COMMUNITY COLLEGE EDUCATION FOUNDATION, INCORPORATED  
215 E. City Hall Avenue  
Norfolk, Virginia 23510

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated July 6, 2004, with exhibits attached thereto, as subsequently amended, of Tidewater Community College Education Foundation, Incorporated ("Tidewater") requesting that certain Charitable Gift Annuities and Deferred Charitable Gift Annuities be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia, and that certain members of Tidewater be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Tidewater is a Virginia nonstock corporation organized and operated not for private profit but exclusively for educational and charitable purposes; Tidewater intends to offer and sell Charitable Gift Annuities-Single Life, Charitable Gift Annuities-Two Lives, Deferred Charitable Gift Annuities-Single Life, and Deferred

Charitable Gift Annuities-Two Lives on terms and conditions as more fully described in the Prospectus filed as a part of the application; and said securities are to be offered and sold by certain members of Tidewater who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by Tidewater in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act and that certain members of Tidewater be, and they hereby are, exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2005-00003  
FEBRUARY 1, 2005**

APPLICATION OF  
NORFOLK STATE UNIVERSITY FOUNDATION, INCORPORATED  
700 Park Avenue, Suite 410  
Norfolk, Virginia 23504

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated April 21, 2004, with exhibits attached thereto, as subsequently amended, of Norfolk State University Foundation, Incorporated ("NSUF") requesting that certain Charitable Remainder Unitrusts, Charitable Remainder Annuity Trusts, Charitable Gift Annuities, and Deferred Gift Annuities be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia, and that certain members of NSUF be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: NSUF is a Virginia nonstock corporation organized and operated not for private profit but exclusively for charitable, educational and scientific purposes; NSUF intends to offer and sell Charitable Remainder Unitrusts, Charitable Remainder Annuity Trusts, Charitable Gift Annuities, and Deferred Gift Annuities in an approximate aggregate amount of \$50,000,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and said securities are to be offered and sold by certain members of NSUF who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by NSUF in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act and that certain members of NSUF be, and they hereby are, exempted from the agent registration requirements of said Act.

**CASE NOS. SEC-2005-00005 and SEC-2005-00006  
AUGUST 9, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

GOOD FEET WORLDWIDE, INC.  
DR.'S OWN, INC.,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendants violated § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 et seq. of the Code of Virginia, by granting or offering to grant a franchise in the Commonwealth prior to registration with the Division, and violated § 13.1-563(b) of the Act by directly or indirectly making untrue statements of a material fact in connection with the grant or offer to grant a franchise in the Commonwealth, in that they are alleged not to have disclosed the true name of Joseph Paul a/k/a Joseph Polifroni and his prior criminal history.

The State Corporation Commission ("Commission") is authorized by § 13.1-562 of the Act to revoke the Defendants' registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, and by § 13.1-570 of the Act to impose certain monetary penalties upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants, without admitting any violation of the Act, have made an offer of settlement to the Commission wherein the Defendants will make an offer of rescission to each Virginia franchisee. The Defendants' offer of rescission will be to offer to the Virginia franchisees their choice of one of the following two (2) options:

(a) A total of fifty thousand dollars (\$50,000) per store, payable twelve thousand five hundred dollars (\$12,500) on August 31, 2005 (or as soon thereafter as settlement documents are signed), ten thousand dollars (\$10,000) on June 30, 2006, ten thousand dollars (\$10,000) on June 30, 2007, ten thousand dollars (\$10,000) on June 30, 2008, and seven thousand five hundred dollars (\$7,500) on June 30, 2009; or

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(b) A total of forty thousand dollars (\$40,000) per store, payable twenty thousand dollars (\$20,000) on August 31, 2005 (or as soon thereafter as settlement documents are signed), and one thousand five hundred thirty-eight dollars and forty-six cents (\$1,538.46) per month commencing on December 31, 2006, and continuing on the last day of each successive month through December 31, 2007 (13 monthly payments for a total of \$20,000).

The rescission offer will remain open for a period of thirty (30) days. Upon completion of the rescission offer period, the Defendants will provide a copy of the signed rescission letters to the Division.

The Defendants will not violate the Act in the future and will pay to the Commission the amount of four thousand one hundred four dollars (\$4,104) to defray the cost of investigation.

The Division 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 of Virginia.

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.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendants will fully comply with the aforesaid terms and undertakings of this settlement;
- (3) The Defendants will pay to the Commission the amount of four thousand one hundred four dollars (\$4,104) to defray the cost of investigation; and
- (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 Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2005-00009  
MARCH 16, 2005**

APPLICATION OF  
ECUMENICAL DEVELOPMENT CORPORATION, USA  
D/B/A OIKOCREDIT USA  
P.O. Box 11000  
Washington, District of Columbia 20008

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated April 29, 2004, with exhibits attached thereto, as subsequently amended, of Ecumenical Development Corporation, USA d/b/a Oikocredit USA ("Oikocredit") requesting that certain Global Community Notes be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that the Executive Director of Oikocredit be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Oikocredit is a not for profit Illinois corporation operating not for private profit but exclusively for charitable and educational purposes; Oikocredit intends to offer and sell One-Year, Three-Year, and Five-Year Global Community Notes in an approximate aggregate amount of \$10,000,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by the Executive Director of Oikocredit who will not be compensated for his sales efforts.

THE COMMISSION, based on the facts asserted by Oikocredit in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act and the Executive Director of Oikocredit be, and hereby is, exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2005-00010  
MARCH 25, 2005**

APPLICATION OF  
NATIONAL COVENANT PROPERTIES  
5101 N. Francisco Avenue  
Chicago, Illinois 60625-6273

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated February 24, 2005, with exhibits attached thereto, as subsequently amended, of National Covenant Properties ("NCP") requesting that certain securities be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that certain individuals be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: NCP is a not-for-profit Illinois corporation organized exclusively for religious, charitable, educational and scientific purposes; NCP intends to offer and sell, in an aggregate amount, up to \$60,000,000 of the following securities: 5-Year Fixed Rate Renewable Certificates (Series A), Variable Rate Certificates (Series G), Individual Retirement Account ("IRA") Certificates, and Health Savings Account ("HSA") Certificates (together, the "Certificates") on terms and conditions as more fully described in the Offering Circular filed as a part of the application; upon the exemption of the Certificates, NCP will discontinue issuer transactions for all securities previously exempted from the securities registration of the Act; and said Certificates are to be offered and sold by officers of NCP who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by NCP in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act and the officers of NCP be, and they hereby are, exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2005-00011  
MARCH 28, 2005**

APPLICATION OF  
ASSEMBLIES OF GOD LOAN FUND  
1661 N. Boonville Avenue, Suite F  
Springfield, Missouri 65803

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated January 28, 2005, with exhibits attached thereto, as subsequently amended, of Assemblies of God Loan Fund ("AGLF") requesting that certain Unsecured Debt Securities be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that certain officers and employees of AGLF be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: AGLF is a non-profit Missouri corporation established exclusively for religious, charitable, and educational purposes; AGLF intends to offer and sell Unsecured Debt Securities in an approximate aggregate amount of \$150,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and said securities are to be offered and sold by officers and employees of AGLF who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by AGLF in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act, and the officers and employees of AGLF be, and they hereby are, exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2005-00015  
MAY 6, 2005**

APPLICATION OF  
COLUMBIA UNION REVOLVING FUND  
5427 Twin Knolls Road, Suite 103  
Columbia, Maryland 21045

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated March 31, 2005, with exhibits attached thereto, of Columbia Union Revolving Fund ("Columbia") requesting that certain securities 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: Columbia is a Delaware nonprofit corporation operating exclusively for religious, charitable, scientific, literary, and educational purposes; Columbia intends to offer and sell 90-day demand promissory notes in an approximate aggregate amount of \$45,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; said securities are to be offered and sold by a registered agent of Columbia; and said securities may also be offered and sold by broker-dealers so registered under the Act.

THE COMMISSION, based on the facts asserted by Columbia in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act.

**CASE NOS. SEC-2005-00016, SEC-2005-00017, SEC-2005-00018, and SEC-2005-00019  
JULY 12, 2005**

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

v.

DRYCLEAN DEPOT FRANCHISE, LLC,  
RANDY M. LIEVAN,  
JON T. SCHERMERHORN  
and  
CALIMAR, LLC  
Defendants

**SETTLEMENT ORDER**

The Division of Securities and Retail Franchising ("Division") has instituted an investigation of the Defendants, Dryclean Depot Franchise, LLC ("Dryclean Depot"), Randy M. Lievan ("Lievan"), Jon T. Schermerhorn ("Schermerhorn"), and Calimar, LLC ("Calimar"), pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia.

As a result of its investigation, the Division alleges that:

1. Dryclean Depot, Lievan, Schermerhorn, and Calimar offered to grant a franchise in Virginia without registering the franchise, in violation of § 13.1-560 of the Act and failed to provide a copy of the franchise agreement and a disclosure document in violation of § 13.1-563(e) of the Act.
2. Dryclean Depot, Lievan, and Calimar offered to grant a franchise to a Virginia resident while making an untrue statement of a material fact and omitting to state a material fact necessary in order to avoid misleading the franchisee, which caused the franchisee to believe that after paying a training fee in September 2001, the franchisee would be operating his own store by November 2001, when in fact, the store did not become available until April 2003, in violation of § 13.1-563(b) of the Act.

The Defendants neither admit nor deny these allegations, but admit to the State Corporation Commission's ("Commission") jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have offered, and agreed to comply with, the following terms and undertakings:

1. The Defendants will make the following rescission offer to Christopher Nichols, Christine Nichols, and Joseph Sincavage individually and their company, C&C Nichols, LLC (collectively referred to as "Nichols").
  - 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 Nichols which will include:
    - (1) An offer to repay the fifty thousand dollars (\$50,000) franchise fee;

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(2) An offer to rescind the entire franchise agreement along with all promissory notes and associated agreements entered into by and between Nichols and the Defendants; and

(3) A provision that gives Nichols thirty (30) days from the date of receipt of the rescission offer to provide the Defendants with written notification of Nichols' decision to accept or reject the offer.

b. If the rescission offer is accepted, the Defendants will forward the payment to Nichols within fifteen (15) days of the receipt of the acceptance. If Nichols does not respond within the thirty (30) day period, then the rescission offer will be deemed rejected by Nichols.

c. Within ninety (90) days from the date of this Order, the Defendants will submit an affidavit to the Division, executed by the Defendants, which contains the following:

(1) The date on which Nichols received the offer of rescission and a copy of the Order;

(2) Nichols' response;

(3) If applicable, the amount of the payment and the date the payment was sent to Nichols; and

(4) A statements that "Enclosed, along with this affidavit, are copies of all documents that were furnished to Nichols as a part of the rescission offer."

2. The Defendants will furnish Nichols with a copy of this Order along with the written rescission offer.

3. Pursuant to § 13.1-570 of the Act, the Defendants will pay, jointly and severally, to the Commonwealth a penalty of eighty thousand dollars (\$80,000); however, this penalty will be waived in its entirety provided rescission is made by the Defendants in accordance with Section 1 of this Order and the Division is provided copies of all documents that are sent to Nichols as a part of the rescission offer.

4. Pursuant to § 13.1-567 of the Act, the Defendants will pay, jointly and severally, to the Commission three thousand dollars (\$3,000) to defray the cost of the investigation.

5. Pursuant to § 13.1-568 of the Act, the Defendants are permanently enjoined from violating the Act in the future.

6. 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, instituting a show cause proceeding under the Act or other applicable statutes based on such failure to comply, on the allegations contained herein and/or such other allegations as are warranted, and the Defendants will not contest the exercise of the right reserved.

The Division has recommended that the Defendants' offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

THEREFORE, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, the Defendants' offer of settlement is accepted.

(2) The Defendants fully comply with the aforesaid terms and undertakings of the settlement.

(3) Pursuant to § 13.1-570 of the Act, the Defendants pay, jointly and severally, to the Commonwealth eighty thousand dollars (\$80,000) as a penalty; however, this penalty is waived provided rescission is made by the Defendants in accordance with Section 1 of this Order.

(4) Pursuant to § 13.1-567 of the Act, the Defendants pay, jointly and severally, to the Commission three thousand dollars (\$3,000) contemporaneously with the entry of this Order to defray the cost of investigation.

(5) Pursuant to § 13.1-568 of the Act, the Defendants are permanently enjoined from violating the Act in the future.

(6) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding as described above, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of this Order.

**CASE NO. SEC-2005-00021  
SEPTEMBER 22, 2005**

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

v.

ALEXANDER M. SHAPIRO,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant violated § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by obtaining money or property by means of any untrue

statement of a material fact or omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which there were made, not misleading, in that the Defendant failed to disclose the fact that he was not registered with the Division to solicit securities during the solicitation of a mutual fund purchase, violated § 13.1-502 (3), by engaging in a transaction, practice or course of business which operates or would operate as a fraud or deceit upon a purchaser, in that the Defendant executed sixty-five (65) transactions in an investor's account with the intention of earning twenty-four thousand twenty one dollars (\$24,021) in commissions when this investment philosophy was not conducive for the investor given her age, experience and investment history, violated § 13.1-504 A, by transacting business in the Commonwealth with a Virginia investor prior to becoming registered, violated § 13.1-506 (5), by failing to furnish information or records requested by the Commission concerning Defendant's conduct of the securities or investment advisory business, in that the Defendant provided false information to Division staff in a signed document submitted to Division staff on April 5, 2004, claiming he had not conducted any investment seminars in approximately three (3) years, violated 21 VAC 5-20-280 B 6, referencing 21 VAC 5-20-280 A 2, by inducing trading in a customer's account which is excessive in size or frequency in view of the financial resources and character of the account, violated 21 VAC 5-20-280 B 6, referencing 21 VAC 5-20-280 A 3, by recommending to a customer the purchase, sale or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation and needs, and any other relevant information known by the broker-dealer, in that the Defendant executed sixty-five (65) transactions in an elderly customer's account when the type of investments were not consistent with the customer's investment objectives, financial situation and needs, and in that the Defendant failed to determine the suitability of the potential investors at a seminar promoting unsuitable securities on January 12, 2004, violated 21 VAC 5-20-280 B 6, referencing 21 VAC 5-20-280 A 4, by executing a transaction on behalf of a customer without authority to do so, in that the Defendant executed at least sixty-five (65) transactions on behalf of at least one (1) Virginia resident without the authority to do so, violated 21 VAC 5-20-280 B 6, referencing 21 VAC 5-20-280 A 5, by exercising discretionary power in effecting a transaction for a customer's account without first obtaining written discretionary authority from the customer, unless the discretionary power relates solely to the time and/or price for the execution of orders, in that the Defendant exercised discretionary power over at least sixty-five (65) transactions on behalf of at least one (1) Virginia investor without first obtaining written discretionary authority from the investor, violated 21 VAC 5-20-280 B 6, referencing 21 VAC 5-20-280-A 6, by executing any transaction in a margin account without securing from the customer a properly executed written margin agreement promptly after the initial transaction in the account, or failure, prior to or at the opening of a margin account, to disclose to a non-institutional customer the operation of a margin account and the risks associated with trading on margin at least as comprehensively as required by the National Association of Securities Dealers ("NASD") Rule 2341, in that the Defendant executed at least eighteen (18) transactions for at least one (1) Virginia resident on margin without securing from the customer a properly executed written margin agreement, and violated 21 VAC 5-20-280 E 12, by failing to comply with any applicable provision of the Rules of Fair Practice of the NASD or any applicable fair practice or ethical standard promulgated by the Securities and Exchange Commission ("SEC") or by a self-regulatory organization approved by the SEC, in that the Defendant solicited the sale of securities to a Virginia investor prior to becoming registered as a general securities representative with the NASD, in violation of NASD Rule 1032.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the 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, and by § 13.1-521 of the Act to impose certain monetary penalties upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant admits to the allegations that he violated § 13.1-506 (5), of the Act in that the Defendant provided false information to Division staff in a signed document submitted to Division staff on April 5, 2004, claiming he had not conducted any investment seminars in approximately three (3) years, and the Defendant admits to three (3) violations of 21 VAC 5-20-280 B 6, referencing Rules 21 VAC 5-20-280 A 2, in that the Defendant induced trading in a customer's account which was excessive in size or frequency in view of the financial resources and character of the account, 21 VAC 5-20-280 A 3 in that the Defendant executed sixty-five (65) transactions in an elderly customer's account when the type of investments were not consistent with the customer's investment objectives, financial situation and needs, and 21 VAC 5-20-280 A 6, in that the Defendant executed at least eighteen (18) transactions for at least one (1) Virginia resident on margin without securing from the customer a properly executed written margin agreement. Defendant neither admits nor denies the remaining allegations, but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has agreed to transact no further securities business in the Commonwealth prior to three (3) years from the date of this Order, and has agreed not violate the Act in the future.

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

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.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted;
- (2) The Defendant will 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; and
- (4) Dismissal of this case does not relieve the Defendant from his reporting obligations to any regulatory authority.

**CASE NO. SEC-2005-00023  
APRIL 29, 2005**

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

v.

JEFFREY WHEELER,  
Defendant

**ORDER**

On April 20, 2005, the State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division"), filed a motion requesting that the injunction imposed upon Jeffrey Wheeler ("Wheeler") pursuant to § 13.1-519 of the Virginia Securities Act ("Act"), § 3.1-501 *et seq.* of the Code of Virginia, in former Commission case docket Case No. SEC-1995-00038, be lifted based upon Wheeler's payment of the penalty and costs of investigation imposed against Wheeler in the Judgment Order, plus interest as required by law. The Commission finds the following:

The Rule to Show Cause ("Rule") in the original case docket was issued on May 15, 1995, against Mineral Resources, Inc. (SEC-1995-00036), William G. Buck, a/k/a Bill Buck (SEC-1995-00037), and Jeffrey Wheeler ("Wheeler") (SEC-1995-00038), pursuant to § 13.1-518 of the Act.

On September 12, 1995, the Commission, pursuant to § 13.1-521 of the Act, penalized Wheeler in the amount of \$10,000 and assessed the cost of the Division's investigation of \$1,200 at the rate of 9% per year until paid.

Further, pursuant to § 13.1-519 of the Act, Wheeler was permanently enjoined from transacting business in this Commonwealth for violations of the Act pursuant to § 13.1-504 A and offering for sale or selling any security in violation of § 13.1-507.

On March 24, 2005, the Division received a letter from Wheeler, through local counsel, requesting that the Division file a motion, requesting that the Commission lift the injunction in this matter against Wheeler, once Wheeler paid the penalties, the Division's cost of investigation, plus interest from date of judgment to April 1, 2005.

The Division reported to the Commission that Wheeler has paid the penalties and cost of investigation imposed by the Commission in its Judgment Order of September 12, 1995, plus interest, to wit, the sum of \$19,722.48.

NOW THE COMMISSION, having considered the applicable law and the record in this case and for the reasons set forth in the letter from Wheeler's counsel and the Division's motion, finds that there is sufficient cause to remove the injunction imposed against Wheeler pursuant to § 13.1-519 of the Act.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The injunction imposed against Wheeler in Case No. SEC-1995-00038, be lifted.
- (2) There being nothing further to be done herein, this case is dismissed.

**CASE NO. SEC-2005-00025  
MAY 6, 2005**

APPLICATION OF  
HARVESTER PRESBYTERIAN CHURCH  
7800 Rolling Road  
Springfield, Virginia 22153

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated March 30, 2005, with exhibits attached thereto, as subsequently amended, of Harvester Presbyterian Church ("HPC") requesting that certain First Mortgage 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: HPC is an incorporated non-profit Virginia organization operating exclusively for religious purposes; HPC intends to offer and sell First Mortgage Bonds (Series of May 6, 2005) in an approximate aggregate amount of \$1,100,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and said securities will be sold by broker-dealers so registered under the Act.

THE COMMISSION, based on the facts asserted by HPC in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act.

**CASE NO. SEC-2005-00028  
MAY 25, 2005**

APPLICATION OF  
MISSION INVESTMENT FUND OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA  
8765 West Higgins Road  
Chicago, Illinois 60631

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated March 29, 2005, with exhibits attached thereto, as subsequently amended, of Mission Investment Fund of the Evangelical Lutheran Church in America ("Mission") requesting that certain 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: Mission is a Minnesota nonprofit corporation organized exclusively for religious purposes; Mission intends to offer and sell certain unsecured debt obligations known as Mission Investments in an approximate aggregate amount of \$240,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; said securities are to be offered and sold by certain registered agents of Mission who will not be compensated for their sales efforts. This Order repeals all previous Orders for these subject securities that have been exempted in Virginia.

THE COMMISSION, based on the facts asserted by Mission in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act.

**CASE NO. SEC-2005-00033  
JULY 12, 2005**

PETITION OF  
RDA, INC.,  
    Petitioner,  
    v.  
NATIONAL AUTO SALES, INC.,  
    Respondent

**ORDER TO TAKE NOTICE**

On June 15, 2005, RDA, Inc. ("Petitioner"), filed with the Clerk of the State Corporation Commission ("Commission") a Petition to Cancel the Virginia Service Mark Registration, pursuant to § 59.1-92.10 of the Trademark and Service Mark Act, § 59.1-92.1 *et seq.* of the Code of Virginia ("Trademark Act"), seeking the cancellation of National Auto Sales, Inc.'s ("Respondent"), registration with the Commission of the service mark "Your Job is Your Credit," registered with the Commission's Division of Securities and Retail Franchising ("Division") on February 5, 1997. The Petitioner cited as grounds that the Respondent is not the owner of the service mark and that the registration of the service mark was obtained fraudulently. Upon consideration of this matter,

IT IS THEREFORE ORDERED that Respondent TAKE NOTICE that the Commission shall enter an order canceling the registration of the service mark pursuant to § 59.1-92.10 of the Code of Virginia if the Respondent does not file an answer and/or request a hearing within twenty-one (21) days of receipt of this Order. Respondent must file with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, an answer and/or a request for a hearing before the Commission with respect to the proposed cancellation of Respondent's registration.

IT IS FURTHER ORDERED, in accordance with Rule 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, that this matter be assigned to a Hearing Examiner, who shall conduct further proceedings in this case on behalf of the Commission and file a Final Report. In so doing, the Hearing Examiner shall have the authority set forth in said Rule and be otherwise governed by its terms.

**CASE NO. SEC-2005-00033  
SEPTEMBER 9, 2005**

PETITION OF  
RDA, INC.,  
    Petitioner,  
    v.  
NATIONAL AUTO SALES, INC.,  
    Respondent

**ORDER OF DISMISSAL**

On June 15, 2005, RDA, Inc. ("Petitioner") filed with the Clerk of the State Corporation Commission ("Commission") a Petition to Cancel the Virginia Service Mark Registration, pursuant to § 59.1-92.10 of the Trademark and Service Mark Act, § 59.1-92.1 *et seq.* of the Code of Virginia, seeking to

cancel the registration of National Auto Sales, Inc.'s ("Respondent") service mark "Your Job is Your Credit." The Commission issued an Order To Take Notice in this matter on July 12, 2005.

On July 13, 2005, the Petitioner filed a Motion to Withdraw Petition to Cancel Registration ("Motion") in the above-entitled matter, indicating that the Petitioner had settled its dispute with the Respondent. Based upon the Motion, on August 2, 2005, the Commission's Hearing Examiner recommended that the Commission issue an order dismissing this case from its docket of active matters. The Commission, upon consideration of this matter, is of the opinion and finds that the Motion should be granted.

IT IS THEREFORE ORDERED THAT:

Petitioner's Motion is GRANTED and this case is dismissed from the Commission's docket of active cases.

**CASE NO. SEC-2005-00035  
JULY 14, 2005**

APPLICATION OF  
PRESBYTERIAN CHURCH (U.S.A.) INVESTMENT AND LOAN PROGRAM, INC.  
100 Witherspoon Street  
Louisville, Kentucky 40202-1 396

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated March 30, 2005, with exhibits attached thereto, as subsequently amended, of Presbyterian Church (U.S.A.) Investment and Loan Program, Inc. ("PCUSA") requesting that certain Notes be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that certain officers of PCUSA be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: PCUSA is a Pennsylvania non-stock, nonprofit corporation operating exclusively for religious, educational, benevolent, and charitable purposes; PCUSA intends to offer and sell Notes (investment obligations) in an approximate aggregate amount of \$150,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; said securities are to be offered and sold by directors, officers, and/or employees of PCUSA who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by PCUSA in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act and the officers of PCUSA be, and they hereby are, exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2005-00037  
JULY 26, 2005**

APPLICATION OF  
CHURCH OF CHRIST AT MAPLE VIEW  
Route 2 Box 77  
Bluefield, West Virginia 24701

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated June 9, 2005, with exhibits attached thereto, as subsequently amended, of Church of Christ at Maple View ("CCMV") requesting that certain First Deed of Trust Bonds be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that certain members of CCMV be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: CCMV is an unincorporated West Virginia organization operating not for private profit but exclusively for religious purposes; CCMV intends to offer and sell First Deed of Trust Bonds, Series 2005-1 ("Bonds") in an approximate aggregate amount of \$600,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; the Bonds are to be offered and sold by certain members of CCMV who are not to be compensated for their sales efforts; and the Bonds may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by CCMV in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act and the members of CCMV who offer and sell the Bonds be, and they hereby are, exempted from the agent registration requirements of said Act.

**CASE NO. SEC 2005-00039  
JULY 26, 2005**

APPLICATION OF  
UNITED METHODIST DEVELOPMENT FUND  
475 Riverside Drive, Suite 1519  
New York, New York 10115

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came for consideration upon written application dated June 29, 2005, with exhibits attached thereto of The United Methodist Development Fund ("TUMDF") requesting that certain unsecured notes be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia and that certain officials and employees of TUMDF be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: TUMDF is a non-profit Pennsylvania Corporation organized exclusively for charitable and religious purposes; TUMDF intends to offer and sell up to \$100,000,000 in aggregate principal amount of unsecured Flexible Investment Notes, One-Year Term Notes, Two-Year Term Notes, Three-Year Term Notes, Four-Year Term Notes, and IRA Notes on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and said securities are to be offered and sold by the officials and employees of TUMDF who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by TUMDF in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Act, and the TUMDF officials and employees be, and they hereby are, exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2005-00040  
SEPTEMBER 12, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION  
v.  
BELLACINO'S, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Bellacino's, Inc. ("Defendant") violated § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 et seq. of the Code of Virginia ("Code"), by granting or offering to grant a franchise in the Commonwealth prior to registering under the provisions of the Act, in that the Defendant is alleged to have granted four (4) franchises in the Commonwealth without being registered, and violated § 13.1-563(e)(ii) of the Act by failing to, directly or indirectly, provide disclosure documents to a franchisee as may be required by rule or order of the State Corporation Commission ("Commission"), in that the Defendant is alleged to have failed to provide audited financial statements to prospective franchisees prior to 2002.

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, and by § 13.1-570 of the Act to impose certain monetary penalties upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant admits to the aforementioned violations and admits to the Commission's jurisdiction and authority to enter into this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has agreed to not commit any violations of the Act in the future, agreed to pay to the Commonwealth of Virginia a penalty in the amount of seven thousand five hundred dollars (\$7,500), and agreed to pay to the Commission the amount of five hundred dollars (\$500) to defray the cost of investigation.

The Division 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 of Virginia.

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.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement;

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- (3) The Defendant pay to the Commonwealth of Virginia a penalty in the amount of seven thousand five hundred dollars (\$7,500);
- (4) The Defendant pay to the Commission the amount of five hundred dollars (\$500) to defray the cost of investigation; and
- (5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NOS. SEC-2005-00050 and SEC-2005-00051  
DECEMBER 1, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
HANS M. HUBER  
and  
SOUTHERN PIEDMONT MINING CORPORATION,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant, Hans M. Huber, violated § 13.1-504 A of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by transacting business as an agent of an issuer without being so registered with the Division under the Act, and violated § 13.1-507 of the Act by selling unregistered securities. It is further alleged that the Defendant, Southern Piedmont Mining Corporation, violated § 13.1-504 B of the Act by employing an unregistered agent, and violated § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' 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, and by § 13.1-521 of the Act to impose certain monetary penalties upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants neither admit nor deny these allegations, but admit to the Commission's jurisdiction and authority to enter this Settlement 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 have agreed to be permanently enjoined from future violations of the Act pursuant to § 13.1-519. The Defendants are financially incapable of paying penalties and costs in this matter, and submitted a statement to that effect.

The Division recommends 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 of Virginia.

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.

IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;
- (2) The Defendants will 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; and
- (4) Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2005-00053  
OCTOBER 31, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
FIREHOUSE RESTAURANT GROUP, INC.  
and  
FIREHOUSE OF AMERICA, LLC  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendants violated § 13.1-560 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia, by granting or offering to grant a franchise in the

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Commonwealth prior to registering under the provisions of the Act, in that the Defendants are alleged to have granted or offered to grant five (5) franchises in the Commonwealth prior to registering with the Division; and that the Defendants violated § 13.1-563(e)(ii) of the Act by failing to, directly or indirectly, provide disclosure documents to a franchisee as may be required by rule or order of the State Corporation Commission ("Commission"), in that the Defendants are alleged to have made five (5) offers to grant franchises without providing the necessary disclosure documents to prospective franchisees.

The Commission is authorized by § 13.1-562 of the Act to revoke the Defendants' registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, and by § 13.1-570 of the Act to impose certain monetary penalties upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants admit the above allegations and admit to the Commission's jurisdiction and authority to enter this Settlement Order.

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

(1) The Defendants will make a rescission offer to each Virginia franchisee.

(a) Within thirty (30) days of the date of this Settlement Order, the Defendants will make a written offer of rescission sent by certified mail to each franchisee, which will include an offer to repay all monies invested by or through the Defendants, and a provision that gives each franchisee thirty (30) days from the date of receipt of the rescission offer to provide the Defendants with written notification of their decision to accept or reject the offer.

(b) The Defendants will include with the written offer of rescission a copy of this Settlement Order.

(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) If a franchisee does not respond within the thirty (30) day period, the rescission offer will be deemed rejected by the franchisee.

(e) Within ninety (90) days from the date of the Settlement Order, the Defendants will submit to the Division an affidavit, executed by the Defendants, which contains the date on which each franchisee received the offer of rescission and copy of the Order, each franchisee's response, if applicable, the amount and the date that payment was sent to each franchisee, and the statement that "Enclosed, along with this affidavit, are copies of all documents that were furnished to each franchisee as part of the rescission offer."

(2) The Defendants will not violate the Act in the future and will pay to the Commission the amount of one thousand dollars (\$1,000) to defray the cost of investigation pursuant to § 13.1-567 of the Act.

(3) The Defendants will pay to the Treasurer of the Commonwealth of Virginia eight thousand dollars (\$8,000) in monetary penalties pursuant to § 13.1-570 of the Act.

(4) The Division 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 of Virginia.

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.

IT IS THEREFORE ORDERED THAT:

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

(2) The Defendants will fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendants will pay to the Commission the amount of one thousand dollars (\$1,000) to defray the cost of investigation and pay to the Treasurer of the Commonwealth eight thousand dollars (\$8,000) in monetary penalties; and

(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 Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2005-00059  
NOVEMBER 8, 2005**

APPLICATION OF  
FARMERS HOME MUTUAL FIRE INSURANCE COMPANY

For an official interpretation pursuant to the Virginia Securities Act § 13.1-525

**OFFICIAL INTERPRETATION**

THIS MATTER came before the Commission for consideration upon the letter-application of Farmers Home Mutual Fire Insurance Company ("Applicant") dated October 24, 2005, filed under § 13.1-525 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by its counsel and upon payment of the requisite fee. The Applicant has requested a determination that the proposed securities transaction described below be exempted

from the securities registration requirements of the Act pursuant to § 13.1-514 B 15. The pertinent information contained in the application is summarized as follows:

The Applicant is a mutual insurance company organized under the laws of the state of Arkansas. Pursuant to the Arkansas Demutualization Act, the Applicant intends to convert from a mutual insurance company to a stock insurance company. If the demutualization becomes effective, the Applicant's members will no longer own Farmers Home, but, in exchange for their equity rights in Farmers Home, members will elect to receive consideration in the form of cash and/or shares of the Farmers Home Holding Company.

The demutualization plan is conditioned upon the occurrence of certain events including a determination by the Arkansas Commissioner of Insurance ("Commissioner") that the plan is:

- (1) Equitable to the members of the Applicant;
- (2) Subject to approval by vote of not less than three-fourths (3/4) of the members voting thereon, in person, by proxy, or by mail at a meeting called for the purpose pursuant to such reasonable notice and procedure as approved by the Commissioner;
- (3) The equity of each member is determinable under a fair formula as approved by the Commissioner;
- (4) The members entitled to participate in the purchase of stock or distribution of assets including all current policyholders and all living persons who had been policyholders within three (3) years prior to the date the plan was submitted to the Commissioner;
- (5) The plan gives each member preemptive rights to acquire his or her proportionate part of all of the proposed capital stock within a designated reasonable time and to apply the amount of his or her equity in the Applicant to the purchase;
- (6) No shares offered to members are priced higher than shares thereafter offered to others, and the price of shares offered to members is not more than double the par value of the shares;
- (7) The plan allows members who elect cash consideration to receive an amount not less than fifty percent (50%) of the amount of his or her equity; and
- (8) The plan requires the Applicant to maintain applicable capital and surplus requirements.

Section 13.1-514 B 15 of the Act provides an exemption from the securities, broker-dealer and agent registration requirements of the Act for "[a]ny transaction incident to a right of conversion or statutory or judicially approved reclassification, recapitalization, reorganization, quasi-reorganization...merger...or exchange of securities[.]" This exemption recognizes that the benefits of registration under the Act are unnecessary in connection with a transaction that is controlled by a statute or judicial proceeding, which affords adequate investor protection.

THE COMMISSION, upon consideration of and in reliance upon the information supplied by Applicant, is of the opinion and finds that the foregoing proposed transaction, contained in the proposed reorganization and conversion, is within the parameters of the exemption provided at § 13.1-514 B 15 of the Act. The Commission's opinion is based solely upon the information provided by the Applicant and any deviation therefrom will be subject to further Commission determination.

Accordingly, it is therefore ORDERED that the proposed transaction described above is exempt from the securities, broker-dealer, and agent registration requirements of the Act pursuant to § 13.1-514 B 15.

**DIVISION OF UTILITY AND RAILROAD SAFETY****CASE NO. URS-2004-00159  
AUGUST 5, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
CENTRAL LOCATING SERVICE, LTD.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, 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 of Virginia. 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 which occurred between March 29, 2003, and February 6, 2004, listed in Attachment A, involving Central Locating Service, Ltd. ("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 of Virginia;
- (2) During the aforementioned period the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act, in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or they were not in conflict with the proposed excavation, in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (d) Failing on certain occasions to mark, in compliance with the marking requirements, the location of the underground utility lines, in violation of 20 VAC 5-309-110 C and P of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on April 6, 2004, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$6,000 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$6,000 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2004-00203  
JULY 8, 2005**

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

v.

VIRGINIA NATURAL GAS, INC.,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("Act"), 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. The Commission is authorized to enforce the Safety Standards under § 56-5.1 of the Code of Virginia, which allows the Commission to impose the fines and penalties set out in that statute.

The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Virginia Natural Gas, Inc. ("VNG" or "Company"), the Defendant, and alleges that:

(1) VNG is a public service corporation as that term is defined in § 56-1 of the Code of Virginia and specifically, a natural gas company within the meaning of § 56-5.1 of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

- a) 49 C.F.R. § 192.199 (h) - Failing to prevent unauthorized operation of any stop valve that will make the pressure relief valve or pressure limiting device inoperative;
- b) 49 C.F.R. § 192.225 (a) - Failing to perform welding in accordance with welding procedures by allowing more than five minutes to pass between the root bead and hot pass;
- c) 49 C.F.R. § 192.231 - Failing to preheat the weld seam area prior to welding;
- d) 49 C.F.R. § 192.281 (a) - Failing to allow a socket heat fusion to properly set in accordance with VNG or Driscoplex procedures prior to disturbing the joint;
- e) 49 C.F.R. § 192.353 (a) - Failing on two occasions to install meters in a manner that protects them from vehicular damage;
- f) 49 C.F.R. § 192.355 (b)(1) - Failing on several occasions to insure that service regulator vents are rain and insect resistant;
- g) 49 C.F.R. § 192.605 (a) - Failing on two occasions to make a socket heat fusion in accordance with VNG or Driscoplex procedures;
- h) 49 C.F.R. §§ 192.605 (a) and 192.625 (f) - Failing to perform periodic odorant sampling in accordance with company procedures developed to comply with § 192.625 (f);
- i) 49 C.F.R. § 192.625 (a) - Failing on 43 occasions during 2003 to maintain an odorant concentration so that gas is readily detectible at one-fifth of the lower explosive limit by a person with a normal sense of smell;
- j) 49 C.F.R. § 192.707 (d)(2) - Failing on two occasions to include the area code on a pipeline marker;
- k) 49 C.F.R. § 192.747 - Failing on 118 occasions during 2003 to check and service valves that may be necessary for the safe operation of a distribution system at intervals not exceeding 15 months but at least once each calendar year;
- l) 49 C.F.R. § 192.751 - Failing on three occasions to take steps to minimize the danger of accidental ignition of gas; and
- m) 49 C.F.R. § 192.751 (a) - Failing to have a fire extinguisher present while a hazardous amount of gas was being vented into open air during purging operations.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, VNG represents and undertakes that:

(1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$82,400 of which \$44,800 shall be paid contemporaneously with the entry of this Order. The remaining \$37,600 shall be due as outlined in Paragraph (4) on page 5 and may be suspended in whole or in part by the Commission provided the Company tenders the requisite certification required by Paragraph (3) that it has completed specific remedial actions set forth below on or before the scheduled date for completion of said remedial action. At the completion of all of the remedial actions described

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below the Commission may vacate any outstanding amounts. 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, Post Office Box 1197, Richmond, Virginia 23218-1197;

- (2) The Company shall begin the following remedial actions by July 1, 2005:
- (a) The Company shall include within its 2005 advertising program "Dig with C.A.R.E., Call Miss Utility at 1-800-552-7001" tag lines in radio and television spots and sponsorship in the following:
1. "What's Going On" Announcements;
  2. Festival Guide Announcements;
  3. Severe Weather Guide Publications;
  4. Living Spaces Publications; and
  5. "Builderwise" Magazine.
- (b) The Company shall take steps to increase the visibility of the C.A.R.E. message in Virginia. These steps shall include, but are not limited to:
1. Placing the C.A.R.E. message and/or C.A.R.E. logo on the back of at least one million of its billing envelopes. The C.A.R.E. message and/or C.A.R.E. logo shall also be placed on the Company's project plans, map notifications, and events banner for no less than one year from July 1, 2005; and
  2. Placing decals with the C.A.R.E. message on the hardhats used by Company employees and its construction contractors, company and contractor vehicles, and high profile pipeline markers at railroad crossings, regulator stations, bridge crossings, and any other areas the Company deems appropriate, for no less than one year from July 1, 2005.
- (c) The Company shall include a damage prevention message on its call centers "hold" messages and add a link to the Miss Utility website on the Company's website for no less than one year from July 1, 2005.
- (d) On or before July 1, 2005, the Company shall provide those stakeholders whose contract employees are responsible for the majority of damage to VNG's underground facilities during the most recent 18-month period information relative to the number of damages caused by these employees. Upon request by the stakeholder, the Company shall meet with stakeholder representatives to develop an underground utility damage mitigation plan that may include, among other things, additional education and training for the stakeholder's contract employees to reduce damage and increase compliance with Virginia's underground utility damage prevention laws;
- (3) On or before August 1, 2006, VNG shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the President of VNG certifying that the Company has completed the remedial actions required by Paragraph (2) above;
- (4) Upon timely receipt of said affidavit, the Commission may suspend up to \$37,600 of the fine amount specified in Paragraph (1) on page 3. Should the Company fail to tender said affidavits or take the actions required by Paragraph (2) on pages 4 and 5, a payment of \$37,600 shall become due. In the event VNG fails to take the requisite actions required by Paragraph (2) on pages 4 and 5, or tender the affidavit required by Paragraph (3) on page 5, the Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Paragraphs (2) and (3) herein; and upon investigation, if the Division determines that the reason for said failure justifies a payment lower than \$37,600, 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; and
- (5) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of VNG's cost of service. Any such fines and costs shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

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 VNG has made a good faith effort to cooperate with the Staff during the investigation of this matter and that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by VNG is accepted.
- (2) Pursuant to § 56-5.1 of the Code of Virginia, VNG is hereby fined in the amount of \$82,400.
- (3) The sum of \$44,800 tendered contemporaneously with the entry of this Order is accepted. The remaining \$37,600 is 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 Paragraphs (2) and (3), found on pages 4 and 5 of this Order, and files the timely certification of the remedial actions as outlined herein.
- (4) 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-2004-00329  
JANUARY 12, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
CENTRAL LOCATING SERVICE, LTD.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents between January 15, 2004, and June 2, 2004, listed in Attachment A, involving Central Locating Service, Ltd. ("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 of Virginia;
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on August 3, 2004, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$6,750 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company be, and it hereby is, accepted.
- (2) The sum of \$6,750 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2004-00435  
MARCH 4, 2005**

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, 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 of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about June 25, 2004, R. L. Rider requested marking of a utility line behind the Food Lion in Haymarket, Virginia;
- (2) On or about August 14, 2004, PRK Drilling & Blasting, Inc., damaged a twelve-inch plastic gas main line operated by Washington Gas Light Company, located behind the Food Lion in Haymarket, Virginia, while excavating;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(3) On the occasions set out in paragraphs (1) and (2) above, Utiliquet, LLC ("Company"), failed to mark the underground utility lines by no later than 7:00 a.m. on the third working day following the excavator's notice to the notification center, in violation of §§ 56-265.19 A and D of the Code of Virginia, and failed to train the locator in applicable locating industry standards, in violation of § 56-265.19 E of the Code of Virginia;

(4) On or about August 16, 2004, the Town of Leesburg damaged a two-inch plastic gas main line operated by Washington Gas Light Company, located at or near 430 Fox Ridge Drive, Leesburg, Virginia, while excavating; and

(5) On the occasion set out in paragraph (4) above, the Company failed to mark the underground utility line to within two feet, in violation of §§ 56-265.19 A and D of the Code of Virginia, failed to train the locator in applicable locating industry standards, in violation of § 56-265.19 E of the Code of Virginia, and failed to use all information necessary to mark the utility lines, in violation of 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 the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$15,000 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of \$15,000 tendered contemporaneously with the entry of this Order is accepted.

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

**CASE NO. URS-2004-00436  
MARCH 18, 2005**

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, 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 of Virginia. 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 which occurred between November 10, 2003, and October 15, 2004, listed in Attachment A, involving Utiliquet, 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 of Virginia;
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia;
  - (b) Failing on certain occasions to mark within the time prescribed in the Act, in violation of §§ 56-265.19 A and D of the Code of Virginia;
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation, in violation of §§ 56-265.19 A and D of the Code of Virginia;
  - (d) Failing on certain occasions 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 and 56-265.19 D of the Code of Virginia; and
  - (e) Failing on certain occasions to mark the approximate location of underground utility lines or proposed excavation using the American Public Works Association color codes in violation of §§ 56-265.21 and 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on November 3, 2004, and set out in Attachment A hereto, the Company

represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$11,600 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$11,600 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2004-00477  
MARCH 15, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION  
v.  
CENTRAL LOCATING SERVICE, LTD.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 et seq. of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents which occurred between May 27, 2004, and August 11, 2004, listed in Attachment A, involving Central Locating Service, Ltd. ("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 of Virginia;
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act, in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation, in violation of §§ 56-265.19 A, B, and D of the Code of Virginia.
  - (d) Failing on certain occasions to have locators trained in applicable locating industry standards, in violation of §§ 56-265.19 D and E of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on December 7, 2004, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$6,000 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$6,000 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2004-00478  
FEBRUARY 22, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about April 27, 2004, F. L. Showalter, Incorporated, damaged a one-half inch plastic gas service line operated by Columbia Gas of Virginia, Inc. (the "Company"), located at or near 3407 Daniel Avenue, Lynchburg, Virginia, while excavating;
- (2) On or about June 16, 2004, Crowder Construction Company damaged a one-half inch plastic gas service line operated by the Company located at or near 13021 River Hills Drive, Midlothian, Virginia, while excavating;
- (3) On or about June 10, 2004, Clyde A. Smith Plumbing & Heating damaged a one-half inch plastic gas service line operated by the Company located at or near 4823 Old Boonsboro Road, Lynchburg, Virginia, while excavating;
- (4) On or about July 16, 2004, Harvey D. Alger damaged a one-inch plastic gas service line operated by the Company located at or near 124 Morningside Drive, Broadway, Virginia, while excavating;
- (5) On or about August 5, 2004, A & W Contractors, Inc., damaged a one-half inch plastic gas service line operated by the Company located at or near 927 Ann Street, Portsmouth, Virginia, while excavating;
- (6) On or about July 30, 2004, RC Willis Construction, Inc., damaged a one-half plastic gas service line operated by the Company located at or near 3304 Taylor Road, Chesapeake, Virginia, while excavating;
- (7) On or about July 30, 2004, Chesapeake Fence & Awning Co., Inc., damaged a one-half inch plastic gas service line operated by the Company located at or near 208 East Road, Portsmouth, Virginia, while excavating; and
- (8) On the occasions set out in paragraphs (1) through (7) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

- (1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of \$5,400 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company be, and it hereby is, accepted.
- (2) The sum of \$5,400 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00045  
DECEMBER 21, 2005**

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

v.

HOOR DEVELOPMENT CORPORATION,  
Defendant

**FINAL ORDER**

A Rule to Show Cause was issued by the Commission on April 19, 2005, in which four violations 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") were alleged against Hour Development Corporation ("Defendant" or the "Company") based upon the investigations of the Commission's Division of Utility and Railroad Safety ("Division").

Specifically, Hour Development Corporation was alleged to have damaged an underground six-inch plastic gas main line operated by Columbia Gas of Virginia, Inc. ("CGV"), located at or near Walpole Street and Winding Creek Road, Stafford, Virginia, while excavating on or about December 8, 2004. It was alleged that on this occasion the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

It was further alleged that on or about December 29, 2004, prior to beginning excavation at or near Walpole and Nugent Street, Stafford, Virginia, the Defendant failed to notify the notification center ("Miss Utility") before beginning its excavation, in violation of § 56-265.17 A of the Code. Additionally, it was alleged that on or about December 29, 2004, before commencing excavation at or near Walpole Street and Nugent Street in Stafford, Virginia, the Defendant failed to make a call to the notification center after observing clear evidence, as defined in Rule 20 VAC 5-309-120 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Commission Rules"), of the presence of unmarked underground telecommunications and natural gas utility lines in the area of proposed excavation and failed to wait three hours before beginning excavation in violation of § 56-265.17 C of the Code.

Finally, it was alleged that during the excavation at or near Walpole and Nugent Street in Stafford, Virginia, on or about December 29, 2004, the Defendant continued its excavation after having been informed in the field by CGV of the presence of an underground six-inch natural gas line and the need for a Miss Utility ticket and that, in violation of § 56-265.17 B of the Code, the Defendant failed to wait for either the (i) passage of forty-eight hours from 7:00 a.m. the next working day, or (ii) confirmation that all applicable operators had responded to the Company's proposed excavation after notifying Miss Utility on December 29, 2004, of its proposed excavation.

The Defendant filed an Answer to the Rule to Show Cause on June 2, 2005.

Prior to the hearing scheduled for June 28, 2005, a Motion for a General Continuance was filed advising that the Defendant and the Division were discussing a resolution of this case that could obviate the need for a hearing. By a Hearing Examiner's Ruling issued on June 17, 2005, the proceeding was continued so that a joint stipulation and recommended relief could be prepared and filed.

A Motion to Accept Joint Stipulation and Recommended Relief was filed on November 7, 2005. On November 8, 2005, the Chief Hearing Examiner issued a Report granting the Motion to Accept Joint Stipulation and Recommended Relief and recommending that the Commission enter an Order that adopts the findings in her Report, accepts the Joint Stipulation, and retains jurisdiction of the Commission pending completion of the conditions set out in the Joint Stipulation. The Chief Hearing Examiner advised that both the Defendant and Staff have waived their opportunity to file comments on her Report.

In the Joint Stipulation and Recommended Relief, Hour Development Corporation and the Division stipulated that the Defendant's actions on December 8, 2004, and on December 29, 2005, constitute violations of the Act. Hour Development Corporation and the Division also stipulated that each of the four violations of the Act alleged in the Rule represented a failure to exercise reasonable care and that a penalty of up to \$2,500 should be imposed pursuant to § 56-265.32 A of the Code for each violation of the Act, for a total civil penalty of \$10,000. Of the \$10,000 civil penalty, \$2,500 should be suspended on the condition that within 60 days of the entry of a Final Order in the proceeding Hour Development Corporation personnel involved with excavation and underground utilities would undergo training offered by the Division regarding safety principles and compliance with the Act, and members of Hour Development Corporation management, including Mr. Adrian D. Bailey, III, who have authority to order work stoppages to ensure compliance with the provisions of the Act, will have a separate meeting with a representative of the Division to review the importance of compliance with the provisions of the Act.

Hour Development Corporation has tendered to the Division a civil penalty payment of \$7,500 pursuant to the terms of the Joint Stipulation and Recommended Relief payable to the Treasurer of Virginia.

NOW THE COMMISSION, upon consideration of the record herein, the Chief Hearing Examiner's Report, and the applicable statutes, is of the opinion that the findings and recommendations in the November 8, 2005, Chief Hearing Examiner's Report should be adopted and that the Joint Stipulation and Recommended Relief should be accepted. In accordance with the Joint Stipulation and Recommended Relief, the Commission finds that there is clear and convincing evidence that:

- (1) An underground six-inch plastic gas main line operated by CGV located along Walpole Street near the intersection with Winding Creek Road in Stafford, Virginia, had been properly marked on December 2, 2004, pursuant to a Miss Utility ticket requested by Hour Development Corporation from the notification center on December 1, 2004, for marking of underground utility lines 1000 feet south from the Hour Development construction entrance. The notification to all operators from the notification center regarding a proposed excavation, *i.e.*, Miss Utility ticket, was effective for the period of December 6, 2004, through December 23, 2004;
- (2) On December 8, 2004, Hour Development Corporation damaged CGV's underground six-inch plastic gas main line at this location while excavating above and parallel to the underground utility line;

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- (3) Hour Development Corporation was excavating within two feet of the marked location and did not fully expose the underground utility line to its extremities by hand digging;
- (4) Hour Development Corporation operated mechanized equipment, a Caterpillar 330C excavator, within two feet of the extremities of the underground utility line operated by CGV;
- (5) Four hundred and ninety four (494) customers lost service because of the damage to CGV's line, and the cost to CGV to repair the damage and return service to its customers was \$22,597.12, as reported in the damage report submitted to the Division by CGV;
- (6) The Defendant's actions on December 8, 2004, do not constitute an exercise of reasonable care and are in violation of § 56-265.24 A of the Code of Virginia ("Code") as a failure to exercise due care at all times to protect underground utility lines during a parallel excavation. Pursuant to § 56-265.32 A of the Code, a civil penalty not exceeding \$2,500 should be imposed on the Defendant;
- (7) On December 29, 2004, Hour Development Corporation was operating a Caterpillar 330C excavator in Stafford, Virginia, along Walpole Street across from Nugent Street, in an excavation project, preparing a right-turn lane for southbound traffic along Walpole Street into the Hour Development construction site ("excavation project");
- (8) When Hour Development Corporation commenced the excavation project on December 29, 2004, Hour Development Corporation did not have a valid Miss Utility ticket for the excavation;
- (9) Hour Development Corporation commenced the excavation on December 29, 2004, without first notifying the notification center, in violation of § 56-265.17 A of the Code, and pursuant to § 56-265.32 A of the Code, a civil penalty not exceeding \$2,500 should be imposed on the Defendant;
- (10) In the course of performing its excavation project on December 29, 2004, Hour Development Corporation commenced the excavation with knowledge of the presence of unmarked utility lines in the area. Specifically, Hour Development Corporation had actual knowledge of the presence of an underground six-inch plastic gas main line operated by CGV, having struck this underground utility line on the south side of the construction entrance on December 8, 2004; further, marking tape denoting the presence of underground natural gas utility lines and underground telecommunications lines had been exposed by the Defendant during a prior excavation; and a telecommunications pedestal operated by Verizon was located on the south side of the construction entrance along Walpole Street in plain view of the excavation on the north side of the construction entrance;
- (11) Beginning an excavation without first notifying the notification center and when the excavator had observed clear evidence of an unmarked utility and had knowledge of the presence of a utility line as defined in Rule 20 VAC 5-309-120 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Act"), is a violation of § 56-265.17 C of the Code, and pursuant to § 56-265.32 A of the Code, a civil penalty not exceeding \$2,500 should be imposed;
- (12) While in the course of its excavation on December 29, 2004, Hour Development Corporation was contacted by CGV regarding the Defendant's ongoing excavation in violation of the Act, and it continued its excavation project;
- (13) While in the course of its excavation on December 29, 2004, Hour Development Corporation was contacted by a representative of the Division who traveled to the construction site regarding the ongoing excavation in violation of the Act, and the Defendant continued its excavation project;
- (14) The conduct described in finding paragraphs (12) and (13) above address the reasonableness of the Defendant's conduct and should be considered when imposing civil penalties pursuant to § 56-265.32 A of the Code;
- (15) After being contacted by CGV regarding its ongoing excavation on December 29, 2004, and discovering that it lacked a valid Miss Utility ticket, Hour Development Corporation contacted the notification center on or about 9:02 a.m. and obtained a new Miss Utility ticket (Ticket A43640025);
- (16) Pursuant to § 56-265.17 B of the Code, excavation pursuant to Ticket A43640025 could commence only after January 4, 2005, at 7:00 a.m., or after Hour Development Corporation confirmed that all applicable operators had marked their underground utility lines in the area or reported that no lines were present;
- (17) Hour Development Corporation, after calling the notification center on or about 9:02 a.m. on December 29, 2004, did not wait until January 4, 2005, to resume its excavation project along Walpole Street and did not comply with other provisions of § 56-265.17 B of the Code but instead resumed excavation for construction of a turn lane along Walpole Street into its subdivision construction entrance;
- (18) On December 29, 2004, only after the Division requested Hour Development Corporation to suspend excavation until CGV and the contract locator marked the underground natural gas and telecommunications lines in the vicinity of the project, did the Defendant suspend excavation for its subdivision construction entrance turn lane;
- (19) Upon marking of the underground utility lines and potholing to determine the extremities of the underground utility lines, it was determined that the aforementioned natural gas and telecommunications line marking tape did accurately reflect the location of these underground utility lines, and the excavation for the turn lane crossed directly above these underground utility lines;
- (20) The Defendant's actions as set forth above constitute a violation of § 56-265.17 B of the Code, and pursuant to § 56-265.32 A of the Code a civil penalty not exceeding \$2,500 should be imposed on the Defendant;
- (21) The Defendant's actions, as set forth above, demonstrate a failure to exercise reasonable care;

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- (22) A maximum penalty of \$2,500 per violation should be imposed for each of the four violations alleged in the Rule to Show Cause, for a total civil penalty of \$10,000; and
- (23) The sum of \$2,500 of the \$10,000 civil penalty should be suspended upon the condition that Hour Development Corporation timely fulfills the following commitments within 60 days of the entry of a Final Order by the Commission adopting the Joint Stipulation and Recommended Relief:
- (i) Hour Development Corporation personnel involved with excavation and underground utilities will undergo training offered by the Division regarding safety principles, compliance with the Act, and the Commission's Rules. Said training must be attended by at least 80% of the Hour Development Corporation personnel who engage in excavation and work around underground utilities. This training will be offered free of charge by the Division and may be scheduled within the guidelines set forth by the Division trainer regarding suitable facilities for successful instruction.
  - (ii) Members of Hour Development Corporation management, including Mr. Adrian D. Bailey, III, who have the authority to order work stoppages to ensure compliance with the provisions of the Act, will have a separate meeting with a representative of the Division to review the importance of compliance with the provisions of the Act.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the November 8, 2005, Chief Hearing Examiner's Report are hereby adopted.
- (2) The Joint Stipulation and Recommended Relief executed by Hour Development Corporation and the Division is accepted.
- (3) Judgment is entered against the Defendant and in favor of the Commonwealth in the amount of \$2,500 for each of the four violations of the Act found herein, for a total civil penalty of \$10,000 imposed for the violations of the Act occurring on December 8, 2004, and December 29, 2004.
- (4) The sum of \$2,500 of the imposed civil penalty shall be suspended upon the condition that Hour Development Corporation, within sixty (60) days of entry of this Final Order by the Commission, fulfills the following commitments:
  - (i) the Defendant's personnel involved with excavation and underground utilities shall undergo training offered by the Division regarding safety principles, compliance with the Act, and the Commission's Rules. Said training must be attended by at least 80% of the Hour Development Corporation personnel who engage in excavation and work around underground utilities. This training will be offered free of charge by the Division and may be scheduled at a location of Hour Development Corporation's choosing within the guidelines set forth by the Division trainer regarding suitable facilities for successful instruction; and
  - (ii) Members of the management of Hour Development Corporation, including Mr. Adrian D. Bailey III, who have the authority to order work stoppages to ensure compliance with the provisions of the Act, shall have a separate meeting with a representative of the Division to review the importance of compliance with the provisions of the Act.
- (5) The sum of \$7,500 tendered by Hour Development Corporation via a cashier's check payable to the Treasurer of Virginia is hereby accepted.
- (6) Should Hour Development Corporation fail to complete the actions required by Ordering Paragraph (4) on a timely basis, the payment of the balance of the penalty, \$2,500, shall become immediately due and payable. The Defendant shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Ordering Paragraph (4).
- (7) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of entry of this Order advising whether the Defendant's personnel have taken the training on the subject of underground utility damage prevention and whether Defendant's management has met with the Division as provided in Ordering Paragraph (4)(i) and (ii) above.
- (8) The Defendant is hereby enjoined from any further violations of the Act.
- (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 the account of the Defendant's failure to comply with the terms and undertakings of the conditions set forth herein.

**CASE NO. URS-2005-00061  
MAY 27, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
CENTRAL LOCATING SERVICE, LTD.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, 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 of Virginia. 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 9, 2004, and October 7, 2004, listed in Attachment A, involving Central Locating Service, Ltd. ("Company"), the Defendant, and alleges that:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (d) Failing to effectively train certain locators in applicable locating industry standards and practices no less stringent than the National Utility Locating Contractors Association's locator training practices and standards in violation of §§ 56-265.19 D and E of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on February 1, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$12,850 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$12,850 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00062  
MAY 27, 2005**

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, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code of Virginia. The Commission's Division of 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 15, 2004, and December 2, 2004, 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 of Virginia; and
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (d) Failing to effectively train certain locators in applicable locating industry standards and practices no less stringent than the National Utility Locating Contractors Association's locator training practices and standards in violation of §§ 56-265.19 D and E of the Code of Virginia.

## 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 the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on February 1, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$9,400 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$9,400 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00088  
JULY 8, 2005**

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.* ("Act"), 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. The Commission is authorized to enforce the Safety Standards under § 56-5.1 of the Code of Virginia, which allows the Commission to impose the fines and penalties set out in that statute.

The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of each jurisdictional gas company's compliance with Safety Standards, has conducted an investigation of an incident at Kapp Valley Drive in Haymarket, Virginia, involving facilities owned and operated by Washington Gas Light Company ("WG or "Company"), the Defendant. Based upon the results of that investigation, the Division alleges that:

- (1) WG is a public service corporation as that term is defined in § 56-1 of the Code of Virginia and, specifically, a natural gas company within the meaning of § 56-5.1 of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - a) 49 C.F.R. § 192.303 - Failing to construct the pipeline according to written specifications and standards;
  - b) 49 C.F.R. § 192.614 (c)(5) - Failing to provide temporary marking of a buried pipeline; and
  - c) 49 C.F.R. § 192.707 (a)(l) - Failing to install pipeline markers over a buried pipeline at a railroad crossing.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, WG represents and undertakes that:

- (1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$53,500 of which \$49,000 shall be paid contemporaneously with the entry of this Order. The remaining \$4,500 is due as outlined in Paragraph (4) below and may be suspended in whole or in part by the Commission provided the Company tenders the requisite certification that it has completed specific remedial actions as set forth below in Paragraph (2) on or before the scheduled date for completion of said remedial action. At the completion of all remedial actions described below the Commission may vacate any outstanding amounts. 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, Post Office Box 1197, Richmond, Virginia 23218-1197;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) The Company shall revise its Operations and Maintenance Standards ("Standards") on or before June 1, 2005, relative to the processes the Company is required to undertake in order to comply with 49 C.F.R. § 192.614 when it receives notification that blasting operations are scheduled to take place in close proximity to its facilities;

(3) On or before June 15, 2005, WG shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the President of WG certifying that the Company revised its Standards pursuant to Paragraph 2 above and submits a copy of the revised Standards to the Division;

(4) Upon timely receipt of said affidavit, the Commission may suspend up to \$4,500 of the fine amount specified in Paragraph (1) on page 2 herein. Should the Company fail to tender said affidavits or take the action required by Paragraph (2) a payment of \$4,500 shall become due. In the event WG fails to take the requisite actions required by Paragraph (2) or tender the affidavits required by Paragraph (3), the Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Paragraphs (2) and (3) herein; and, upon investigation, if the Division determines that the reason for said failure justifies a payment lower than \$4,500, it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due, and upon such determination, the Company shall immediately tender to the Commission said amount; and

(5) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of its cost of service. Any such fines and costs shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Company's representations and undertakings set forth above, is of the opinion and finds that this case should be docketed; that WG has made a good faith effort to cooperate with the Staff during the investigation of this matter; and 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-2005-00088.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by WG is hereby accepted.
- (3) Pursuant to § 56-5.1 of the Code of Virginia, WG is hereby fined the sum of \$53,500.
- (4) The sum of \$49,000 tendered contemporaneously with the entry of this Order is accepted. The remaining \$4,500 is 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 Paragraphs (2) and (3) found on page 3 of this Order and files the timely certification of the remedial actions as outlined herein.
- (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-2005-00088  
AUGUST 11, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WASHINGTON GAS LIGHT COMPANY,  
Defendant

**ORDER GRANTING MOTION, SUSPENDING  
BALANCE OF PENALTY, AND DISMISSING PROCEEDING**

On July 8, 2005, the State Corporation Commission ("Commission") entered an Order of Settlement ("Order") in response to various allegations by the Division of Utility and Railroad Safety ("Division") that Washington Gas Light Company ("WGL" or the "Company") had violated certain of the Commission's regulations that serve as minimum gas pipeline safety standards. Under the terms of the Order of Settlement, the Company agreed to pay a fine of \$53,500 of which \$49,000 was paid contemporaneously with the entry of the Order. The Order further directed that the remaining \$4,500 of the fine could be suspended in whole or part provided that the Company tendered a timely certification that it had completed the remedial action set out in Undertaking Paragraph (2) of the Order on or before the scheduled date for completion of that action. Undertaking Paragraph (2) of the Order directed the Company to revise its Operations and Maintenance Standards ("Standards") on or before June 1, 2005, relative to the processes the Company is required to undertake in order to comply with 49 C.F.R. § 192.614 when it receives notification that blasting operations are scheduled to take place in close proximity to its facilities.

Undertaking Paragraph (3) of the Order directed the Company to tender an affidavit executed by the President on or before June 15, 2005, to the Clerk of the Commission, with a copy to the Division, certifying that the Company had revised its Standards and had submitted a copy of the revised Standards to the Division.

On August 1, 2005, the Company filed the affidavit of its President, with the Clerk of the Commission, certifying that the Company had modified Design and Construction Standards Manual Procedure 7712, "Damage Prevention Monitoring," to include additional measures for monitoring blasting procedures scheduled to take place in close proximity to WGL's facilities and affirming that the steps outlined in the procedures were being followed prior to June 1, 2005. A copy of the modified Standards was attached to the affidavit.

On August 1, 2005, the Company filed a Motion to accept the Affidavit filed with the Clerk of the Commission out of time. The Company averred that prior to June 15, 2005, it had submitted an original affidavit executed by the President of WGL, certifying that the Company has revised its Standards as required by the Order and had delivered a copy of the revised Standards to the Division. The Company explained that this affidavit was inadvertently not tendered to the Clerk of the Commission. The Company requested the Commission to accept the Company's affidavit out of time and to suspend the remaining \$4,500 balance of the fine. The Company represented that the Division did not oppose its request.

NOW, UPON CONSIDERATION of the foregoing, the Commission is of the opinion and finds that the Company's Motion should be granted; that the affidavit executed by WGL's President should be accepted out of time; that the remaining \$4,500 balance of the \$53,500 fine should be suspended; and that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's August 1, 2005, Motion is hereby granted.
- (2) The affidavit executed by the President of WGL shall be accepted out of time.
- (3) The \$4,500 balance of the \$53,500 fine shall be suspended.
- (4) There being nothing further to be done herein, this case shall be dismissed, and the papers filed herein shall be placed in the Commission's files for ended causes.

**CASE NO. URS-2005-00089  
JULY 8, 2005**

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.* ("Act"), 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. The Commission is authorized to enforce the Safety Standards under § 56-5.1 of the Code of Virginia, which allows the Commission to impose the fines and penalties set out in that statute.

The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of each jurisdictional gas company's compliance with Safety Standards, conducted an investigation of an incident at 430 Fox Ridge Drive in Leesburg, Virginia, involving facilities owned and operated by Washington Gas Light Company ("WG" or "Company"), the Defendant. Based upon the results of that investigation, the Division alleges that:

- (1) WG is a public service corporation as that term is defined in § 56-1 of the Code of Virginia and specifically, a natural gas company within the meaning of § 56-5.1 of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - a) 49 C.F.R. § 192.614 (a) - Failing to carry out a written program to prevent damage to a pipeline prior to excavation;
  - b) 49 C.F.R. § 192.751 - Failing 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; and
  - c) 49 C.F.R. § 199.105 (b) - Failing to conduct drug tests no later than 32 hours after an accident on employees whose performance could not be completely discounted as a contributing factor to an accident.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, WG represents and undertakes that:

- (1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$124,000, of which \$98,500 shall be paid contemporaneously with the entry of this Order. The remaining \$25,500 is due as outlined in Paragraph (4) below and may be suspended in whole or in part provided the Company tenders the requisite certification that it has completed specific remedial actions as set forth below in Paragraph (2) on or before the scheduled date for completion of said remedial action. At the completion of all remedial actions described below, the Commission will vacate any outstanding amounts. The initial payment and any subsequent payments 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, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197;

(2) The Company shall take the following remedial actions:

(a) On or before July 1, 2005, the Company shall provide those stakeholders whose contract employees are responsible for the majority of damage to WG underground facilities during the most recent 18-month period information relative to the number of damages caused by these employees. Upon request by the stakeholder, the Company shall meet with stakeholder representatives to develop an underground utility damage mitigation plan that may include, among other things, additional education and training for the stakeholder's contract employees to reduce damage and increase compliance with Virginia's underground damage prevention laws; and

(b) Beginning July 1, 2005, the Company shall hold monthly meetings for a minimum of 12 months and invite all parties involved in recent damages to WG's underground facilities to attend. During these meetings the Company shall review the information relative to the damages and provide training programs designed to reduce damage and increase compliance with Virginia's underground utility damage prevention laws;

(3) On or before August 1, 2005, WG shall tender to the Clerk of the Commission an affidavit executed by the President of WG certifying that the Company has begun the remedial actions set forth in Paragraph (2) above;

(4) Upon timely receipt of said affidavit the Commission may suspend up to \$25,500 of the fine amount specified in Paragraph (1) on page 3. Should WG fail to tender said affidavit or begin to take the actions required by Paragraphs (2) and (3) by August 1, 2005, a payment of \$25,500 shall become due. The Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Paragraphs (2) and (3) herein; and upon investigation, if the Division determines that the reason for said failure justifies a payment lower than \$25,500, 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; and

(5) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of WG's cost of service. Any such fines and costs shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Company's representations and undertakings set forth above, is of the opinion and finds that this case should be docketed; that WG has made a good faith effort to cooperate with the Staff during the investigation of this matter; and 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-2005-00089.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by WG is hereby accepted.
- (3) Pursuant to § 56-5.1 of the Code of Virginia, WG is hereby fined the sum of \$124,000.
- (4) The sum of \$98,500 tendered contemporaneously with the entry of this Order is accepted. The remaining \$25,500 is 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 Paragraphs (2) and (3) found on page 3 of this Order and files the timely certification of the remedial actions as outlined herein.
- (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-2005-00089  
AUGUST 11, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WASHINGTON GAS LIGHT COMPANY

**ORDER SUSPENDING BALANCE  
OF PENALTY AND DISMISSING PROCEEDING**

On July 8, 2005, the State Corporation Commission ("Commission") entered an Order of Settlement ("Order") in response to various allegations by the Division of Utility and Railroad Safety ("Division") that Washington Gas Light Company ("WGL" or the "Company") had violated certain Commission regulations that serve as minimum gas pipeline safety standards. Under the terms of the Order of Settlement, the Company agreed to pay a fine of \$124,000 of which \$98,500 was to be paid contemporaneously with the entry of the Order. Undertaking Paragraph (3) of the Order further directed that the remaining \$25,500 of the fine could be suspended provided the Company tendered a timely certification by August 1, 2005, that it had completed the actions required by Undertaking Paragraph (2) of the Order.

On July 29, 2005, the Company filed the affidavit of its President dated July 14, 2005, with the Clerk of the Commission. A copy of the affidavit was date stamped as received by the Division on July 19, 2005. This affidavit certified that the Company had provided the information required by

Undertaking Paragraph 2(a) of the Order on or before June 28, 2005, and affirmed that the Company had held its first meeting, as required by Undertaking Paragraph 2(b) of the Order, on June 29, 2005.

NOW UPON CONSIDERATION of the foregoing, the Commission is of the opinion and finds that the Company has filed a timely affidavit as required by Undertaking Paragraph (3) of the Order; that the Company's affidavit dated July 14, 2005, certifies that the Company has taken the remedial actions described in Undertaking Paragraph (2) of the Order; that based on the representations made in the affidavit, the \$25,500 remaining balance of the \$124,000 fine should be suspended; and that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining \$25,500 balance of the \$124,000 fine should be suspended.

(2) 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 shall be placed in the Commission's files for ended causes.

**CASE NO. URS-2005-00090  
JULY 8, 2005**

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.* ("Act"), 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. The Commission is authorized to enforce the Safety Standards under § 56-5.1 of the Code of Virginia, which allows the Commission to impose the fines and penalties set out in that statute.

The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of each jurisdictional gas company's compliance with Safety Standards, has conducted an investigation of an incident at 101 South Cherry Street, Falls Church, Virginia involving facilities owned and operated by Washington Gas Light Company ("WG" or "Company"), the Defendant. Based upon the results of that investigation, the Division alleges that:

(1) WG is a public service corporation as that term is defined in § 56-1 of the Code of Virginia and, specifically, a natural gas company within the meaning of § 56-5.1 of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards by the following conduct:

- a) 49 C.F.R. § 192.751 - Failing to take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, WG represents and undertakes that:

(1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$50,000, 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 of the Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197; and

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of its cost of service. Any such fines and costs shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Company's representations and undertakings set forth above, is of the opinion and finds that this case should be docketed; that WG has made a good faith effort to cooperate with the Staff during the investigation of this matter; and 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-2005-00090.

- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by WG is hereby accepted.
- (3) Pursuant to § 56-5.1 of the Code of Virginia, WG is hereby fined the sum of \$50,000.
- (4) The sum of \$50,000 tendered contemporaneously with the entry of this Order is accepted.
- (5) This case is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00091  
JUNE 2, 2005**

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.* ("Act"), 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. The Commission is authorized to enforce the Safety Standards under § 56-5.1 of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division"), 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 the Roanoke Gas Company ("RGC" or "Company"), the Defendant, and alleges that:

- (1) RGC is a public service corporation as that term is defined in § 56-1 of the Code of Virginia and, specifically, a natural gas company within the meaning of § 56-5.1 of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - a) 49 C.F.R. § 192.199(h) - Failing to prevent unauthorized operation of any stop valve that will make the pressure relief valve or pressure limiting device inoperative;
  - b) 49 C.F.R. § 192.353(a) - Failing to install a service regulator so that it is protected from vehicular damage that may be anticipated; and
  - c) 49 C.F.R. § 192.751 - Failing to minimize the danger of accidental ignition by not properly applying burlap cloth to the plastic main or grounding the pipe cutting tool.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, RGC represents and undertakes that:

- (1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$10,000, of which \$3,000 shall be paid contemporaneously with the entry of this Order. The remaining \$7,000 is due as outlined in Paragraph (4) below and may be suspended in whole or in part, provided the Company tenders the requisite certification that it has completed specific remedial actions, as set forth below in Paragraph (2), on or before the scheduled date for completion of said remedial action. At the completion of all remedial actions described below, the Commission will vacate any outstanding amounts. The initial payment and any subsequent payments 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, Post Office Box 1197, Richmond, Virginia 23218-1197;
- (2) The Company shall take the following remedial actions:
  - (a) The Company shall take over the operation and maintenance of a gas master meter system served by RGC by September 30, 2005; and
  - (b) The Company shall review the installation of its "farm tap" services equipped with two-stage pressure regulation to ensure the adequacy of protection from vehicular damage and take corrective actions where necessary by June 30, 2006.
- (3) On or before October 15, 2005, RGC shall tender to the Clerk of the Commission an affidavit executed by the Chairman and Chief Executive Officer certifying that the Company has completed the remedial actions set forth in Paragraph (2)(a) above.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(4) On or before July 15, 2006, RGC shall tender to the Clerk of the Commission an affidavit executed by the Chairman and Chief Executive Officer certifying that the Company has completed the remedial actions set forth in Paragraph (2)(b) above.

(5) Upon timely receipt of said affidavits, the Commission may suspend up to \$7,000 of the fine amount specified in Paragraph (1) on page 2 of this Order. Should RGC fail to tender said affidavits or take the actions required by Paragraphs (2), (3), and (4), a payment of \$7,000 shall become due. The Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Paragraphs (2), (3), and (4), herein; and upon investigation, if the Division determines that the reason for said failure justifies a payment lower than \$7,000, 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) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of RGC's cost of service. Any such fines and costs shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order and in reliance on the Company's representations and undertakings set forth above, is of the opinion and finds that this case should be docketed; that RGC has made a good faith effort to cooperate with the Staff during the investigation of this matter; and that the offer of compromise and settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2005-00091.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by RGC is hereby accepted.
- (3) Pursuant to § 56-5.1 of the Code of Virginia, RGC is hereby fined the sum of \$10,000.
- (4) The sum of \$3,000 tendered contemporaneously with the entry of this Order is accepted. The remaining \$7,000 is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided that the Company timely undertakes the actions required in Paragraphs (2), (3), and (4), found on page 3 of this Order and files the timely certification of the remedial actions as outlined herein.
- (5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further orders of the Commission.

**CASE NO. URS-2005-00094  
JULY 8, 2005**

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.* ("Act"), 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. The Commission is authorized to enforce the Safety Standards under § 56-5.1 of the Code of Virginia, which allows the Commission to impose the fines and penalties set out in that statute.

The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of each jurisdictional gas company's compliance with Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("WG or "Company"), the Defendant, and alleges that:

- (1) WG is a public service corporation as that term is defined in § 56-1 of the Code of Virginia and specifically, a natural gas company within the meaning of § 56-5.1 of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - a) 49 C.F.R. § 192.11 - Failing to comply with NFPA 59, Section 4-1.8 by not protecting outside piping from corrosion;
  - b) 49 C.F.R. § 192.11 - Failing to comply with NFPA 59, Section 6-1.9 by not utilizing rain caps and drains on discharge vents;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- c) 49 C.F.R. § 192.181 (c)(2) - Failing on two occasions to have the operating stem or mechanism of an emergency valve readily accessible;
- d) 49 C.F.R. § 192.195 (a) - Failing to provide relieving or pressure limiting devices that meet the requirements of § 192.199 and § 192.201 for each pipeline that is connected to a gas source where the Maximum Allowable Operating Pressure could be exceeded as the result of pressure control failure or of some other type of failure;
- e) 49 C.F.R. § 192.199 (e) - Failing to provide regulator vents designed to prevent accumulation of water, ice, or snow;
- f) 49 C.F.R. § 192.199 (h) - Failing to prevent unauthorized operation of any stop valve that will make the pressure relief valve or pressure limiting device inoperative;
- g) 49 C.F.R. § 192.303 - Failing on two occasions to construct the pipeline according to written specifications and standards by not properly storing pipe and fittings;
- h) 49 C.F.R. § 192.303 - Failing to construct the pipeline according to written specifications and standards by not preheating prior to welding operations;
- i) 49 C.F.R. § 192.353 (a) - Failing on several occasions to protect a meter and the service regulator from vehicular damage that may be anticipated;
- j) 49 C.F.R. § 192.355 (b)(l) - Failing on several occasions to insure that a service regulator vent is rain and insect resistant;
- k) 49 C.F.R. § 192.355 (b)(2) - Failing to install meters in locations where gas from the vent can escape freely into the atmosphere and away from any opening into a building;
- l) 49 C.F.R. § 192.357 (a) - Failing to install each meter and each regulator to minimize anticipated stresses upon the connecting piping and the meter;
- m) 49 C.F.R. § 192.361 (b) - Failing to use backfill free of materials that could damage the pipe or its coating;
- n) 49 C.F.R. § 192.479 (a) - Failing to clean and either coat or jacket the pipeline with a material suitable for the prevention of atmospheric corrosion;
- o) 49 C.F.R. § 192.723 (b)(l) - Failing to perform leakage surveys with leak detector equipment;
- p) 49 C.F.R. § 192.727 (d)(3) - Failing to seal the open ends when the customer's piping was physically disconnected from the gas supply; and
- q) 49 C.F.R. § 192.751 - Failing on two occasions to take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, WG represents and undertakes that:

(1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$156,500 of which \$99,000 shall be paid contemporaneously with the entry of this Order. The remaining \$57,500 is due as outlined in Paragraph (5) below and may be suspended in whole or in part by the Commission provided the Company tenders the requisite certification that it has completed specific remedial actions, as set forth below in Paragraph (2), on or before the scheduled date for completion of said remedial action. At the completion of all remedial actions described below, the Commission may vacate any outstanding amounts. 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, Post Office Box 1197, Richmond, Virginia 23218-1197;

(2) The Company shall take the following remedial actions:

(A) By July 1, 2005:

- (1) Revise its "Pressure Operations - Regulator Equipment Inspection Report," to include in the "Station Condition" section documentation that the inlet valve to the regulator station being inspected was accessible and operable at the time of inspection. A copy of the revised report shall be submitted to the Division;
- (2) Revise its existing operation and maintenance standards ("Standards") for controlling static on plastic pipe. The Company and its contract employees shall be trained in the new Standard. The revised Standard shall be submitted to the Division;
- (3) Revise its existing operation and maintenance standards ("Standards") for the storage and handling of plastic pipe. The revised Standard shall incorporate the new methods of storage, handling, and delivery of the plastic pipe into WG's Work Management System. The Company and its contract employees shall be trained in the new Standard. The revised Standard shall be submitted to the Division;
- (4) The Company shall include within its existing training program for Fire Departments in Virginia education relative to the C.A.R.E. message. In addition, WG shall also provide various C.A.R.E. brochures and other materials to all Fire Departments to facilitate distribution to the public during meetings, emergency responses, and community events; and

(5) The Company shall take steps to increase the visibility of the C.A.R.E. message in Virginia. These steps shall include, but are not limited to: placing decals with the C.A.R.E. message on its Virginia fleet vehicles, and the decals shall be of size commensurate with the vehicle size with large trucks having decals of approximate 2 foot by 2 foot dimension or larger; adding the C.A.R.E. logo to corporate websites; placing flags with the C.A.R.E. message at the Springfield Operations Center; and purchasing and disseminating various promotional items incorporating the C.A.R.E. message.

(B) By August 31, 2005:

(1) Inspect all regulator stations with an automatic shutoff valve and a Proconex 627 pressure regulator to ensure the equipment installed is designed for the maximum allowable operating pressure of the system and, if not, shall take immediate corrective actions;

(3) On or before July 15, 2005, WG shall tender to the Clerk of the Commission, with a copy to the Division of Utility and Railroad Safety, an affidavit executed by the President of WG certifying that the Company has completed the remedial actions required by Paragraphs (2)(A)(1) through (2)(A)(3) on page 4 of this Order and has begun the remedial actions required by Paragraphs (2)(A)(4) through (2)(A)(5) above of this Order;

(4) On or before September 15, 2005, WG shall tender to the Clerk of the Commission, with a copy to the Division of Utility and Railroad Safety, an affidavit executed by the President of WG certifying that the Company has completed the remedial actions required by Paragraph (2)(B) above;

(5) Upon timely receipt of said affidavits, the Commission may suspend up to \$57,500 of the fine amount specified in Paragraph (1). Should the Company fail to tender said affidavits or take the actions required by Paragraph (2), a payment of \$57,500 shall become due. In the event WG fails to take the requisite actions required by Paragraph (2) or tender the affidavits required by Paragraphs (3) and (4), the Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Paragraphs (2), (3), and (4) herein; and upon investigation, if the Division determines that the reason for said failure justifies a payment lower than \$57,500, 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; and

(6) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of its cost of service. Any such fines and costs shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Company's representations and undertakings set forth above, is of the opinion and finds that this case should be docketed; that WG has made a good faith effort to cooperate with the Staff during the investigation of this matter; and 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-2005-00094.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by WG is hereby accepted.

(3) Pursuant to § 56-5.1 of the Code of Virginia, WG is hereby fined the sum of \$156,500.

(4) The sum of \$99,000 tendered contemporaneously with the entry of this Order is accepted. The remaining \$57,500 is 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 Paragraphs (2), (3), and (4) found on pages 4 and 5 of this Order and files the timely certification of the remedial actions as outlined herein.

(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-2005-00094  
AUGUST 11, 2005**

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

v.

WASHINGTON GAS LIGHT COMPANY,  
Defendant

**ORDER GRANTING MOTION, SUSPENDING  
BALANCE OF PENALTY, AND  
DISMISSING PROCEEDING**

On July 8, 2005, the State Corporation Commission ("Commission") entered an Order of Settlement ("Order" or "Order of Settlement") that purported to resolve certain alleged violations by Washington Gas Light Company ("WGL" or the "Company") of the Commission's regulations that serve as minimum standards of gas pipeline safety ("Safety Standards"). As part of the terms of the settlement, WGL agreed to pay a fine of \$156,500 of which \$57,500 could be suspended provided the Company completed the remedial actions set out on pages 4 and 5 of the Order. Undertaking Paragraph (3) directed the Company to tender an affidavit by July 15, 2005, executed by the President of WGL, certifying that the Company had completed the remedial actions required by Paragraphs (2)(A)(1) through (2)(A)(3) of the Order of Settlement and had begun the remedial actions required by Paragraphs (2)(A)(4) through (2)(A)(5) of the Order.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Undertaking Paragraph (4) of the Order of Settlement provided that by September 15, 2005, the Company would file an affidavit with the Clerk of the Commission with a copy to the Division of Utility and Railroad Safety ("Division") certifying that the Company had complied with the remedial actions set out in Paragraph (2)(B) of the Order of Settlement. Undertaking Paragraph (2)(B) provided that by August 31, 2005, the Company would inspect all regulator stations with an automatic shutoff valve and a Proconex 627 pressure regulator to ensure the equipment installed is designed for the maximum allowable operating pressure of the system and, if not, shall take immediate corrective actions.

On August 8, 2005, the Company, by counsel, filed a Motion wherein it maintained that it has completed the actions required by Undertaking Paragraphs (2)(A)(1) through (2)(A)(3) on page 4 of the Order and has begun the remedial actions required by Paragraphs (2)(A)(4) and (2)(A)(5) of the same Order. It represented that prior to July 15, 2005, the Company mailed an affidavit certifying that the Company had completed the foregoing actions required by Paragraphs (2)(A) through (2)(A)(3) of the Order, begun the remedial actions required by Paragraphs (2)(A)(4) through (2)(A)(5) of the Order, and completed the actions required by Paragraph (2)(B) of the same Order. The Motion further stated that the affidavit was inadvertently not tendered to the Clerk of the Commission as required by the Order and that the Affidavit was received and date-stamped by the Division on July 19, 2005, and subsequently submitted to the Clerk of the Commission and date-stamped on July 29, 2005. According to the Company's Motion, its affidavit is late filed with respect to the certification required by Undertaking Paragraph (3) of the Order of Settlement, but is not late filed with respect to the certification required by Undertaking Paragraph (4) of the same Order. The Company requested that the Commission accept the Company's affidavit out of time with respect to the certification required by Undertaking Paragraph (3) of the Order. Counsel represented that he was authorized to state that the Division does not oppose the Company's Motion.

NOW UPON consideration of the Company's Motion, the Commission is of the opinion and finds that the Company's Motion should be granted; that the affidavit filed herein should be accepted out of time in satisfaction of Undertaking Paragraph (3) of the Order of Settlement; that said affidavit also satisfies the requirements of Undertaking Paragraph (4) of the Order of Settlement; that in light of the representations made in the affidavit accepted herein, the remaining \$57,500 balance of the \$156,500 fine should be suspended; and that this case should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's August 8, 2005, Motion is hereby granted.
- (2) The Affidavit filed on July 29, 2005, in the Office of the Clerk of the Commission shall be received out of time.
- (3) The remaining \$57,500 balance of the \$156,500 fine shall be suspended.
- (4) This matter 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-2005-00133  
JUNE 13, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
CENTRAL LOCATING SERVICE, LTD.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, 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 of Virginia. 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 which occurred between July 30, 2004, and January 13, 2005, listed in Attachment A, involving Central Locating Service, Ltd. ("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 of Virginia;
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A, B, and D of the Code of Virginia.
  - (d) Failing on certain occasions to have locators trained in applicable locating industry standards in violation of §§ 56-265.19 D and E of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on March 1, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$9,450 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$9,450 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00134  
NOVEMBER 10, 2005**

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, 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 of Virginia. 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 between July 9, 2004, and January 31, 2005, 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 of Virginia;
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (d) Failing on certain occasions to use all information necessary to mark the facilities accurately, in violation of §§ 56-265.19 A and D of the Code of Virginia and 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on March 1, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$27,900 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$27,900 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00196  
AUGUST 22, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
CENTRAL LOCATING SERVICE, LTD.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, 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 of Virginia. 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 9, 2004, Basic Construction Company, L.L.C., damaged a two-inch steel gas main line operated by Virginia Natural Gas, Inc., located at or near Warwick Boulevard, Newport News, Virginia, while excavating;
- (2) On or about August 18, 2004, Wayjo, Inc., excavated at or near Jamestown Road and Winston Drive, James City County, Virginia;
- (3) On or about August 31, 2004, Newport News Water Works damaged a four-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 912 Back Creek Road, York County, Virginia, while excavating;
- (4) On or about September 13, 2004, Croatan Construction and Concrete damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 119 Village Avenue, York County, Virginia, while excavating;
- (5) On or about October 30, 2004, Tidewater Utility Construction, Inc., damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1000 Camino Court, Virginia Beach, Virginia, while excavating;
- (6) On or about December 15, 2004, the City of Virginia Beach damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 600 South Atlantic Avenue, Virginia Beach, Virginia, while excavating;
- (7) On or about January 20, 2005, Suburban Grading & Utilities, Inc., damaged a one and one-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 816 Joyce Street, Norfolk, Virginia, while excavating;
- (8) On or about January 31, 2005, the City of Suffolk damaged a one and one-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 109 Clay Street, Suffolk, Virginia, while excavating;
- (9) On the occasions set out in paragraphs (1) through (8) above, the Central Locating Service, Ltd. ("Company") failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of §§ 56-265.19 A and D of the Code of Virginia; and
- (10) On the occasion set out in paragraph (1) above, the Company failed to respond within three hours of the excavator's call to the notification center, in violation of §§ 56-265.17 C and 56-265.19 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$5,500 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$5,500 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00200  
JUNE 24, 2005**

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, 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 of Virginia. 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 which occurred between April 23, 2004, and February 17, 2005, 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 of Virginia;
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (d) Failing on certain occasions to have locators trained in applicable locating industry standards in violation of §§ 56-265.19 D and E of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on April 5, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$24,450 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$24,450 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00257  
AUGUST 4, 2005**

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, 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 of Virginia. 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 1, 2004, and April 20, 2005, 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 of Virginia;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
- (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §56-265.17 C and §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (d) Failing to train locators in applicable locating industry standards and practices no less stringent than the National Utility Locating Contractors Association's locator training standards and practices in violation of §§ 56-265.19 D and E of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on May 3, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$26,300 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$26,300 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00259  
JULY 29, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
U. S. HOME CORPORATION T/A LENNAR,  
Defendant

**ORDER ACCEPTING OFFER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, 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 of Virginia. 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 20, 2005, U. S. Home Corporation t/a Lennar ("Company") damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 6860 Arthur Hills Drive, James City County, Virginia, while excavating;
- (2) On the occasion set out in paragraph (1) above, the Company failed to notify the notification center (Miss Utility) before beginning its excavation, in violation of § 56-265.17 A of the Code of Virginia;
- (3) On the occasion set out in paragraph (1) above, the Company did not call and wait three hours after observing clear evidence of the presence of unmarked utility lines in the area of proposed excavation, in violation of § 56-265.24 C of the Code of Virginia; and
- (4) On the occasion set out in paragraph (1) above, the Company did not immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement.

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 \$7,500;

(2) That \$2,500 of said penalty be suspended upon the condition that the Company conducts a training session for its employees on the subject of underground utility damage prevention and submits documentation evidencing the training session to the Commission within 60 days of the entry of this Order; and

(3) That the balance of said penalty, \$5,000 will be paid contemporaneously with the entry of this Order by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

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 offer of settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The Company fully comply with the aforesaid terms and undertakings of the settlement.

(3) The Company is hereby penalized in the amount of \$7,500.

(4) The sum of \$5,000 tendered contemporaneously with the entry of this Order is accepted.

(5) The balance of the penalty amount, \$2,500, will be suspended if the Company tenders evidence of having conducted a training session as outlined herein.

(6) 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 the account of the Company's failure to comply with the terms and undertakings of the settlement.

**CASE NO. URS-2005-00263  
JULY 13, 2005**

APPLICATION OF  
ROANOKE GAS COMPANY

For a waiver of deadline to comply with the National Fire Protection Association Standard NFPA 59A

**ORDER ON WAIVER REQUEST**

The statutes governing pipeline safety, codified at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act of 1968 ("Act"), require the United States Secretary of Transportation ("Secretary") to establish a minimum federal safety standard for the transportation of gas and pipeline facilities, including Liquefied Natural Gas ("LNG") facilities. The Secretary is further authorized to delegate the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline and LNG facilities used for intrastate transportation of natural gas to an appropriate state agency. The State Corporation Commission ("Commission") has been designated as the appropriate state agency to prescribe safety standards and enforce compliance with such standards for the Commonwealth of Virginia. 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 ("Standards") in Virginia. Pursuant to 49 U.S.C. § 60118(d), the Commission may waive compliance with a Standard upon its determination that the waiver is not inconsistent with gas pipeline safety, provided the Secretary is given written notice at least 60 days prior to the effective date of the waiver.

On June 13, 2005, Roanoke Gas Company ("Roanoke" or the "Company") filed an application with the Commission requesting a waiver for a period of one year of the deadline for compliance with the National Fire Protection Association's publication and other requirements found in 49 C.F.R. § 193.2801. This regulation, 49 C.F.R. § 193.2801, was revised by the Office of Pipeline Safety<sup>1</sup> on April 9, 2004, to require, among other things, that fire protection be provided and maintained at LNG plants according to §§ 9.1 through 9.7 and § 9.9 of the National Fire Protection Association's ("NFPA") publication 59A by September 12, 2005, for LNG plants in existence on March 31, 2000. The foregoing sections of NFPA 59A include, among other things, emergency shutdown systems, water delivery systems, fire and smoke detection systems, and personnel qualification and training. In its application, Roanoke is requesting an extension of time from the September 12, 2005, deadline set out in 49 C.F.R. § 193.2801 to September 12, 2006.

According to Roanoke's application, the Company initiated a bidding process to obtain an outside contractor to help the Company comply with the requirements of NFPA 59A at its LNG facility in Daleville, Virginia. Roanoke's contractor, MEI, LLC ("MEI"), provided recommendations to the Company to assure compliance with NFPA 59A in a final report dated June 6, 2005. According to the Company, the magnitude of the changes recommended by MEI for compliance with NFPA 59A are of such significance that Roanoke did not believe these upgrades could be completed by September 12, 2005. The Company, therefore, requested a waiver of the September 12, 2005, deadline found in 49 C.F.R. § 193.2801 and an extension to September 12, 2006, by which to comply with 49 C.F.R. § 193.2801. On June 20, 2005, the Company amended its application to identify its counsel and to further clarify and identify the Standard for which it seeks a waiver.

On June 21, 2005, the Commission entered an Order for Notice and Inviting Comments and Requests for Hearing ("Order"). This Order directed the Company to publish in major newspapers of general circulation in areas of the Commonwealth affected by the application a public notice of Roanoke's application for extension of the deadline to comply with NFPA 59A and to serve a copy of the Order on local officials within the Commonwealth affected by

<sup>1</sup> Since the Standard was revised, the Office of Pipeline Safety has become a part of the Pipeline and Hazardous Materials Safety Administration.

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Roanoke's application. Both the Order and the published notice set out procedures providing an opportunity for the public to comment or request a hearing on Roanoke's application. On July 8, 2005, the Company filed its proof of publication of notice and service required by the June 21, 2005, Order.

No comments or requests for hearing were filed in this case.

On July 11, 2005, the Division of Utility and Railroad Safety ("Division" or "Staff") filed its Report on Roanoke's application. In its Report, the Division discussed the schedule of work necessary to bring the Company's Daleville LNG plant into compliance with 49 C.F.R. § 193.2801. Staff noted that Roanoke pumps water from nearby Tinker Creek as part of its water supply for firefighting equipment. According to the Division's Report, the intake piping to Tinker Creek must be changed to add the necessary capacity to supply water at the rates specified by NFPA 59A as that Standard is incorporated into 49 C.F.R. § 193.2801. In order to work in Tinker Creek, permits from various regulatory agencies must be acquired by Roanoke. After all agencies review Roanoke's application to work in Tinker Creek, the responses to the application are given to the Virginia Marine Resources Commission ("VMRC"). Staff noted that one of the regulatory agencies, the Department of Game and Inland Fisheries ("DGIF"), prohibits construction activity in Tinker Creek from March 15 through June 30 to protect an endangered species of fish, the Roanoke Logperch. Roanoke has represented to the Division that the work in Tinker Creek will not take more than thirty days. If the permit to work in Tinker Creek from the VMRC is obtained prior to February 15, 2006, all work on the pumps and water supply for firefighting can be completed by April 30, 2006. However, if the permit is granted to Roanoke after February 15, 2006, work involving Tinker Creek cannot start until after June 30, 2006.

The Division noted that a waiver of the Commission's standards can only be granted if it is consistent with pipeline safety. According to the Staff, RGC's application for a waiver did not include any measures that would be taken to provide an additional level of safety until the work at the LNG facility was completed. Subsequent to submission of the application, Staff contacted Roanoke to discuss additional safety measures and reported that the Company had committed to:

1. Place in service each item identified on page 2 of the June 13, 2005, waiver request as these items are completed;
2. Complete the installation of Emergency Shutdown Devices ("ESDs") no later than October 31, 2005;
3. Suspend operations at the plant from September 12, 2005, until the ESDs are installed;
4. Install a temporary water pump and hose for use at the LNG site until the new fire pumps and water lines are installed;
5. Complete the installation of the new water lines, with the exception of the intake portion in Tinker Creek, by September 30, 2005; and
6. Monitor the site continuously by cameras and fire, gas, power failure, fence, and process malfunction alarms until all work is completed.

Staff recommends that a waiver of the September 12, 2005, deadline for compliance with 49 C.F.R. § 193.2801, as that standard was revised on April 9, 2004, should be granted to Roanoke to complete the required modifications to the Company's LNG facility subject to the commitments made by Roanoke set forth above and contingent upon the Company receiving the necessary permits from the various regulatory agencies. The Division noted that the duration of the waiver granted depends on when VMRC grants a permit to the Company to work in Tinker Creek. In this regard, if a permit is issued prior to February 15, 2006, then the Company shall be in compliance with 49 C.F.R. § 193.2801 by no later than April 30, 2006, and the waiver shall expire on this date. However, if the permit is issued after February 15, 2006, but before June 30, 2006, the Company shall be in full compliance with 49 C.F.R. § 193.2801 by July 30, 2006, and the waiver shall expire on this date.

The Company, by counsel, advised in a July 12, 2005, letter filed with the Commission that the Company took no exception to the Division's Report. The Company also renewed its request for an extension in the July 12, 2005, letter.

NOW THE COMMISSION, upon consideration of the foregoing application, is of the opinion and finds that Roanoke's application for waiver should be granted to the extent set forth in the Division's July 11, 2005, Report; that the waiver granted herein, which includes the recommendations set out on pages 3 and 4 of the Division's Report, is not inconsistent with the Standards governing pipeline safety as they apply to LNG facilities; that the waiver granted to Roanoke shall become effective within sixty (60) days from the date of this Order unless modified by further order of the Commission; and that the Secretary should be informed forthwith of the Commission's actions herein.

Accordingly, IT IS ORDERED THAT:

(1) Roanoke is granted a waiver of the deadline for compliance with 49 C.F.R. § 193.2801, and NFPA 59A referenced in 49 C.F.R. § 193.2801, as these standards apply to the Company's LNG facility located in Daleville, Virginia. Roanoke is granted an extension of time to comply with these standards subject to the recommendations found at pages 3 and 4 of the Division's Report filed on July 11, 2005, in this docket. In this regard, the waiver and associated extension are subject to Roanoke completing the required modifications to its LNG facility summarized on page 4, supra, and is further contingent upon Roanoke receiving the necessary permits from the regulatory agencies to work in Tinker Creek.

(2) The waiver of the deadline set out in 49 C.F.R. § 193.2801 shall be implemented as follows: If VMRC grants a permit to Roanoke to work in Tinker Creek prior to February 15, 2006, then the Company shall be in full compliance with 49 C.F.R. § 193.2801 by no later than April 30, 2006, and the waiver shall expire on that date. If the permit is issued to Roanoke by VMRC after February 15, 2006, but before June 30, 2006, the Company shall be in full compliance with 49 C.F.R. § 193.2801 by July 30, 2006, and the waiver shall expire on July 30, 2006.

(3) In accordance with the waiver granted herein, Roanoke is required to comply with the commitments it has made, set out on page 3 of the July 11, 2005, Division Report.

(4) This waiver shall become effective sixty (60) days from the date of this Order unless modified by further order of the Commission.

(5) This matter is continued pending further order of the Commission.

**CASE NO. URS-2005-00263  
OCTOBER 20, 2005**APPLICATION OF  
ROANOKE GAS COMPANY

For a waiver of deadline to comply with the National Fire Protection Association Standard NFPA 59A

**DISMISSAL ORDER**

On June 13, 2005, Roanoke Gas Company ("Roanoke" or the "Company") filed an application with the State Corporation Commission ("Commission") requesting a waiver for a period of one year of the deadline for compliance with the National Fire Protection Association's publication and other requirements found in 49 C.F.R. § 193.2801. This regulation, 49 C.F.R. § 193.2801, was revised by the Office of Pipeline Safety<sup>1</sup> on April 19, 2004, to require, among other things, that fire protection be provided and maintained at liquefied natural gas ("LNG") plants according to §§ 9.1 through 9.7 and § 9.9 of the National Fire Protection Association's ("NFPA") publication 59A by September 12, 2005, for LNG plants in existence on March 31, 2000. In its application, Roanoke requested an extension of time from the September 12, 2005, deadline set out in 49 C.F.R. § 193.2801 to September 12, 2006.

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 ("Regulations") in Virginia. Under 49 U.S.C. § 60118(d), the Commission may waive compliance with a regulation upon its determination that the waiver is not inconsistent with natural gas pipeline safety, provided the United States Secretary of Transportation is given written notice at least 60 days prior to the effective date of any waiver granted by the Commission.

The Commission issued an Order for Notice and Inviting Comments and Requests for Hearing on June 21, 2005. No comments or requests for hearing were filed in the case.

The Division of Utility and Railroad Safety ("Division") filed its Report on July 11, 2005, on Roanoke's application. The Company filed a letter with the Clerk of the Commission on July 17, 2005, advising that it took no exception to the Division's Report.

On July 13, 2005, the Commission entered its Order on Waiver Request ("Order"). Among other things, the Commission granted a waiver of the deadline for compliance with 49 C.F.R. § 193.2801 and NFPA 59A referenced in 49 C.F.R. § 193.2801, as these regulations applied to the Company's LNG facility located in Daleville, Virginia. The Commission granted Roanoke an extension of time to comply with these regulations subject to the recommendations found at pages 3 and 4 of the Division's Report filed on July 11, 2005, herein.

The Commission also provided in its Order that the waiver of the deadline set out in 49 C.F.R. § 193.2801 would be implemented as follows: if the Virginia Marine Resources Commission ("VMRC") grants a permit to Roanoke to work in Tinker Creek prior to February 15, 2006, then the Company must be in full compliance with 49 C.F.R. § 193.2801 by no later than April 30, 2006, and the waiver shall expire on that date. If the permit is issued to Roanoke by VMRC after February 15, 2006, but before June 30, 2006, the Company must be in full compliance with 49 C.F.R. § 193.2801 by July 30, 2006, and the waiver shall expire on July 30, 2006. The Commission directed that the waiver would become effective sixty (60) days from the date of the Order unless modified by further order of the Commission.

On October 18, 2005, the Division, by counsel, filed a Motion to Dismiss ("Motion") in this proceeding. The Division's Motion related that the Office of Pipeline Safety had advised through a letter received by the Division on September 21, 2005, that Roanoke's waiver request was not inconsistent with pipeline safety. The Division further advised in its Motion that counsel for Roanoke did not object to the Staff's request to dismiss the case.

NOW UPON CONSIDERATION of the foregoing, the Commission is of the opinion and finds that the Division's Motion should be granted; that this case should be dismissed; and that the papers filed herein should be placed in the Commission's file for ended causes.

Accordingly, IT IS ORDERED THAT:

(1) The Division's October 18, 2005, Motion is hereby granted.

(2) There being nothing further to be done herein, this case shall be 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.

<sup>1</sup> Since this regulation was revised, the Office of Pipeline Safety has become a part of the Pipeline and Hazardous Materials Safety Administration. Hereafter all references to the Pipeline and Hazardous Materials Safety Administration shall be to the Office of Pipeline Safety.

**CASE NO. URS-2005-00312  
AUGUST 11, 2005**

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, 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 of Virginia. 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 9, 2004, and May 2, 2005, 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 of Virginia;
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on June 9, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$19,100 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$19,100 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00344  
OCTOBER 13, 2005**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION  
v.  
IVY H. SMITH COMPANY, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, 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 of Virginia. 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 17, 2005, Ivy H. Smith Company, LLC ("Company"), damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 7342 Dress Blue Circle, Bell Creek, Section 3, Hanover County, Virginia, while excavating;
- (2) On or about April 12, 2005, the Company damaged a one-half inch plastic gas service line operated by Washington Gas Light Company, located at or near 3670 Beech Down Drive, Fairfax County, Virginia, while excavating;

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(3) On or about May 9, 2005, the Company damaged a primary power line operated by Northern Virginia Electric Cooperative, located at or near Old Centreview Road and Flamborough Road, Herndon, Virginia, while excavating;

(4) On or about May 12, 2005, the Company damaged a cable television line operated by Comcast Cablevision of Chesterfield County, Inc., located at or near 2810 Ionis Lane, Chesterfield County, Virginia, on three (3) occasions while excavating;

(5) On or about May 12, 2005, the Company damaged a cable television line operated by Comcast Cablevision of Chesterfield County, Inc., located at or near 2740 Ionis Lane, Chesterfield County, Virginia, on two (2) occasions while excavating;

(6) On or about May 12, 2005, the Company excavated at or near Huntgate Woods Road, Chesterfield County, Virginia;

(7) On or about May 12, 2005, the Company excavated at or near Highberry Woods Terrace, Chesterfield County, Virginia;

(8) On or about May 17, 2005, the Company excavated at or near Broad Reach Drive, Chesterfield County, Virginia;

(9) On or about June 29, 2005, the Company excavated at or near 13120 Pennypacker Lane, Fairfax County, Virginia;

(10) On the occasions set out in paragraphs (1), (2), and (3) above, the Company failed to take all reasonable steps necessary to protect the underground utility lines, while excavating, in violation of § 56-265.24 A of the Code of Virginia;

(11) On the occasion set out in paragraph (4) above, the Company failed to take all reasonable steps necessary to protect the utility line, while excavating, in violation of § 56-265.24 A, and also failed to immediately notify the operator of damage to the utility line, in violation of § 56-265.24 D of the Code of Virginia;

(12) On the occasions set out in paragraphs (5), (6), (7), and (8) above, the Company failed to take all reasonable steps to protect the underground utility lines while performing trenchless excavations in violation of § 56-265.24 A and also in violation of 20 VAC 5-309-150 6 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act; and

(13) On the occasion set out in paragraph (9) above, the Company failed to notify the notification center (Miss Utility) before beginning its excavation, in violation of § 56-265.17 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$12,000 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.

(2) The sum of \$12,000 tendered contemporaneously with the entry of this Order is accepted.

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

**CASE NO. URS-2005-00348  
NOVEMBER 10, 2005**

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, 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 of Virginia. 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 26, 2004, and May 31, 2005, 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 of Virginia;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
- (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (d) Failing on certain occasions to have locators trained in applicable locating industry standards in violation of §§ 56-265.19 D and E of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on July 6, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$18,250 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$18,250 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00388  
SEPTEMBER 20, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
IVY H. SMITH COMPANY, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, 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 of Virginia. 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 11, 2005, and June 28, 2005, listed in Attachment A, involving Ivy H. Smith Company, LLC ("Company"), the Defendant, and alleges that during the aforementioned period the Company has violated the Act by the following conduct:

- (1) Failing on certain occasions to make a call to the notification center after observing clear evidence of the presence of unmarked utility lines in the area of proposed excavation and to wait three hours before beginning excavation, in violation of § 56-265.17 C of the Code of Virginia;
- (2) Failing on certain occasions to take all reasonable steps necessary to properly protect, support, and backfill these underground utility lines, in violation of § 56-265.24 A of the Code of Virginia;
- (3) Failing on certain occasions to hand dig at reasonable distances along the line of excavation, in violation of § 56-265.24 A of the Code of Virginia; and
- (4) Failing on certain occasions to immediately notify the operator of the damages, in violation of § 56-265.24 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on August 9, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$22,400 to be paid contemporaneously with the

entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$22,400 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00445  
DECEMBER 29, 2005**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
ADKINS, NEWCOMB & STINSON, INC.,  
Defendant

**ORDER ACCEPTING OFFER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, 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 of Virginia. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about June 30, 2005, Adkins, Newcomb & Stinson, Inc. ("Company"), excavated at or near Oakley Point Drive and Oakley Point Terrace, Henrico County, Virginia;
- (2) On or about July 29, 2005, the Company excavated at or near 3028 Oakley Pointe Terrace, Henrico County, Virginia;
- (3) On the occasion set out in paragraph (1) above, the Company failed to hand dig at reasonable distances along the line of excavation, in violation of § 56-265.24 A of the Code of Virginia;
- (4) On the occasions set out in paragraphs (1) and (2) above, the Company failed to take all reasonable steps necessary to properly protect, support, and backfill these underground utility lines, in violation of § 56-265.24 A of the Code of Virginia;
- (5) On the occasions set out in paragraphs (1) and (2) above, the Company failed to expose all utility lines which were in the bore path by hand digging to establish the underground utility lines' location prior to commencing bore, in violation of 20 VAC 5-309-150 6 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act; and
- (6) On the occasion set out in paragraph (1) above, the Company failed to expose the utility lines by hand digging at reasonable distances along the bore path for a parallel bore in violation of 20 VAC 5-309-150 6 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement.

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 \$6,400;
- (2) That \$1,500 of said penalty will be suspended upon the condition that the Company conducts a training session for its employees on the subject of underground utility damage prevention and submits documentation evidencing the training session to the Commission within 60 days of the entry of this Order; and
- (3) That the balance of said penalty, \$4,900, will be paid contemporaneously with the entry of this Order by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

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 offer of settlement.

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Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The Company fully comply with the aforesaid terms and undertakings of the settlement.
- (3) The Company is hereby penalized in the amount of \$6,400.
- (4) The sum of \$4,900 tendered contemporaneously with the entry of this Order is accepted.
- (5) The balance of the penalty amount, \$1,500, will be suspended if the Company tenders evidence of having conducted a training session as outlined herein.
- (6) 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 the account of the Company's failure to comply with the terms and undertakings of the settlement.

**CASE NO. URS-2005-00484  
DECEMBER 22, 2005**

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, 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 of Virginia. 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 14, 2004, and August 25, 2005, 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 of Virginia;
- (2) During the aforementioned period, the Company has violated the Act by the following conduct:
  - (a) Failing on certain 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 and D of the Code of Virginia.
  - (b) Failing on certain occasions to mark within the time prescribed in the Act in violation of § 56-265.17 C and §§ 56-265.19 A and D of the Code of Virginia.
  - (c) Failing on certain occasions to report to the notification center that lines had been marked or that they were not in conflict with the proposed excavation in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (d) Failing on certain occasions to use all information necessary to mark their facilities accurately in violation of § 56-265.19 D of the Code of Virginia and 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on September 20, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$56,850 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$56,850 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00485  
DECEMBER 1, 2005**

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

v.

IVY H. SMITH COMPANY, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code of Virginia. 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 27, 2005, and July 30, 2005, listed in Attachment A, involving Ivy H. Smith Company, LLC ("Company"), the Defendant, and alleges that:

- (1) Failing on certain occasions to confirm that all applicable operators had either marked their underground utility lines or reported that no lines were present in the vicinity of the excavation or demolition, in violation of § 56-265.17 B of the Code of Virginia;
- (2) Failing on certain occasions to make a call to the notification center after observing clear evidence of the presence of unmarked utility lines in the area of proposed excavation and failing to wait three hours before beginning excavation, in violation of § 56-265.17 C of the Code of Virginia;
- (3) Failing on certain occasions to request the re-marking of lines three working days before the end of the fifteen-working-day period, or at any time when line-location markings on the ground became illegible, in violation of § 56-265.17 D of the Code of Virginia;
- (4) Failing on certain occasions to take all reasonable steps necessary to properly protect, support, and backfill these underground utility lines, in violation of § 56-265.24 A of the Code of Virginia;
- (5) Failing on certain occasions to hand dig at reasonable distances along the line of excavation, in violation of § 56-265.24 A of the Code of Virginia; and
- (6) Failing on certain occasions to immediately notify the operator of the damage to the underground utility lines, in violation of § 56-265.24 D of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on September 20, 2005, and set out in Attachment A hereto, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$69,550 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company is hereby accepted.
- (2) The sum of \$69,550 tendered contemporaneously with the entry of this Order is accepted.
- (3) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

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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 2004 and 2005.

**VIRGINIA CORPORATIONS**

	<u>12/31/04</u>	<u>12/31/05</u>
Certificates of Incorporation issued .....	20,295	20,609
Corporations voluntarily terminated .....	2,944	3,079
Corporations involuntarily terminated .....	90	85
Corporations automatically terminated .....	13,634	15,174
Reinstatements of terminated corporations .....	4,732	4,716
Charters amended .....	2,881	2,897
Active Stock Corporations .....	147,440	149,656
Active Non-Stock Corporations .....	32,112	33,445
Total Active Virginia Corporations .....	179,552	183,101

**FOREIGN CORPORATIONS**

Certificates of Authority to do business in Virginia issued .....	4,710	4,741
Voluntary withdrawals from Virginia .....	1,132	1,211
Certificates of Authority automatically revoked .....	1,966	2,090
Certificates of Authority involuntarily revoked .....	29	25
Reentry of corporations with surrendered or revoked certificates .....	835	686
Charters amended .....	854	889
Active Stock Corporations .....	33,110	33,753
Active Non-Stock Corporations .....	2,140	2,205
Total Active Foreign Corporations .....	35,250	35,958
Total Active (Domestic and Foreign) Corporations .....	214,802	219,059

**LIMITED PARTNERSHIPS**

Limited Partnership Certificates filed .....	666	632
Limited Partnership Certificates amended .....	306	292
Limited Partnership Certificates voluntarily canceled .....	265	218
Limited Partnership Certificates involuntarily canceled .....	510	578
Total Active (Domestic and Foreign) Limited Partnerships .....	8,597	8,509

**LIMITED LIABILITY COMPANIES**

Articles of organization filed .....	31,412	36,283
Articles of organization amended .....	1,679	2,540
Articles of organization voluntarily canceled .....	1,903	2,297
Articles of organization involuntarily canceled .....	9,298	12,300
Total Active (Domestic and Foreign) Limited Liability Companies .....	105,806	129,062

**LIMITED LIABILITY PARTNERSHIPS**

Statements of registration as a Registered Limited Liability Partnership .....	261	205
Annual Continuation Reports of registration as a Registered Limited Liability Partnership .....	1,041	1,150
Total Active (Domestic and Foreign) Registered Limited Liability Partnerships .....	1,221	1,299

**GENERAL PARTNERSHIPS**

Total active General Partnerships filed .....	242	246
Total active General Partnerships on record .....	914	978

## BUSINESS TRUSTS

Articles of Trust filed .....	49	45
Articles of Trust amended .....	0	1
Articles of Trust voluntarily canceled.....	0	1
Articles of Trust involuntarily canceled.....	0	8
Total Active Business Trusts .....	61	97

**COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE  
FOR THE FISCAL YEARS ENDING JUNE 30, 2004, AND JUNE 30, 2005**

<u>General Fund</u>	<u>2004</u>	<u>2005</u>	<u>(Difference)</u>
Securities Application Fees-Utilities	\$10,300.00	\$10,650.00	\$350.00
Charter Fees	1,645,596.20	1,659,360.00	13,763.80
Entrance Fees	1,393,825.00	1,426,070.00	32,245.00
Filing Fees	880,160.00	908,680.00	28,520.00
Registered Name	3,460.00	3,310.00	(150.00)
Registered Office and Agent	0.00	0.00	0.00
Service of Process	34,779.25	35,610.00	830.75
Copy and Recording Fees	461,359.60	465,288.85	3,929.25
SCC Annual Report Sales	5,601.50	4,903.00	(698.50)
Uniform Commercial Code Revenues	1,754,202.67	1,690,333.00	(63,869.67)
Excess Fees Paid into State Treasury	180,288.58	253,316.65	73,028.07
Miscellaneous Sales	0.00	3,000.00	3,000.00
<b>TOTAL</b>	<b>\$6,369,572.80</b>	<b>\$6,460,521.50</b>	<b>\$90,948.70</b>

Special Fund

Domestic-Foreign Corp. Registration Fee	\$31,068,202.33	\$31,235,146.86	\$166,944.53
Limited Partnership Registration Fee	411,512.00	417,660.00	6,148.00
Reserved Name - Limited Partnership	18,630.00	16,550.00	(2,080.00)
Certificate Limited Partnership	55,375.00	55,775.00	400.00
Application Reg. Foreign LP	21,300.00	24,700.00	3,400.00
Reinstatement LP	12,550.00	15,950.00	3,400.00
Registration Fee LLC	2,653,969.50	3,925,043.00	1,271,073.50
Application For. Reg. LLC	236,875.00	281,000.00	44,125.00
Art of Org. Dom. LLC	3,118,840.00	3,126,105.00	7,265.00
AMEND, CANC, CORR. RAC, Etc. LLC	104,250.00	139,305.00	35,055.00
SCC Bad Check Fee	8,307.00	13,692.00	5,385.00
Interest on Del. Tax	7.30	2.10	(5.20)
Penalty on Non-Pay Fees by Due Date	810,586.93	795,143.89	(15,443.04)
Statement of Reg. As Domestic LLP	6,000.00	6,500.00	500.00
LLP Annual Continuation	50,000.00	55,050.00	5,050.00
Statement of Partnership Authority GP Dom	4,900.00	5,975.00	1,075.00
Statement of Partnership Authority GP For	375.00	450.00	75.00
Statement of Amendments - GP	400.00	710.00	310.00
Statement of Reg. As Foreign LLP	3,100.00	2,700.00	-400.00
Statement of Amendment LLP	1,100.00	1,100.00	0.00
Reinstatement/Reentry LLC	120,675.00	165,125.00	44,450.00
Tape Sales, Misc Fees	73,025.00	63,000.00	(10,025.00)
Copies, Recording Fees	0.00	0.00	0.00
Recovery of Prior Yr Expenses	0.00	0.00	0.00
LLP Reinstatement	250.00	200.00	(50.00)
Expedited Fees Collected		800,485.00	800,485.00**
<b>TOTAL</b>	<b>\$38,780,230.06</b>	<b>\$41,147,367.85</b>	<b>\$2,367,137.79</b>

Valuation Fund

Corp Operations Rec Of Copy and Cert Fees	\$3,518.00	\$2,092.00	(\$1,426.00)
Recovery of Prior Yr Expenses	299.00	2.00	(297.00)
<b>TOTAL</b>	<b>\$3,817.00</b>	<b>\$2,094.00</b>	<b>(\$1,723.00)</b>

\*\* Expedited service began November 2004; therefore this amount reflects only 8 months of collection.

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**Trust & Agency Fund**

Fines Imposed and Collected by SCC	\$282,038.00	\$20,800.00	(\$261,238.00)
Debt Set Off Collection	<u>0.00</u>	<u>672.00</u>	<u>672.00</u>
<b>TOTAL</b>	\$282,038.00	\$21,472.00	(\$260,566.00)
<b>GRAND TOTAL</b>	\$45,435,657.86	\$47,631,455.35	\$2,195,797.49

**COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS  
FOR FISCAL YEARS ENDING JUNE 30, 2004, AND JUNE 30, 2005**

	<u>2004</u>	<u>2005</u>
Banks	\$7,765,762	\$5,967,189
Savings Institutions and Savings Banks	14,011	10,658
Consumer Finance Licensees	265,764	455,167
Credit Unions	907,741	941,370
Trust subsidiaries and Trust Companies	74,807	94,298
Industrial Loan Associations	16,151	15,204
Money Order Sellers and Transmitters	41,750	50,250
Credit Counseling Agency Licensees	11,700	21,800
Mortgage Lenders and Mortgage Brokers	1,856,055	1,989,897
Check Cashers	33,150	48,950
Payday Lenders	284,697	310,604
Miscellaneous Collections	<u>16,823</u>	<u>74,062</u>
<b>TOTAL</b>	\$11,288,411	\$9,979,448

**CONSUMER SERVICES**

The Bureau received and acted upon 1,285 formal written complaints from consumers during 2005. The Bureau recovered \$112,796 on behalf of Virginia consumers.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE  
FOR THE FISCAL YEARS ENDING JUNE 30, 2004, AND JUNE 30, 2005**

Kind	<u>2004</u>	<u>2005</u>	Increase or <u>(Decrease)</u>
<u>General Fund</u>			
Gross Premium Taxes of Insurance Companies	\$351,275,578.99	\$373,568,970.80	\$22,293,391.81
Fraternal Benefit Societies Licenses	520.00	500.00	(20.00)
Interest on Delinquent Taxes	205,142.28	120,250.62	(84,891.66)
Penalty on non-payment of taxes by due date	132,515.45	104,661.80	(27,853.65)
<u>Special Fund</u>			
Company License Application Fee	20,500.00	24,000.00	3,500.00
Health Maintenance Organization License Fee	0.00	500.00	500.00
Automobile Club/ Agent Licenses	7,500.00	6,800.00	(700.00)
Insurance Premium Finance Companies Licenses	13,600.00	13,800.00	200.00
Agents Appointment Fees	13,916,087.00	14,037,815.00	121,728.00
Surplus Lines Broker Licenses	43,800.00	52,650.00	8,850.00
Producer License Application Fees	706,847.00	695,776.00	(11,071.00)
Surety Bail Bondsmen License Fee	17,050.00	4,050.00	(13,000.00)
P&C Consultant License Fees	58,975.00	58,600.00	(375.00)
Recording, Copying, and Certifying Public Records Fee	59,743.50	41,040.10	(18,703.40)
SCC Bad Check Fee	75.00	225.00	150.00
Managed Care Health Ins. Plan Appeals Fee	1,600.00	1,700.00	100.00
Administrative Penalty Payment	232,000.00	0.00	(232,000.00)
State Publication Sales	0.00	0.00	0.00
Assessments To Insurance Companies for			
Maintenance of the Bureau of Insurance	5,666,357.65	5,466,902.15	(199,455.50)
Reinsurance Intermediary Broker Fees	0.00	1,000.00	1,000.00
Reinsurance Intermediary Managers Fee	1,500.00	1,000.00	(500.00)
Managing General Agent Fees	6,500.00	6,500.00	0.00
Viatical Settlement Provider Lic Fees	2,200.00	4,600.00	2,400.00

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Viatical Settlement Broker Lic Fees	5,000.00	9,350.00	4,350.00
MCHIP Assessment	241,393.77	701.71	(240,692.06)
Appointment Fee Penalty	90,700.00	94,800.00	4,100.00
Miscellaneous Revenue	5.00	29.46	24.46
Recovery of Prior Year Expenses	177,647.72	77,792.22	(99,855.50)
Fire Programs Fund	22,183,100.69	24,337,461.40	2,154,360.71
Fire Programs Fund Interest	30,807.02	117,742.09	86,935.07
DMV Uninsured Motorist Transfer	0.00	3,605,685.95	3,605,685.95
Flood Assessment Fund	189,166.15	253,283.24	64,117.09
Heat Assessment Fund	1,798,149.11	1,894,653.84	96,504.73
Fines Imposed by State Corporation Commission	1,201,885.21	2,197,481.14	995,595.93
Fraud Assessment Fund	4,478,933.32	4,808,577.20	329,643.88
Fraud Assessment Interest	<u>7,615.50</u>	<u>30,027.42</u>	<u>22,411.92</u>
<b>TOTAL</b>	<b>\$402,772,495.36</b>	<b>\$431,638,927.14</b>	<b>\$28,866,431.78</b>

**COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES  
FOR THE YEARS 2004 AND 2005**

Class of Company	Value of all Taxable Property Including Rolling Stock		Increase or (Decrease)
	2004	2005	
Electric Light & Power Corporations	\$17,293,328,059.00	\$17,818,811,839.00	\$525,483,780.00
Gas Corporations	1,414,931,718.00	1,423,805,052.00	8,873,334.00
Motor Vehicle Carriers (Rolling Stock only)	46,953,097.00	43,204,982.00	(3,748,115.00)
Telecommunications Companies	9,176,520,395.00	8,505,287,191.00	(671,233,204.00)
Water Corporations	<u>114,902,812.00</u>	<u>124,844,117.00</u>	<u>9,941,305.00</u>
<b>TOTAL</b>	<b>\$28,046,636,081.00</b>	<b>\$27,915,953,181.00</b>	<b>(\$130,682,900.00)</b>

**COMPARISON OF ASSESSMENT OF STATE TAXES OF PUBLIC SERVICE  
COMPANIES FOR THE YEARS 2004 AND 2005**

Class of Company	The Yearly License Tax		Increase or (Decrease)
	2004	2005	
Electric Light & Power Corporations	\$0.00	\$0.00	\$0.00
Gas Corporations	0.00	0.00	0.00
Water Corporations	<u>972,818.00</u>	<u>1,021,437.00</u>	<u>48,620.00</u>
<b>TOTAL</b>	<b>\$972,818.00</b>	<b>\$1,021,437.00</b>	<b>\$48,620.00</b>

Note: STATE TAXES ABOVE EXCLUDE License Tax for 2004 and 2005 on Electric and Gas companies. As a result of deregulation, these companies now pay a net corporate income tax and a consumption tax.

**COMPARISON OF ASSESSMENT OF ADDITIONAL ANNUAL STATE TAX  
FOR VALUATION AND RATE MAKING OF CERTAIN CLASSES OF  
UTILITY COMPANIES FOR THE YEARS 2004 AND 2005**

Class of Company			Increase or (Decrease)
	2004	2005	
Electric Light & Power Corporations	\$0.00	\$0.00	\$0.00
Gas Corporations	0.00	0.00	0.00
Motor Vehicle Carriers	57,778.00	30,646.00	(27,132.00)
Railroad Companies	649,718.00	733,882.00	84,163.00
Telecommunications Companies	10,692,879.00	5,499,606.00	(5,193,274.00)

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Virginia Pilots Association	32,883.00	18,515.00	(14,368.00)
Water Corporations	<u>97,400.00</u>	<u>51,072.00</u>	<u>(46,328.00)</u>
<b>TOTAL</b>	\$11,530,659.00	\$6,333,720.00	(\$5,196,938.00)

Railroad Companies assessed at seven-hundredths of one percent and all other companies at one-tenth of one percent.

Note: STATE TAXES ABOVE EXCLUDE Special Tax for 2004 and 2005 on Electric and Gas companies. As a result of deregulation, these companies now pay a net corporate income tax and a consumption tax.

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF  
PROPERTIES OF PUBLIC SERVICE CORPORATIONS  
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Cities</u>	<u>2004</u>	<u>2005</u>	<u>Increase or (Decrease)</u>
Alexandria	\$676,501,950	\$672,817,070	(\$3,684,880)
Bedford	8,581,425	7,202,394	(1,379,031)
Bristol	16,828,700	16,174,595	(654,105)
Buena Vista	9,431,083	10,646,908	1,215,825
Charlottesville	138,699,168	115,270,955	(23,428,213)
Chesapeake	824,735,503	813,640,767	(11,094,736)
Colonial Heights	29,073,609	26,893,102	(2,180,507)
Covington	18,296,094	17,485,117	(810,977)
Danville	46,001,882	46,468,222	466,340
Emporia	19,481,200	18,661,494	(819,706)
Fairfax	113,083,460	111,751,753	(1,331,707)
Falls Church	30,178,962	27,581,215	(2,597,747)
Franklin	7,501,078	7,333,096	(167,982)
Fredericksburg	78,948,518	47,182,955	(31,765,563)
Galax	14,642,940	12,541,268	(2,101,672)
Hampton	237,577,231	215,146,847	(22,430,384)
Harrisonburg	45,843,090	40,859,371	(4,983,719)
Hopewell	349,609,727	368,270,816	18,661,089
Lexington	15,910,069	14,483,331	(1,426,738)
Lynchburg	205,623,648	176,291,682	(29,331,966)
Manassas	67,702,022	64,838,827	(2,863,195)
Manassas Park	20,986,795	22,864,416	1,877,621
Martinsville	25,787,336	24,407,621	(1,379,715)
Newport News	325,647,742	291,137,266	(34,510,476)
Norfolk	585,338,113	498,089,651	(87,248,462)
Norton	26,547,655	23,846,909	(2,700,746)
Petersburg	85,092,612	74,984,488	(10,108,124)
Poquoson	12,490,949	11,950,344	(540,605)
Portsmouth	233,079,642	195,024,050	(38,055,592)
Radford	17,418,530	15,742,835	(1,675,695)
Richmond	879,360,140	809,267,547	(70,092,593)
Roanoke	255,550,916	233,504,814	(22,046,102)
Salem	25,514,232	26,428,302	914,070
Staunton	60,210,946	62,213,837	2,002,891
Suffolk	137,172,376	157,525,685	20,353,309
Virginia Beach	619,794,009	524,712,688	(95,081,321)
Waynesboro	70,175,689	73,358,945	3,183,256
Williamsburg	52,168,582	48,512,030	(3,656,552)
Winchester	50,377,082	62,015,435	11,638,353
Total Cities	\$6,436,964,705	\$5,987,128,648	(\$449,836,057)

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF  
PROPERTIES OF PUBLIC SERVICE CORPORATIONS  
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Counties</u>	<u>2004</u>	<u>2005</u>	<u>Increase or (Decrease)</u>
Accomack	\$206,062,858	\$186,654,285	(\$19,408,573)
Albemarle	187,735,159	221,685,744	33,950,585
Alleghany	68,275,906	62,270,697	(6,005,209)
Amelia	24,007,348	21,599,654	(2,407,694)
Amherst	69,254,483	62,661,708	(6,592,775)
Appomattox	26,024,995	27,449,671	1,424,676
Arlington	727,354,192	682,583,199	(44,770,993)
Augusta	158,499,859	185,130,823	26,630,964
Bath	1,215,240,363	1,545,605,667	330,365,304
Bedford	187,903,797	166,637,219	(21,266,578)
Bland	37,134,128	30,787,455	(6,346,673)
Botetourt	119,607,945	113,696,977	(5,910,968)
Brunswick	39,080,664	34,606,888	(4,473,776)
Buchanan	90,883,596	74,219,402	(16,664,194)
Buckingham	39,877,439	36,890,078	(2,987,361)
Campbell	181,469,257	173,536,702	(7,932,555)
Caroline	148,530,875	115,781,532	(32,749,343)
Carroll	85,363,199	83,166,032	(2,197,167)
Charles City	27,817,816	34,449,755	6,631,939
Charlotte	30,927,516	29,249,822	(1,677,694)
Chesterfield	1,212,264,595	1,228,234,060	15,969,465
Clarke	32,364,317	26,665,483	(5,698,834)
Craig	10,994,088	10,191,687	(802,401)
Culpeper	87,055,738	73,221,627	(13,834,111)
Cumberland	26,859,076	24,638,028	(2,221,048)
Dickenson	34,144,525	30,839,921	(3,304,604)
Dinwiddie	77,441,737	92,349,884	14,908,147
Essex	28,801,750	25,419,562	(3,382,188)
Fairfax	2,962,801,559	2,826,451,194	(136,350,365)
Fauquier	342,762,118	302,480,177	(40,281,941)
Floyd	34,562,975	44,295,916	9,732,941
Fluvanna	274,633,469	443,130,240	168,496,771
Franklin	118,123,081	110,538,178	(7,584,903)
Frederick	167,282,355	168,750,373	1,468,018
Giles	107,810,716	140,379,295	32,568,579
Gloucester	74,964,728	54,027,024	(20,937,704)
Goochland	68,840,911	84,140,008	15,299,097
Grayson	26,697,935	26,263,153	(434,782)
Greene	25,146,514	26,863,689	1,717,175
Greensville	20,260,433	21,252,843	992,410
Halifax	1,006,758,817	942,882,681	(63,876,136)
Hanover	\$566,588,686	\$517,226,986	\$(49,361,700)
Henrico	856,731,816	762,357,741	(94,374,075)
Henry	104,766,304	114,126,472	9,360,168
Highland	13,988,967	12,984,370	(1,004,597)
Isle of Wight	182,096,721	193,290,405	11,193,684
James City	143,648,196	153,016,147	9,367,951
King George	18,643,060	16,787,331	(1,855,729)
King and Queen	253,636,497	219,847,817	(33,788,680)
King William	27,904,817	35,785,788	7,880,971
Lancaster	38,101,269	35,705,145	(2,396,124)
Lee	50,991,056	51,864,559	873,503
Loudoun	819,099,266	1,104,607,487	285,508,221
Louisa	1,908,147,709	2,107,902,283	199,754,574
Lunenburg	30,838,585	29,433,977	(1,404,608)
Madison	29,818,267	36,749,535	6,931,268
Mathews	16,183,972	23,520,759	7,336,787
Mecklenburg	223,747,784	195,301,856	(28,445,928)
Middlesex	34,279,218	28,584,482	(5,694,736)
Montgomery	133,583,496	123,691,318	(9,892,178)
Nelson	60,792,321	54,214,406	(6,577,915)
New Kent	64,741,237	57,091,788	(7,649,449)
Northampton	45,412,531	40,310,742	(5,101,789)

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Northumberland	24,261,228	20,174,479	(4,086,749)
Nottoway	32,643,897	31,281,619	(1,362,278)
Orange	59,488,372	45,975,991	(13,512,381)
Page	40,631,128	39,467,323	(1,163,805)
Patrick	40,820,128	37,733,510	(3,086,618)
Pittsylvania	243,161,237	230,182,769	(12,978,468)
Powhatan	59,575,630	53,726,749	(5,848,881)
Prince Edward	41,653,696	40,702,821	(950,875)
Prince George	62,029,163	62,500,349	471,186
Prince William	1,195,596,473	1,198,745,075	3,148,602
Pulaski	99,071,292	92,543,631	(6,527,661)
Rappahannock	21,791,439	18,594,932	(3,196,507)
Richmond	38,521,346	29,049,364	(9,471,982)
Roanoke	193,645,645	191,253,053	(2,392,592)
Rockbridge	75,194,968	64,364,398	(10,830,570)
Rockingham	128,304,639	120,012,619	(8,292,020)
Russell	217,919,254	190,987,821	(26,931,433)
Scott	\$54,169,448	\$56,814,768	\$2,645,320
Shenandoah	110,314,236	79,589,954	(30,724,282)
Smyth	86,638,017	84,010,898	(2,627,119)
Southampton	84,402,318	86,929,020	2,526,702
Spotsylvania	196,263,429	167,304,635	(28,958,794)
Stafford	178,740,657	164,186,146	(14,554,511)
Surry	1,271,414,522	1,400,072,755	128,658,233
Sussex	40,885,426	32,690,742	(8,194,684)
Tazewell	86,803,296	81,012,730	(5,790,566)
Warren	44,893,261	36,427,901	(8,465,360)
Washington	174,804,554	195,968,666	21,164,112
Westmoreland	32,989,029	26,973,373	(6,015,656)
Wise	76,839,386	63,132,078	(13,707,308)
Wythe	109,849,508	103,802,637	(6,046,871)
York	404,037,050	333,327,018	(70,710,032)
<b>Total Counties</b>	<b><u>\$21,562,718,279</u></b>	<b><u>\$21,885,619,551</u></b>	<b><u>\$322,901,272</u></b>
<b>Total Cities &amp; Counties</b>	<b>\$27,999,682,984</b>	<b>\$27,872,748,199</b>	<b>(\$126,934,785)</b>

**COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL  
FRANCHISING FOR THE YEARS ENDING DECEMBER 31, 2004, AND DECEMBER 31, 2005**

<u>Kind</u>	<u>2004</u>	<u>2005</u>	<u>Increase or (Decrease)</u>
Securities Act	\$7,530,476.38	\$8,018,309.75	\$487,833.37
Retail Franchising Act	421,950.00	451,100.00	29,150.00
Trademarks-Service Marks	27,920.00	35,045.00	7,125.00
Penalties	186,500.00	173,047.30	(13,452.70)
Global Settlement Penalties	0.00	627,219.00	627,219.00
Cost of Investigations	<u>54,886.00</u>	<u>50,826.48</u>	<u>(4,059.52)</u>
<b>TOTAL</b>	<b>\$8,221,732.38</b>	<b>\$9,355,547.53</b>	<b>\$1,133,815.15</b>

## PROCEEDINGS BY DIVISIONS DURING THE YEAR 2005

### DIVISION OF PUBLIC UTILITY ACCOUNTING

The following statistical data summarizes Rate Cases, Performance-Based Regulation Cases, Certificate Cases, Annual Informational Filings/Earnings Tests, Fuel Factor Cases, Compliance Audits, Depreciation Studies and Special Studies made by PUA in 2005.

<u>General Rate Cases/Performance Based Regulation Cases</u>	
Electric	1
Electric Cooperatives	1
Gas Companies	3
Water and Sewer Companies	<u>4</u>
<b>Total General Rate Cases</b>	9
<u>Expedited Rate Cases</u>	
Gas Companies	<u>3</u>
<b>Total Expedited Rate Cases</b>	3
<b>Total Rate Cases</b>	12
<u>Certificate Cases</u>	
Gas Companies	1
Water and Sewer Companies	<u>1</u>
<u>Ch.5/Certificate Cases</u>	
Water and Sewer Companies	<u>1</u>
<b>Total Certificate Cases</b>	3
<u>Annual Informational Filings/Earnings Tests</u>	
Electric Companies (Investor Owned)	7
Gas Companies	7
Water and Sewer Companies	<u>4</u>
<b>Total Annual Informational Filings</b>	18
<u>Fuel Factor Cases - Electric Companies</u>	4
<u>Compliance Audits-Gas</u>	1
<u>Depreciation Studies-Water</u>	1
<u>Special Studies</u>	
Electric Companies	3
Gas Companies	3
Water Companies	2
Miscellaneous	<u>2</u>
<b>Total Special Studies</b>	10

During the year 2005, the Division of Public Utility Accounting received applications filed under the Public Utilities Affiliates Law and the Utility Transfers Act pertaining to public utilities for processing, analysis, and study. The number and type of written reports submitted to the Commission recommending action and orders drawn are as follows:

<u>Number of Utility Transfers Act Cases</u>	
Transfer of Assets	4
Transfer of Securities or Control	25
Mergers	1
<u>Number of Affiliates Act Cases</u>	
Service Agreements	17
Power Sales	2
Asset transfer	3
Gas sales	2
Construction of facilities	1
Employee stock program	1
Lease Agreement	2
Transfer of control	1
Waiver of reporting requirement	1

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Tax Allocation Agreement	1
Asset Management Agreement	<u>1</u>
<b>Total Number of Cases</b>	<b>62</b>

The Commission's Division of Public Utility Accounting consisted of the following personnel on December 31, 2005:

<u>Filled</u>	<u>Vacant</u>	<u>Description</u>
1		Director
2		Deputy Director
3		Manager of Audits
1		Systems Supervisor
1		Administrative Supervisor
1		Senior Office Technician
5	1	Principal Public Utility Accountants
1		Senior Public Utility Accountant
2	1	Public Utility Accountant
<u>1</u>	<u>—</u>	Public Utility Analyst
18	2	Total Authorized: 20

### DIVISION OF COMMUNICATIONS

The Division of Communications assists the Commission in carrying out its duties as prescribed by the Code of Virginia. It oversees the continued implementation of competition in landline telecommunications markets with the goal of achieving an effective regulatory environment that balances the advancement of competitive markets with the protection of consumers. The Division assists the Commission in developing, implementing, and enforcing alternatives to traditional forms of regulation as competitive markets evolve. It monitors, enforces, and makes interpretations on certain rates, tariffs, and operating procedures of investor-owned telecommunications utilities. The Division enforces service standards, assures compliance with tariff regulations, coordinates extended area service studies, enforces pay telephone regulations, and assists in carrying out provisions of the federal Telecommunications Act of 1996. The Staff testifies in rate, service, and generic hearings, and meets with the public on communications issues and problems. The Division maintains territorial maps, performs special studies, monitors construction programs, and investigates and resolves consumer inquiries and complaints. The Staff also monitors developments at the federal level, and prepares Commission responses where appropriate.

At the end of 2005, there were under the supervision of the Division:

14	Incumbent Investor-owned Local Exchange Telephone Companies
168	Competitive Local Exchange Telephone Companies
114	Long Distance Telephone Companies
292	Payphone Service Providers

### SUMMARY OF 2005 ACTIVITIES

Consumer complaints and inquiries	5,307
Tariff revisions received:	
Incumbent Local Exchange Companies	102
Competitive Local Exchange Companies	174
Interexchange Companies	130
Tariff sheets filed:	
Incumbent Local Exchange Companies	566
Competitive Local Exchange Companies	4,009
Interexchange Companies	3,321
Promotional Filings	
Incumbent Local Exchange Companies	55
Competitive Local Exchange Companies	249
Interexchange Companies	35
Cases in which staff members prepared testimony, reports, or comments	24
Certificates of Convenience and Necessity granted, amended, or canceled:	
Competitive Local Exchange Companies	49
Interexchange Companies	42
Interconnection Agreements/Amendments approved or dismissed	113
Extended Area Service studies completed or underway	5
Service quality surveillance and results analysis provided monthly on:	
Telephone Companies	15
Access Lines	4,787,423
Payphone registration and rules enforcement provided on:	
Local Exchange Company payphone service providers	13
Local Exchange Company payphones	23,069
Private payphone service providers	279
Private payphones	10,169

Payphone audits	748
Complaints Investigated	13
Show Cause Orders	2
Field investigations	22

**OTHER:**

Assisted the Commission in the continued implementation and operation of the federal Telecommunications Act of 1996.

Continued the Collaborative Committee on local competition market-opening measures.

Monitored Verizon Virginia's Performance Assurance Plan:

- Replicating monthly results
- Established criteria and scope for annual audit

Assisted Commission counsel with respect to formal rate, service and generic matters.

Analyzed the need to revise Commission rules regarding disconnection of service for nonpayment.

Participated in matters affecting communications policy with federal agencies.

Reviewed Verizon's ceiling price analysis implemented as a result of its new alternative regulatory plan.

Reviewed collocation exemption requests and updates.

Pursued various activities related to the Commission's alternative plans for regulating telephone companies, including the following:

- Reviewed proposed service classifications for new services, and reclassifications for existing services
- Evaluated Individual Case Basis (ICB) and Special Assembly price filings
- Assisted in gathering monitoring data

Continued outreach activities by making presentations to trade and citizens groups, associations, telephone companies, and a legislative committee.

Implemented new Service Quality Rules and a Telecommunication Bill of Rights.

Conducted industry implementation workshop for new Service Quality Rules.

Prepared status report on Verizon directory errors.

Participated in matters affecting communications policy with federal agencies.

Attended regional Atlantic Payphone Association quarterly meetings.

Responded to questionnaires from the National Association of Regulatory Utility Commissioners ("NARUC") and others with respect to telecommunications matters.

Conducted informal operational reviews with Cox, Cavalier, Verizon and Sprint.

Managed Virginia's telephone number utilization program.

Worked with the Virginia Department for the Deaf and Hard of Hearing on overseeing the Telecommunications Relay Service. Monitored Telephone Relay Service funding.

Two staff members participated in NARUC's Consumer Affairs Staff Training.

Conducted analysis of the Virginia Universal Service Plan (service to low income customers).

Staff member serves on the NARUC Staff Subcommittee on Communications.

Staff member serves on the NARUC Staff Subcommittee on Accounting and Finance.

Staff member serves on the Advisory Council for the Virginia Department for the Deaf and Hard of Hearing.

## DIVISION OF ECONOMICS AND FINANCE

The Division of Economics and Finance performs analysis and research on economic and financial issues pertaining to utility regulation. The Division also provides analytical and research support as needed by non-utility divisions within the Commission.

The Division has ongoing responsibility for:

- issuing monthly Fuel Price Index reports;
- maintaining and issuing monthly reports for the electric utility Fuel Monitoring System;
- issuing quarterly Natural Gas Price Index reports;
- analyzing and presenting testimony on capital structure, cost of capital, and other finance-related issues in utility rate cases;
- analyzing and presenting testimony on interest expense, appropriate earnings level, and other finance-related issues in electric cooperative rate cases;
- monitoring the financial condition of Virginia utilities;
- monitoring the diversification activities of holding companies with utility subsidiaries operating in Virginia;
- reviewing annual financing plans of Virginia utilities;
- analyzing utility applications for the issuance of securities and providing the Commission with recommendations;
- conducting studies of intermediate/long range issues in electric, gas, and telecommunications utility regulations;
- acquiring and running analytic computer models used to simulate, project, and/or evaluate utility operations and regulatory issues;
- monitoring inter-LATA and intra-LATA telecommunications competition;
- monitoring the incumbent local exchange companies participating in the Alternative Regulatory Plans;
- monitoring new entrants to the telecommunications market;
- analyzing financial fitness of applicants seeking status as competitive local exchange and interexchange carriers and municipal local exchange carriers;
- monitoring and maintaining files of electric utilities' operating forecasts;
- monitoring and maintaining files of gas utilities' Five Year Forecasts;
- providing statistical and graphic support for other SCC divisions;
- maintaining database management systems for preparation of economic and financial analysis in utility cases;
- maintaining a utility stock price database;
- maintaining an electric energy market price database;
- monitoring electric and natural gas retail access programs statewide and nationally;
- monitoring evolving competitive energy markets, including market power issues;
- monitoring and participating in Virginia's evolving membership into the regional transmission organization known as PJM Interconnection, LLC

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- analyzing applications for licenses to become a competitive service provider or aggregator;
- analyzing customer demand-response programs and associated trends; and
- analyzing financial fitness of non-regulated firms seeking approval to build generating facilities or gas pipelines.

**SUMMARY OF MAJOR ACTIVITIES DURING 2005**

- Presented testimony on capital structure, cost of capital, and other financial issues in two investor-owned utility rate cases.
- Presented testimony on the appropriate interest expense and earnings level in one electric cooperative rate case.
- Presented cost of capital testimony in two gas utility weather normalization cases.
- Worked on two gas utility applications seeking authority to hedge their gas purchases through the use of financial hedges.
- Presented testimony on financial and competitive issues for two utility merger cases.
- Completed 21 Annual Informational Filing reports for electric, gas, telephone, and water utilities.
- Analyzed and processed 25 applications of utilities seeking authority to issue securities.
- Processed the applications of and/or prepared reports regarding the financial condition of 19 competitive local exchange carriers and/or interexchange carriers and one municipal local exchange carrier applying for certification.
- Participated in two major Federal Energy Regulatory Commission proceedings related to Regional Transmission Organizations and the Energy Policy Act of 2005.
- Began preparing reports on an application for a certificate to construct one electric generating facility.
- Prepared testimony for three electric fuel factor proceedings.
- Prepared reports regarding the financial condition of 5 companies seeking licensure as competitive energy service providers or aggregators or modifying such licensure.
- Developed and maintained various econometric models that explain price movements in the PJM Interconnection.
- Continued analysis of metrics from Verizon's Performance Appraisal Plan, measuring the levels of service provided to competitors.
- Assisted the development of rules governing electric and natural gas retail access programs regarding providing for exemption to minimum stay requirements and wires charges.
- Reviewed and prepared market price and price-to-compare computations for 2006 for each of the electric local distribution companies.
- Supported and monitored activities regarding the continued development of Regional Transmission Organizations (PJM Interconnection, LLC) and associated participation of Virginia electric utilities.
- Facilitated the continued development of Electronic Data Interchange guidelines for communication among utilities and competitive service providers in Virginia and the surrounding region.
- Represented the Commission at meetings of the North American Energy Standards Board, encompassing wholesale and retail electricity and natural gas sectors, to establish Uniform Business Practices.
- Developed the Status Report to the Legislative Transition Task Force and Governor of Virginia regarding the Development of a Competitive Retail Market for Electric Generation within the Commonwealth of Virginia.
- Developed a forecast of the consumption tax collected on electricity usage for Public Service Taxation.
- Developed a forecast of budget items for Bureau of Insurance.
- Developed with the Division of Communications a forecast of the Virginia Telecommunications relay service bank balance.
- Developed a forecast of the Clerk's office special fund collection for the Office of Commission Comptroller.
- Developed a forecast of the non-general fund revenue collections and bank balances for the Division of Securities and Retail Franchising.
- Maintained the Virginia Electronic Data Transfer website.
- Maintained a comprehensive database on competitive energy service providers.
- Participated in preparing a staff report and presented testimony regarding the proposed agreement and plan of merger between Verizon and MCI.

**DIVISION OF ENERGY REGULATION****Activities for Calendar Year 2005**

The Division of Energy Regulation assists the Commission in fulfilling its statutory responsibilities pursuant to Title 56, Chapter 10 of the Code of Virginia. Activities include reviewing investor-owned electric, natural gas and water/sewer utilities' cost of service studies; reviewing allocation methods, depreciation rates, and rate design philosophies; and providing expert testimony in that regard.

The Division provides expert testimony in certificate cases for service areas and major facility construction of public utilities and independent power producers. After such certificates are granted, the Division is responsible for maintaining the official certificates and associated maps.

The Division has monitoring responsibilities relative to: the collection of gas costs by gas utilities, the incurrence of wholesale purchased power expenses by electric cooperatives, and the recovery of fuel expenses and the construction and operation of major facilities by the investor-owned utilities. It also reviews extraordinary costs and policies related to nuclear power, including decommissioning of nuclear power plants and the storage of spent nuclear fuel.

The Division investigates and resolves informal consumer complaints/inquiries relative to regulated utilities and licensed electricity and natural gas suppliers.

Finally, it provides the Commission with technical expertise in policy related issues including both state and national proceedings associated with industry restructuring and mergers and acquisitions of natural gas and electric utilities.

**Summary of Activities for Calendar Year 2005**

Consumer Complaints, Letters of Protest, and Inquiries Received	4,680
Tariff Filings Received	114

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Testimony and Reports Filed by Staff	39
Certificates of Convenience and Necessity Granted, Transferred, or Revised	15
Special Reports	1
Electric On-Site Construction Inspections	2
Electric Meter Tests Witnessed	1
Federal Energy Regulatory Commission Filing/Comments	3
Legislative Presentations	2
Community Meeting and Presentations	8

**BUREAU OF FINANCIAL INSTITUTIONS**

The Bureau of Financial Institutions is responsible under Title 6.1 of the Code of Virginia for the regulation and supervision of the following types of institutions: state chartered banks, independent trust companies, state chartered savings institutions, state chartered credit unions, industrial loan associations, consumer finance licensees, money transmitter licensees, mortgage lenders and brokers, credit counseling agencies, check cashers, 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 3,525 applications for various certificates of authority as shown below:

APPLICATIONS RECEIVED AND/OR ACTED UPON  
BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2005

New Banks	8
Bank Branches	117
Bank Branch Office Relocations	9
Relocate Bank Main Office	3
Bank Mergers	7
Interim Institution (Bank)	1
Acquisitions Pursuant to Chapter 13 of Title 6.1	5
Acquisitions Pursuant to Chapter 15 of Title 6.1	4
Bank Trust Business	1
Establish a Trust Company Branch	1
Independent Trust Branch Move	1
Credit Union Mergers	1
Credit Union Service Facilities	6
Move a Credit Union Office	4
New Consumer Finance	6
Consumer Finance Offices	6
Consumer Finance Other Business	5
Consumer Finance Office Relocations	16
New Mortgage Brokers	581
New Mortgage Lenders	61
New Mortgage Lenders and Brokers	161
Mortgage Lender Broker Additional Authority	66
Exclusive Agent Qualifications	9
Acquisitions of Mortgage Lenders/Brokers	71
Mortgage Branches	1403
Mortgage Office Relocations	669
New Money Order Sellers/Money Transmitters	41
Acquisitions of Money Order Sellers/Money Transmitters	5
Credit Counseling Agencies (Relicensing)	36
Credit Counseling Agency Additional Offices	2
New Credit Counseling Agencies (Ch. 10.2)	15
New Check Cashers	68
New Payday Lenders	27
Payday Additional Offices	81
Payday Office Relocations	27
Acquisitions of Payday Lenders	1

At the end of 2005, there were under the supervision of the Bureau 89 banks with 1,154 branches, 60 Virginia bank holding companies, 21 non-Virginia bank holding companies with banking offices in Virginia, 1 independent trust company, 1 savings institution, 61 credit unions, 6 industrial loan associations, 19 consumer finance companies with 220 Virginia offices, 61 money transmitters, 39 credit counseling agencies, 211 check cashers, 157 mortgage lenders with 468 offices, 1,362 mortgage brokers with 2,182 offices, 536 mortgage lender/brokers with 2,772 offices, and 87 payday lenders with 748 offices.

**BUREAU OF INSURANCE REGULATION  
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2005**

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 of Insurance is divided into the following four 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, and accident and sickness insurers and health maintenance organizations; the Property and Casualty Market Regulation Division regulates the activities of property and casualty insurers (automobile, homeowner's liability, and property); and the Agent Regulation and Administration Division regulates the activities of insurance agents, collects various special taxes and assessments on insurance companies as well as, working in an auxiliary role to support the Bureau's other divisions.

The regulatory functions of the Bureau of Insurance include: (1) Agent Investigations staff monitor the activities of insurance agents and agencies to ensure their actions comply with state law; (2) Consumer Services staff answer questions and assists consumers with problems concerning insurance companies or agents by investigating consumer complaints; (3) Market Regulation staff conduct on-site field examinations of insurance company practices in Virginia to ensure compliance with state law, to verify whether a company pays claims timely, ensure that underwriting decisions are not unfairly discriminatory, and to evaluate marketing materials to ensure that they are not misleading; (4) the Office of the Managed Care Ombudsman promotes and protects the interests of covered persons under Managed Care Health Insurance Plans (MCHIP) and assists consumers in understanding and exercising their rights of appeal of adverse decisions made by MCHIPs; and (5) Policy Forms and Rates Filing staff evaluate insurance policies and rates to ensure compliance with state law, are written in understandable language, and that premiums charged are reasonable and not unfairly discriminatory.

## SUMMARY OF 2005 ACTIVITIES

New insurance companies licensed to do business in Virginia	52
Insurance company financial statements analyzed	6,528
Financial examinations of insurance companies conducted	36
Property and Casualty insurance rules, rates and form submissions	5,366
Life and Health insurance policy forms and rates submissions	7,266
Property and Casualty insurance complaints received	3,069
Life and Health insurance complaints received	2,351
Market conduct examinations completed by the Life and Health Division	21
Market conduct examinations completed by the Property and Casualty Division	17
Insurance agents and agencies licensed	47,664
Tax and assessment audits	7,968

## EXTERNAL APPEAL FISCAL YEAR 2005

Number of Cases Reviewed	198
Eligible Appeals	90
Ineligible Appeals	108
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	46
Final Adverse Decision Overturned by Reviewer	35
MCHIP Reversed Itself	9
Appeal Decisions Pending	0
Approximate Cost Savings to Appellants	\$561,387

## 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:

**Fidelity Bankers Life Insurance Company d/b/a First Dominion Life Insurance (FBL/FD).** Date of receivership: May 13, 1991. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail [www.fblic.com](http://www.fblic.com).

**HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation and Home Warranty Corporation (the HOW Companies).** Date of receivership: October 7, 1994. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail [www.howcorp.com](http://www.howcorp.com).

The Commission is the Receiver, and Commissioner of Insurance Alfred W. Gross is the Deputy Receiver, of FBL/FD and the HOW Companies. Any inquiries concerning the conduct of the receivership of First Dominion Life Insurance Company and the HOW Companies may be directed to their Special Deputy Receiver, Patrick H. Cantilo, Esquire, Cantilo & Bennett, LLP; Suite 200, Building C, 7501 North Capital of Texas Highway, Austin, Texas 78731.

**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, Alfred W. Gross, is the Deputy Receiver of ROA and TRG. Any inquiries concerning the conduct of the receivership of ROA and TRG may be directed to Mike R. Parker, Receivership Operations Manager at 4200 Innsbrook Drive, Glen Allen, Virginia, or P. O. Box 85058, Richmond, Virginia 23285-5058 or by e-mail at [www.reciprocalgroup.com](http://www.reciprocalgroup.com).

## DIVISION OF SECURITIES AND RETAIL FRANCHISING

The Division of Securities and Retail Franchising of the State Corporation Commission is charged with the administration of the following laws:

Virginia Securities Act (known as the "Blue Sky Law"), Virginia Code Sections 13.1-501 through 13.1-527.3.

Virginia Trademark and Service Mark Act, Virginia Code Sections 59.1-92.1 through 59.1-92.21.

Virginia Retail Franchising Act, Virginia Code Sections 13.1-557 through 13.1-574.

### UNDER THE VIRGINIA SECURITIES ACT:

9	qualification applications received
67	coordination applications received
1	notification applications received
2,508	investment company filings
27	filings for exemption from registration
2,079	filings for exemption-related federal covered securities
196	broker-dealer registrations approval
2,256	broker-dealer registrations renewal
129	broker-dealer registrations denied, withdrawn, and terminated
12	broker-dealer audits
38,234	agent registrations approval
130,695	agent registrations renewal
4	agents placed on special supervision
754	agent registrations denied, withdrawn, and terminated
92	investment advisor registrations approval
1,855	investment advisor registrations renewal
12	investment advisor registrations denied, withdrawn, and terminated
51	investment advisor representative registrations denied, withdrawn, and terminated
1,487	investment advisor representative registrations approval
8,533	investment advisor representative registrations renewal
56	investment advisor audits
394	violation deficiencies resolved
0	orders filing and/or canceling surety bonds
13	orders granting exemptions and/or official interpretations
28	orders for subpoena of records by banks, corporations, and individuals
11	orders of show cause
22	judgments of compromise and settlement
12	final order and/or judgment
1	temporary injunction
107	investigations completed

### UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

857	applications for trademarks and/or service marks approved, renewed, or assigned
747	applications for trademarks and/or service marks denied, abandoned, expired, or withdrawn

### UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,612	franchise registration, renewal, or post-effective amendment applications received
304	franchises denied, withdrawn, non-renewed, or terminated
2	orders for show cause
15	judgments of compromise and settlement
6	final orders and/or judgment
22	investigations completed

### TELEPHONE CALLS AND COMPLAINTS:

1,079	pending enforcement calls
237	enforcement general inquiry calls
741	pending registration application calls
13,199	registration general inquiry calls
1,738	pending audit calls
651	audit general inquiry calls
3,186	pending examination application calls
9,619	examination general inquiry calls

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1,070	pending TM/SM calls
1,319	TM/SM general inquiry calls
211	complaints resulting in investigations
35	complaints resulting in referrals
69	complaints resulting in no actions

**UNIFORM COMMERCIAL CODE**

The Clerk's Office is the Central Filing Office in the Commonwealth under Part 5 of Title 8.9A of the Uniform Commercial Code. It is charged with the duty of receiving, processing, indexing, and examining financing statements, continuation statements, amendments, assignments, releases, and termination statements filed by nationwide financial and lending institutions, state and federal agencies, the legal profession, and the general public to perfect a security interest in collateral which secures payment or performance of an obligation. The Clerk's Office also is the Central Filing Office for Federal Tax Liens.

**SUMMARY OF CALENDAR YEAR ACTIVITIES**

	<u>12/31/04</u>	<u>12/31/05</u>
Financing/Subsequent Statements Filed	84,897	85,813
Federal Tax Liens/Subsequent Liens Filed	2,762	2,784
Reels of Microfilmed documents sold	407	371

**DIVISION OF UTILITY AND RAILROAD SAFETY**

The Division of Utility and Railroad Safety assists the Commission in administering safety programs involving the jurisdictional natural gas and hazardous liquid pipeline facilities, railroads, and underground utility damage prevention. The Pipeline Safety section of the Division ensures the safe operation of natural gas and hazardous liquid pipeline facilities through inspections of facilities, review of records, and investigation of incidents. The Railroad Regulation section of the Division conducts inspections of railroad facilities including track and equipment to ensure the safe operation of jurisdictional railroads within Virginia. The Damage Prevention section investigates all reports of "probable violations" of the Underground Utility Damage Prevention Act ("Act") and presents its findings and recommendations to the Commission's Damage Prevention Advisory Committee. The Committee makes enforcement recommendations to the Commission. The Division provides free training relative to the Act to stakeholders, conducts public education campaigns, and promotes partnership amongst various parties to further underground utility damage prevention in Virginia.

**Summary of 2005 Activities**

Consumer Complaints and Inquiries Received	7
Natural Gas Safety Inspections	633
Hazardous Liquid Safety Inspections	96
Testimony and Reports	12
Pipeline Accident Investigations	7
Underground Utility Damage Reports Processed	2,820
Persons receiving Damage Prevention Training from Staff	3,611
Number of Damage Prevention educational materials disseminated	197,814
Number of railroad track units <sup>1</sup>	7,788
Number of railroad locomotive and car units <sup>2</sup>	29,264
Railroad Accident Investigations	2

<sup>1</sup> Each mile of track, record, crossing at grade, among other things considered a track unit.

<sup>2</sup> Each locomotive, car, motive power equipment record, among others is considered a unit.

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BAN20050001	International Market Inc. - To open a check casher at 525-F East Market Street, Leesburg, VA
BAN20050002	HPC Funding, Inc. d/b/a Home Professionals Comprehensive Funding - For a mortgage broker's license
BAN20050003	American Equity Mortgage, Inc. - For a mortgage lender and broker license
BAN20050004	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 518 South Main Street, Shrewsburg, PA
BAN20050005	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 5950 Symphony Woods Road, Suite 420, Columbia, MD
BAN20050006	Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 1333 Butterfield Road, Suite 550, Downers Grove, IL
BAN20050007	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 801-2 Compass Way, Annapolis, MD
BAN20050008	First Meridian Mortgage Corporation of Florida (Used in VA by: First Meridian Mortgage Corporation) - For a mortgage broker's license
BAN20050009	American Mortgage & Loan, Inc. - To open a mortgage broker's office at 5270 Lyngate Court, Burke, VA
BAN20050010	TrustMor Mortgage Company d/b/a Doiqualfy.Com - To open a mortgage lender and broker's office at 12000 Wyndham Lake Drive, Glen Allen, VA
BAN20050011	Advantage Real Estate L.L.C. d/b/a Advantage First Mortgage - To open a mortgage broker's office at One Columbus Center, Suite 600, Virginia Beach, VA
BAN20050012	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 15991 Redhill, Suite 215, Tustin, CA
BAN20050013	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 786 Upper River Road, Charleston, TN
BAN20050014	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 3755 E. Desert Inn Road, Las Vegas, NV to 2770 South Maryland Parkway, Suite 100, Las Vegas, NV
BAN20050015	Mortgage1040.Com, Inc. - To relocate mortgage broker's office from 407 N. Washington Street, Suite 101, Falls Church, VA to 256 N. Washington Street, Falls Church, VA
BAN20050016	American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 13802 Fleur De Lis, Suite H, Cypress, TX to 24800 I-45, Suite 140-C, The Woodlands, TX
BAN20050017	Gold Medal Financial Mortgage, Inc. - For a mortgage broker's license
BAN20050018	Whitney, Mason & Company L.L.C. - For a mortgage broker's license
BAN20050019	Beltway Capital Inc. - For a mortgage broker's license
BAN20050020	Ulysis V. Mensah-Bonsu d/b/a Grace Mortgage - For a mortgage broker's license
BAN20050021	CarsDirect Mortgage Services, Inc. - To acquire 25 percent or more of LoanApp, Inc.
BAN20050022	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 7628 South Tamiami Trail, Sarasota, FL
BAN20050023	Kora, Inc. d/b/a Checks Cashed Etc. - To open a check casher at 4924 Chamberlayne Avenue, Richmond, VA
BAN20050024	Guidance Residential, LLC - To open a mortgage lender and broker's office at 44112 Mercure Circle, Sterling, VA
BAN20050025	WashingtonFirst Bank - To open a branch at 46901 Cedar Lakes Plaza, Sterling, VA
BAN20050026	Residential Mortgage Group, Inc. - To open a mortgage lender and broker's office at 101 Founders Way, Unit 2, Strasburg, VA
BAN20050027	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 903 Punjab Circle, Essex, MD
BAN20050028	Fredericktown Mortgage, LLC - For a mortgage broker's license
BAN20050029	Arista Lending Solutions, Inc. - For a mortgage broker's license
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BAN20050031	Breakwater Mortgage Corp. - To open a mortgage broker's office at Jamestown Professional Park, 1769 Jamestown Road, Suite 122, Williamsburg, VA
BAN20050032	AmTrust Mortgage Corporation - To open a mortgage lender's office at 1000 Cobb Place Boulevard, Suite 110, Kennesaw, GA
BAN20050033	Citywide Mortgage Corporation - To relocate mortgage lender broker's office from 1777 Reisterstown Road, Suite 365B, Pikesville, MD to 25 Hooks Lane, Pikesville, MD
BAN20050034	ABC Cash Exchange LLC - To open a check casher at 3039 Graham Road, Falls Church, VA
BAN20050035	Checks Mate, Inc. d/b/a Checks Mate - To open a check casher at 10 Catocin Circle, Suite 200, Leesburg, VA
BAN20050036	Checks Mate, Inc. d/b/a Checks Mate - For a payday lender license
BAN20050037	Mortgage Funding USA, LLC - To acquire 25 percent or more of Homeview Financial, LLC
BAN20050038	Century Financial Services, LLC - For a mortgage broker's license
BAN20050039	NBGI, Inc. - For a mortgage lender's license
BAN20050040	Loudoun Lenders, LTD - To relocate mortgage broker's office from 42834 Bluestone Court, Ashburn, VA to 242 Michael Road, Port Matilda, PA
BAN20050041	First Magnus Financial Corporation d/b/a Charter Funding - To relocate mortgage lender broker's office from 1819 Thames Street, Baltimore, MD to 1909 Thames Street, Baltimore, MD
BAN20050042	American South Lending, Inc. - To open a mortgage broker's office at 2505 Neudorf Road, Clemmons, NC
BAN20050043	U.S. Mortgage Corporation of Virginia (Used in VA by: U.S. Mortgage Corporation) - To open a mortgage lender and broker's office at 212 N. Main Street, Suite 201, North Wales, PA
BAN20050044	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 5321 Jaycee Avenue, Suite C, Harrisburg, PA
BAN20050045	American Gold Mortgage Corp. - To open a mortgage lender's office at 4860 Cox Road, Suite 211, Glen Allen, VA
BAN20050046	Salem Financial, LC - To open a mortgage broker's office at 1709 Emmet Street, Charlottesville, VA
BAN20050047	Sittig Mortgage, LLC - For a mortgage broker's license
BAN20050048	DCG Home Loans, Inc. - For a mortgage lender and broker license
BAN20050049	Landmark Funding LLC - To relocate mortgage lender broker's office from 6811 Kenilworth Avenue, Suite 601, Riverdale, MD to 10232 Southard Drive, Beltsville, MD

BAN20050050 Finance America, LLC - To relocate mortgage lender broker's office from 4000 Kruse Way Place III, Suite 111, Lake Oswego, OR to 4004 Kruse Way Place, Suite 220, Lake Oswego, OR

BAN20050051 NorthStar Mortgage Corp. - To relocate mortgage broker's office from 2520 Independence Boulevard, Suite 201, Wilmington, NC to 5051 New Centre Drive, Wilmington, NC

BAN20050052 Quotemearate.com, Inc. - To open a mortgage broker's office at 14005 Tanners House Way, Centreville, VA

BAN20050053 Family Home Lending Corporation - To open a mortgage lender and broker's office at 7404-M Chapel Hill Road, Raleigh, NC

BAN20050054 QC&G Financial, Inc. d/b/a Ace America's Cash Express - To conduct payday lending business where a tax preparation business will also be conducted

BAN20050055 Lincoln Mortgage, LLC - To open a mortgage broker's office at 113 Middleway Pike, Inwood, WV

BAN20050056 Providence Home Mortgage, LLC - To open a mortgage broker's office at 46950 Jennings Farm Drive, Suite 200, Sterling, VA

BAN20050057 Ohio Lending Solutions, Inc. - For a mortgage broker's license

BAN20050058 Citizens Trust Financial Group, Inc. - For a mortgage lender and broker license

BAN20050059 Maryland Residential Lending, L.L.C. d/b/a Nationwide Mortgage Services - For additional mortgage authority

BAN20050060 1st American Mortgage, Inc. d/b/a CU Mortgage Group - To open a mortgage lender and broker's office at 7917-I Cessna Avenue, Gaithersburg, MD

BAN20050061 1st American Mortgage, Inc. d/b/a CU Mortgage Group - To open a mortgage lender and broker's office at 8555 16th Street, Suite 205, Silver Spring, MD

BAN20050062 U.S.A. Financial Services, Inc. d/b/a Progressive Mortgage - To open a mortgage lender and broker's office at 6922 B Little River Turnpike, Annandale, VA

BAN20050063 Speedy Cash, Inc. - To open a payday lender's office at 2407 West Mercury Boulevard, Hampton, VA

BAN20050064 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 1100 Knox, Suite 600, Blue Springs, MO

BAN20050065 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To relocate mortgage broker's office from 105 Paul Mellon Court, Suite 18, Waldorf, MD to 381 Cameron Station Boulevard, Alexandria, VA

BAN20050066 Mortgage America LLC - To relocate mortgage broker's office from 5 Deer Stream Court, Owings Mills, MD to 10995 Owings Mills Boulevard, Suite 210, Owings Mills, MD

BAN20050067 Premier Mortgage Funding, Inc. - To open a mortgage broker's office at 6975 South Union Park Center, Suite 490, Midvale, UT

BAN20050068 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage broker's office at 16073 Hayes Lane, Woodbridge, VA

BAN20050069 Advent Mortgage, LLC - To open a mortgage lender and broker's office at 9920 Corporate Campus Drive, Suite 3500, Louisville, KY

BAN20050070 Ronald L. Price, Jr. d/b/a The Mortgage Center - To open a mortgage broker's office at 334 Neff Avenue, Harrisonburg, VA

BAN20050071 Congressional Funding USA, LLC - To open a mortgage broker's office at 8605 Westwood Center Drive, Suite 501, Vienna, VA

BAN20050072 Total Mortgage Services, LLC - For additional mortgage authority

BAN20050073 Ryaz, Inc. d/b/a Checks Cashed & More - To open a check casher at 3608 Mechanicsville Turnpike, Richmond, VA

BAN20050074 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 15 North King Street, Suite 201, Ashburn, VA

BAN20050075 Tosh of Utah, Inc. (Used in VA by: Tosh, Inc.) d/b/a Check City Check Cashing - To open a payday lender's office at Lakewood Financial Center, 3002 Boulevard, Colonial Heights, VA

BAN20050076 Millennia Mortgage Corporation - For additional mortgage authority

BAN20050077 EFI Capital Corp. - For a mortgage broker's license

BAN20050078 DTP Funding LLC - For a mortgage broker's license

BAN20050079 WashingtonFirst Bank - To open a branch at 10700 Parkridge Boulevard, Suite P50, Reston, VA

BAN20050080 Holman Financial Mortgage Group, Inc. - For a mortgage broker's license

BAN20050081 MBA Mortgage Corporation - For a mortgage broker's license

BAN20050082 Meridian Residential Capital LLC d/b/a First Meridian Mortgage - For a mortgage lender and broker license

BAN20050083 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 4816 Six Forks Road, Suite 102, Raleigh, NC

BAN20050084 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 7720 Castor Avenue, 2nd Floor, Philadelphia, PA

BAN20050085 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1348 T Street, N.W., Suite 200, Washington, DC

BAN20050086 Payday Loans & Check Cashing, LLC - To open a payday lender's office at 1605 West Third Street, Farmville, VA

BAN20050087 Catocin Mortgage, L.L.C. - To open a mortgage broker's office at 6806 Sholes Court, Warrenton, VA

BAN20050088 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 13198 Centerpointe Way, Suite 101, Woodbridge, VA

BAN20050089 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 8440 Market Street, Suite 10, Boardman, OH

BAN20050090 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 3300 Virginia Beach Boulevard, Building 8, Virginia Beach, VA

BAN20050091 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To relocate mortgage lender broker's office from 3501 East Frontage Road, Tampa, FL to 3450 Buschwood Park Boulevard, Suite 220D-240, Tampa, FL

BAN20050092 Quotemearate.com, Inc. - To open a mortgage broker's office at 4820 Cliffony Drive, Virginia Beach, VA

BAN20050093 1st Principle Mortgage, LLC - For additional mortgage authority

BAN20050094 The Burford Group, Inc. (Used in VA by: The Burford Group) - For a mortgage broker's license

BAN20050095 First Financial Mortgage Service, LLC - For a mortgage broker's license

BAN20050096 United Pacific Realty and Investment, Inc. d/b/a United Pacific Mortgage - For a mortgage broker's license

BAN20050097 FMF Capital LLC - For a mortgage lender's license

BAN20050098 Benchmark Mortgage, LLC - For a mortgage broker's license

BAN20050099 James R. Ovington - To acquire 25 percent or more of One Source Mortgage, L L C

BAN20050100 Michael B. McGoogan - To acquire 25 percent or more of One Source Mortgage, L L C

BAN20050101 Jon R. Heibel - To acquire 25 percent or more of One Source Mortgage, L L C

BAN20050102 AGA Capital NY Inc. - For a mortgage lender and broker license

BAN20050103 John Sallah - To acquire 25 percent or more of Madison Investment Advisors, LLC

BAN20050104 Mark Anthony Fegani - To acquire 25 percent or more of Olympia Mortgage Group, Inc.

BAN20050105 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 8008 Corporate Center Drive, Suite 150, Charlotte, NC

BAN20050106 Quotemearate.com, Inc. - To open a mortgage broker's office at 9365 West Sample Road, Coral Springs, FL

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BAN20050107	Quotemearate.com, Inc. - To open a mortgage broker's office at 725 North A1A, Suite C116, Jupiter, FL
BAN20050108	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 4325 Forbes Boulevard, Suite D, Lanham, MD
BAN20050109	American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 160 Governor Ritchie Highway, Suite A-10, Severna Park, MD
BAN20050110	SuffolkFirst Bank - To open a branch at Shoulders Hill Shopping Center, Outparcel 4, Bennetts Creek Crossing, Suffolk, VA
BAN20050111	First Madison Mortgage Corp. - To relocate mortgage broker's office from 110 North Washington Street, Suite 2B, Rockville, MD to 11 North Washington Street, Suite 310, Rockville, MD
BAN20050112	Integrity Residential Corp. d/b/a Integrity Residential Mortgage Group - To relocate mortgage broker's office from 7340 Six Forks Road, Suite 200, Raleigh, NC to 7610 Falls of Neuse Road, Suite 100, Raleigh, NC
BAN20050113	Firemen's Home Mortgage LLC - For a mortgage broker's license
BAN20050114	1st National Savings Inc. - For a mortgage broker's license
BAN20050115	Citi First Mortgage Services Corporation - For a mortgage broker's license
BAN20050116	Liberty United Mortgage, LLC - To open a mortgage broker's office at 11265 Dovedale Court, Woodstock, MD
BAN20050117	The Trust Company of Virginia - To relocate independent trust company branch office from 8000 Towers Crescent Dr., Suite 640, Vienna, VA to 8000 Towers Crescent Dr., Suite 1080, Vienna, VA
BAN20050118	Catoctin Mortgage, L.L.C. - To open a mortgage broker's office at 9319 Boley Place, Nokesville, VA
BAN20050119	Community Home Mortgage, LLC d/b/a Community Mortgage Group, LLC - To open a mortgage broker's office at 240 Grande Meadows, Suite 240, Bridgeport, WV
BAN20050120	Old Dominion Home Loans, LLC - To open a mortgage broker's office at 1108 Eden Way North, Chesapeake, VA
BAN20050121	Sunshine Mortgage LLC - To open a mortgage broker's office at 7777 Leesburg Pike, Suite 5LS, Falls Church, VA
BAN20050122	Universal Mortgages, LLC - To open a mortgage broker's office at 404 West Fleming Drive, Suite C, Morgantown, NC
BAN20050123	Breakwater Mortgage Corp. - To open a mortgage broker's office at 1176 Jamestown Road, Suite A, Williamsburg, VA
BAN20050124	Family Home Lending Corporation - To open a mortgage lender and broker's office at 10757 Ambassador Drive, Manassas, VA
BAN20050125	Family Home Lending Corporation - To open a mortgage lender and broker's office at 979 Bristol Pike, Bensalem, PA
BAN20050126	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 427 Pajaro Street, Suite 3, Salinas, CA
BAN20050127	Global Mortgage, Inc. - To relocate mortgage broker's office from 4854 Muscogee Lane, Woodbridge, VA to 1549 Old Bridge Road, Suite 201, Woodbridge, VA
BAN20050128	Household Realty Corporation d/b/a Household Realty Corporation of Virginia - To relocate mortgage lender broker's office from Seminole Square Shopping Center, Charlottesville, VA to 210 Zan Road, Seminole Square Shopping Center, Charlottesville, VA
BAN20050129	Matrix Investment Corporation - For a mortgage lender and broker license
BAN20050130	First Guardian Mortgage Corporation - For a mortgage broker's license
BAN20050131	To God be the Glory Financial Corporation - For a mortgage broker's license
BAN20050132	Dulles Mortgage, L.L.C. - For a mortgage broker's license
BAN20050133	Nova Mortgage, LLC - For a mortgage broker's license
BAN20050134	Pacific Reverse Mortgage, Inc. d/b/a Financial Heritage - For a mortgage lender and broker license
BAN20050135	Z&S Financial Marketing, L.L.C. - For a mortgage broker's license
BAN20050136	Great Financial Mortgage, Inc. - To open a mortgage broker's office at 2837 Andiron Lane, Vienna, VA
BAN20050137	Alcova Mortgage LLC - To open a mortgage broker's office at 16 East Main Street, Christiansburg, VA
BAN20050138	Q. C. & G. Financial, Inc. d/b/a Ace America's Cash Express - To open a payday lender's office at 1110 West Little Creek Road, Norfolk, VA
BAN20050139	U.S. Mortgage Corporation of Virginia (Used in VA by: U.S. Mortgage Corporation) - To open a mortgage lender and broker's office at 10 Maxwell Drive, Suite 104, Clifton Park, NY
BAN20050140	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 14673 Midway, Suite 104, Addison, TX
BAN20050141	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 5709 Hamlet Road, Virginia Beach, VA
BAN20050142	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 19297 S.W., 96th Loop, Dunnellon, FL
BAN20050143	Prime Mortgage Financial, Inc. - To open a mortgage lender and broker's office at 8207 Tally Ho Road, Lutherville, MD
BAN20050144	MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender's office at 680 E. Alost Avenue, Azusa, CA
BAN20050145	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 4601 Eastern Avenue, Suite 3, Baltimore, MD
BAN20050146	NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 2328 10th Avenue, North, Suite 502, Lake Worth, FL
BAN20050147	North American Home Loans, Inc. - To open a mortgage broker's office at 2949 Chambers Drive, Virginia Beach, VA
BAN20050148	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 4020 West Chase Boulevard, Suite 100, Raleigh, NC
BAN20050149	1st American Mortgage, Inc. d/b/a CU Mortgage Group - To open a mortgage lender and broker's office at 103 West Broad Street, Suite 250, Falls Church, VA
BAN20050150	American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 3 Kennasaw Drive, Stafford, VA to 101 South Whiting Street, Suite 113, Alexandria, VA
BAN20050151	GSF Mortgage Corporation - To relocate mortgage lender broker's office from 2107 Laurel Bush Road, Suite 205, Belair, MD to 115 Mountain Road, Fallston, MD
BAN20050152	Homeloan USA Corporation - To relocate mortgage lender broker's office from 1216 King Street, Suite 200, Alexandria, VA to 433 N. Lee Street, Alexandria, VA
BAN20050153	Homeloan USA Corporation - To open a mortgage lender and broker's office at 2167 Elida Road, Lima, OH
BAN20050154	Pinnacle Mortgage Group, Inc. - To relocate mortgage lender's office from 7220 W. Jefferson Avenue, Suite 100, Lakewood, CO to 3605 S. Teller Street, Lakewood, CO

BAN20050155	Winstar Mortgage Partners, Inc. d/b/a Partner Loan Services - To relocate mortgage lender's office from 1615 Murray Canyon Road, Suite 500, San Diego, CA to 9201 Spectrum Center Boulevard, Suite 205, San Diego, CA
BAN20050156	Accurate Mortgage, Inc. - To relocate mortgage broker's office from 11450 Newport Bay Drive, Berlin, MD to 6914 Hall Drive, Berlin, MD
BAN20050157	Mercantile Mortgage Company of Virginia (Used in VA by: Mercantile Mortgage Company) - To relocate mortgage lender's office from 70 Mansell Court, Suite 105, Roswell, GA to 500 Colonial Center Parkway, Suite 130, Roswell, GA
BAN20050158	First Tennessee Bank National Association - To open a branch at 1380 Central Park Boulevard, Fredericksburg, VA
BAN20050159	U.S. Lending, LLC - To relocate mortgage broker's office from 8344 Traford Lane, Springfield, VA to 9989 Hemlock Woods Lane, Burke, VA
BAN20050160	FNLC Financial Services, Inc. - To acquire 25 percent or more of First NLC Financial Services, LLC
BAN20050161	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 131 North Forest Avenue, Amherst, NY
BAN20050162	Aames Funding Corporation d/b/a Aames Home Loan - To open a mortgage lender and broker's office at 600 West Hillsboro Boulevard, Suite 450, Deerfield Beach, FL
BAN20050163	Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 13509 E. Boundary Road, Suite E, Midlothian, VA
BAN20050164	Valley Team Mortgage, Inc. - To open a mortgage broker's office at 19295 Virgil H. Goode Highway, Rocky Mount, VA
BAN20050165	Streamline 1st Mortgage Corp. - To open a mortgage broker's office at 8422 Tidewater Drive, Suite D, Norfolk, VA
BAN20050166	Streamline 1st Mortgage Corp. - To relocate mortgage broker's office from 30 Cody Avenue, Baltimore, MD to 9413 Harford Road, Baltimore, MD
BAN20050167	Household Realty Corporation d/b/a Household Realty Corporation of Virginia - To open a mortgage lender and broker's office at 6310 - A Springfield Plaza, Springfield, VA
BAN20050168	Lighthouse Credit Foundation, Inc. - To conduct business as a credit counseling agency pursuant to Chapter 10.2 of Title 6.1 of the Code of Virginia
BAN20050169	Mortgage Funding USA, LLC - For a mortgage broker's license
BAN20050170	Leo Thomas, Jr. - To acquire Beneficial Industrial Loan Association
BAN20050171	Morris, Boniface & Associates Incorporated - To open a mortgage broker's office at 7105 West Street, Culpeper, VA
BAN20050172	Home Funding Group, LLC - For a mortgage broker's license
BAN20050173	Kubota Credit Corporation, U.S.A. - To open a consumer finance office
BAN20050174	Joharvin Financial Investments LLC d/b/a Dr. Cash - To open a check casher at 549 Newtown Road, Suite 106, Virginia Beach, VA
BAN20050175	Timber Holdings, Inc. - To acquire 25 percent or more of Southland Log Homes Mortgage Company, LLC
BAN20050176	American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 6480 Spring Mountain Road, Suite 3, Las Vegas, NV
BAN20050177	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 809 Whispering Village, Ballwin, MO to 15450 South Outer Forty, Suite 150, St. Louis, MO
BAN20050178	United Capital, Inc. d/b/a United Capital Mortgage - To relocate mortgage lender broker's office from 186 Airport Plaza Drive, Suite A, Alcoa, TN to 2035 Lakeside Centre Way, Suite 140, Knoxville, TN
BAN20050179	First Alliance Mortgage Corporation - To relocate mortgage broker's office from 5225 Jule Star Drive, Centreville, VA to 10300 Eaton Place, Suite 310, Fairfax, VA
BAN20050180	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To relocate mortgage broker's office from 3410-B N Harbor City Boulevard, Melbourne, FL to 2850 Lake Washington Road, Suite 2, Melbourne, FL
BAN20050181	Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 7900 Sudley Road, Suite 415, Manassas, VA
BAN20050182	Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 6224 Colchester Road, Fairfax, VA to 14904 Jefferson Davis Highway, Suite 403, Woodbridge, VA
BAN20050183	Mid-Atlantic Mortgage Corporation - To open a mortgage broker's office at 1187 South Main Street, Woodstock, VA
BAN20050184	ESECONDMORTGAGE.COM, INC. - To relocate mortgage lender broker's office from 5915 Beneva Road, Sarasota, FL to 6249 Lake Osprey Drive, Sarasota, FL
BAN20050185	American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To open a payday lender's office at 518 East Atlantic Street, South Hill, VA
BAN20050186	Coastal Capital Corp. d/b/a Clearlight Mortgage - To relocate mortgage lender broker's office from 1393 Veterans Memorial Highway, Suite 214N, Hauppauge, NY to 1393 Veterans Memorial Highway, Suite 200S, Hauppauge, NY
BAN20050187	Creative Mortgage LLC - For a mortgage broker's license
BAN20050188	Five Star Mortgage Corporation - For a mortgage broker's license
BAN20050189	Hartland Mortgage Centers, Inc. - For a mortgage lender and broker license
BAN20050190	Lighthouse Home Mortgage, L.L.C. - For a mortgage broker's license
BAN20050191	Midatlantic Investment & Funding, Inc. - For a mortgage broker's license
BAN20050192	The New York Mortgage Company, LLC d/b/a mortgageline.com - To open a mortgage lender's office at 1356 Main Chapel Way, Gambrills, MD
BAN20050193	Southern Star Mortgage Corp. - To open a mortgage lender and broker's office at 1010 Clifton Avenue, Clifton, NJ
BAN20050194	Heritage Funding, Inc. - To open a mortgage broker's office at 860 Greenbrier Circle, Suite 103, Chesapeake, VA
BAN20050195	FRMC Financial, Inc. d/b/a First Republic Mortgage Corporation - To open a mortgage lender and broker's office at 104 Marketplace, Bethany Beach, DE
BAN20050196	FRMC Financial, Inc. d/b/a First Republic Mortgage Corporation - To open a mortgage lender and broker's office at 11325 Seven Locks Road, Suite 223, Potomac, MD
BAN20050197	Cash Express of Virginia, Inc. - To relocate payday lender's office from 1365 Virginia Beach Boulevard, Virginia Beach, VA to 3525 East Virginia Beach Boulevard, Virginia Beach, VA
BAN20050198	Global Equity Lending, Inc. - To relocate mortgage lender broker's office from 7010 Lee Highway, Suite 310, Chattanooga, TN to 15 Abelia Lane, Chattanooga, TN
BAN20050199	Family Home Lending Corporation - To open a mortgage lender and broker's office at 8 Main Street, Suite U, Newport, ME
BAN20050200	Family Home Lending Corporation - To open a mortgage lender and broker's office at 6401 Congress Avenue, Suite 230, Boca Raton, FL
BAN20050201	Quotemearate.com, Inc. - To open a mortgage broker's office at 6 Century Hill Drive, Latham, NY

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BAN20050202	Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 645 10th Avenue, Lindenwold, NJ
BAN20050203	Bank of the James - To relocate main office from 615 Church Street, Lynchburg, VA to 828 Main Street, Lynchburg, VA
BAN20050204	Hometown Lenders, L.L.C. - For a mortgage lender and broker license
BAN20050205	Universal Mortgages, LLC - To relocate mortgage broker's office from 1220 Commerce Street, Unit G, Conover, NC to 301 10th Street, N.W., Suite F-103, Conover, NC
BAN20050206	MC Holdings, LLC d/b/a Equity Funding Associates - To relocate mortgage broker's office from 201 N. Frederick Avenue, Gaithersburg, MD to 3711 Plyers Mill Road, Kensington, MD
BAN20050207	TNT Mortgage, LLC - To relocate mortgage broker's office from 125 Sandpiper Lane, Greenville, SC to 3535 Pelham Road, Suite 203, Greenville, SC
BAN20050208	Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 220-A Outlet Pointe Boulevard, Columbia, SC to 2712 Middleburg Drive, Suite 216, Columbia, SC
BAN20050209	American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 6996 Columbia Gateway Drive, Building B, Columbia, MD
BAN20050210	Access Mortgage & Financial Corporation - To open a mortgage lender and broker's office at 612 Trade Center Boulevard, Chesterfield, MO
BAN20050211	Greenlight Financial Services, Inc. (Used in VA by: Greenlight Financial Services) - To open a mortgage lender's office at 7440 Industrial Road, Suite 201, Las Vegas, NV
BAN20050212	Home123 Corporation - To open a mortgage lender and broker's office at 5029 Corporate Woods Drive, Suite 200, Virginia Beach, VA
BAN20050213	Home123 Corporation - To open a mortgage lender and broker's office at 8500 Leesburg Pike, Suite 7700, Vienna, VA
BAN20050214	Tower Mortgage and Financial Services Corporation - To open a mortgage lender and broker's office at 4061 Powder Mill Road, Suite 700, Calverton, MD
BAN20050215	Able Financial Services, Inc. - For a mortgage broker's license
BAN20050216	MortgageIT Holdings, Inc. - To acquire 25 percent or more of MortgageIT, Inc.
BAN20050217	New Century Mortgage Corporation d/b/a Home123 Corporation - To relocate mortgage lender broker's office from 2000 Crow Canyon Place, Suite 240, San Ramon, CA to 2000 Crow Canyon Place, Suite 250, San Ramon, CA
BAN20050218	David Etute d/b/a America Continental Home Loan & Investment - To open a mortgage broker's office at 7886 Richmond Highway, Suite 101, Alexandria, VA
BAN20050219	NFC-Check Cashing Service, Inc. d/b/a NFC-Payday Advance - To open a payday lender's office at 1874 Virginia Avenue Bay, H1A, Martinsville, VA
BAN20050220	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 3532 Katella Avenue, Suite 216, Los Alamitos, CA
BAN20050221	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 10 Hughes, Suite A-201, Irvine, CA
BAN20050222	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 2706 Harbor Boulevard, Suite 207, Costa Mesa, CA
BAN20050223	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 5101 La Palma Avenue, Suite 206, Anaheim, CA
BAN20050224	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 1526 Brookhollow Drive, Suite 70, Santa Ana, CA
BAN20050225	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 22036 Box Car Square, Sterling, VA
BAN20050226	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 228 Franklin Avenue, Nutley, NJ
BAN20050227	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 1740 East Garry Avenue, Suite 228, Santa Ana, CA
BAN20050228	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 27001 La Paz Road, Suite 300, Mission Viejo, CA
BAN20050229	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 2700 North Main Street, Suite 105, Santa Ana, CA
BAN20050230	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at One City Boulevard, West, Suite 655, Orange, CA
BAN20050231	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 1159 Iowa Avenue, Suite E, Riverside, CA
BAN20050232	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 3660 Wilshire Boulevard, Suite 777, Los Angeles, CA
BAN20050233	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 600 Anton Boulevard, Suite 1325, Costa Mesa, CA
BAN20050234	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 445 Tustin Avenue, Newport Beach, CA
BAN20050235	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 4440 Von Karman, Suite 205, Newport Beach, CA
BAN20050236	Dana Capital Group, Inc. - To open a mortgage lender and broker's office at One Orchard Road, Suite 210, Lake Forest, CA
BAN20050237	Virginia Credit Union, Inc. - To open a credit union service office at 13505 Tredegar Lake Parkway, Midlothian, VA
BAN20050238	Alliance Commercial Group LLC d/b/a Alliance Home Mortgage Capital - To open a mortgage broker's office at 3500 Virginia Beach Boulevard, Suite 206, Virginia Beach, VA
BAN20050239	Family Financial Education Foundation - To conduct business as a credit counseling agency pursuant to Chapter 10.2 of Title 6.1 of the Code of Virginia
BAN20050240	Paramount Bond & Mortgage Co., Inc. - For a mortgage lender's license
BAN20050241	Razor Mortgage LLC - To relocate mortgage lender broker's office from 12211 Hampton Valley Mews, Chesterfield, VA to 400 Southlake Boulevard, Suite K, Richmond, VA
BAN20050242	Bank of the Commonwealth - To relocate office from 225 South Rosemont Road, Virginia Beach, VA to 3720 Virginia Beach Boulevard, Virginia Beach, VA
BAN20050243	Horizon Mortgage Corp. - To open a mortgage lender and broker's office at 7777 Leesburg Pike, Suite 10LS, Falls Church, VA
BAN20050244	Southern Fidelity Mortgage Corporation - To relocate mortgage broker's office from 208 Ash Avenue, Suite 102, Unit C, Virginia Beach, VA to 1057 Olds Lane, Virginia Beach, VA
BAN20050245	Equisouth Mortgage, Inc. - For a mortgage lender's license
BAN20050246	Achieva Home Loans, Inc. - For a mortgage broker's license
BAN20050247	Smart Money Mortgage, Inc. - For a mortgage lender and broker license
BAN20050248	Old Virginia Mortgage, Inc. - To open a mortgage lender and broker's office at 2801 Boulevard, Suite E, Colonial Heights, VA
BAN20050249	Old Virginia Mortgage, Inc. - To open a mortgage lender and broker's office at 13354 Midlothian Turnpike, Suite 206, Midlothian, VA
BAN20050250	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 302 Hempstead Road, Williamsburg, VA
BAN20050251	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 7590 Fay Avenue, Suite 301, La Jolla, CA
BAN20050252	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 20545 Central Ridge Road, Suite 212, Rocky River, OH

BAN20050253 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 7272 Wisconsin Avenue, Suite 300, Bethesda, MD

BAN20050254 New Century Mortgage Corporation d/b/a Home123 Corporation - To open a mortgage lender and broker's office at 700 Burning Tree Road, Fullerton, CA

BAN20050255 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 165 Passaic Avenue, Suite 303, Fairfield, NJ

BAN20050256 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 317-319 William Street, Fredericksburg, VA

BAN20050257 Home123 Corporation - To open a mortgage lender and broker's office at 18400 Von Karman, Suite 1000, Irvine, CA

BAN20050258 Home123 Corporation - To open a mortgage lender and broker's office at 700 Burning Tree Road, Fullerton, CA

BAN20050259 MortgageStar, Inc. - To open a mortgage lender and broker's office at 5845 Richmond Highway, Suite 415, Alexandria, VA

BAN20050260 MortgageStar, Inc. - To open a mortgage lender and broker's office at 5022-A Barbour Drive, Alexandria, VA

BAN20050261 Platinum Capital Group, Inc. (Used in VA by: Platinum Capital Group) - To relocate mortgage lender broker's office from 13450 Sunrise Valley Drive, Herndon, VA to 1861 Weihle Avenue, Suite 310, Reston, VA

BAN20050262 The Loanleaders of America, Inc. - For a mortgage lender and broker license

BAN20050263 Carriage House Mortgage, LLC - For a mortgage broker's license

BAN20050264 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 200 Brickstone Square, Suite 403, Andover, MA

BAN20050265 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 2600 Corporate Exchange Drive, Suite 290, Columbus, OH

BAN20050266 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 2500 Corporate Exchange Drive, Suite 350, Columbus, OH

BAN20050267 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 20 Waterside Drive, Suite 200, Farmington, CT

BAN20050268 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 100 Foxborough Boulevard, Suite 125, Foxborough, MA

BAN20050269 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 990 Stewart Avenue, Suite 610, Garden City, NY

BAN20050270 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 580 White Plains Road, Suite 300, Tarrytown, NY

BAN20050271 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 900 Northbrook Drive, Suite 250, Treose, PA

BAN20050272 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 301 Metro Center Boulevard, Suite 205, Warwick, RI

BAN20050273 Family Home Lending Corporation - To open a mortgage lender and broker's office at 429 N. 13th Street, Suite 5B, Philadelphia, PA

BAN20050274 Family Home Lending Corporation - To open a mortgage lender and broker's office at 4915 Lavista Road, Suite B, Tucker, GA

BAN20050275 Check into Cash of Virginia, LLC d/b/a Check into Cash - To open a payday lender's office at 221 North Washington Highway, Ashland, VA

BAN20050276 Fidelity First Mortgage, Inc. - To relocate mortgage lender broker's office from 13354 Midlothian Turnpike, Suite 206, Midlothian, VA to 13710 Thorngate Road, Midlothian, VA

BAN20050277 Arlington Capital Mortgage Corporation d/b/a Windsor Financial Mortgage - To relocate mortgage lender's office from 701 Route 73, Suite 123, Marlton, NJ to 701 A Route 73, Suite 420, Marlton, NJ

BAN20050278 Prospex Mortgage Corporation - To relocate mortgage broker's office from 101 East Holly Avenue, Suite 13, Sterling, VA to 101 East Holly Avenue, Suite 12, Sterling, VA

BAN20050279 Weststar Mortgage, Inc. - To relocate mortgage lender broker's office from 1365 Old Bridge Road, Suite 30, Woodbridge, VA to 8485 Euclid Avenue, Manassas Park, VA

BAN20050280 Lakeside Mortgage Corporation - For a mortgage broker's license

BAN20050281 Apple Mortgage Lending, LLC - For a mortgage broker's license

BAN20050282 Donnell Richardson - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.

BAN20050283 Steve C. Morris - To acquire 25 percent or more of Alta Financial Corporation

BAN20050284 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To relocate mortgage lender broker's office from 105 South First Street, Richmond, VA to 7400 Beaufont Drive, Suite 300, Richmond, VA

BAN20050285 Apple Valley Mortgage, LLC - To open a mortgage broker's office at 14 West Main Street, Front Royal, VA

BAN20050286 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 801 N. Mecklenburg Avenue, South Hill, VA

BAN20050287 Dollar Wise Mortgage Corporation - To open a mortgage broker's office at 8500 Leesburg Pike, Suite 304, Vienna, VA

BAN20050288 Global Equity Lending, Inc. - To open a mortgage lender and broker's office at 12131 Dorsett Road, Suite 106, Maryland Heights, MO

BAN20050289 Ehab Inc. - To open a check casher at 1607 Rodman Avenue, Portsmouth, VA

BAN20050290 Noura, Corp. - To open a check casher at 301 Mount Vernon, Portsmouth, VA

BAN20050291 Khalil, Inc. - To open a check casher at 1000 Seventh Street, Portsmouth, VA

BAN20050292 1st City Lending Inc. d/b/a First City Mortgage - For a mortgage broker's license

BAN20050293 Amerifirst, Inc. - For a mortgage broker's license

BAN20050294 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To open a mortgage lender and broker's office at 17835 Forest Road, Suite B-1, Forest, VA

BAN20050295 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 9025 Wilshire Boulevard, Suite 407, Beverly Hills, CA

BAN20050296 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 4920 B West Broad Street, Richmond, VA

BAN20050297 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 10735 David Taylor Drive, Suite 410, Charlotte, NC

BAN20050298 GMAC Mortgage Corporation d/b/a Ditech.Com - To open a mortgage lender and broker's office at 2030 Tilghman Street, Allentown, PA

BAN20050299 Bay Capital Corp. d/b/a Level One Mortgage Capital - To open a mortgage lender and broker's office at 3216 Stamford Road, Portsmouth, VA

BAN20050300 Guardian First Funding Group, LLC - To relocate mortgage broker's office from 200-40 East 2nd Street, Huntington Station, NY to 48 South Service Road, Melville, NY

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BAN20050301 Pamela H. Sisk d/b/a Sisk Mortgage Group - To relocate mortgage broker's office from 707 Warren Avenue, Front Royal, VA to 701 Warren Avenue, Front Royal, VA

BAN20050302 Universal Mortgage Agency Inc. (Used in VA by: Universal Mortgage Incorporated) - For a mortgage broker's license

BAN20050303 Amigo Services, Inc. - For a mortgage broker's license

BAN20050304 Union Equity Corporation - For a mortgage lender and broker license

BAN20050305 MegaStar Financial Corp. - To relocate mortgage lender's office from 4601 DTC Boulevard, Suite 700, Denver, CO to 3773 Cherry Creek North Drive, Suite 875, Denver, CO

BAN20050306 American Home Finance, Inc. - To relocate mortgage lender broker's office from 8300 Boone Boulevard, Suite 500, Vienna, VA to 823 East Main Street, Richmond, VA

BAN20050307 The Peoples Bank - To open a branch at the southwest corner of West Emory Road and Central Avenue, Knoxville, TN

BAN20050308 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 1300 W. Sam Houston Parkway, Suite 100, Houston, TX

BAN20050309 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 111 W. McMurray Road, McMurray, PA

BAN20050310 Capital Financial Home Equity, LLC - To open a mortgage lender and broker's office at 1987 River Road, Henrico, NC

BAN20050311 New Century Mortgage Corporation d/b/a Home123 Corporation - To relocate mortgage lender broker's office from 2 Hampshire Street, Foxboro, MA to 25 Forbes Boulevard, Suite 1, Foxboro, MA

BAN20050312 Masari, Inc. USA - For a mortgage broker's license

BAN20050313 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 5100 East La Palma Avenue, Suite 208, Anaheim Hills, CA to 5100 East La Palma Avenue, Suite 201, Anaheim Hills, CA

BAN20050314 Network Funding, L.P. - To open a mortgage lender and broker's office at 6373 Little River Turnpike, Alexandria, VA

BAN20050315 Network Funding, L.P. - To open a mortgage lender and broker's office at 2211 Commerce Road, Suite 1, Forest Hill, MD

BAN20050316 Equity Source Home Loans, LLC - To open a mortgage lender and broker's office at 5975 North Federal Highway, Suite 116, Fort Lauderdale, FL

BAN20050317 Equity Source Home Loans, LLC - To open a mortgage lender and broker's office at 249 Route 9, North, Forked River, NJ

BAN20050318 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 801 Quincy Street, Suite 150, Arlington, VA

BAN20050319 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 625 MT Clinton Pike, Suite D, Harrisonburg, VA

BAN20050320 Marie R. Jones - To acquire 25 percent or more of Paragon Home Lending, LLC

BAN20050321 Mata's, Inc. d/b/a Mercado La Buena Fe - To open a check casher at 2836 Valley Avenue, Winchester, VA

BAN20050322 First Tennessee Bank National Association - To open a branch at 1650 Tysons Boulevard, McLean, VA

BAN20050323 Crosspoint Financial, Inc. - For a mortgage broker's license

BAN20050324 Family Home Lending Corporation - To open a mortgage lender and broker's office at 1660 S. Albion Street, Suite 309, Denver, CO

BAN20050325 Access Mortgage & Financial Corporation - To open a mortgage lender and broker's office at 5311 Northfield Road, Cleveland, OH

BAN20050326 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 21820 Burbank Boulevard, Suite 229, Woodland Hills, CA

BAN20050327 The Bank of Fincastle - To open a branch at 200 The Glebe Boulevard, Daleville, VA

BAN20050328 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 9909 Lyndia Place, Upper Marlboro, MD

BAN20050329 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 32900 Five Mile Road, Suite 200, Livonia, MI

BAN20050330 Queena V. Hughes d/b/a Metropolitan Mortgage Group - To open a mortgage broker's office at 11350 Random Hills Road, Suite 650, Fairfax, VA

BAN20050331 Global Mortgage, Inc. - To open a mortgage broker's office at 106-7 Timberlake Terrace, Stephens City, VA

BAN20050332 CoreStar Financial Group, LLC - To open a mortgage lender and broker's office at 60 Columbia Corporate Center, 10490 Little Patuxent Parkway, Suite 250, Columbia, MD

BAN20050333 NVR Mortgage Finance, Inc. - To relocate mortgage lender broker's office from 1001 Boulders Parkway, Suite 100, Richmond, VA to 1001 Boulders Parkway, Suite 400, Richmond, VA

BAN20050334 Network Funding, L.P. - To relocate mortgage lender broker's office from 3084 Westford, Suite A, Baton Rouge, LA to 11606 Southfork, Suite 500, Baton Rouge, LA

BAN20050335 Network Funding, L.P. - To relocate mortgage lender broker's office from 930 West Main Street, Suite E, Lewisville, TX to 5339 Alpha Road, Suite 450, Dallas, TX

BAN20050336 Network Funding, L.P. - To relocate mortgage lender broker's office from 1723 Analog Drive, Richardson, TX to 1727 Levee, Dallas, TX

BAN20050337 W. J. Bradley Company Merchant Partners, LLC - To acquire 25 percent or more of Americorp Credit Corporation

BAN20050338 Bankers Fidelity Mortgage Corporation - For additional mortgage authority

BAN20050339 Morgan Financial, Inc. - For a mortgage lender and broker license

BAN20050340 Corporate Investors Mortgage Group, Inc. - For a mortgage lender and broker license

BAN20050341 Quotemearate.com, Inc. - For additional mortgage authority

BAN20050342 Best Interest Rate Mortgage Company, LLC - For additional mortgage authority

BAN20050343 First Ohio Banc & Lending, Inc. - For additional mortgage authority

BAN20050344 Nation One Mortgage Company, Inc. - For a mortgage lender's license

BAN20050345 Staggs Financial Group, LLC - For a mortgage broker's license

BAN20050346 Lincoln United Mortgage Corp. - For a mortgage broker's license

BAN20050347 Pathway Financial Services, Inc. - For a mortgage broker's license

BAN20050348 The First Bank and Trust Company - To open a branch at 1880 East Market Street, Harrisonburg, VA

BAN20050349 Family Home Lending Corporation - To open a mortgage lender and broker's office at 2225 Wolfshare Road, Virginia Beach, VA

BAN20050350 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 615 Glynock Place, Reisterstown, MD

BAN20050351 East West Mortgage Company, Inc. d/b/a Mortgage Options - To open a mortgage lender and broker's office at 8320 Old Courthouse Road, Suite 403, Vienna, VA

BAN20050352 AEGIS Funding Corporation d/b/a AEGIS Home Equity - To open a mortgage lender's office at 25 Melville Park Road, Suite 200, Melville, NY

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BAN20050353 Nationwide Processing, Inc. d/b/a Ardas Mortgage - To open a mortgage broker's office at Office L-03 Diamond District Airport Road, Kodihalli Post, Bangalore, India, NA

BAN20050354 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 18065 Georgia Avenue, 2nd Floor, Olney, MD to 3716 Court Place, Ellicott City, MD

BAN20050355 American Money Centers, Inc. - To relocate mortgage lender broker's office from 303 Jefferson Boulevard, Warwick, RI to 141 James P. Murphy Highway, West Warwick, RI

BAN20050356 Zagros Financial Inc. - To relocate mortgage broker's office from 1459 Beulah Road, Vienna, VA to 2235 Cedar Lane, Suite 201, Vienna, VA

BAN20050357 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 143 Beaver Dam Reach, Rehoboth Beach, DE

BAN20050358 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 10 Nate Whipple Highway, Cumberland, RI

BAN20050359 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 6814 Elwood Road, Zephyrhills, FL

BAN20050360 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 15200 Shady Grove Road, Suite 350, Rockville, MD

BAN20050361 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1658 Village Green, Suite B, Crofton, MD

BAN20050362 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 2133 Gwynn Oak Avenue, Baltimore, MD

BAN20050363 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 4024 Plank Road, Fredericksburg, VA

BAN20050364 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 115 West 2nd Avenue, Franklin, VA

BAN20050365 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1910 Euclid Avenue, Bristol, VA

BAN20050366 Terry L. Jones - For a mortgage broker's license

BAN20050367 Mortgage Made Simple, LLC - For a mortgage broker's license

BAN20050368 Capital First Financial Services, LLC - For a mortgage broker's license

BAN20050369 Sedona Mortgage Corporation (Used in VA by: Sedona National Mortgage Corporation) - For a mortgage broker's license

BAN20050370 Community First Bank - To open a branch at 985 Independence Boulevard, Bedford, VA

BAN20050371 Numerica Funding, Inc. - To open a mortgage lender and broker's office at 4098 Foxwood Drive, Virginia Beach, VA

BAN20050372 North Seattle Community College Foundation d/b/a American Financial Solutions - To open an additional credit counseling office at 263 4th Street, Bremerton, WA

BAN20050373 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 13890 Braddock Road, Suite 304A, Centreville, VA to 5160 Parkstone Drive, Chantilly, VA

BAN20050374 First Atlantic Mortgage Corporation - To relocate mortgage broker's office from 9100 Arboretum Parkway, Suite 148, Richmond, VA to 1650 Huguenot Road, Midlothian, VA

BAN20050375 SunTrust Bank - To open a branch at 3043 Nutley Street, Fairfax, VA

BAN20050376 Millennium Capital Markets, Inc. d/b/a The Mortgage Lending Group - For a mortgage broker's license

BAN20050377 Crown Mortgage Services, LLC - For a mortgage broker's license

BAN20050378 Berwyn Mortgage, Inc. - For a mortgage lender's license

BAN20050379 Lenders Direct Capital Corporation - For a mortgage lender and broker license

BAN20050380 Amazon Mortgage Loans, Inc. - To relocate mortgage broker's office from 1101 Pleasant Circle, Rockville, MD to 822 Rockville Pike, Rockville, MD

BAN20050381 Money Tree Funding, L.L.C. - To relocate a mortgage broker's office from 342 Hungerford Drive, Rockville, MD to 401 N. Washington Street, Suite 525, Rockville, MD

BAN20050382 Virginia Mortgage Processing Incorporated (Used in VA by: Mortgage Processing, Incorporated) - To relocate mortgage broker's office from 17517A Indian Head Highway, Accokeek, MD to 3555 Leonardtown Road, Suite 8, Waldorf, MD

BAN20050383 American Mortgage Express Corp. - To open a mortgage lender and broker's office at 4401 Fair Lakes Court, Fairfax, VA

BAN20050384 Huntlyer Enterprises, Inc. d/b/a Ross Mortgage Corporation - To relocate mortgage broker's office from 9319 Branchside Lane, Fairfax, VA to 8366 Pedigree Court, Gainesville, VA

BAN20050385 Multi-Fund of Columbus, Inc. - To relocate mortgage broker's office from 9700 Rockside Road, Suite 100, Cleveland, OH to 24371 Lorain Road, Suite 205, North Olmsted, OH

BAN20050386 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 12011 Lee Jackson Memorial Highway, Suite 504, Fairfax, VA

BAN20050387 BSM Financial L.P. d/b/a Brokersource - To open a mortgage lender and broker's office at 200 Lake Drive, East, Suite 108, Cherry Hill, NJ

BAN20050388 Community Mortgage Services Corporation - To open a mortgage broker's office at 8100 Three Chopt Road, Suite 116, Richmond, VA

BAN20050389 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 3300 West Esplanade Avenue, Suite 101, Metairie, LA

BAN20050390 Homestead Financial, Inc. - To relocate mortgage broker's office from 6564 Forsythia Street, Springfield, VA to 2154 Blue Spruce Drive, Culpeper, VA

BAN20050391 Origen Financial L.L.C. - To relocate mortgage lender's office from 3001 Meacham Boulevard, Suite 120, Fort Worth, TX to 4250 Freeway, Fort Worth, TX

BAN20050392 James Connolly - To acquire 25 percent or more of United Mortgage Corporation

BAN20050393 Mercantile Safe Deposit and Trust Company (a division of Mercantile-Safe Deposit and Trust Company) - To merge into it Mercantile Potomac Bank

BAN20050394 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 13304 Vista Forest Drive, Woodbridge, VA

BAN20050395 Jeffrey William Epstein d/b/a Ross Mortgage - To relocate mortgage broker's office from 9319 Branchside Lane, Fairfax, VA to 8366 Pedigree Court, Gainesville, VA

BAN20050396 QC&G Financial, Inc. d/b/a Ace America's Cash Express - To conduct payday lending business where the business of arranging/disbursing bank deposits will also be conducted

BAN20050397 Pacific Northwest Mortgage Corporation - For a mortgage lender and broker license

BAN20050398 Integrity Home Mortgage Corporation - For a mortgage broker's license

BAN20050399 Pro-Buy Equities Corp. d/b/a Primary Funding Group - For a mortgage lender and broker license

BAN20050400 Garrison Financial Solutions Group, Inc. - For a mortgage broker's license

BAN20050401 1st Financial Mortgage Corp. - To relocate mortgage broker's office from 8100 Three Chopt Road, Suite 111, Richmond, VA to 1601 Rolling Hills Drive, Suite 124, Richmond, VA

BAN20050402 James Guzanick - To acquire 25 percent or more of Paragon Home Lending, LLC

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BAN20050403 Equity One, Consumer Discount Co. - To open a consumer finance office  
 BAN20050404 Triumph Funding Corp. - To relocate mortgage broker's office from 42-26 28th Street, Suite 501, Long Island City, NY to 1000 Woodbury Road, Suite 107, Woodbury, NY  
 BAN20050405 E-Star Lending Inc. - To relocate mortgage broker's office from 6036 Clerkenwell Court, Burke, VA to 9306-A Old Keene Mill Road, Burke, VA  
 BAN20050406 Wall Street Mortgage Bankers, Ltd. d/b/a Power Express Mortgage Bankers - To relocate mortgage lender's office from 1010 Northern Boulevard, Suite 316, Great Neck, NY to 1111 Marcus Avenue, Suite 300, Lake Success, NY  
 BAN20050407 East Coast Capital Corp. - To relocate mortgage broker's office from 1670 Old Country Road, Suite 118, Plainview, NY to 6901 Jericho Turnpike, Suite 212, Syosset, NY  
 BAN20050408 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2238 Brightseat Road, Suite 301, Hyattsville, MD  
 BAN20050409 Centex Home Equity Company, LLC - To open a mortgage lender and broker's office at 7901 Lowry Boulevard, 4th Floor, Denver, CO  
 BAN20050410 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 7726 Williamson Road, N.W., Roanoke, VA  
 BAN20050411 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 5125 Convoy Street, Suite 304, San Diego, CA  
 BAN20050412 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 498 S. Independence Boulevard, Virginia Beach, VA  
 BAN20050413 John Jeffrey Peedin d/b/a Valley First Mortgage - To relocate mortgage broker's office from 75 Summerplace, Littleton, NC to 171 Poe Creek Drive, Littleton, NC  
 BAN20050414 The Home Mortgage Depot Inc. - For a mortgage broker's license  
 BAN20050415 Equifund, Inc. - For a mortgage lender's license  
 BAN20050416 Riverbank Mortgage Corporation - For a mortgage broker's license  
 BAN20050417 Midwest Money Exchange, LLC d/b/a Kwik Cash America - For a payday lender license  
 BAN20050418 Lighthouse Mortgage Corp., A New York Corporation (Used in VA by: Lighthouse Mortgage Corp.) - For a mortgage broker's license  
 BAN20050419 Curo Banc, LLC - For a mortgage broker's license  
 BAN20050420 GSF Mortgage Corporation - To open a mortgage lender and broker's office at 9022 Belair Road, Second Floor, Baltimore, MD  
 BAN20050421 American Mortgage Network, Inc. - To open a mortgage lender's office at 4830 West Kennedy Boulevard, Suite 850, Tampa, FL  
 BAN20050422 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 1 Civic Plaza Drive, Suite 400, Carson, CA  
 BAN20050423 Centex Home Equity Company, LLC - To open a mortgage lender and broker's office at 9507 Hull Street, Suite F-3, Richmond, VA  
 BAN20050424 North American Home Loans, Inc. - To open a mortgage broker's office at 11555 Heron Bay Boulevard, Suite 200, Coral Springs, FL  
 BAN20050425 SLM Mortgage Corporation-VA d/b/a Sallie Mae Mortgage - To open a mortgage lender and broker's office at 3105 American Legion Road, Suite D, Chesapeake, VA  
 BAN20050426 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 1940 Duke Street, Alexandria, VA  
 BAN20050427 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 5400 Glenwood Avenue, Suite 215, Raleigh, NC  
 BAN20050428 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 12801 Darby Brook Court, Suite 101, Woodbridge, VA to 17300 River Ridge Boulevard, Dumfries, VA  
 BAN20050429 Metropolis Funding, Inc. - To relocate mortgage broker's office from 8100 Harford Road, Baltimore, MD to 630 Towne Center Drive, Joppa, MD  
 BAN20050430 1st American Mortgage, Inc. d/b/a CU Mortgage Group - To relocate mortgage lender broker's office from 2000 Holiday Drive, Suite 101, Charlottesville, VA to 1415 Sachem Place, Suite 2A, Charlottesville, VA  
 BAN20050431 New Century Mortgage Corporation d/b/a Home123 Corporation - To relocate mortgage lender broker's office from 210 Commerce, Irvine, CA to 1610 East Saint Andrew Place, Suite B150, Santa Ana, CA  
 BAN20050432 Atlantic Capital Funding Corporation - To relocate mortgage lender broker's office from 5101 River Road, Suite 102, Bethesda, MD to 7315 Wisconsin Avenue, Suite 1250, Bethesda, MD  
 BAN20050433 SLM Financial Corporation d/b/a Sallie Mae Financial - To open a consumer finance office at 3105 American Legion Road, Suite D, Chesapeake, VA  
 BAN20050434 Brumskine & Company, LLC - To open a check casher at 7611 C Richmond Highway, Alexandria, VA  
 BAN20050435 Annie Nell Bloedorn d/b/a Assets Assured Financial Services - For a mortgage broker's license  
 BAN20050436 Southland Log Homes Mortgage Company, LLC - For a mortgage broker's license  
 BAN20050437 Ascella Mortgage, LLC - For a mortgage broker's license  
 BAN20050438 Money Til Payday, LLC - For a payday lender license  
 BAN20050439 Patriot Mortgage of Ohio, Inc. - For a mortgage broker's license  
 BAN20050440 Virginia Beach Investment Services, Incorporated d/b/a King\$ Ca\$h Advance\$ - For a payday lender license  
 BAN20050441 Hudson Executive Mortgage Corporation - For a mortgage broker's license  
 BAN20050442 Peoples Financial Services, Inc. - For a mortgage broker's license  
 BAN20050443 Lighthouse Mortgage Service Co., Inc. - To open a mortgage lender and broker's office at Fairway Plaza, Suite 100, Huntingdon Valley, PA  
 BAN20050444 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 24 West Pennsylvania Avenue, 2nd Floor, Towson, MD  
 BAN20050445 Reliance Lending Inc. - To open a mortgage lender and broker's office at 13184 Centerpointe Way, Suite 201A, Dale City, VA  
 BAN20050446 Homeloan USA Corporation - To open a mortgage lender and broker's office at 4860 Cox Road, Suite 200, Glen Allen, VA  
 BAN20050447 Fairfax Mortgage Investments Inc. - To open a mortgage lender and broker's office at 444 North Frederick Avenue, Gaithersburg, MD  
 BAN20050448 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 10513 Judicial Drive, Suite 103, Fairfax, VA  
 BAN20050449 Master Financial, Inc. - To open a mortgage lender's office at 4500 Cherry Creek Drive, South, Suite 940, Glendale, CO  
 BAN20050450 Access Mortgage & Financial Corporation - To open a mortgage lender and broker's office at 420 S. Waverly Road, Suite 3, Lansing, MI  
 BAN20050451 Loudoun Lenders, LTD - To open a mortgage broker's office at 816 Melody Court, Leesburg, VA  
 BAN20050452 MortgageStar, Inc. - To open a mortgage lender and broker's office at 10400 Little Patuxent Parkway, Suite 485, Columbia, MD  
 BAN20050453 First Ohio Banc & Lending, Inc. - To open a mortgage broker's office at 7055 Engle Road, Building 1, Suite 103, Middleburgh Heights, OH

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BAN20050454 First Ohio Banc & Lending, Inc. - To open a mortgage broker's office at 38879 Mentor Avenue, Unit F, Willoughby, OH  
 BAN20050455 Presidential Mortgage Corporation of Rhode Island (Used in VA by: Presidential Mortgage Corporation) - To relocate mortgage broker's office from 6828 Post Road, North Kingstown, RI to 6946 Post Road, North Kingstown, RI  
 BAN20050456 The Mortgage Centre, Inc. - To relocate mortgage broker's office from 104 Archway Court, Lynchburg, VA to 114 Tradewynd Drive, Lynchburg, VA  
 BAN20050457 Preston Funding, LLC - For a mortgage broker's license  
 BAN20050458 A. D. Bilich, Inc. d/b/a Preferred Financial - For a mortgage broker's license  
 BAN20050459 Guaranty 1st, LLC - For a mortgage broker's license  
 BAN20050460 ACT Lending Corporation d/b/a ACT Mortgage Capital - For a mortgage lender's license  
 BAN20050461 American Lending Group, Inc. - To relocate mortgage lender broker's office from 880 Corporate Drive, Suite 210, Lexington, KY to One Eagle View Plaza, Third Floor, 3288 Eagle View Lane, Suite 300, Lexington, KY  
 BAN20050462 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 3038 Sedgefield Road, Roanoke, VA to 13105 Booker T. Washington Highway, Hardy, VA  
 BAN20050463 Mortgage Systems Inc. - For a mortgage broker's license  
 BAN20050464 H&R Block Mortgage Corporation - To open a mortgage lender and broker's office at 3 Burlington Woods, Second Floor, West Wing, Burlington, MA  
 BAN20050465 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 2700 Potomac Mills Circle, Cart 19, Prince William, VA  
 BAN20050466 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To relocate mortgage lender broker's office from 7272 Wisconsin Avenue, Suite 300, Bethesda, MD to 3 Bethesda Metro Center, Suite 700, Bethesda, MD  
 BAN20050467 Finance America, LLC - To relocate mortgage lender broker's office from 4100 E. Mississippi, Suite 603, Denver, CO to 4100 E. Mississippi, Suite 1000, Denver, CO  
 BAN20050468 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 7628 South Tamiami Trail, Sarasota, FL to 130 North Tamiami Trail, Suite B, Ospry, FL  
 BAN20050469 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To relocate mortgage lender broker's office from 8230 Boone Boulevard, Suite 125, Vienna, VA to 8245 Boone Boulevard, Suite 820, Vienna, VA  
 BAN20050470 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To relocate mortgage lender broker's office from 8230 Boone Boulevard, Suite 200, Vienna, VA to 8245 Boone Boulevard, Suite 300, Vienna, VA  
 BAN20050471 American First Mortgage, LLC - For a mortgage broker's license  
 BAN20050472 First American Mortgage Corp. - For a mortgage broker's license  
 BAN20050473 Elite Mortgage Group, Inc. - For a mortgage lender's license  
 BAN20050474 M.L. Moskowitz & Co., Inc. - For a mortgage lender's license  
 BAN20050475 Phillip Siebert - To acquire 25 percent or more of Paragon Home Lending, LLC  
 BAN20050476 Virginia Credit Union, Inc. - To open a credit union service office at 700 East Jackson Street, Richmond, VA  
 BAN20050477 Virginia Mortgage Services, Inc. - To open a mortgage broker's office at 5338-E. George Washington Memorial Highway, Grafton, VA  
 BAN20050478 Opteum Financial Services, LLC d/b/a Home Star Direct - To open a mortgage lender's office at 10195 South Dearing Street, Covington, GA  
 BAN20050479 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 3747 Church Road, Suite 103, Mt. Laurel, NJ  
 BAN20050480 Check into Cash of Virginia, LLC d/b/a Check into Cash - To open a payday lender's office at 7347 Lee Highway, Fairlawn, VA  
 BAN20050481 American Residential Funding, Inc. - To relocate a mortgage lender broker's office from 7700 Irvine Center Drive, Suite 800, Irvine, CA to 25292 McIntyre Street, Suite E, Laguna Hills, CA  
 BAN20050482 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 4700 Homewood Court, Suite 100, Raleigh, NC to 3201 Glenwood Avenue, Raleigh, NC  
 BAN20050483 Commonsense Mortgage Inc. d/b/a First Solution Lending - To open a mortgage lender and broker's office at 592 Dodge Avenue, Elk River, MN  
 BAN20050484 Commonsense Mortgage Inc. d/b/a First Solution Lending - To open a mortgage lender and broker's office at 2524 39th Avenue, N., Minneapolis, MN  
 BAN20050485 Commonsense Mortgage Inc. d/b/a First Solution Lending - To open a mortgage lender and broker's office at 501 N. 1st Avenue, Suite 520, Minneapolis, MN  
 BAN20050486 Commonsense Mortgage Inc. d/b/a First Solution Lending - To open a mortgage lender and broker's office at 1 Meridian Crossing, Suite 160, Richfield, MN  
 BAN20050487 Commonsense Mortgage Inc. d/b/a First Solution Lending - To relocate mortgage lender broker's office from 10617 North Hayden Road, Suite 103, Scottsdale, AZ to 1830 S. Alma Road, Suite 101, Mesa, AZ  
 BAN20050488 Commonsense Mortgage Inc. d/b/a First Solution Lending - To relocate mortgage lender broker's office from 1317 East Lake Street, South, Minneapolis, MN to 5801 Duluth Street, Golden Valley, MN  
 BAN20050489 Greenlight Mortgage, Inc. - For a mortgage broker's license  
 BAN20050490 Infinity Mortgage, Inc. - For a mortgage broker's license  
 BAN20050491 Lee Bank & Trust Company - To open a branch at 17510 Lee Highway, Abingdon, VA  
 BAN20050492 Buckeye Check Cashing of Virginia, Inc. d/b/a Check\$mart - To open a payday lender's office at 2001 Pembroke Avenue, Hampton, VA  
 BAN20050493 Buckeye Check Cashing of Virginia, Inc. d/b/a Check\$mart - To open a payday lender's office at 1207 Benns Church Boulevard, Suite 2, Smithfield, VA  
 BAN20050494 Family Home Lending Corporation - To open a mortgage lender and broker's office at 511 Keisler Drive, Suite 103, Cary, NC  
 BAN20050495 U.S. Lending, LLC - To open a mortgage broker's office at 6066 Leesburg Pike, Suite 101, Falls Church, VA  
 BAN20050496 Mortgage Lenders of America, L.L.C. - To open a mortgage lender and broker's office at 480 B Piney Forest Road, Danville, VA  
 BAN20050497 American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To relocate payday lender's office from 3412 Waterlick Road, Suite E, Lynchburg, VA to 3813 Wards Road, Lynchburg, VA  
 BAN20050498 Lifetime Mortgage, Inc. - To relocate mortgage broker's office from 9910 Chester Road, Chester, VA to 3640 Boulevard, Colonial Heights, VA  
 BAN20050499 Salem Mortgage Corporation - To open a mortgage broker's office at 401G Seacoast Parkway, Mt. Pleasant, SC

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BAN20050500 Associates Housing Finance, LLC - To relocate mortgage lender's office from 4650 Regent Boulevard, Irving, TX to 290 E. Carpenter Freeway, Irving, TX

BAN20050501 Pitcairn Trust Company - To open a new independent trust company branch at 8045 Leesburg Pike, Vienna, VA

BAN20050502 Southern National Bancorp of Virginia, Inc. - To acquire Sonabank, N.A.

BAN20050503 Mercantile Bankshares Corporation - To acquire Community Bank of Northern Virginia, Sterling, VA

BAN20050504 Peoples Trust Mortgage, LLC d/b/a Peoples Choice Mortgage - To open a mortgage lender and broker's office at 7350 Ladysmith Road, Suite 112, Ladysmith, VA

BAN20050505 Peoples Trust Mortgage, LLC d/b/a Peoples Choice Mortgage - To open a mortgage lender and broker's office at 4301 Commuter Drive, Suite 101, Virginia Beach, VA

BAN20050506 Southern Star Mortgage Corp. - To open a mortgage lender and broker's office at 51 Buffalo Avenue, Brooklyn, NY

BAN20050507 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 8245 Boone Boulevard, Suite 500, Vienna, VA

BAN20050508 MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender's office at 10757 Ambassador Drive, Manassas, VA

BAN20050509 Century Financial Group Inc. d/b/a 1st Century Mortgage - To open a mortgage broker's office at 3437 Foxfield Drive, Chesapeake, VA

BAN20050510 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 8833 Pacific Avenue, Suite G, Tacoma, WA to 8808 Pacific Avenue, Tacoma, WA

BAN20050511 Johnny Carr d/b/a Carr Mortgage Services - For a mortgage broker's license

BAN20050512 OES Financial Group, Inc. - For a mortgage broker's license

BAN20050513 Edith A. Inzaina - For a mortgage broker's license

BAN20050514 Equity One Consumer Loan Company, Inc. - To open a consumer finance office at 732 Eden Way North, Unit 3, Chesapeake, VA

BAN20050515 Bishop Mary P. Bonner d/b/a Bonner's Financial Services - For a payday lender license

BAN20050516 Primary Home Lenders, Inc. - For a mortgage lender's license

BAN20050517 A M Financial Corp. - For a mortgage broker's license

BAN20050518 H & R Mortgage, Inc. - For a mortgage broker's license

BAN20050519 Primera Mortgage Corp. - For a mortgage lender and broker license

BAN20050520 First Street Financial, Inc. - For a mortgage lender and broker license

BAN20050521 Global Mortgage, Inc. - To open a mortgage broker's office at 1206 Laskin Road, Suite 208, Virginia Beach, VA

BAN20050522 Global Mortgage, Inc. - To open a mortgage broker's office at 5491 Clommel Court, Alexandria, VA

BAN20050523 Global Mortgage, Inc. - To open a mortgage broker's office at 3078 Shawnee Drive, Winchester, VA

BAN20050524 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 201 Temple Avenue, Suite D, Colonial Heights, VA

BAN20050525 New Directions Mortgage Co. Inc. - To open a mortgage broker's office at 9210 Arboretum Parkway, Suite 290, Richmond, VA

BAN20050526 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 11141 Georgia Avenue, Suite 207, Wheaton, MD to 11501 Georgia Avenue, Suite 317, Wheaton, MD

BAN20050527 Metropolitan Mortgage and Financial Services Corporation - For a mortgage broker's license

BAN20050528 Virginia Commerce Bank - To open a branch at 9161 Liberia Avenue, Manassas, VA

BAN20050529 Middleburg Bank - To open a branch at 530 Blackwell Road, Warrenton, VA

BAN20050530 Irige Inc. - For a mortgage broker's license

BAN20050531 Freedom One Funding, Inc. - For a mortgage broker's license

BAN20050532 Assurafirst Financial Company - For a mortgage lender and broker license

BAN20050533 American Government Mortgage, L.L.C. - For a mortgage broker's license

BAN20050534 New Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 6955 South Union Park Boulevard., Suite 170, Salt Lake City, UT

BAN20050535 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 5602 Baltimore National Pike, Suite 108, Baltimore, MD

BAN20050536 NJ Lenders Corp. - To open a mortgage lender and broker's office at 20 Commerce Drive, Cranford, NJ

BAN20050537 NJ Lenders Corp. - To relocate mortgage lender broker's office from 237 South Street, Morristown, NJ to 237 South Street, Morristown, NJ

BAN20050538 Rowe Mortgage Company, LLC - To relocate mortgage broker's office from 2008 Libbie Avenue, Suite 102, Richmond, VA to 11533 Nuckols Road, Suite B, Glen Allen, VA

BAN20050539 Household Realty Corporation d/b/a Household Realty Corporation of Virginia - To relocate mortgage lender broker's office from 10801 Hull Street Road, Midlothian, VA to 4842 Commonwealth Centre, Commonwealth Centre II, Midlothian, VA

BAN20050540 Beneficial Mortgage Co. of Virginia - To relocate mortgage lender broker's office from Victorian Square, 10809 Hull Street Road, Midlothian, VA to 10801 Hull Street Road, Victorian Square Shopping Center, Midlothian, VA

BAN20050541 Beneficial Discount Co. of Virginia - To relocate mortgage lender's office from Victorian Square, 10809 Hull Street Road, Midlothian, VA to 10801 Hull Street Road, Victorian Square Shopping Center, Midlothian, VA

BAN20050542 Beneficial Virginia Inc. - To relocate consumer finance office from Victorian Square, 10809 Hull Street Road, Midlothian, VA to 10801 Hull Street Road, Victorian Square Shopping Center, Midlothian, VA

BAN20050543 JRK BP, Inc. d/b/a BP Miller - To open a check casher at 933 Aberdeen Road, Hampton, VA

BAN20050544 Home123 Corporation - To open a mortgage lender and broker's office at 1610 East St. Andrew Place, Suite B150, Santa Ana, CA

BAN20050545 1st American Mortgage, Inc. d/b/a CU Mortgage Group - To open a mortgage lender and broker's office at 12011 Lee Jackson Memorial Highway, Suite 504, Fairfax, VA

BAN20050546 Global Home Loans & Finance Inc. d/b/a directloansource.com - To open a mortgage lender and broker's office at 100 Cummings Center, Suite 321E, Beverly, MA

BAN20050547 Global Home Loans & Finance Inc. d/b/a directloansource.com - To open a mortgage lender and broker's office at 2 Rector Street, Suite 1013, New York, NY

BAN20050548 Global Home Loans & Finance Inc. d/b/a directloansource.com - To open a mortgage lender and broker's office at 6 East 32nd Street, New York, NY

BAN20050549 Premier Financial Company - To open a mortgage lender and broker's office at 6849 Old Dominion Drive, Suite 420, McLean, VA

BAN20050550 New Day Financial, LLC - To open a mortgage lender and broker's office at 312 Walnut Street, 16th Floor, Cincinnati, OH

BAN20050551 Arista Lending Solutions, Inc. - To open a mortgage broker's office at 161 Colony Road, Newport News, VA  
 BAN20050552 Atlantic Mortgage Loans, Inc. - To open a mortgage broker's office at 707 Whitestone Place, Colonial Heights, VA  
 BAN20050553 Destiny Mortgage Group, Inc. - To open a mortgage broker's office at 6607 Palamino Street, Springfield, VA  
 BAN20050554 Hassle Free Mortgage Brokers, Inc. - To open a mortgage broker's office at 6922-B Little River Turnpike, Annandale, VA  
 BAN20050555 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 804 East Ohio Street, Princeton, IN  
 BAN20050556 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 8903 East Oak Island Drive, Suite 103C, Oak Island, NC  
 BAN20050557 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 5161 Six Forks Road, Raleigh, NC  
 BAN20050558 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 21 Park Street, Attleboro, MA  
 BAN20050559 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 8403 Colesville Road, Suite 640, Silver Spring, MD  
 BAN20050560 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 19 Nature Trail, Deep River, CT  
 BAN20050561 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1410 Broadway, Suite 1802, New York, NY  
 BAN20050562 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 35380 SR 54 West, Zephyr Hills, FL  
 BAN20050563 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 7002 Caton Woods Court, Springfield, VA  
 BAN20050564 Commerce Bank/Pennsylvania, N.A. - To open a branch at Centreville Drive and Machen Road, Centreville, VA  
 BAN20050565 Anthony Forde d/b/a Atlantic & Pacific Mortgage Services - For a mortgage broker's license  
 BAN20050566 Broker Solutions, Inc. d/b/a New American Funding - For a mortgage lender and broker license  
 BAN20050567 St Fin Corp. - For a mortgage lender and broker license  
 BAN20050568 TT&S Financial, LLC - For a mortgage broker's license  
 BAN20050569 Emmett D. Dashiell Jr. d/b/a Mortgage Express Company - For a mortgage lender and broker license  
 BAN20050570 Quotemearate.com, Inc. - To open a mortgage broker's office at 10300 N. Central Expressway, Suite 175, Dallas, TX  
 BAN20050571 Quotemearate.com, Inc. - To open a mortgage broker's office at 14650 W. Colonial Drive, Winter Garden, FL  
 BAN20050572 Quotemearate.com, Inc. - To open a mortgage broker's office at 1221 S.E. 10th Terrace, Deerfield Beach, FL  
 BAN20050573 MortgageStar, Inc. - To open a mortgage lender and broker's office at 15096 Aviara View Court, Haymarket, VA  
 BAN20050574 Prosperity Mortgage Company - To open a mortgage lender and broker's office at 1111 A North Main Street, Blacksburg, VA  
 BAN20050575 Prosperity Mortgage Company - To open a mortgage lender and broker's office at 3601 Holiday Lane, Blacksburg, VA  
 BAN20050576 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 8665 Bayline Road, Suite 210, Jacksonville, FL  
 BAN20050577 Opteum Financial Services, LLC d/b/a Home Star Direct - To relocate mortgage lender's office from One Paragon Drive, Suite 255, Montvale, NJ to W115 Century Road, 2nd Floor, Paramus, NJ  
 BAN20050578 Leslie A. Wynn d/b/a Anchor Mortgage Company - For a mortgage broker's license  
 BAN20050579 JR Mortgage, LLC - For a mortgage broker's license  
 BAN20050580 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - For a mortgage lender and broker license  
 BAN20050581 Next Estate Communications, Inc. - For a money order license  
 BAN20050582 David B. Swisher - To acquire 25 percent or more of The Mortgage Vault, Inc.  
 BAN20050583 CashNet, Inc. d/b/a Cash Advance Centers - To open a payday lender's office at 601 Commonwealth Avenue, Suite 2, Bristol, VA  
 BAN20050584 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 1355-B Lynnfield Road, Suite 189, Memphis, TN  
 BAN20050585 Family Home Lending Corporation - To open a mortgage lender and broker's office at 1191 East Newport Center Drive, Penthouse B, Deerfield Beach, FL  
 BAN20050586 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 14455 Jefferson Davis Highway, Woodbridge, VA  
 BAN20050587 NVR Mortgage Finance, Inc. - To open a mortgage lender and broker's office at 2013 Northwood Drive, Suite 1, Salisbury, MD  
 BAN20050588 Home Mortgage & Investment Company - To relocate mortgage broker's office from 20070 Inverness Square, Ashburn, VA to 20026 Palmer Classic Parkway, Ashburn, VA  
 BAN20050589 Oceana Cash Advance, LLC - To relocate payday lender's office from 1657 Virginia Beach Boulevard, Virginia Beach, VA to 1658 Virginia Beach Boulevard, Virginia Beach, VA  
 BAN20050590 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To relocate mortgage lender broker's office from 4900 Leesburg Pike, Suite 209, Alexandria, VA to 4900 Leesburg Pike, Suite 307, Alexandria, VA  
 BAN20050591 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To relocate mortgage lender broker's office from 4128 28th Street, North, St. Petersburg, FL to 1034 Hamilton Avenue, Tarpon Springs, FL  
 BAN20050592 Contractor Loan Center LLC - For a mortgage lender and broker license  
 BAN20050593 Fidelity Mortgage Solutions Inc. (Used in VA by: Fidelity Mortgage Services Inc) - For a mortgage broker's license  
 BAN20050594 Jones Finance and Real Estate Investments, Inc. d/b/a JFREI Mortgage - For a mortgage broker's license  
 BAN20050595 ADT Interactive, LLC - For a mortgage broker's license  
 BAN20050596 Dominion First Mortgage Corporation - For additional mortgage authority  
 BAN20050597 MortgageIT, Inc. d/b/a MIT Lending - To open a mortgage lender and broker's office at 4601 Charlotte Park Drive, Suite 100, Charlotte, NC  
 BAN20050598 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 2697 International Parkway, Suite 207, Virginia Beach, VA  
 BAN20050599 Equity One Consumer Loan Company, Inc. - To open a consumer finance office at 6102 Brashier Boulevard, Suite 6, Mechanicsville, VA  
 BAN20050600 Watermark Financial Partners, Inc. - To open a mortgage lender's office at 5900 Central Avenue, St. Petersburg, FL  
 BAN20050601 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 2916 University Boulevard, West, Suite 206, Jacksonville, FL  
 BAN20050602 MortgageIT, Inc. d/b/a MIT Lending - To open a mortgage lender and broker's office at 490 Sawgrass Parkway, 2nd Floor, Sunrise, FL  
 BAN20050603 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 7617 Little River Turnpike, Suite 520, Annandale, VA  
 BAN20050604 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 5869 Allentown Road, Camp Springs, MD  
 BAN20050605 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To relocate mortgage broker's office from 9011 Arboretum Parkway, Suite 175, Richmond, VA to 9100 Arboretum Parkway, Suite 180, Richmond, VA

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BAN20050606	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 9400 Livingston Road, Suite 318, Fort Washington, MD to 9400 Livingston Road, Suite 335, Fort Washington, MD
BAN20050607	Capital Mortgage Finance Corp. d/b/a Renovation One Mortgage - To open a mortgage lender and broker's office at 845-N Quince Orchard Boulevard, Gaithersburg, MD
BAN20050608	Independent Mortgage of Tampa Bay, Inc. - For a mortgage broker's license
BAN20050609	Cal First Lending Inc. - For a mortgage broker's license
BAN20050610	Pacific Union Financial, LLC - For a mortgage broker's license
BAN20050611	Griffin Financial Mortgage, LLC - For a mortgage broker's license
BAN20050612	Wall Street Mortgage, Inc. - For a mortgage broker's license
BAN20050613	Natael Mortgage Consultants Incorporated - To relocate mortgage broker's office from 815 King Street, Suite 210, Alexandria, VA to 5947 Williamsburg Road, Alexandria, VA
BAN20050614	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 6740 Shannon Parkway, Suite 29, Union City, GA
BAN20050615	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 4840 Roswell Road, Suite D-100, Atlanta, GA
BAN20050616	Residential Home Loan Centers, LLC - To open a mortgage lender and broker's office at 7945 Annapolis Road, Lanham, MD
BAN20050617	American Affordable Homes, Inc. - To open a mortgage lender and broker's office at 7619 Little River Turnpike, Suite 640, Annandale, VA
BAN20050618	Mercantile Safe Deposit and Trust Company (a division of Mercantile-Safe Deposit and Trust Company) - To merge into it Community Bank of Northern Virginia
BAN20050619	Profirst Mortgage Corporation - For a mortgage broker's license
BAN20050620	America's Mortgage Resource, Inc. - For a mortgage broker's license
BAN20050621	Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 103 East Williamsburg Road, Sandston, VA
BAN20050622	Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 9606 Peppertree Drive, Richmond, VA to 2712 Enterprise Parkway, Richmond, VA
BAN20050623	Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 611 Lynnhaven Parkway, Suite 100, Virginia Beach, VA
BAN20050624	Branch Banking and Trust Company of Virginia - To open a branch at 125 Collins Drive, Danville, VA
BAN20050625	Commonwealth Mortgage Services Corp. - For a mortgage broker's license
BAN20050626	Creative Mortgages LLC - For a mortgage broker's license
BAN20050627	Prestige Funding, LLC - For a mortgage broker's license
BAN20050628	CapFirst Mortgage, LLC - For a mortgage broker's license
BAN20050629	Aspen Home Loans, LC - For a mortgage lender and broker license
BAN20050630	Partnership Mortgage, Inc. - To open a mortgage broker's office at 695 Brookfield Parkway, Roswell, GA
BAN20050631	AEGIS Lending Corporation d/b/a Amalgamated Mortgage - To open a mortgage lender and broker's office at 185 Plains Road, Suite 108E, Milford, CT
BAN20050632	Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at 4380 South Laburnum Avenue, Suite 22, Richmond, VA
BAN20050633	E-Approve Mortgage Corp. - To open a mortgage broker's office at 6231 Leesburg Pike, Suite 104, Falls Church, VA
BAN20050634	Appomattox Mortgage, LLC - To open a mortgage broker's office at 12388 Warwick Building, Suite 306 C, Newport News, VA
BAN20050635	Tidewater Home Mortgage Group Inc. - To open a mortgage broker's office at 1610 Forest Avenue, Suite 114, Richmond, VA
BAN20050636	New Providence Mortgage, LLC - To relocate mortgage lender broker's office from 544 Newtown Road, Suite 154, Virginia Beach, VA to 544 Newtown Road, Suite 134, Virginia Beach, VA
BAN20050637	Abacus Discount Mortgage, Inc. - To relocate mortgage broker's office from 1405 Congress Court, Annapolis, MD to 7620 Old Georgetown Road, Suite 104, Bethesda, MD
BAN20050638	Mortgage Discounters, Inc. d/b/a Premier Funding Group - To relocate mortgage broker's office from 4115 Annandale Road, Suite 102, Annandale, VA to 7535 Little River Turnpike, Suite 325, Annandale, VA
BAN20050639	GMFS, LLC d/b/a Neighborhood Lenders - To relocate mortgage lender's office from 125 Town Park Drive, Suite 300, Kennesaw, GA to 1201 Roberts Boulevard, N.W., Suite 219, Kennesaw, GA
BAN20050640	Metropolitan Capital Consultants Inc. - For a mortgage broker's license
BAN20050641	U S Loans Mortgage LLC - For a mortgage broker's license
BAN20050642	Blue Moon Mortgage, LLC - For a mortgage broker's license
BAN20050643	Icon Mortgage - For a mortgage broker's license
BAN20050644	Key Leads Global, Inc. - For a mortgage broker's license
BAN20050645	Quisqueyana Holdings LP - To acquire 25 percent or more of Remesas Quisqueyana, Inc.
BAN20050646	Koshman Enterprises, Inc. d/b/a Great Western Home Loans - For a mortgage lender and broker license
BAN20050647	Cardinal Bank - To open a branch at 1776 K Street, N.W., Washington, DC
BAN20050648	Cardinal Bank - To open a branch at 14000 Jefferson Davis Highway, Woodbridge, VA
BAN20050649	Cardinal Bank - To open a branch at 4100 Monument Corner Drive, Fairfax County, VA
BAN20050650	Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at 736 Warrenton Road, Suite 109, Fredericksburg, VA
BAN20050651	Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at 5480 Virginia Beach Boulevard, Scores Plaza, Suite 101, Virginia Beach, VA
BAN20050652	Household Realty Corporation d/b/a Household Realty Corporation of Virginia - To open a mortgage lender and broker's office at 1236 Carmia Way, Chesterfield Marketplace Shopping Center, Richmond, VA
BAN20050653	Household Realty Corporation d/b/a Household Realty Corporation of Virginia - To relocate mortgage lender broker's office from 2517 Knob Creek Road, Suite 4, Johnson City, TN to 378 Market Place Boulevard, Market Place Shopping Center, Johnson City, TN
BAN20050654	MortgageStar, Inc. - To open a mortgage lender and broker's office at 412 Oakmeads Crescent, Virginia Beach, VA
BAN20050655	EVV Mortgage, LLC - To open a mortgage lender and broker's office at 201 Washington Highway, Ashland, VA
BAN20050656	Global Mortgage, Inc. - To open a mortgage broker's office at 16045 Comprant Circle, Gaithersburg, MD

BAN20050657 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 528 Edgefield Road, Suite 12, North Augusta, SC

BAN20050658 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 6919 Baltimore National Pike, Suite D, Frederick, MD

BAN20050659 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 1298 Bay Dale Drive, Suite 204, Arnold, MD

BAN20050660 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 3126 Joppa Road, Parkville, MD

BAN20050661 Market Mortgage Inc. (Used in VA by: Superior Mortgage Inc.) - To relocate mortgage broker's office from 7887 Fuller Road, Suite 100, Eden Prairie, MN to Prairie Lakes Corporate Center I, 11000 Prairie Lakes Drive, Suite 250, Eden Prairie, MN

BAN20050662 W.R. Starkey Mortgage, LLP - To relocate mortgage lender broker's office from 1705 South Capital of Texas Highway, Austin, TX to 807 Las Cimas Parkway, Suite 150, Austin, TX

BAN20050663 Cheque Cashing Inc. d/b/a Ace Americas Cash Express - To conduct payday lending business where an automated teller machine business will also be conducted

BAN20050664 SunTrust Bank - To relocate office from 900 North Taylor Street, Arlington County, VA to 901 North Glebe Road, Arlington County, VA

BAN20050665 M-Point Mortgage Services, LLC - To open a mortgage lender and broker's office at 6430 Rockledge Drive, Suite 160, Bethesda, MD

BAN20050666 M-Point Mortgage Services, LLC - To open a mortgage lender and broker's office at 8200 Preston Court, Jessup, MD

BAN20050667 WMC Mortgage Corp. d/b/a American Loan Centers - To open a mortgage lender and broker's office at 3100 Thornton Avenue, Burbank, CA

BAN20050668 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 424 Barnes Street, Suite 2B, Bel Air, MD

BAN20050669 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 8220 Meadowbridge Road, Mechanicsville, VA

BAN20050670 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 12626 Nettles Drive, Newport News, VA

BAN20050671 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 313 Second Street, Southeast, Suite 112, Charlottesville, VA

BAN20050672 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 2111 Eastern Avenue, Baltimore, MD

BAN20050673 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 11848 Rock Landing Drive, Suite 102, Newport News, VA

BAN20050674 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 610 Third Street, Suites A2 and A3, San Rafael, CA

BAN20050675 Beacon Credit Union, Incorporated - To open a credit union service office at 19029 Forest Road, Lynchburg, VA

BAN20050676 Liberty Financial Group, Inc. - For a mortgage lender's license

BAN20050677 Potomac Trust Mortgage Company LLC - For a mortgage broker's license

BAN20050678 Lighthouse Funding, LLC - For a mortgage broker's license

BAN20050679 Virginia One Mortgage Corporation - To relocate mortgage lender broker's office from 2 Pidgeon Hill Drive, Suite 340, Sterling, VA to 746 Walker Road, Suite 14, Great Falls, VA

BAN20050680 Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - To relocate mortgage broker's office from 1660 S. Albion Street, Suite 515, Denver, CO to 1873 S. Bellaire Street, Suite 1400, Denver, CO

BAN20050681 Atlantic Coast Mortgage Group Inc. - To relocate mortgage broker's office from 4061 Powder Mill Road, Suite 550, Calverton, MD to 4061 Powder Mill Road, Suite 110, Calverton, MD

BAN20050682 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 10230 New Hampshire Avenue, Suite 350, Silver Spring, MD

BAN20050683 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 112 Arona Road, Suite 3B, North Huntingdon, PA

BAN20050684 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 250 Halberton Drive, Franklin, TN

BAN20050685 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 16854 Panorama Drive, Woodbridge, VA

BAN20050686 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 10146 North Yorktown Drive, Great Falls, VA to 10146 North Yorktown Drive, Great Falls, VA

BAN20050687 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 7101-Q Forest Hill Avenue, Richmond, VA

BAN20050688 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To open a payday lender's office at 409 West Atlantic Street, Emporia, VA

BAN20050689 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To open a payday lender's office at 203 East Third Street, Suite B, Farmville, VA

BAN20050690 HomeAmerican Mortgage Corporation - To open a mortgage lender and broker's office at 9464 Innovation Drive, Manassas, VA

BAN20050691 Yamuna Inc. d/b/a Staunton Junction - To open a check casher at 163 Greenville Avenue, Staunton, VA

BAN20050692 Shantam Financial Inc. d/b/a Checks Cashed - To open a check casher at 90 Broadview Avenue, Warrenton, VA

BAN20050693 Samina, Inc. d/b/a Cool Lane Express - To open a check casher at 1600 Mechanicsville Turnpike, Richmond, VA

BAN20050694 Stop & Go, Inc. d/b/a Stop & Go - To open a check casher at 2001 Mechanicsville Turnpike, Richmond, VA

BAN20050695 Diversified Mortgage Capital, Inc. - For a mortgage broker's license

BAN20050696 Liberty Financial Mortgage Group, Inc. - For a mortgage broker's license

BAN20050697 Mylor Financial Group, Inc. d/b/a Coast to Coast Lending - For a mortgage lender and broker license

BAN20050698 Watermark Financial Partners, Inc. - To open a mortgage lender's office at 4707 Distribution Drive, Tampa, FL

BAN20050699 Global Mortgage, Inc. - To open a mortgage broker's office at 9418 Annapolis Road, Suite 105, Lanham, MD

BAN20050700 Appomattox Mortgage, LLC - To open a mortgage broker's office at 8921 Forest Hill Avenue, Richmond, VA

BAN20050701 Commerce Mortgage, Inc. - For a mortgage broker's license

BAN20050702 Direct Lending, Inc. - For a mortgage broker's license

BAN20050703 Premier Home Lending, Inc. - For a mortgage lender and broker license

BAN20050704 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 1055 Thomas Jefferson Street, N.W., Washington, DC

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BAN20050705 Global Mortgage, Inc. - To open a mortgage broker's office at 2092 Schubert Drive, Virginia Beach, VA  
 BAN20050706 Capital Center, L.L.C. d/b/a CapCenter Mortgage - To open a mortgage lender and broker's office at 5900 Eastpark Boulevard, Suite D, Richmond, VA  
 BAN20050707 Capital Center, L.L.C. d/b/a CapCenter Mortgage - To open a mortgage lender and broker's office at 6601 South Laburnum Avenue, Suite F, Richmond, VA  
 BAN20050708 MLI Capital Group, Inc. d/b/a Atlas Mortgage Banc - To open a mortgage lender and broker's office at 305 First Street, S.W., Suite 609, Roanoke, VA  
 BAN20050709 Mortgage America Companies, Inc. - To open a mortgage broker's office at 4451 Parliament Place, Suite T, Lanham, MD  
 BAN20050710 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To relocate mortgage broker's office from 11906 Manchester Road, Suite 107, St. Louis, MO to 340 Susan Road, St. Louis, MO  
 BAN20050711 First Residential Mortgage Services Corporation - To relocate mortgage lender broker's office from 7500 Bergenline Avenue, North Bergen, NJ to 570 Sylvan Avenue, Englewood Cliffs, NJ  
 BAN20050712 United Mortgage Lenders, Inc. - To relocate mortgage lender broker's office from 402 BNA Drive, Suite 205, Nashville, TN to 404 Drive, Suite 304, Nashville, TN  
 BAN20050713 Quick Cash Inc. - To open a check casher at 650-B North Main Street, Woodstock, VA  
 BAN20050714 Empire Mortgage Corp. (Used in VA by: Empire Financial Services Inc.) - For a mortgage broker's license  
 BAN20050715 Academy Mortgage Corporation of Utah - For a mortgage lender and broker license  
 BAN20050716 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 10900 Stonelake Boulevard, Suite 350, Austin, TX  
 BAN20050717 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 8300 S.W. Creekside Place, Suite 200, Beaverton, OR  
 BAN20050718 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 43 Constitution Drive, Suite 100, Bedford, NH  
 BAN20050719 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 305 Fellowship Road, Suite 114, Mt. Laurel, NJ  
 BAN20050720 Dynamic Capital Mortgage, Inc. - To relocate mortgage lender broker's office from 62 Harvard Street, Brookline, MA to 1371 Beacon Street, Brookline, MA  
 BAN20050721 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 1301 Seminole Boulevard, Suite 140, Largo, FL to First Central Tower, 360 Central Avenue, Suite 600, St. Petersburg, FL  
 BAN20050722 Century Mortgage Corporation of Georgia (Used in VA by: Century Mortgage Corporation) - To relocate mortgage lender's office from 4115 Annandale Road, Annandale, VA to 4115 Annandale Road, Suite 204, Annandale, VA  
 BAN20050723 Watermark Financial Partners, Inc. - To relocate mortgage lender's office from 2235 East Flamingo Road, Suite 300-F, Las Vegas, NV to 2235 East Flamingo Road, Suite 115, Las Vegas, NV  
 BAN20050724 Approved Residential Mortgage, LLC - For a mortgage broker's license  
 BAN20050725 Waterford Mortgage Company, Inc. - For a mortgage broker's license  
 BAN20050726 Meridian Home Mortgage Corporation - For a mortgage lender and broker license  
 BAN20050727 Lexington Mortgage Corporation (Used in VA by: Lexington Capital Corporation) - For a mortgage lender's license  
 BAN20050728 The Bank of Nova Scotia - To acquire 25 percent or more of Bancomercio de El Salvador, Inc.  
 BAN20050729 Global Mortgage, Inc. - To open a mortgage broker's office at 605 Spring Hill Street, Unit L, Richmond, VA  
 BAN20050730 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 100 Hollyridge Court, Suite 7, Evington, VA  
 BAN20050731 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 7756 Waterford Drive, Spotsylvania, VA  
 BAN20050732 The Mortgage Link, Inc. - To open a mortgage broker's office at 8607 Sudley Road, Manassas, VA  
 BAN20050733 Bank of the Commonwealth - To open a branch at 4317 Pretty Lake Avenue, Unit A, Norfolk, VA  
 BAN20050734 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 357 Taylor Avenue, Bellevue, KY  
 BAN20050735 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 8622 Centreville Road, Suite 3B, Manassas, VA  
 BAN20050736 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 6936 Little River Turnpike, Suite A, Annandale, VA  
 BAN20050737 MortgageStar, Inc. - To open a mortgage lender and broker's office at 10230 New Hampshire Avenue, Suite 104, Silver Spring, MD  
 BAN20050738 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 2901 N. Dallas Parkway, Suite 420, Plano, TX  
 BAN20050739 Capital Financial Home Equity, LLC - To open a mortgage lender and broker's office at 1380 Central Park Boulevard, Suite 202, Fredericksburg, VA  
 BAN20050740 Lime Financial Services, Ltd. - To open a mortgage lender's office at Avion Lakeside D, 14555 Avion Parkway, Chantilly, VA  
 BAN20050741 GSF Mortgage Corporation - To open a mortgage lender and broker's office at 15430 W. Capitol Drive, Suite 100, Brookfield, WI  
 BAN20050742 GSF Mortgage Corporation - To relocate mortgage lender broker's office from 920 Providence Road, Suite 405, Towson, MD to 920 Providence Road, Suite 202, Towson, MD  
 BAN20050743 Lincoln Mortgage, LLC - To relocate mortgage broker's office from 1277 N. Queen Street, Martinsburg, WV to 80 Eagle School Road, Martinsburg, WV  
 BAN20050744 Preferred Home Mortgage Company - To relocate mortgage lender broker's office from 11921 Freedom Drive, Suite 1100, Reston, VA to 11921 Freedom Drive, Suite 1180, Reston, VA  
 BAN20050745 First NLC Financial Services, LLC d/b/a The Lending Center - To relocate mortgage lender broker's office from 1940 Duke Street, Alexandria, VA to 200 North Glebe Road, 3rd Floor, Arlington, VA  
 BAN20050746 GuardHill Financial Corp. - For additional mortgage authority  
 BAN20050747 Southside Bank - To open a branch at 14833 George Washington Memorial Highway, Glenss, VA  
 BAN20050748 Southwestern Mortgage Corporation - To relocate mortgage broker's office from 2802 Fountain Grove Terrace, Olney, MD to 9813 Freestate Place, Montgomery Village, MD  
 BAN20050749 Vertical Lend, Inc. d/b/a Mortgage Warehouse - To open a mortgage broker's office at 223 West Virginia Avenue, Suite H, Vinton, VA  
 BAN20050750 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 1934 William Street, Fredericksburg, VA  
 BAN20050751 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 4238 Wilson Boulevard, Arlington, VA  
 BAN20050752 Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 8692 Mossford Drive, Huntington Beach, CA  
 BAN20050753 Montgomery Residential Mortgage Corp. - For a mortgage broker's license  
 BAN20050754 JC Mortgage & Financial Services, Inc. d/b/a JC Mortgage Corporation - To relocate mortgage broker's office from 6936 Little River Turnpike, Suite A, Annandale, VA to 6601 Little River Turnpike, Suite 140, Alexandria, VA

BAN20050755 DNV Inc. d/b/a Checks Cashed - To open a check casher at 5045 Jeff Davis Highway, Fredericksburg, VA  
 BAN20050756 Commerce Bank/Pennsylvania, N.A. - To open a branch at 119 South Washington Street, Alexandria, VA  
 BAN20050757 NationsFirst Lending, Inc. - For a mortgage lender and broker license  
 BAN20050758 Ashapura, Inc. d/b/a Onville Kwik Stop/Checks Cashed - To open a check casher at 93 Onville Road, Stafford, VA  
 BAN20050759 MortgageIT, Inc. d/b/a MIT Lending - To open a mortgage lender and broker's office at 365 Northridge Road, Northridge Center II, Suite 505, Atlanta, GA  
 BAN20050760 American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 30311 Clemens Road, Suite 5, Westlake, OH to 9261 Ravenna Road, Suite B-7, Twinsburg, OH  
 BAN20050761 New Peoples Bank, Inc. - To open a branch at 514 Commerce Drive, Tazewell County, VA  
 BAN20050762 Piedmont Housing Alliance - For a mortgage lender and broker license  
 BAN20050763 Daina Harris & Associates, L.L.C. - For a mortgage lender and broker license  
 BAN20050764 PSP Financial Home Mortgage & Commercial Loan Corporation - For a mortgage broker's license  
 BAN20050765 Easthampton Mortgage Company, Inc. - For a mortgage broker's license  
 BAN20050766 Nationwide Home Mortgage, Inc. d/b/a Allstate Mortgage Lending, Inc. - For additional mortgage authority  
 BAN20050767 Anvil Mortgage Corporation, (AMC) - To open a mortgage broker's office at 131 Park Street, N.E., Unit 9, Vienna, VA  
 BAN20050768 Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance - To relocate payday lender's office from 1917 S. Independence Boulevard, Virginia Beach, VA to 5045 Virginia Beach Boulevard, Suite 107, Virginia Beach, VA  
 BAN20050769 Quicken Loans Inc. - To open a mortgage lender's office at 17187 N. Laurel Park Drive, Suite 400, Livonia, MI  
 BAN20050770 Global Mortgage, Inc. - To open a mortgage broker's office at 3209 Purvis Road, Richmond, VA  
 BAN20050771 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 10229 Hegel Road, Goodrich, MI  
 BAN20050772 Cooper & Shein, LLC d/b/a Great Oak Lending Partners - To open a mortgage broker's office at 6 Reservoir Circle, Suite 201, Baltimore, MD  
 BAN20050773 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To relocate mortgage broker's office from 1206 Laskin Road, Suite 201 A, Virginia Beach, VA to 1206 Laskin Road, Suite 202, Virginia Beach, VA  
 BAN20050774 Tidewater Home Funding, LLC - To relocate mortgage lender broker's office from 733 Thimble Shoals Boulevard, Suite 100, Newport News, VA to 739 Thimble Shoals Boulevard, Suite 1002 D, Newport News, VA  
 BAN20050775 Home Funding Solutions, Inc. - For a mortgage broker's license  
 BAN20050776 Citizens Financial Mortgage, Inc. - For a mortgage broker's license  
 BAN20050777 Valued Services of Virginia, LLC d/b/a Purpose Financial - For a payday lender license  
 BAN20050778 Consolidated Mortgage, Inc. (Used in VA by: CMI, Ltd.) - For a mortgage broker's license  
 BAN20050779 Topline Incorporated - For a mortgage broker's license  
 BAN20050780 Heritage Funding, Inc. - To relocate mortgage broker's office from 860 Greenbrier Circle, Suite 103, Chesapeake, VA to 1403 Greenbrier Parkway, Suite 200, Chesapeake, VA  
 BAN20050781 Mariners Capital Inc. (Used in VA by: Mariners Capital) - To relocate mortgage lender broker's office from 2431 West Coast Highway, Suite 204 and 205, Newport Beach, CA to 500 Superior Avenue, Suite 120, Newport Beach, CA  
 BAN20050782 American Mortgage Network, Inc. - To open a mortgage lender's office at 9635 Maroon Circle, Suite 440, Englewood, CO  
 BAN20050783 Giro Express, Inc. - For a money order license  
 BAN20050784 MLD Mortgage Inc. d/b/a The Money Store - For a mortgage lender and broker license  
 BAN20050785 Capital Financial Home Equity, LLC - To open a mortgage lender and broker's office at 436 Granada Drive, Chesapeake, VA  
 BAN20050786 ESECONDMORTGAGE.COM, INC. - To open a mortgage lender and broker's office at 2902 11th Avenue West, Bradenton, FL  
 BAN20050787 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 209 Elden Street, Suite 300, Herndon, VA  
 BAN20050788 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 208 Vine Street, Hammonton, NJ  
 BAN20050789 Quotemearate.com, Inc. - To open a mortgage broker's office at 12415 Rochester Drive, Fairfax, VA  
 BAN20050790 Quotemearate.com, Inc. - To open a mortgage broker's office at 1002 Cup Leaf Holly Court, Great Falls, VA  
 BAN20050791 Quotemearate.com, Inc. - To open a mortgage broker's office at 7146 Melstone Valley Way, Marriottsville, MD  
 BAN20050792 Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at Bell Creek Road, Building Unit 108201, Mechanicsville, VA  
 BAN20050793 Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at 5760 Northampton Boulevard, Suite 118, Virginia Beach, VA  
 BAN20050794 Southern Star Mortgage Corp. - To open a mortgage lender and broker's office at 191 Sweet Hollow Road, 2nd Floor, Old Bethpage, NY  
 BAN20050795 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 9701 Apollo Drive, Suite 100, Largo, MD  
 BAN20050796 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 24 Park Avenue, West Orange, NJ  
 BAN20050797 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 50 Canterbury Woods, Ormond Beach, FL  
 BAN20050798 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 21 Sacramento Drive, 6L, Hampton, VA  
 BAN20050799 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 6107 Oakbrook Parkway, Suite A, Norcross, GA to 6129 Oakbrook Parkway, Norcross, GA  
 BAN20050800 Citi First Mortgage Services Corporation - To relocate mortgage broker's office from 6360 Views Trace Drive, Norcross, GA to 6855 Jimmy Carter Boulevard, Suite 2400, Norcross, GA  
 BAN20050801 American General Financial Services of America, Inc. - To relocate consumer finance office from 116 Third Avenue, Radford, VA to Shops at Fairlawn, 7345 Lee Highway, Pulaski County, VA  
 BAN20050802 American General Financial Services (DE), Inc. - To relocate mortgage lender broker's office from 116 Third Avenue, Radford, VA to Shops at Fairlawn, 7345 Lee Highway, Fairlawn, VA  
 BAN20050803 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 706 E. Gude Drive, Suite B, Rockville, MD to 600 Jefferson Street, Suite 312, Rockville, MD  
 BAN20050804 SLM Mortgage Corporation-VA d/b/a Sallie Mae Mortgage - To relocate mortgage lender broker's office from 500 Piney Forest Road, Danville, VA to 625 Piney Forest Road, Suite 207, Danville, VA  
 BAN20050805 SLM Mortgage Corporation-VA d/b/a Sallie Mae Mortgage - To relocate mortgage lender broker's office from 1007 Laurel Oak Road, Suite B, Voorhees, NJ to 6000 Commerce Parkway, Suite A, Mount Laurel, NJ  
 BAN20050806 Advance Cash, Incorporated - To conduct payday lending business where a money transmission business will also be conducted

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BAN20050807 Union Planters Bank, N.A. - To open a branch at 951 East Byrd Street, Suite 930, Richmond, VA  
 BAN20050808 Jagu Corporation d/b/a Hampton Citgo - To open a check casher at 4200 Victoria Boulevard, Hampton, VA  
 BAN20050809 Richard Jeynson d/b/a Olympic Bancorp Mortgage - For a mortgage broker's license  
 BAN20050810 Mystique Business LLC - For a money order license  
 BAN20050811 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 6111 Woodmont Road, Alexandria, VA  
 BAN20050812 Quotemearate.com, Inc. - To open a mortgage broker's office at 27326 Robinson Road, Suite 215, Oak Ridge North, TX  
 BAN20050813 1st Security Mortgage, Inc. - To open a mortgage broker's office at 6806 Sholes Court, Warrenton, VA  
 BAN20050814 1st Security Mortgage, Inc. - To open a mortgage broker's office at 1141 Vaughns Gap Road, Nashville, TN  
 BAN20050815 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 820-C Merrimac Trail, Williamsburg, VA  
 BAN20050816 ECI Loan.com, Inc. (Used in VA by: Equity Concepts, Inc.) - To open a mortgage lender and broker's office at 1540 Pontiac Avenue, Cranston, RI  
 BAN20050817 First Trust Mortgage Corporation - To open a mortgage broker's office at 1803 N. Sterling Boulevard, Sterling, VA  
 BAN20050818 Virginia Mortgage, L.L.C. - To open a mortgage broker's office at 739 Thimble Shoals Boulevard, Suite 704, Newport News, VA  
 BAN20050819 Residential Home Loan Centers, LLC - To open a mortgage lender and broker's office at 7945 Annapolis Road, Lanham, MD  
 BAN20050820 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 3321 Toledo Terrace, Suite 301, Hyattsville, MD  
 BAN20050821 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 13509 E. Boundary Road, Suite E, Midlothian, VA to 9507 Hull Street Road, Richmond, VA  
 BAN20050822 Low Cost Lending, Inc. d/b/a Loanweb - To relocate mortgage broker's office from 21133 Victory Boulevard, Suite 214, Canoga Park, CA to 21133 Victory Boulevard, Suite 207, Canoga Park, CA  
 BAN20050823 Citizens Accounting and Tax Services, Inc. d/b/a Citizens Mortgage Broker - To relocate mortgage broker's office from 7001 D Manchester Boulevard, Alexandria, VA to 6422 Grovedale Drive, Suite 102B, Alexandria, VA  
 BAN20050824 Town and Country Financial Services, Inc. - To relocate mortgage broker's office from 101 South Whiting Street, Suite 207, Alexandria, VA to 205 South Whiting Street, Suite 608, Alexandria, VA  
 BAN20050825 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 14904 Jefferson Davis Highway, Suite 403, Woodbridge, VA to 9409 Battle Street, Manassas, VA  
 BAN20050826 SunTrust Bank - To relocate office from 2860 Airline Boulevard, Portsmouth, VA to 4016 Victory Boulevard, Portsmouth, VA  
 BAN20050827 Jay Retailers Inc. d/b/a Denbigh Miller Mart - To open a check casher at 420 Denbigh Boulevard, Newport News, VA  
 BAN20050828 Old Brothers, Inc. d/b/a In & Out Food Store - To open a check casher at 13675 Warwick Boulevard, Newport News, VA  
 BAN20050829 New Equity Financial Corporation - For a mortgage lender and broker license  
 BAN20050830 PHH Home Loans, LLC d/b/a Coldwell Banker Home Loans - For a mortgage lender and broker license  
 BAN20050831 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 3475 Leonardtown Road, Suite 206, Waldorf, MD  
 BAN20050832 Bear Stearns Residential Mortgage Corporation - To open a mortgage lender and broker's office at 1900 Market Street, Suite 705, Philadelphia, PA  
 BAN20050833 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 3118 Woods Cove Lane, Woodbridge, VA  
 BAN20050834 NFC-Check Cashing Service, Inc. d/b/a NFC-Payday Advance - To open a payday lender's office at 13995 U.S. Highway 29, Suite 300, Chatham, VA  
 BAN20050835 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 6001 Lakeside Avenue, Suite 7, Richmond, VA to 2707 West Broad Street, Richmond, VA  
 BAN20050836 American General Financial Services (DE), Inc. - To relocate mortgage lender broker's office from 7861 Sudley Road, Manassas, VA to Portsmouth Station, 10350 Portsmouth Road, Manassas, VA  
 BAN20050837 American General Financial Services of America, Inc. - To relocate consumer finance office from 7861 Sudley Road, Manassas, VA to Portsmouth Station, 10350 Portsmouth Road, Prince William County, VA  
 BAN20050838 Capitol Cash, LLC - For a payday lender license  
 BAN20050839 Awais Haider d/b/a Chief Executive Mortgage & Financial - For a mortgage broker's license  
 BAN20050840 First Ohio Banc & Lending, Inc. - For additional mortgage authority  
 BAN20050841 Heritage Funding, Inc. - To open a mortgage broker's office at 4310 Indian River Road, Suite 11, Chesapeake, VA  
 BAN20050842 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 6803 Richmond Highway, Alexandria, VA  
 BAN20050843 Ocwen Loan Servicing, LLC - To relocate mortgage lender's office from 1675 Palm Beach Lakes Boulevard, West Palm Beach, FL to 1661 Worthington Road, Suite 100, West Palm Beach, FL  
 BAN20050844 Alliance Commercial Group LLC d/b/a Alliance Home Mortgage Capital - To relocate mortgage broker's office from 10045 Midlothian Turnpike, Suite 200, Richmond, VA to 1221 Mall Drive, Richmond, VA  
 BAN20050845 Peoples Trust Mortgage, LLC d/b/a Peoples Choice Mortgage - To relocate mortgage lender broker's office from 3920 Plank Road, Suite 200, Fredericksburg, VA to 1107 Heatherstone, Fredericksburg, VA  
 BAN20050846 Virginia Residential Mortgages, L.L.C. - For a mortgage lender and broker license  
 BAN20050847 Ace Mortgage Funding Incorporated - For a mortgage lender and broker license  
 BAN20050848 A.G. Financial, Inc. - For a mortgage broker's license  
 BAN20050849 UniSource Mortgage Services, Inc. - For a mortgage broker's license  
 BAN20050850 Terwin Advisors LLC - For a mortgage lender's license  
 BAN20050851 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 1100 Trinity Ridge Road, Suite 102, Raleigh, NC  
 BAN20050852 Mortgage Strategies Group, LLC - To open a mortgage lender and broker's office at 6301 N.W. 5th Way, Suite 4300, Fort Lauderdale, FL  
 BAN20050853 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 2496 Old Ivy Road, Suite 226, Charlottesville, VA  
 BAN20050854 Loan Express, Inc. - To relocate mortgage broker's office from 1211 Hardy Road, Suite 3, Vinton, VA to 1602 West Ruritan Road, N.E., Roanoke, VA  
 BAN20050855 Quotemearate.com, Inc. - To relocate mortgage broker's office from 3 Boar's Head Lane, Suite D, Charlottesville, VA to 223 West Main Street, Suite A, Charlottesville, VA

BAN20050856 White Peak Mortgage, LLC - For a mortgage broker's license  
 BAN20050857 GTF Home Funding, LLC - For a mortgage lender and broker license  
 BAN20050858 David Howard Burrows d/b/a Crescent Mortgage - For additional mortgage authority  
 BAN20050859 Wilmington Finance, Inc. - To relocate mortgage lender broker's office from 6133 Rockside Road, Suite 302, Independence, OH to 6155 Rockside Road, Independence, OH  
 BAN20050860 Primerica Financial Services Home Mortgages, Inc. - To relocate a mortgage broker's office from 7142 Duffie Drive, Williamsburg, VA to 151 Kristiansand Drive, Suite 115-C, Williamsburg, VA  
 BAN20050861 Reliable Tax & Financial Services, Inc. - To relocate mortgage broker's office from 7862 Tidewater Drive, Norfolk, VA to 1933 Victory Boulevard, Portsmouth, VA  
 BAN20050862 Branch Banking and Trust Company of Virginia - To relocate office from 902 Price's Fork Road, Blacksburg, VA to 801 University City Boulevard, Blacksburg, VA  
 BAN20050863 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To relocate mortgage lender broker's office from 3460 Olney-Laytonsville Road, Olney, MD to 5525 Twin Knolls Road, Suite 331, Columbia, MD  
 BAN20050864 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 3625 W. Royal Lane, Suite 225, Irving, TX  
 BAN20050865 Commonwealth Mortgage Group, Inc. - To open a mortgage broker's office at 3959 Electric Road, Suite 220, Roanoke, VA  
 BAN20050866 PDQ Cash Advance, Inc. - To relocate payday lender's office from 1450 Park Avenue, Northwest, Norton, VA to 450 Park Place, Suite 100, Norton, VA  
 BAN20050867 Duke Cigar & Tobacco, Inc. - To open a check casher at 7354-B Little River Turnpike, Annandale, VA  
 BAN20050868 Residential One Mortgage, LLC - For a mortgage broker's license  
 BAN20050869 McLean Financial Mortgage Corporation - To relocate mortgage broker's office from 6830 Elm Street, Suite 101, McLean, VA to 1401 Chain Bridge Road, Suite 300, McLean, VA  
 BAN20050870 McLean Financial Mortgage Corporation - For additional mortgage authority  
 BAN20050871 Provident Capital Mortgage, Inc. - To open a mortgage broker's office at 2895 South Federal Highway, Delray Beach, FL  
 BAN20050872 Option One Mortgage Corporation - To relocate mortgage lender broker's office from 1600 Parkwood Circle, S.E., Suite 500, Atlanta, GA to 1600 Parkwood Circle, Suite 300, Atlanta, GA  
 BAN20050873 Michael L. Vaughan d/b/a VIP Lending Services - To relocate payday lender's office from 206 37th Street, Newport News, VA to 880 North Military Highway, Suite 1084, Norfolk, VA  
 BAN20050874 Global Mortgage, Inc. - To relocate mortgage broker's office from 4491 Cheshire Station Plaza, Suite 121, Woodbridge, VA to 4200 Parliament Place, Lanham, MD  
 BAN20050875 Crown Mortgage Corp. - To relocate mortgage lender broker's office from 300 Centerville Road, Suite 230, Warwick, RI to 1615 Pontiac Avenue, Cranston, RI  
 BAN20050876 Home123 Corporation - To relocate mortgage lender broker's office from 340 Commerce, Suite 100, Irvine, CA to 3351 Michelson Drive, Suite 400, Irvine, CA  
 BAN20050877 SLM Financial Corporation d/b/a Sallie Mae Financial - To conduct consumer finance business where mortgage brokering will also be conducted  
 BAN20050878 SLM Financial Corporation d/b/a Sallie Mae Financial - To conduct consumer finance business where mortgage lending will also be conducted  
 BAN20050879 SLM Financial Corporation d/b/a Sallie Mae Financial - To conduct consumer finance business where sales finance business will also be conducted  
 BAN20050880 Payday Loans & Check Cashing, LLC - To open a payday lender's office at 633 North Main Street, Chase City, VA  
 BAN20050881 Heritage Mortgage Brokers, L.L.C. - To relocate mortgage broker's office from 7531 Presidential Lane, Manassas, VA to 7900 Sudley Road, Suite 709, Manassas, VA  
 BAN20050882 Hassle Free Mortgage Brokers, Inc. - To open a mortgage broker's office at 6460-G General Green Way, Alexandria, VA  
 BAN20050883 F&M Mortgage Group, L.L.C. - To open a mortgage broker's office at 589 S. Main Street, Schrewsbury, PA  
 BAN20050884 FRMC Financial, Inc. d/b/a First Republic Mortgage Corporation - To open a mortgage lender and broker's office at 7904 Coastal Highway, Suite 6, Ocean City, MD  
 BAN20050885 Harbourton Mortgage Investment Corporation - To relocate mortgage lender's office from 1300 North Dutton Avenue, Suite A, Santa Rosa, CA to 3750 Westwind Boulevard, Suite 200, Santa Rosa, CA  
 BAN20050886 New Century Mortgage Corporation d/b/a Home123 Corporation - To relocate mortgage lender broker's office from 340 Commerce, Irvine, CA to 3349 Michelson Drive, Suite 450, Irvine, CA  
 BAN20050887 CTX Mortgage Company, LLC - To relocate mortgage lender broker's office from 8008 Corporate Center Drive, Suite 150, Charlotte, NC to 14120 Ballantyne Corporate Place, Suite 250, Charlotte, NC  
 BAN20050888 North Atlantic Mortgage Corporation - To open a mortgage lender and broker's office at 6915 Laurel Bowie Road, Suite 202, Bowie, MD  
 BAN20050889 Opteum Financial Services, LLC d/b/a Home Star Direct - To relocate mortgage lender's office from 27442 Portola Parkway, Suite 140, Foothill Ranch, CA to 27422 Portola Parkway, Suite 200, Foothill Ranch, CA  
 BAN20050890 NVR Mortgage Finance, Inc. - To relocate mortgage lender broker's office from 7601 Lewinsville Road, Suite 302, Mclean, VA to Plaza America Tower I, 11700 Plaza America Drive, Reston, VA  
 BAN20050891 Reality Mortgage Group, LLC - For a mortgage broker's license  
 BAN20050892 Monroe Mortgage Inc. - To open a mortgage broker's office at 3217 Western Branch Boulevard, Suite B, Chesapeake, VA  
 BAN20050893 Resource Lending, LLC - For a mortgage broker's license  
 BAN20050894 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 20 West Market Street, Suite C, Leesburg, VA  
 BAN20050895 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 7566 Main Street, Sykesville, MD  
 BAN20050896 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 365 Warren Avenue, Unit A104, Silverthorne, CO  
 BAN20050897 America's Home Loan Corporation - To relocate mortgage broker's office from 2143 Wood Glen Lane, S.E., Marietta, GA to 1360 Powers Ferry Road, Suite C-100, Marietta, GA  
 BAN20050898 Home Advantage Funding Group, Inc. - For a mortgage lender and broker license  
 BAN20050899 AIM Home Financial, LLC - To open a mortgage broker's office at 761-A Monroe Street, Herndon, VA  
 BAN20050900 Alma Preciado - For a mortgage broker's license  
 BAN20050901 Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - For a payday lender license  
 BAN20050902 First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 160 Gould Street, Suite 116, Needham, MA

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BAN20050903 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 415 E. Airport Fry, Suite 375, Irving, TX

BAN20050904 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 1503 Nashville Highway, Columbia, TN

BAN20050905 MortgageStar, Inc. - To open a mortgage lender and broker's office at 4849 Kansas Avenue, Washington, DC

BAN20050906 MortgageStar, Inc. - To open a mortgage lender and broker's office at 3917 Squirettuck Way, Baltimore, MD

BAN20050907 American Home Mortgage Servicing, Inc. d/b/a American Home Mtg Servicing - To relocate mortgage lender broker's office from 7142 Columbia Gateway Drive, Columbia, MD to 4600 Regent Boulevard, Irving, TX

BAN20050908 Ulysis V. Mensah-Bonsu d/b/a Grace Mortgage - To relocate mortgage broker's office from 5153 Olivia Way, Dumfries, VA to 1364 Old Bridge Road, Suite 101, Woodbridge, VA

BAN20050909 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To relocate mortgage broker's office from 6231 Leesburg Pike, Suite 203, Falls Church, VA to 6201 Leesburg Pike, Suite 218, Falls Church, VA

BAN20050910 Universal American Mortgage Company, LLC - To relocate mortgage lender broker's office from 6895 Richmond Road, Williamsburg, VA to 7015 Statesmen, Williamsburg, VA

BAN20050911 Check First, Inc. - To relocate payday lender's office from 1201 London Boulevard, Suite C, Portsmouth, VA to 1201 London Boulevard, Suite B, Portsmouth, VA

BAN20050912 GET Management Group, LLC d/b/a Ace Cash Express - To open a check casher at Hungarybrook Shopping Center, 1272 Concord Avenue, Richmond, VA

BAN20050913 Acton-X, Inc. d/b/a Propps Grocery and Deli - To open a check casher at 13711 Dumfries Road, Manassas, VA

BAN20050914 Sterling Mortgage Corporation - To relocate mortgage lender broker's office from 2119 Berkmar Drive, Charlottesville, VA to 1467 Greenbrier Place, Charlottesville, VA

BAN20050915 Mortgage Advantage, Inc. - To relocate mortgage broker's office from 7611 Standish Place, Rockville, MD to 7529 Standish Place, Suite 103, Rockville, MD

BAN20050916 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To relocate mortgage lender broker's office from 9450 Pennsylvania Avenue, Upper Marlboro, MD to 8903 Presidential Parkway, Suite 200, Upper Marlboro, MD

BAN20050917 AEGIS Funding Corporation d/b/a AEGIS Home Equity - To relocate mortgage lender's office from 9990 Richmond Avenue, Suite 400, Houston, TX to 9990 Richmond Avenue, Suite 350, Houston, TX

BAN20050918 AEGIS Wholesale Corporation - To open a mortgage lender's office at 600 North Pine Island Road, Suite 200, Plantation, FL

BAN20050919 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1300 Mercantile Lane, Suite 139, Largo, MD

BAN20050920 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 7301 W. 129th Street, Suite 200, Overland Park, KS

BAN20050921 Network Funding, L.P. - To open a mortgage lender and broker's office at 210 East Lexington Street, Suite 401, Baltimore, MD

BAN20050922 MortgageStar, Inc. - To open a mortgage lender and broker's office at 2505 Appleton Lane, Bowie, MD

BAN20050923 Horizon Mortgage Corp. - To open a mortgage lender and broker's office at 3108 Columbia Pike, Suite 301, Arlington, VA

BAN20050924 G. S. Group, Inc. - For a mortgage broker's license

BAN20050925 Camelot Mortgage Inc. - For a mortgage broker's license

BAN20050926 Loans Plus, LLC - For a mortgage broker's license

BAN20050927 Loan Correspondents, Inc. - For a mortgage lender and broker license

BAN20050928 Affinity Mortgage LLC d/b/a Catholic Home Loan - For additional mortgage authority

BAN20050929 HJH Incorporated - To open a check casher at 6493 English Ivy Court, Springfield, VA

BAN20050930 Black Business Corporation d/b/a VIP Lending - For a payday lender license

BAN20050931 Metavante Payment Services, LLC - For a money order license

BAN20050932 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 950 North Elmhurst Road, Mount Prospect, IL

BAN20050933 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 246 East Janata Boulevard, Lombard, IL

BAN20050934 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 4609 Waterlick Road, Forest, VA

BAN20050935 ESECONDMORTGAGE.COM, INC. - To open a mortgage lender and broker's office at 13902 N. Dale Mabry Highway, Suite 200, Tampa, FL

BAN20050936 ESECONDMORTGAGE.COM, INC. - To open a mortgage lender and broker's office at 18245 Paulson Drive, Port Charlotte, FL

BAN20050937 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 211 South Alfred Street, Alexandria, VA

BAN20050938 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 409 Elk Street, Carnegie, PA

BAN20050939 Finance America, LLC - To relocate mortgage lender broker's office from 15301 Spectrum Drive, Suite 370, Addison, TX to 4100 Midway Road, Suite 1110, Carrollton, TX

BAN20050940 Noriega Mortgage Services, Inc. d/b/a NMC Financial - To relocate mortgage broker's office from 1356 Lake Drive, Newport News, VA to 1405-01 Kiln Creek Parkway, Newport News, VA

BAN20050941 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 10903 Newlands Court, Richmond, VA to 1205 West Main Street, Richmond, VA

BAN20050942 Network Funding, L.P. - To open a mortgage lender and broker's office at 5645 Morning Glory Trail, New Market, MD

BAN20050943 Yong Sung, Inc. d/b/a Arisen Mortgage Services - For a mortgage broker's license

BAN20050944 Washington Mortgage Group, Inc. - For a mortgage broker's license

BAN20050945 Chesapeake Unlimited, Inc. - For additional mortgage authority

BAN20050946 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 6886 S. Yosemite Street, Suite 240, Centennial, CO

BAN20050947 Family Home Lending Corporation - To open a mortgage lender and broker's office at 5860 Sterling Drive, Suite 570, Howell, MI

BAN20050948 Family Home Lending Corporation - To open a mortgage lender and broker's office at 301 East Mountain Street, Suite C, Kernersville, NC

BAN20050949 Chesapeake Unlimited, Inc. - To open a mortgage broker's office at 8200 Preston Court, Jessup, MD

BAN20050950 Centex Home Equity Company, LLC - To open a mortgage lender and broker's office at 10451 Mill Run Circle, Suite 200, Owings Mills, MD

BAN20050951 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 4413 Hunters Run Drive, Clemmons, NC to 3775-C Vest Mill Road, Winston Salem, NC

BAN20050952 JT Mortgage, Inc. - To relocate mortgage broker's office from 605 Post Office Road, Suite 205, Waldorf, MD to 605 Post Office Road, Suite 304, Waldorf, MD

BAN20050953 Washington Nationwide Mortgages Corporation - To relocate mortgage broker's office from 1300 Mercantile Lane, Suite 100-B, Largo, MD to 1300 Mercantile Lane, Suite 100-H, Largo, MD

BAN20050954 ACE Cash Express, Inc. - For a payday lender license

BAN20050955 ACE Cash Express, Inc. - To conduct payday lending business where a money transmission business will also be conducted

BAN20050956 ACE Cash Express, Inc. - To conduct payday lending business where a tax preparation business will also be conducted

BAN20050957 ACE Cash Express, Inc. - To conduct payday lending business where the business of arranging/disbursing bank deposits will be conducted

BAN20050958 Pinnacle Mortgage, LLC - To open a mortgage broker's office at 464 Investors Place, Suite 104, Virginia Beach, VA

BAN20050959 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 333 West Vine Street, Suite 300, Lexington, KY

BAN20050960 MortgageIT, Inc. d/b/a MIT Lending - To open a mortgage lender and broker's office at One Freedom Square, 11951 Freedom Drive, 13th Floor, Reston, VA

BAN20050961 MortgageIT, Inc. d/b/a MIT Lending - To open a mortgage lender and broker's office at 1855 Blake Street, Suite 50, Denver, CO

BAN20050962 MortgageIT, Inc. d/b/a MIT Lending - To open a mortgage lender and broker's office at 400 Rouser Road, Moon Township, PA

BAN20050963 MortgageIT, Inc. d/b/a MIT Lending - To open a mortgage lender and broker's office at 2400 Dallas Parkway, Suite 250, Plano, TX

BAN20050964 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 6921 Holsing Lane, McLean, VA

BAN20050965 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 1012 Priory Place, McLean, VA

BAN20050966 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To open a mortgage lender and broker's office at 821 East Main Street, Richmond, VA

BAN20050967 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 6505 Rockside Road, Suite 285, Independence, OH

BAN20050968 Family Home Lending Corporation - To open a mortgage lender and broker's office at 17166 Cortez Boulevard, Brooksville, FL

BAN20050969 The Marathon Bank - To open a branch at 2252 Valley Avenue, Winchester, VA

BAN20050970 Farmers & Merchants Bank - To open a branch at mobile unit serving Harrisonburg and Rockingham County

BAN20050971 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 8653 Staples Mill Road, Richmond, VA

BAN20050972 Advance Funding Group, Inc. - To relocate mortgage broker's office from 8212 Old Courthouse Road, Suite 2, Vienna, VA to 9001 Braddock Road, Suite 380, Springfield, VA

BAN20050973 Alexander S. Ramsay, III d/b/a RamsCourt Mortgage - To relocate mortgage broker's office from 2001 Lafayette Boulevard, Fredericksburg, VA to Hilltop Square, 10466 B Georgetown Dr, Spotsylvania, VA

BAN20050974 Bravo Credit Corporation - To relocate mortgage lender broker's office from 1833 Alton Parkway, Suite 200, Irvine, CA to 1733 Alton Parkway, Suite 200, Irvine, CA

BAN20050975 Mercantile Mortgage Company of Virginia (Used in VA by: Mercantile Mortgage Company) - To relocate mortgage lender's office from 1787 Sentry Parkway W., Blue Bell, PA to 595 Bethlehem Pike, Suite 121, Montgomeryville, PA

BAN20050976 LIM Holdings, Inc. - To acquire 25 percent or more of LowerMyBills, Inc.

BAN20050977 Abigail Adams Interim Bank - To open a bank at 320 North First Street, Richmond, VA

BAN20050978 Consolidated Bank and Trust Company - To merge into it Abigail Adams Interim Bank

BAN20050979 Abigail Adams National Bancorp, Inc. - To acquire Consolidated Bank and Trust Company, VA

BAN20050980 William H. Gilmore d/b/a Solid Ground Financial Services - For a mortgage broker's license

BAN20050981 United Security Financial, Inc. - For a mortgage lender's license

BAN20050982 Branch Banking and Trust Company of Virginia - To relocate office from 473 South Street, Front Royal, VA to intersection of Route 55 (South St.) and Route 522 (Commerce Street), Front Royal, VA

BAN20050983 Catapult, Inc. - For a mortgage broker's license

BAN20050984 Nations Mortgage, LLC - For a mortgage broker's license

BAN20050985 Cityside Mortgage Group, LLC - For a mortgage broker's license

BAN20050986 Efast Funding, L.L.C. - To open a mortgage broker's office at 800 West Fifth Avenue, Suite 205 B, Naperville, IL

BAN20050987 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 7289 Commerce Street, Springfield, VA

BAN20050988 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 17716 Longdraft Road, Gaithersburg, MD

BAN20050989 Global Mortgage, Inc. - To open a mortgage broker's office at 324 Southport Circle, Suite 102, Virginia Beach, VA

BAN20050990 Access Mortgage & Financial Corporation - To open a mortgage lender and broker's office at 2525 East Paris, S.E., Suite 100, Grand Rapids, MI

BAN20050991 Union Bank and Trust Company - To open a branch at 13700 Midlothian Turnpike, Midlothian, VA

BAN20050992 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 40 Ironstone Court, Suite J, Annapolis, MD

BAN20050993 All Virginia Mortgage Company, Inc. - To relocate mortgage broker's office from 10519 Hull Street Road, Suite D, Midlothian, VA to 16460 Court Street, Amelia Court House, VA

BAN20050994 Southern Star Mortgage Corp. - To relocate mortgage lender broker's office from 609 Route 109, Suite 1A, West Babylon, NY to 218 West Hoffman Avenue, Lindenhurst, NY

BAN20050995 Global Mortgage, Inc. - To relocate mortgage broker's office from 5491 Clonmel Court, Alexandria, VA to 17566 Tobermory Place, Leesburg, VA

BAN20050996 The Mortgage Group, Inc. - To relocate mortgage lender broker's office from 8500 Executive Park Avenue, Fairfax, VA to 8500 Executive Park Avenue, Suite 100, Fairfax, VA

BAN20050997 Commerce Bank/Pennsylvania, N.A. - To open a branch at 6601 and 6615 Richmond Highway, Alexandria, VA

BAN20050998 Your Mortgage Place, Inc. - For a mortgage broker's license

BAN20050999 East Coast Mortgage, LLC - For a mortgage broker's license

BAN20051000 New Vision Mortgage, LLC - For a mortgage broker's license

BAN20051001 Primestar Mortgage, Inc. - For a mortgage lender and broker license

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BAN20051002 Captus Capital, Inc. - For a mortgage lender and broker license  
 BAN20051003 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 14325 Willard Road, Suite 105, Chantilly, VA  
 BAN20051004 Family Home Lending Corporation - To open a mortgage lender and broker's office at 10405 B Ligon Mill Road, Wake Forest, NC  
 BAN20051005 Vertical Lend, Inc. d/b/a Mortgage Warehouse - To open a mortgage broker's office at 6319 Telegraph Road, Alexandria, VA  
 BAN20051006 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 7905 Browning Road, Suite 118, Pennsauken, NJ  
 BAN20051007 Village Capital & Investment LLC d/b/a Village Home Mortgage - To relocate mortgage broker's office from 555 Route 1, South, Iselin, NJ to 16000 Horizon Way, Suite 600, Mount Laurel, NJ  
 BAN20051008 Fidelity Mortgage Network, LLC - To relocate mortgage broker's office from 12801 Worldgate Drive, Suite 502, Herndon, VA to 11335 Sunset Hills Road, Reston, VA  
 BAN20051009 Apex Mortgage LLC - To relocate mortgage broker's office from 3891 Woodville Lane, Ellicott City, MD to 8850 Columbia 100 Parkway, Suite 215, Columbia, MD  
 BAN20051010 Task Mortgage Group, Inc. - For a mortgage broker's license  
 BAN20051011 Rahkel Bouchet Jackson d/b/a Sunjak Financial - For a mortgage broker's license  
 BAN20051012 Amerifirst Mortgage of Virginia, LLC (Used in VA by: Amerifirst Mortgage LLC) - For a mortgage broker's license  
 BAN20051013 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To relocate mortgage lender broker's office from 6153 Fairmont Avenue, Suite 204, San Diego, CA to 334 Via Vera Cruz, Suite 257, San Marcos, CA  
 BAN20051014 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 356 Main Street, Suite 200, Gaithersburg, MD  
 BAN20051015 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 225 West Oak Street, Suite B, Denton, TX  
 BAN20051016 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 7910 Woodmont Avenue, Bethesda, MD  
 BAN20051017 Global Mortgage, Inc. - To open a mortgage broker's office at 6371 Little River Turnpike, Suite 100, Alexandria, VA  
 BAN20051018 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 14 N. Main Street, Chatham, VA  
 BAN20051019 Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 4318 Old Hundred Road, Chester, VA  
 BAN20051020 AEGIS Wholesale Corporation - To relocate mortgage lender's office from 3250 Briarpark Drive, Suite 400, Houston, TX to 3010 Briarpark Drive, Suite 700, Houston, TX  
 BAN20051021 AEGIS Wholesale Corporation - To open a mortgage lender's office at 600 North Pine Island Road, Suite 200, Plantation, FL  
 BAN20051022 AEGIS Lending Corporation d/b/a Amalgamated Mortgage - To open a mortgage lender and broker's office at 2701 Johnston Street, Suite 303, Lafayette, LA  
 BAN20051023 Best Interest Rate Mortgage Company, LLC - To open a mortgage lender and broker's office at 117 South 17th Street, Suite 2110, Philadelphia, PA  
 BAN20051024 Watermark Financial Partners, Inc. - To open a mortgage lender's office at 6120 Central Avenue, St. Petersburg, FL  
 BAN20051025 U.S. Mortgage Lending Corporation - For a mortgage broker's license  
 BAN20051026 Twin Capital Mortgage, Inc. (Used in VA by: Twin Capital Mortgage) - For a mortgage broker's license  
 BAN20051027 Capital Access of Virginia Corporation (Used in VA by: Capital Access Corporation) - For a mortgage broker's license  
 BAN20051028 1st Atlas Mortgage & Investment Corp. d/b/a 1st Atlas Mortgage - For a mortgage lender and broker license  
 BAN20051029 Global Money Remittance Inc. - For a money order license  
 BAN20051030 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 455 Spring Park Place, Suite 150, Herndon, VA  
 BAN20051031 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 124 Main Street, Dillon Plaza, Dillon, CO  
 BAN20051032 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 181 Windchime Court, Suite 103, Raleigh, NC  
 BAN20051033 Homestead Acceptance Inc. - To open a mortgage broker's office at 3167 Lauderdale Drive, Richmond, VA  
 BAN20051034 Homestead Acceptance Inc. - To open a mortgage broker's office at 296 Cove Road, Wirtz, VA  
 BAN20051035 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at 105 East 4th Street, Cincinnati, OH  
 BAN20051036 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at 100 Painters Mill Road, Owings Mills, MD  
 BAN20051037 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at One Huntington Quadrangle, Melville, NY  
 BAN20051038 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at 4301 Anchor Plaza Parkway, Tampa, FL  
 BAN20051039 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 218-5 Swing Road, Greensboro, NC  
 BAN20051040 Ronald L. Price, Jr. d/b/a The Mortgage Center - To open a mortgage broker's office at 124 Washington Avenue, Vinton, VA  
 BAN20051041 Bank of the Commonwealth - To open a branch at 3343 Western Branch Boulevard, Chesapeake, VA  
 BAN20051042 First Financial Services, Inc. - To open a mortgage broker's office at 3142 Huguenot Pointe Drive, Powhatan, VA  
 BAN20051043 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 69 Watertower Crossing Drive, St. Peters, MO  
 BAN20051044 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 4677 Richmond Road, Warsaw, VA  
 BAN20051045 MorEquity of Nevada, Inc. (Used in VA by: MorEquity, Inc.) - To relocate mortgage lender broker's office from 5010 Carriage Drive, Evansville, IN to 7116 Eagle Crest Boulevard, Evansville, IN  
 BAN20051046 Streamline 1st Mortgage Corp. - To relocate mortgage broker's office from 8422 Tidewater Drive, Suite D, Norfolk, VA to 3445 Foxfield Drive, Chesapeake, VA  
 BAN20051047 Entrust Lending, LLC - For a mortgage broker's license  
 BAN20051048 Easy Mortgage LLC - For a mortgage broker's license  
 BAN20051049 Dream America LLC d/b/a Dream Mortgage - For a mortgage broker's license  
 BAN20051050 Precision Financial, Inc. - For a mortgage lender and broker license  
 BAN20051051 Trapax Payments Limited - To acquire 25 percent or more of Travelex Currency Services Inc.  
 BAN20051052 Trapax Payments Limited - To acquire 25 percent or more of Interpayment Services Limited  
 BAN20051053 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 7011 Calamo Street, Suite 205, Springfield, VA

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BAN20051054 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 4547 Birdsong Lane, Suite 102, Virginia Beach, VA

BAN20051055 Chesapeake Bank - To relocate office from Hayes Store Shopping Center, Hayes, VA to 3029 George Washington Memorial Highway, Hayes, VA

BAN20051056 Rockingham Heritage Bank d/b/a Augusta Heritage Bank - To open a branch at 624 Chicago Avenue, Harrisonburg, VA

BAN20051057 Montgomery Capital Mortgage Corporation (Used in VA by : Montgomery Capital Corporation) - To relocate mortgage broker's office from 701 West Broad Street, Suite 205, Falls Church, VA to 7361 Calhoun Place, Suite 320, Rockville, MD

BAN20051058 Westminster Mortgage Corporation - To relocate mortgage lender broker's office from 4800 Street Road, Trevese, PA to 250 Gibraltar Road, Horsham, PA

BAN20051059 SLM Financial Corporation d/b/a Sallie Mae Financial - To relocate consumer finance office from 500 Piney Forest Road, Danville, VA to 625 Piney Forest Road, Suite 207, Danville, VA

BAN20051060 Family Home Lending Corporation - To open a mortgage lender and broker's office at 18407 W. Catawba Avenue, Suite 201, Cornelius, NC

BAN20051061 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 6070 Trotters Glen Drive, Hughesville, MD

BAN20051062 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 6886 S. Yosemite Street, Suite 240, Centennial, CO

BAN20051063 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 66 W. Mercury Boulevard, Suite 1, Hampton, VA

BAN20051064 Watermark Financial Partners, Inc. - To open a mortgage lender's office at 140 Heimer Road, Suite 750, San Antonio, TX

BAN20051065 Payday Loans & Check Cashing, LL - To conduct payday lending business where an revolving credit business will also be conducted

BAN20051066 Bancomercio de El Salvador, Inc. - For a money order license

BAN20051067 Gee Mortgage LLC - To relocate mortgage broker's office from 9550 Skillman Street, Suite 210, Dallas, TX to 13111 North Central Expressway, Suite 123, Dallas, TX

BAN20051068 Chesapeake Bank - To open a branch at 5700 Williamsburg Landing Drive, James City County, VA

BAN20051069 American Mortgage Group Inc., a Corporation of North Carolina (Used in VA by: American Mortgage Group, Inc.) - For a mortgage broker's license

BAN20051070 Beneficial Discount Co. of Virginia - To relocate mortgage lender's office from 5262 Oaklawn Boulevard, Hopewell, VA to 12114 Bermuda Crossroads Lane, Bermuda Crossroads Shopping Center, Chester, VA

BAN20051071 Beneficial Mortgage Co. of Virginia - To relocate mortgage lender broker's office from 5262 Oaklawn Boulevard, Hopewell, VA to 12114 Bermuda Crossroads Lane, Bermuda Crossroads Shopping Center, Chester, VA

BAN20051072 Beneficial Virginia Inc. - To relocate consumer finance office from 12114 Bermuda Crossroads Lane, Chester, VA to 12114 Bermuda Crossroads Lane, Chester, VA

BAN20051073 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 208 South Loudoun Street, Winchester, VA

BAN20051074 Marc Overman - For a mortgage lender's license

BAN20051075 Maple Tree Mortgage, Inc. - For a mortgage broker's license

BAN20051076 Blossom Mortgage, LLC - For a mortgage broker's license

BAN20051077 Quick Loan Funding Inc. - For a mortgage lender and broker license

BAN20051078 Paragon Mortgage Services, Inc. - For a mortgage broker's license

BAN20051079 Mandalay Mortgage, LLC - For a mortgage lender's license

BAN20051080 NetSpend Corporation - For a money order license

BAN20051081 Star, Inc. d/b/a Cheriton Quick Mart - To open a check casher at 20194 Lankford Highway, Cheriton, VA

BAN20051082 JLM Direct Funding Limited Partnership (Used in VA by: JLM Direct Funding, Ltd.) - To open a mortgage lender's office at 5000 Street, Suite 210, Newport Beach, CA

BAN20051083 Encore Credit Corp. - To open a mortgage lender and broker's office at 925 Westchester Avenue, 2nd Floor, White Plains, NY

BAN20051084 GMAC Mortgage Corporation d/b/a Ditech.Com - To open a mortgage lender and broker's office at 14095 John Marshall Highway, Gainesville, VA

BAN20051085 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To relocate mortgage lender broker's office from 2204 Timberloch Place, Suite 185, The Woodlands, TX to 2203 Timberloch Place, Suite 250, The Woodlands, TX

BAN20051086 K. Hovnanian American Mortgage, L.L.C. - To relocate mortgage lender broker's office from 4090-A Lafayette Center Drive, Chantilly, VA to 4080 Lafayette Center Drive, Suite 270, Chantilly, VA

BAN20051087 UBS Real Estate Securities Inc. - For a mortgage lender's license

BAN20051088 MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - For additional mortgage authority

BAN20051089 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 59 Elm Street, Suites 325 and 330, New Haven, CT

BAN20051090 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 8150 Leesburg Pike, Suite 512, Vienna, VA

BAN20051091 Ikon Mortgage, Inc. - For a mortgage broker's license

BAN20051092 Franklin First Financial, Ltd. - For a mortgage lender and broker license

BAN20051093 SPA Funding, Inc. - For a mortgage broker's license

BAN20051094 Vertical Lend, Inc. - For additional mortgage authority

BAN20051095 Arrow Service Corporation - For a mortgage broker's license

BAN20051096 Check into Cash of Virginia, LLC d/b/a Check into Cash - To open a payday lender's office at 4844 South Amherst Highway, Madison Heights, VA

BAN20051097 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 900 Commonwealth Place, Suite 212, Virginia Beach, VA

BAN20051098 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2811 30th Avenue, South, Minneapolis, MN

BAN20051099 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 3452 Highway 903, Bracey, VA

BAN20051100 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 5000 Sunnyside Avenue, Suite 305, Beltsville, MD

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BAN20051101 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 3145 Carson Street, Murrysville, PA

BAN20051102 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 5420 Corporate Boulevard, Suite 304, Baton Rouge, LA

BAN20051103 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 314 Gemini Court, Fort Washington, VA

BAN20051104 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To open a mortgage broker's office at 2727 Spring Creek Drive, Suite 1, Spring, TX

BAN20051105 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 3000 North 10th Street, Arlington, VA

BAN20051106 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 103 A Paulette Circle, Lynchburg, VA

BAN20051107 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 2010 Corporate Ridge, 7th Floor, McLean, VA to 6707 Old Dominion, McLean, VA

BAN20051108 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 13304 Vista Forest Drive, Woodbridge, VA to 5568 General Washington Drive, Suite A214, Alexandria, VA

BAN20051109 Dunn Mortgage Capital, Inc. - To relocate mortgage broker's office from 801 N. Pitt Street, Suite 206, Alexandria, VA to 1200 First Street, Suite 1438, Alexandria, VA

BAN20051110 Malcolm Lassman - To acquire 25 percent or more of Access Capital Mortgage, LLC

BAN20051111 Philip F. DeRose d/b/a Specialty Mortgage & Financial Services - For a mortgage broker's license

BAN20051112 Network Funding, L.P. - To open a mortgage lender and broker's office at 3500 Virginia Beach Boulevard, Suite 206, Virginia Beach, VA

BAN20051113 North American Home Loans, Inc. - To open a mortgage broker's office at 223 East City Hall Avenue, Suite 202, Norfolk, VA

BAN20051114 North American Home Loans, Inc. - To open a mortgage broker's office at 9011 Arboretum Parkway, Suite 240, Richmond, VA

BAN20051115 North American Home Loans, Inc. - To open a mortgage broker's office at 5220 River Club Drive, Suffolk, VA

BAN20051116 Catoctin Mortgage, L.L.C. - To open a mortgage broker's office at 13601 Office Place, Suite 102, Woodbridge, VA

BAN20051117 East West Mortgage Company, Inc. d/b/a Mortgage Options - To open a mortgage lender and broker's office at 13813 Fowlger Square, Woodbridge, VA

BAN20051118 East West Mortgage Company, Inc. d/b/a Mortgage Options - To open a mortgage lender and broker's office at 1320 Festival Lane, Manassas, VA

BAN20051119 Dollar Wise Mortgage Corporation - To open a mortgage broker's office at 4061 Powder Mill Road, Suite 590, Calverton, MD

BAN20051120 SAI Mortgage, Inc. - To open a mortgage broker's office at 13164 Centerpoint Way, Unit 201, Woodbridge, VA

BAN20051121 American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To relocate payday lender's office from 4239 Holland Road, Suite 740, Virginia Beach, VA to 1949 Lynnhaven Parkway, Unit 114, Virginia Beach, VA

BAN20051122 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To relocate mortgage lender broker's office from 4 Research Place, Suite 160, Rockville, MD to 30 W. Gude Drive, Suite 230, Rockville, MD

BAN20051123 O'Neill Mortgage Corporation - To relocate mortgage lender broker's office from 408 E. Market Street, Unit 204, Charlottesville, VA to 408 E. Market Street, Suite 203B, Charlottesville, VA

BAN20051124 MortgageStar, Inc. - To open a mortgage lender and broker's office at 7416 Colshire Drive, Apt. 1, McLean, VA

BAN20051125 Acoustic Home Loans, LLC - To relocate mortgage lender's office from 500 N. State College Boulevard, Orange, CA to 770 The City Drive, South, Suite 1500, Orange, CA

BAN20051126 Anvil Mortgage Corporation, (AMC) - To open a mortgage broker's office at 15875-B Crabbs Branch Way, Rockville, MD

BAN20051127 Sun Mortgage, Inc. - To open a mortgage broker's office at 337 Cedar Avenue, Vinton, VA

BAN20051128 Global Equity Lending, Inc. - To relocate mortgage lender broker's office from 515 Rivergate Parkway, Suite 100, Goodlettsville, TN to 212 Sequoyah Trail, Hendersonville, TN

BAN20051129 Bravo Credit Corporation - To relocate mortgage lender broker's office from 10900 Nuckols Road, Suite 205A, Glen Allen, VA to 4401 Waterfront Drive, Suite 240, Glen Allen, VA

BAN20051130 CBM Mortgage, LLC - For a mortgage broker's license

BAN20051131 American Home Lending, Inc. - For a mortgage broker's license

BAN20051132 Consumer Education Services, Inc. - To conduct business as a credit counseling agency pursuant to Chapter 10.2 of Title 6.1 of the Code of Virginia

BAN20051133 Bank of the Commonwealth - To open a branch at 9636 Cape View Avenue, Norfolk, VA

BAN20051134 Heritage Bank & Trust - To open a branch at 3500 Virginia Beach Boulevard, Little Neck Towers Building, Suite 110, Virginia Beach, VA

BAN20051135 Southern Star Mortgage Corp. - To open a mortgage lender and broker's office at 557 Main Street, New Rochelle, NY

BAN20051136 David Etute d/b/a America Continental Home Loan & Investment - To open a mortgage broker's office at 506 Independence Boulevard, Suite 200, Virginia Beach, VA

BAN20051137 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1526 Spruce Street, Suite 207, Boulder, CO

BAN20051138 Bravo Credit Corporation - To open a mortgage lender and broker's office at 6305 Ivy Lane, Suite 120, Greenbelt, MD

BAN20051139 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 1625 S. Congress, Delray Beach, FL

BAN20051140 Covenant Mortgage Corporation - To relocate mortgage broker's office from 211 W. Main Street, Louisa, VA to 202 W. Main Street, Louisa, VA

BAN20051141 Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 1760 Reston Parkway, Suite 306, Reston, VA to 1801 Reston Parkway, Suite 203, Reston, VA

BAN20051142 Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 822 Springvale Road, Great Falls, VA to 9903 Georgetown Pike, Suite 201, Great Falls, VA

BAN20051143 Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 12007 Sunrise Valley Drive, Suite 400, Reston, VA to 3949 University Drive, Fairfax, VA

BAN20051144 Universal American Mortgage Company, LLC - To relocate mortgage lender broker's office from 311 Park Place Boulevard, Suite 601, Clearwater, FL to 311 Park Place Boulevard, Suite 600, Clearwater, FL

BAN20051145 Latinos Multiservices, Inc. - To open a check casher at 721 Monroe Street, Suite B, Herndon, VA

BAN20051146 1st Atlantic Mortgage, LLC - For a mortgage broker's license  
 BAN20051147 The Home Mortgage Source, L.L.C. - For a mortgage broker's license  
 BAN20051148 Guidance Mortgage, Inc. (Used in VA by: Synergy Mortgage, Inc.) - For a mortgage broker's license  
 BAN20051149 ARBC Financial Mortgage Corp. - For a mortgage broker's license  
 BAN20051150 Loan Planet, LLC - For additional mortgage authority  
 BAN20051151 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 17011 Beach Boulevard, Suite 822, Huntington Beach, CA  
 BAN20051152 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 322 Shady Ridge Drive, Monroeville, PA  
 BAN20051153 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 8601 Six Forks Road, Suite 100, Raleigh, NC  
 BAN20051154 Provident Funding Group, Inc. - To open a mortgage lender's office at 5055 East Landon Drive, Anaheim, CA  
 BAN20051155 CitiFinancial Services, Inc. - To relocate consumer finance office from 7115 Leesburg Pike, Suite 102, Fairfax County, VA to 7508 Leesburg Pike, Fairfax County, VA  
 BAN20051156 SunTrust Bank - To open a branch at 14100 Whitney Road, Gainesville, VA  
 BAN20051157 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate payday lender's office from 1256 Smithfield Plaza, Suite 18, Smithfield, VA to 1264 Smithfield Plaza, Smithfield, VA  
 BAN20051158 Allstate Funding Corp. - For a mortgage broker's license  
 BAN20051159 Network Funding, L.P. - To open a mortgage lender and broker's office at 925 Hull Street, Richmond, VA  
 BAN20051160 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 3810 Concorde Parkway, Suite 1100, Chantilly, VA  
 BAN20051161 Preferred Home Mortgage Company - To relocate mortgage lender broker's office from 123 N.W. 13th Street, Suite 207, Boca Raton, FL to 1410 N. Westshore Boulevard, Suite 700, Tampa, FL  
 BAN20051162 GMAC Mortgage Corporation d/b/a Ditech.Com - To relocate mortgage lender broker's office from 2282-A North Augusta Street, Staunton, VA to 2353 Jefferson Highway, Suite 105, Waynesboro, VA  
 BAN20051163 American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To relocate payday lender's office from 868 West Main Street, Salem, VA to 1306 West Main Street, Salem, VA  
 BAN20051164 J & R Lending Inc. - For a mortgage lender and broker license  
 BAN20051165 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 1941 Neeley Road, Suite 122A, Big Stone Gap, VA  
 BAN20051166 SIRVA Mortgage, Inc. - To open a mortgage lender's office at One Metropolitan Square, 211 North Broadway, Suite 2200, St. Louis, MO  
 BAN20051167 MortgageStar, Inc. - To relocate mortgage lender broker's office from 4849 Kansas Avenue, Washington, DC to 9400 Livingston Road, Suite 110, Fort Washington, MD  
 BAN20051168 Residential Loan Corp. - To relocate mortgage broker's office from 8630 Fenton Street, Suite 824, Silver Spring, MD to 8757 Georgia Avenue, Suite 1400, Silver Spring, MD  
 BAN20051169 Community Mortgage Services Corporation - To open a mortgage broker's office at 340 East Washington Street, Wytheville, VA  
 BAN20051170 Community Mortgage Services Corporation - To open a mortgage broker's office at 353 West Master Street, Philadelphia, PA  
 BAN20051171 Abacus Discount Mortgage, Inc. - To relocate mortgage broker's office from 1405 Congress Court, Annapolis, MD to 7620 Old Georgetown Road, Suite 321, Bethesda, MD  
 BAN20051172 Catoctin Mortgage, L.L.C. - To open a mortgage broker's office at 7507 Presidential Lane, Manassas, VA  
 BAN20051173 Newport News Shipbuilding Employees' Credit Union, Inc. - To relocate credit union office from 12401 Warwick Boulevard, Newport News, VA to 12512 Warwick Boulevard, Newport News, VA  
 BAN20051174 Check Advance of Virginia, LLC d/b/a Pay Day USA - To relocate payday lender's office from 720 B East Riverside Drive, North Tazewell, VA to 724 C East Riverside Drive, North Tazewell, VA  
 BAN20051175 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 50 Jordan Street, East Providence, RI  
 BAN20051176 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 209 10th Avenue, South, Suite 333-D, Nashville, TN  
 BAN20051177 OneStop Shopping Financial, Inc. - To relocate mortgage broker's office from 3507 Silver Oak Court, Richmond, VA to 3106 Gwendolyn Avenue, Richmond, VA  
 BAN20051178 Community Mortgage Centers, LLC d/b/a The Mortgage Store U.S.A. - To open a mortgage broker's office at 7615 Coppermine Drive, Manassas, VA  
 BAN20051179 Catholic Charities of Eastern Virginia, Inc. - To conduct business as a credit counseling agency pursuant to Chapter 10.2 of Title 6.1 of the Code of Virginia  
 BAN20051180 Nationwide Financial Corp. - To open a mortgage broker's office at 8425 Dorsey Circle, Suite 102, Manassas, VA  
 BAN20051181 Ulysis V. Mensah-Bonsu d/b/a Grace Mortgage - To open a mortgage broker's office at 6922 B Little River Turnpike, Annandale, VA  
 BAN20051182 Old Commonwealth Mortgage, LLC - For a mortgage broker's license  
 BAN20051183 The Bank of Hampton Roads - To open a branch at 999 Waterside Drive, Norfolk, VA  
 BAN20051184 NorthPoint Financial, Inc. d/b/a NorthPoint Mortgage - For a mortgage broker's license  
 BAN20051185 Power Mortgage Corp. - For a mortgage broker's license  
 BAN20051186 Atlantic Trust Mortgage, LLC - For a mortgage lender and broker license  
 BAN20051187 Global Marketing Corporation of Charlotte - For a mortgage broker's license  
 BAN20051188 Trinity Credit Counseling, Inc. - To open a credit counseling office  
 BAN20051189 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 12110 Sunset Hills Road, Suite 450, Reston, VA  
 BAN20051190 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 5525 Erindale Drive, Suite 103, Colorado Springs, CO  
 BAN20051191 American Mortgage & Loan, Inc. - To open a mortgage broker's office at 1100 Boulders Parkway, Suite 620, Richmond, VA  
 BAN20051192 Jose H. Corporation d/b/a Karina Hair Salon Unisex - To open a check casher at 5620 Columbia Pike, Falls Church, VA  
 BAN20051193 New Century Mortgage Corporation d/b/a Home123 Corporation - To open a mortgage lender and broker's office at 2601 Walnut Avenue, Tustin, CA  
 BAN20051194 Home123 Corporation - To open a mortgage lender and broker's office at 2601 Walnut Avenue, Tustin, CA

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BAN20051195 New Century Credit Corporation - To open a mortgage lender's office at 700 Burning Tree Road, Fullerton, CA  
 BAN20051196 The New York Mortgage Company, LLC d/b/a mortgageline.com - To open a mortgage lender's office at 1125 Route 22, West, Bridgewater, NJ

BAN20051197 Kensington Financial Services LLC - To relocate mortgage broker's office from 50 Chestnut Ridge Road, Montvale, NJ to 535 East Crescent Avenue, Ramsey, NJ

BAN20051198 Favor Mortgage Corporation - For a mortgage broker's license  
 BAN20051199 Dreams to Reality, LLC d/b/a Dreams to Reality Mortgage - For a mortgage broker's license  
 BAN20051200 Middleburg Property Consultants, Inc. - For a mortgage broker's license  
 BAN20051201 JMLJ, LLC - For a payday lender license  
 BAN20051202 First Washington Mortgage LLC - To open a mortgage broker's office at 2237-C Tacketts Mill Drive, Lake Ridge, VA  
 BAN20051203 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 5001 W. 80th Street, Suite 110, Bloomington, MN to 43 Main Street, S.E., Minneapolis, MN

BAN20051204 MortgageStar, Inc. - To open a mortgage lender and broker's office at 167 River View Drive, Suite 3, Danville, VA  
 BAN20051205 MortgageStar, Inc. - To open a mortgage lender and broker's office at 10104 Senate Drive, Suite 201, Lanham, MD  
 BAN20051206 Mortgage and Equity Funding Corporation - To open a mortgage lender and broker's office at 1235 Central Park Boulevard, Fredericksburg, VA

BAN20051207 Cornerstone Mortgage, Inc. - To open a mortgage broker's office at 9683-C Main Street, Fairfax, VA  
 BAN20051208 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 110 Main, Suite 7, Polson, MT  
 BAN20051209 First Prudential Mortgage Company - For a mortgage broker's license  
 BAN20051210 North Country Mortgage Banking Corp. - For a mortgage lender's license  
 BAN20051211 Riverside Capital Mortgage & Funding, Inc. - For a mortgage broker's license  
 BAN20051212 Family Home Lending Corporation - To open a mortgage lender and broker's office at 102 W. Main Street, Suites D and F, Aberdeen, NC

BAN20051213 Anchor Tidewater Mortgage Company, LLC - For a mortgage broker's license  
 BAN20051214 Community Mortgage, LLC - To relocate mortgage broker's office from 12 Centre Court, Palmyra, VA to 2987 Lake Monticello Road, Palmyra, VA

BAN20051215 Community Mortgage, LLC - To open a mortgage broker's office at 465 Lee Highway, Suite 103, Verona, VA  
 BAN20051216 Guaranteed Rate, Inc. - For a mortgage lender and broker license  
 BAN20051217 1st American Mortgage Financial, LLC d/b/a Fidelity Mortgage Financial, LLC - For a mortgage lender and broker license  
 BAN20051218 Horizon Finance Corporation (Used in VA by: Horizon Financial Corporation) - For a mortgage broker's license  
 BAN20051219 HSBC Mortgage Services Inc. - For a mortgage lender's license  
 BAN20051220 ALI Mortgage Inc. - For a mortgage broker's license  
 BAN20051221 1st Virginia Mortgage Corporation - To relocate mortgage broker's office from 610 Thimble Shoals Boulevard, Newport News, VA to 1786 Tyndall Point Lane, Gloucester, VA

BAN20051222 Global Mortgage, Inc. - To relocate mortgage broker's office from 1020 Baydon Lane, Chesapeake, VA to 118 Great Bridge Boulevard, Chesapeake, VA

BAN20051223 Capital One Bank - To relocate main office from 11011 West Broad Street, Henrico County, VA to 4851 Cox Road, Glen Allen, VA  
 BAN20051224 Mortgage Source LLC - To open a mortgage lender and broker's office at The Courtyard Building, 5301 N. Federal Highway, Suite 100, Boca Raton, FL

BAN20051225 Brickshire Mortgage, L.L.C. d/b/a Brickhouse Mortgage - To relocate mortgage broker's office from 11411 Doronhurst Drive, Providence Forge, VA to 5891 Chaucer Drive, Providence Forge, VA

BAN20051226 Sher Financial Group, Inc. d/b/a Citizens Lending Group, Inc. - For additional mortgage authority  
 BAN20051227 Lime Financial Services, Ltd. - To open a mortgage lender's office at 2116 N.W. 20th Avenue, Portland, OR  
 BAN20051228 Home123 Corporation - To open a mortgage lender and broker's office at 4401 Ford Avenue, Suite 1430, Alexandria, VA  
 BAN20051229 Lending Mortgage Group LLC - For a mortgage broker's license  
 BAN20051230 Stearns Lending, Inc. - To relocate mortgage lender broker's office from 1111 Benfield Boulevard, Suite 250, Millersville, MD to 8638 Veterans Highway, Suite 300, Millersville, MD

BAN20051231 Stearns Lending, Inc. - To relocate mortgage lender broker's office from 8840 Stanford Boulevard, Suite 2900, Columbia, MD to 8840 Boulevard, Suite 1400, Columbia, MD

BAN20051232 Family Home Lending Corporation - To open a mortgage lender and broker's office at 5119 Summer Avenue, Suite 229, Memphis, TN  
 BAN20051233 Family Home Lending Corporation - To open a mortgage lender and broker's office at 10712 Toston Lane, Glen Allen, VA  
 BAN20051234 Lake Gaston Mortgage Services, LLC - For a mortgage lender and broker license  
 BAN20051235 Virginia Company Bank - To open a bank at 601 Thimble Shoals Boulevard, Newport News, VA  
 BAN20051236 America One Mortgage Corporation d/b/a America One Mortgage Group - For a mortgage broker's license  
 BAN20051237 Net Trust Mortgage, LLC - For a mortgage broker's license  
 BAN20051238 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 16 Main Street, Suite 3, Pittsfield, NH  
 BAN20051239 Prosperity Mortgage Company - To relocate mortgage lender broker's office from 6001 Montrose Road, Suite 710, Rockville, MD to 700 King Farm Boulevard, Rockville, MD

BAN20051240 American Equity Mortgage, Inc. - To open a mortgage lender and broker's office at 1300 Diamond Springs Road, Suite 101, Virginia Beach, VA

BAN20051241 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 14116 S.E. 281st Place, Kent, WA

BAN20051242 First NLC Financial Services, LLC d/b/a The Lending Center - To relocate mortgage lender broker's office from 1330 North Washington St., Suite 2020, Spokane, WA to 411 108th Avenue, N.E., Suite 620, Bellevue, WA

BAN20051243 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 1632 Warner Avenue, McLean, VA

BAN20051244 Central Virginia Bank - To relocate main office from 2501 Anderson Highway, Powhatan, VA to 2351 Anderson Highway, Powhatan, VA

BAN20051245 Security First Funding Corporation (Used in VA by: Security First Funding) - To relocate mortgage broker's office from 4420 Breezy Bay Circle, Suite 101, Richmond, VA to 8806 Spyglass Hill Loop, Chesterfield, VA

BAN20051246 B & B Enterprises d/b/a 1st American Mortgage - To open a mortgage broker's office at 7960 Donegan Drive, Manassas, VA  
 BAN20051247 The Mortgage Vault, Inc. - To open a mortgage lender and broker's office at 3370 Urbana Pike, Ijamsville, MD

BAN20051248 MacArthur & Baker International, Inc. d/b/a MBI Mortgage Funding - To open a mortgage lender and broker's office at 8630 Fenton Street, Suite 824, Silver Spring, MD

BAN20051249 Loudoun Lenders, LTD - To open a mortgage broker's office at 610 Herndon Parkway, Suite 750, Herndon, VA

BAN20051250 WCS Lending LLC - To relocate mortgage lender broker's office from 6501 Congress Avenue, Suite 240, Boca Raton, FL to 6501 Congress Avenue, Third Floor, Boca Raton, FL

BAN20051251 Justin Enterprises, Inc. d/b/a Cash To Payday - To open a payday lender's office at 103 Stonewall Court, Suite A, Stuart, VA

BAN20051252 Pendleton County Bank - To open a branch at 41 Monte Vista Drive, Harrisonburg, VA

BAN20051253 Lending Xpert Financials Corporation - For a mortgage broker's license

BAN20051254 Ocean Mortgage, Inc. - For a mortgage broker's license

BAN20051255 New Century Mortgage Ventures, LLC - For a mortgage lender and broker license

BAN20051256 First Data Corporation - To acquire 25 percent or more of Vigo Remittance Corp.

BAN20051257 Amazon Mortgage Loans, Inc. - To open a mortgage broker's office at 11161 New Hampshire Avenue, Suite 102, Silver Spring, MD

BAN20051258 Amazon Mortgage Loans, Inc. - To open a mortgage broker's office at 6495 New Hampshire Avenue, Suite 307, Hyattsville, MD

BAN20051259 Amazon Mortgage Loans, Inc. - To open a mortgage broker's office at 6475 New Hampshire Avenue, Suite 201, Hyattsville, MD

BAN20051260 Amazon Mortgage Loans, Inc. - To open a mortgage broker's office at 6551 Loisdale Court, Suite 115, Springfield, VA

BAN20051261 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 4 Forester Avenue, Suite B, Gibbsboro, NJ

BAN20051262 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 687 Berkmar Court, Charlottesville, VA

BAN20051263 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 12159 S. Business Park Drive, Suite 140, Draper, UT

BAN20051264 Intercoastal Mortgage Company - To open a mortgage lender and broker's office at 6878 Fleetwood Road, Suite D, McLean, VA

BAN20051265 AEGIS Funding Corporation d/b/a AEGIS Home Equity - To open a mortgage lender's office at 104 Slalom Lane, Franconia, NH

BAN20051266 Sunshine Mortgage Corporation - To relocate mortgage lender broker's office from 6060 J. A. Jones Drive, Suite 320, Charlotte, NC to 8222 Village Harbor Drive, Cornelius, NC

BAN20051267 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 3161 Solomons Island Road, Edgewater, MD to 2525 Riva Road, Suite 110, Annapolis, MD

BAN20051268 First Direct Mortgage, Inc. - To relocate mortgage broker's office from 14804 Physicians Lane, Suite 121, Rockville, MD to 16220 Bellingham Drive, Darnestown, MD

BAN20051269 Exclusive Metro Mortgage, LLC - For a mortgage broker's license

BAN20051270 Worldwide Financial Resources, Inc. - For a mortgage lender and broker license

BAN20051271 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 6243 IH-10 West, Suite 1000, San Antonio, TX

BAN20051272 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 5613 DTC Parkway, Suite 540, Greenwood Village, CO

BAN20051273 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 3200 N. Central Avenue, Suite 1250, Phoenix, AZ

BAN20051274 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 6380 E. Thomas Road, Suite 130, Scottsdale, AZ

BAN20051275 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 14595 Forest Road, Suite C, Forest, VA

BAN20051276 Paragon Mortgage & Financial Services Corp. - To relocate mortgage broker's office from 19634 Club House Road, Suite 315, Gaithersburg, MD to 15133 Rollinmead Drive, Darnestown, MD

BAN20051277 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 15 Messenger Drive, Warwick, RI to 130 Liberty Street, Unit 14, Brockton, MA

BAN20051278 Weststar Mortgage, Inc. - To relocate mortgage lender broker's office from 12650 Darby Brooke Court, Woodbridge, VA to 3350 Commission Court, Lake Ridge, VA

BAN20051279 Loans and Mortgages, LLC - To relocate mortgage broker's office from 8300 Arlington Boulevard, Suite C-3, Fairfax, VA to 8230 Arlington Boulevard, Suite 201, Vienna, VA

BAN20051280 Lawrence A. Rao d/b/a Mortgage Bankers Trust - To relocate mortgage broker's office from 3213 Dillon Street, Baltimore, MD to 2700 Farmview Drive, Fallston, MD

BAN20051281 Strategic Mortgage, LLC - To relocate mortgage broker's office from 7639 Hull Street Road, Suite 200, Richmond, VA to 9327 Midlothian Turnpike, Suite 2G, Richmond, VA

BAN20051282 Community Trust Mortgage Corp. - For a mortgage broker's license

BAN20051283 Steward Financial, Inc. - For a mortgage lender's license

BAN20051284 A New Horizon Credit Counseling Services, Inc. - To open a credit counseling office

BAN20051285 L. Sue Bassett d/b/a Bassett Mortgage Services - For a mortgage broker's license

BAN20051286 Ownit Mortgage Solutions, Inc. - For a mortgage lender and broker license

BAN20051287 K. Hovnanian American Mortgage, L.L.C. - To open a mortgage lender and broker's office at Iron Mountain Storage, 8275 Patuxent Range Road, Jessup, MD

BAN20051288 Global Mortgage, Inc. - To open a mortgage broker's office at One Corporate Place, 10451 Mill Run, Circle, Suite 400, Owings Mills, MD

BAN20051289 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 3950 Cobb Parkway, Suite 301, Acworth, GA

BAN20051290 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 615 South Frederick Avenue, Suite 304, Gaithersburg, MD

BAN20051291 All Virginia Mortgage Company, Inc. - To open a mortgage broker's office at 8398 Kaye Drive, Mechanicsville, VA

BAN20051292 Highlands Union Bank - To open a branch at 739 Dolly Parton Parkway, Suite C, Sevierville, TN

BAN20051293 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1010 Rockville Pike, Suite 600, Rockville, MD

BAN20051294 Triumph Funding Corp. - To relocate mortgage broker's office from 1000 Woodbury Road, Suite 107, Woodbury, NY to 1000 Woodbury Road, Suite 440, Woodbury, NY

BAN20051295 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate payday lender's office from 4001-B Halifax Road, South Boston, VA to 3459 Old Halifax Road, Suite I, South Boston, VA

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BAN20051296	B & B Enterprises d/b/a 1st American Mortgage - To relocate mortgage broker's office from 114 Edwards Ferry Road, Suite C, Leesburg, VA to 7 Loudoun Street, S.E., 1B, Leesburg, VA
BAN20051297	New Century Mortgage Corporation d/b/a Home123 Corporation - To relocate mortgage lender broker's office from 8500 Leesburg Pike, Suite 7700, Vienna, VA to 11700 Plaza America Drive, Suite 250, Reston, VA
BAN20051298	Home123 Corporation - To relocate mortgage lender broker's office from 8500 Leesburg Pike, Suite 7700, Vienna, VA to 11700 Plaza America Drive, Suite 250, Reston, VA
BAN20051299	JMLJ, LLC - To conduct payday lending business where an auto title lending business will also be conducted
BAN20051300	American Brokerage and Finance, LLC - For a mortgage broker's license
BAN20051301	Premier Home Equity Services, Inc. - For a mortgage broker's license
BAN20051302	LeadPoint, Inc. d/b/a Secure Rights - For a mortgage broker's license
BAN20051303	O.M.S. Delivery Corporation - For a money order license
BAN20051304	O C M, Inc. - For a mortgage broker's license
BAN20051305	The Mortgage Professionals - For a mortgage broker's license
BAN20051306	First Capital Bank - To open a branch at Southside Regional Medical Center, 801 South Adams Street, Petersburg, VA
BAN20051307	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 6755 Merriman, Suite 104, Garden City, MI
BAN20051308	Mortgage One USA, Inc. - To relocate mortgage broker's office from 2435 US Highway 19, Suite 240, Holiday, FL to 8020 Indigo Ridge Terrace, Bradenton, FL
BAN20051309	Global Equity Lending, Inc. - To relocate mortgage lender broker's office from 12131 Dorsett Road, Suite 106, Maryland Heights, MO to 11737 Administration Drive, Suite 103, St. Louis, MO
BAN20051310	Franklin Financial Group Inc. - To relocate mortgage broker's office from 2439 Cypress Green Lane, Herndon, VA to 3681 South Green Road, Suite 206, Beachwood, OH
BAN20051311	Bay Mortgage, Inc. - To relocate mortgage broker's office from 1217 Laskin Road, Virginia Beach, VA to 317 Great Bridge Boulevard, Suite H, Chesapeake, VA
BAN20051312	Prestige Financial Group, Inc. - To relocate mortgage broker's office from 44110 Ashburn Village Boulevard, Ashburn, VA to 43671 Glen Castle Court, Ashburn, VA
BAN20051313	American General Financial Services, Inc. - To relocate mortgage lender's office from 1701 E. Stone Drive, Kingsport, TN to 1783 N. Eastman Road, Kingsport, TN
BAN20051314	Mortgage One Solutions, Inc. - For a mortgage broker's license
BAN20051315	Adjuvant, LLC - For a mortgage broker's license
BAN20051316	Live Well Financial, Inc. - For a mortgage broker's license
BAN20051317	Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 12121 Shining Stars Lane, Clarksville, MD
BAN20051318	Skyline Mortgage Group, L.C. - To open a mortgage lender and broker's office at 920 West Broad Street, Suite C, Falls Church, VA
BAN20051319	Arisen Mortgage Corporation - To open a mortgage lender and broker's office at Lion Heart Records Mgmt. Services Inc., 807 Blue Crab Road, Newport News, VA
BAN20051320	U.S. Mortgage Capital, Inc. d/b/a Legacy Financial Corporation - To relocate mortgage lender broker's office from 700 King Farm Boulevard, Suite 125, Rockville, MD to 7811 Montrose Road, Suite 501, Rockville, MD
BAN20051321	AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To relocate mortgage broker's office from 2822 Solomons Island Road, Edgewater, MD to 147 Old Solomons Island Road, Suite 508, Annapolis, MD
BAN20051322	American General Financial Services (DE), Inc. - To relocate mortgage lender broker's office from Center One, US Route 19, East, Lebanon, VA to 1072 Regional Park Road, Lebanon, VA
BAN20051323	American General Financial Services of America, Inc. - To relocate consumer finance office from Center One, Lebanon, VA to 1072 Regional Park Road, Lebanon, VA
BAN20051324	Green Leaf Mortgage Corp. - To relocate mortgage broker's office from 19640 Club House Road, Suite 415, Montgomery Village, MD to 19638 Club House Road, Suite 210, Montgomery Village, MD
BAN20051325	Best Food Market, Inc. d/b/a Best Food Market - To open a check casher at 4205 North Avenue, Richmond, VA
BAN20051326	American Coast Financial Corporation - For a mortgage broker's license
BAN20051327	Investors Capital LLC of Virginia (Used in VA by: Investors Capital LLC) - For a mortgage broker's license
BAN20051328	Farmers & Merchants Bank - To open a branch at southwest corner of Route 33 and Route 276, Penn Laird, VA
BAN20051329	T&B Mortgage Corporation - To open a mortgage lender and broker's office at 396 D Meadowdale Boulevard, Richmond, VA
BAN20051330	T&B Mortgage Corporation - To open a mortgage lender and broker's office at 9101 Industry Drive, Manassas Park, VA
BAN20051331	T&B Mortgage Corporation - To open a mortgage lender and broker's office at 204 North Adam Street, Rockville, MD
BAN20051332	T&B Mortgage Corporation - To open a mortgage lender and broker's office at 2812 Old Lee Highway, Suite 300, Fairfax, VA
BAN20051333	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 1023 Pittsburgh Road, Suite 203, Uniontown, PA
BAN20051334	The New York Mortgage Company, LLC d/b/a mortgageline.com - To open a mortgage lender's office at 9625 Surveyor Court, Suite 230, Manassas, VA
BAN20051335	Lindley Mortgage Corporation - To relocate mortgage broker's office from 10523-B Braddock Road, Fairfax, VA to 8521 Leesburg Pike, Suite 500, Vienna, VA
BAN20051336	Mortgage Funding USA, LLC - To relocate mortgage broker's office from 9352 Main Street, Montgomery, OH to 11224 Cornell Park Drive, Cincinnati, OH
BAN20051337	Americorp Mortgage Services, Inc. - To relocate mortgage broker's office from 3251 Old Lee Highway, Suite 511, Fairfax, VA to 12040 South Lakes Drive, Suite 102, Reston, VA
BAN20051338	USA Check Cashers, Inc. - To relocate payday lender's office from 3228 Riverside Drive, Danville, VA to 2012 Riverside Drive, Danville, VA
BAN20051339	Mortgage Options of America, Inc. - For a mortgage broker's license
BAN20051340	Choice Finance Corporation - For additional mortgage authority
BAN20051341	David Kilpatrick - To acquire 25 percent or more of Creative Mortgage Resources, LLC
BAN20051342	Sterling Mortgage Corporation - To open a mortgage lender and broker's office at 645 Rappahannock Drive, Whitestone, VA
BAN20051343	Foster Financial, LLC - To open a mortgage broker's office at 9950 Southern Maryland Boulevard, Dunkirk, MD
BAN20051344	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 1099 North Franklin Street, Christiansburg, VA

BAN20051345 Network Funding, L.P. - To open a mortgage lender and broker's office at 66 West Mercury Boulevard, Suite One, Hampton, VA  
 BAN20051346 Network Funding, L.P. - To open a mortgage lender and broker's office at 7001 Golden Ring Road, Baltimore, MD  
 BAN20051347 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 29-N 2271 Seminole Trail, Charlottesville, VA  
 BAN20051348 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 9909 Lyndia Place, Upper Marlboro, MD to 4710 Auth Place, Suite 620, Suitland, MD  
 BAN20051349 Global Mortgage, Inc. - To relocate mortgage broker's office from 605 Spring Hill Street, Unit L, Richmond, VA to 1804 Parkwood Avenue, Richmond, VA  
 BAN20051350 Payday USA of Virginia, LLC d/b/a Payday USA - To relocate payday lender's office from 105 Robeson Street, Farmville, VA to 1025 I, West 3rd Street, Farmville, VA  
 BAN20051351 The Bank of Southside Virginia - To relocate office from U.S. Route 460 and Route 631, Wakefield, VA to 630 N. County Drive, Wakefield, VA  
 BAN20051352 R. S. Associates, Inc. - To open a check casher at 1110 F Elden Street, Suite 109, Herndon, VA  
 BAN20051353 Kasm, Inc. d/b/a Checks Cashed - To open a check casher at 9100 Mathis Avenue, Manassas, VA  
 BAN20051354 William A. Baldwin - To open a check casher at 1200 W. Virginia Avenue, Crewe, VA  
 BAN20051355 DC-Exchange, Inc. - For a money order license  
 BAN20051356 HomeTown Bank - To open a bank at 202 South Jefferson Street, Roanoke, VA  
 BAN20051357 Chamberlayne Financial Group, Inc. - For a mortgage broker's license  
 BAN20051358 Prime Mortgage Financial, Inc. - To open a mortgage lender and broker's office at 7639 Hull Street Road, Suite 200, Richmond, VA  
 BAN20051359 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 11465 Johns Creek Parkway, Suite 350, Duluth, GA  
 BAN20051360 First Home Mortgage Corporation - To open a mortgage lender and broker's office at 808 Baltimore Pike, Bel Air, MD  
 BAN20051361 New Century Mortgage Corporation d/b/a Home123 Corporation - To relocate mortgage lender broker's office from 11730 Plaza America Drive, Suite 650, Reston, VA to 11700 Plaza America Drive, Suite 200, Reston, VA  
 BAN20051362 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To relocate mortgage lender broker's office from 310 Broadview Avenue, Suite 105, Warrenton, VA to 70 Main Street, Suite 23, Warrenton, VA  
 BAN20051363 HomeLoan Advisors.Com, Inc. (Used in VA by: HomeLoan Advisors.Com) - To relocate mortgage lender broker's office from 600 Anton Boulevard, Suite 1325, Costa Mesa, CA to 600 Anton Boulevard, Suite 1700, Costa Mesa, CA  
 BAN20051364 D&S United Corporation d/b/a USA First Mortgage - To relocate mortgage broker's office from 154 Boggs Avenue, Virginia Beach, VA to 5040 Virginia Beach Boulevard, Suite 103, Virginia Beach, VA  
 BAN20051365 NALU, Inc. d/b/a Global Financial - For a mortgage broker's license  
 BAN20051366 Capital Savings & Mortgage, LLC - For a mortgage broker's license  
 BAN20051367 BestRateDirect.com, Inc. - For a mortgage broker's license  
 BAN20051368 1st Alliance Lending, LLC - For a mortgage broker's license  
 BAN20051369 Solstice Capital Group, Inc. - For a mortgage lender and broker license  
 BAN20051370 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 3900 University Drive, Suite 110, Fairfax, VA  
 BAN20051371 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 1301 Shiloh Road, N.W., Suite 710, Kennesaw, GA  
 BAN20051372 Mortgage America Bankers, LLC - To open a mortgage broker's office at 8605 Westwood Center Drive, Suite 409, Vienna, VA  
 BAN20051373 Mortgage America Bankers, LLC - To open a mortgage broker's office at 10376 Festival Lane, Manassas, VA  
 BAN20051374 Guardian Loan Company of Massapequa, Inc. - To open a mortgage lender and broker's office at 300 Clifton Corporate Parkway, Clifton Park, NY  
 BAN20051375 Investment One, L.L.C. - To open a mortgage broker's office at 4623 Ferncliff Drive, Lynchburg, VA  
 BAN20051376 Mortgage America Bankers, LLC - To relocate mortgage broker's office from 3930 Knowles Avenue, Suite 305, Kensington, MD to 3720 Farragut Avenue, Suite 500, Kensington, MD  
 BAN20051377 Multi-State Home Lending, Inc. - For a mortgage lender and broker license  
 BAN20051378 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 3330 Cumberland Boulevard, Suite 500, Atlanta, GA  
 BAN20051379 EVB Mortgage, LLC - To open a mortgage lender and broker's office at 1953 George Washington Memorial Highway, Gloucester Point, VA  
 BAN20051380 Midatlantic Investment & Funding, Inc. - To open a mortgage broker's office at 4115 Annandale Road, Suite 102, Annandale, VA  
 BAN20051381 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 2480 Angeline Drive, Suite 103, Herndon, VA  
 BAN20051382 North American Home Loans, Inc. - To open a mortgage broker's office at 12721 Darby Brooke Court, Suite 202, Woodbridge, VA  
 BAN20051383 AmeriFund Mortgage Services, L.L.C. - To open a mortgage broker's office at 198 Thomas Johnson Drive, Suite 206, Frederick, MD  
 BAN20051384 AmeriFund Mortgage Services, L.L.C. - To open a mortgage broker's office at 300 Second Street, Laurel, MD  
 BAN20051385 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 609 Pineville Road, McGaheysville, VA  
 BAN20051386 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 1451 Dolley Madison Boulevard, Suite 310, McLean, VA  
 BAN20051387 Aggressive Mortgage Corp. - To open a mortgage lender and broker's office at 13500 N. Tamiami Trail, Suite 7, Naples, FL  
 BAN20051388 Bancorp Mortgage Corporation - To relocate mortgage broker's office from 5813 Fitzhugh Street, Burke, VA to 3536 Pinnacle Ridge Road, N.E., Roanoke, VA  
 BAN20051389 Sun Mortgage, Inc. - To relocate mortgage broker's office from 3080 Brickhouse Court, Virginia Beach, VA to 1206 Laskin Road, Suite 250, Virginia Beach, VA  
 BAN20051390 Capital Mortgage LLC - To relocate mortgage broker's office from 6201 Leesburg Pike, Suite 309, Falls Church, VA to 6019 Munson Place, Falls Church, VA  
 BAN20051391 Urgent Money Service, Inc. d/b/a Urgent Money Service - To relocate payday lender's office from 106 Arlington Avenue, Radford, VA to 225 West Main Street, Radford, VA  
 BAN20051392 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To relocate mortgage broker's office from 4326 K Evergreen Lane, Annandale, VA to 4932 Andrea Avenue, Annandale, VA

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BAN20051393 Linda C. Gillikin - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.  
 BAN20051394 Michael P. Houston - To acquire 25 percent or more of Premier Mortgage Company, LLC  
 BAN20051395 Greenway Finance, Inc. - For a mortgage broker's license  
 BAN20051396 Sabrina Welch - For a payday lender license  
 BAN20051397 John A. Belford t/a First Virginia Financial - To relocate mortgage broker's office from 3117 West Clay Street, Suite 200, Richmond, VA to 1901 East Franklin Street, Suite 110, Richmond, VA  
 BAN20051398 East Shore Mortgage, LLC - To relocate mortgage broker's office from 64 Wall Street, Madison, CT to 115 Samson Rock Drive, Madison, CT  
 BAN20051399 Silver State Financial Services, Inc. - To open a mortgage lender's office at 1645 Village Center Circle, Las Vegas, NV  
 BAN20051400 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 74-1477 Hao Kuni Street, Kailua-Kona, HI  
 BAN20051401 ACE Cash Express, Inc. - To relocate mortgage lender's office from 4708 Mercantile Drive, North, Fort Worth, TX to 4718 Mercantile Drive, North, Fort Worth, TX  
 BAN20051402 L J K, Inc. - To open a check casher at 6251 Little River Turnpike, Alexandria, VA  
 BAN20051403 A & P Cash LLC - To open a check casher at 7853 Sudley Road, Manassas, VA  
 BAN20051404 ACE Cash Express, Inc. - To conduct payday lending business where a money transmission business will also be conducted  
 BAN20051405 BayRock Mortgage Corporation - To open a mortgage lender and broker's office at 2810 West St. Isabel Street, Suite 201, Tampa, FL  
 BAN20051406 Global Mortgage, Inc. - To open a mortgage broker's office at 1577 Wilroy Road, Suite 201, Suffolk, VA  
 BAN20051407 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 54 Marina Road, Suite 302-A, Lake Wylie, SC  
 BAN20051408 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 3821 Southwest Janiga Street, Port Saint Lucie, FL  
 BAN20051409 Capital Mortgage LLC - To relocate mortgage broker's office from 6201 Leesburg Pike, Suite 309, Falls Church, VA to 6019 Munson Place, Falls Church, VA  
 BAN20051410 Choice 1 Mortgage, Inc. - To relocate mortgage broker's office from 440 Horsham Road, Suite 1, Horsham, PA to 301 N. York Road, Warminster, PA  
 BAN20051411 Secured Funding Corporation - To relocate mortgage lender broker's office from 1825 Barrett Lakes Boulevard, Kennesaw, GA to 577 Concord Road, Suite B, Smyrna, GA  
 BAN20051412 AEGIS Lending Corporation d/b/a Amalgamated Mortgage - To relocate mortgage lender broker's office from 6901 Rockledge Drive, 7th Floor, Bethesda, MD to 10049 North Reiger Road, Baton Rouge, LA  
 BAN20051413 First Capital Bank - To relocate office from 113 Junction Drive, Ashland, VA to 409 South Washington Highway, Ashland, VA  
 BAN20051414 Fixed Fee Mortgage of VA, LLC - For a mortgage broker's license  
 BAN20051415 Dream Makers Mortgage, Inc. - For a mortgage broker's license  
 BAN20051416 Commerce Bank, N.A. - To open a branch at 8401 Digges Road and Route 234, Manassas, VA  
 BAN20051417 Commerce Bank, N.A. - To open a branch  
 BAN20051418 Executive Mortgage Corporation - For a mortgage broker's license  
 BAN20051419 Andy May Group, LLC - For a mortgage broker's license  
 BAN20051420 Berkshire Hathaway Inc. - To acquire 25 percent or more of Vanderbilt Mortgage and Finance, Inc.  
 BAN20051421 Centex Home Equity Company, LLC - To open a mortgage lender and broker's office at 195 Route 9, South, Suite 104, Manalapan, NJ  
 BAN20051422 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 12355 Sunrise Valley Drive, Reston, VA  
 BAN20051423 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 2656 John Smith Road, Fayetteville, NC  
 BAN20051424 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 2416 Blueridge Avenue, Suite 301, Wheaton, MD  
 BAN20051425 Encore Credit Corp. - To open a mortgage lender and broker's office at 3031 N. Rocky Point Drive, West, Suite 600, Tampa, FL  
 BAN20051426 Fairfax Mortgage Investments Inc. - To open a mortgage lender and broker's office at 3921 Old Lee Highway, Suite 72A, Fairfax, VA  
 BAN20051427 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 2904 P Street, N.W., Washington, DC  
 BAN20051428 Valley Team Mortgage, Inc. - To open a mortgage broker's office at 7 East Nine Mile Road, Highland Springs, VA  
 BAN20051429 Saffire Mortgage, Inc. - To relocate mortgage broker's office from 1193 S. Brownell Road, Suite 20, Williston, VT to 595 Dorset Street, South Burlington, VT  
 BAN20051430 American General Financial Services (DE), Inc. - To relocate mortgage lender broker's office from 610 North Main Street, Suite C, Bridgewater, VA to Spotswood Valley Shopping Center, 1790 E. Market Street, Suite 152, Harrisonburg, VA  
 BAN20051431 American General Financial Services of America, Inc. - To relocate consumer finance office from 610 North Main Street, Suite C, Bridgewater, VA to Spotswood Valley Shopping Center, 1790 E. Market Street, Suite 152, Harrisonburg, VA  
 BAN20051432 Hern, Inc. - To open a check casher at 721 Monroe Street, Suite B, Herndon, VA  
 BAN20051433 Capital Equity Mortgage Corporation - For a mortgage broker's license  
 BAN20051434 Alberto Leguizamon - To acquire 25 percent or more of Embassy Mortgage, Inc.  
 BAN20051435 Topline Incorporated - For additional mortgage authority  
 BAN20051436 AEGIS Lending Corporation d/b/a Amalgamated Mortgage - To open a mortgage lender and broker's office at 9 Cornell Road, 1st Floor, Latham, NY  
 BAN20051437 AEGIS Lending Corporation d/b/a Amalgamated Mortgage - To open a mortgage lender and broker's office at 430 Perinton Hills Office Park, Fairport, NY  
 BAN20051438 AEGIS Funding Corporation d/b/a AEGIS Home Equity - To open a mortgage lender's office at 25 Lovell Avenue, Suite 6, Cranston, RI  
 BAN20051439 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 7801 Shadowood Court, Richmond, VA  
 BAN20051440 Million Financial Group, Inc. - To relocate mortgage broker's office from 7007 College Boulevard, Suite 470, Overland Park, KS to 2300 Main Street, Suite 900, Kansas City, MO  
 BAN20051441 Cooper & Shein, LLC d/b/a Great Oak Lending Partners - To open a mortgage broker's office at 4157 Kentmere Square, Fairfax, VA  
 BAN20051442 Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at 15398 Warwick Boulevard, Newport News, VA  
 BAN20051443 Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at 5802 East Virginia Beach Boulevard, Suite 146, Norfolk, VA  
 BAN20051444 Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at 6845 Forest Hill Avenue, Richmond, VA

BAN20051445 Mid-State Ventures, LLC d/b/a Friendly Checkcashing - For a money order license  
 BAN20051446 The Home Mortgage Pros LLC - For a mortgage broker's license  
 BAN20051447 Maverick Residential Mortgage, Inc. - For a mortgage lender and broker license  
 BAN20051448 First Sentinel Bank - To open a branch at the corner of Route 654, Pittston Road and Townview Drive, Lebanon, VA  
 BAN20051449 ESECONDMORTGAGE.COM, INC. - To open a mortgage lender and broker's office at 5950 Canogo Avenue, Suite 300, Woodland Hills, CA  
 BAN20051450 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 155 West Main Street, Lewisville, TX  
 BAN20051451 Rockingham Heritage Bank d/b/a Augusta Heritage Bank - To open a branch at corner of Main Street and Springbrook Road, Broadway, VA  
 BAN20051452 CTX Mortgage Company, LLC - o open a mortgage lender and broker's office at 11490 Commerce Park Drive, Suite 102, Reston, VA  
 BAN20051453 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 7537 A Old Alex Ferry Road, Clinton, MD to 7183 Old Alexander Ferry Road, Clinton, MD  
 BAN20051454 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 7029 Pearl Road, Suite 300, Middleburg Heights, OH to 7043 Pearl Road, Suite 250, Middleburg Heights, OH  
 BAN20051455 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 4500 Plank Road, Suite 2406, Fredericksburg, VA to 105 and 107 Westwood Office Park, Fredericksburg, VA  
 BAN20051456 Home Loan Corporation - To open a mortgage lender and broker's office at 621 N.W. 53rd Street, Suite 140, Boca Raton, FL  
 BAN20051457 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 7400 Beaufont Springs Drive, Suite 300, Richmond, VA  
 BAN20051458 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2847 Huguenot Springs Road, Midlothian, VA  
 BAN20051459 Southern Star Mortgage Corp. - To open a mortgage lender and broker's office at 72 South Washington Avenue, Bergenfield, NJ  
 BAN20051460 EEC Financial Services Inc. - To relocate mortgage broker's office from 44 Drumcastle Court, Germantown, MD to 615 South Frederick Avenue, Suite 303, Gaithersburg, MD  
 BAN20051461 Belmont Mortgage, Inc. - To relocate mortgage broker's office from 709 Belmont Bay Drive, Woodbridge, VA to 6216 A Old Franconia Road, Alexandria, VA  
 BAN20051462 Universal Mortgages, LLC - To relocate mortgage broker's office from 404 West Fleming Drive, Suite C, Morganton, NC to 408 West Fleming Drive, Suite B, Morganton, NC  
 BAN20051463 MVH Mortgage Corporation - To relocate mortgage broker's office from 10008 Colesville Road, Suite C, Silver Spring, MD to 1751 Elton Road, Suite 112, Silver Spring, MD  
 BAN20051464 First Residential Mortgage Corporation - To relocate mortgage broker's office from 432 East Main Street, Abingdon, VA to 439 East Main Street, Abingdon, VA  
 BAN20051465 Phoenix Financial Corporation d/b/a Abacus Mortgage - To relocate mortgage broker's office from 1645 Roanoke Road, Suite E, Daleville, VA to 656 Roanoke Road, Daleville, VA  
 BAN20051466 Raleigh Mortgage Group, Inc. - For a mortgage broker's license  
 BAN20051467 Lenders Network, Inc. - For a mortgage broker's license  
 BAN20051468 Rocky Mountain Mortgage Specialists, Inc. - For a mortgage lender's license  
 BAN20051469 Seth B. Fass - To acquire 25 percent or more of East Coast Capital Corp.  
 BAN20051470 Home Consultants, Inc. d/b/a HCI Mortgage - To open a mortgage lender and broker's office at 43433 Spring Cellar Court, Leesburg, VA  
 BAN20051471 Check into Cash of Virginia, LLC d/b/a Check into Cash - To open a payday lender's office at 40 Wildwood Road, Suite 2, Salem, VA  
 BAN20051472 Check into Cash of Virginia, LLC d/b/a Check into Cash - To relocate payday lender's office from 3972 Holland Road, Virginia Beach, VA to 4239 Holland Road, Suite 740, Virginia Beach, VA  
 BAN20051473 U.S.A. Financial Services, Inc. d/b/a Progressive Mortgage - To relocate mortgage lender broker's office from 6922 B Little River Turnpike, Annandale, VA to 6521 Arlington Boulevard, Suite 410, Falls Church, VA  
 BAN20051474 Apex Financial Group, Inc. d/b/a AAPEX Mortgage - To relocate mortgage lender broker's office from 3220 Lithia Pinecrest Road, Valrico, FL to 801 W. Bloomingdale Avenue, Brandon, FL  
 BAN20051475 Easyhome Mortgage, LLC - For a mortgage broker's license  
 BAN20051476 Attain Mortgage, Inc. - For a mortgage lender and broker license  
 BAN20051477 Laurus Funding Group, Inc. - For a mortgage broker's license  
 BAN20051478 Westfields Mortgage, L.L.C. - For a mortgage broker's license  
 BAN20051479 FirstStar Home Equity, LLC - For a mortgage broker's license  
 BAN20051480 Travelers Express Company, Inc. - For a money order license  
 BAN20051481 The Onyx Stores LLC - For a payday lender license  
 BAN20051482 James E. Davis - To acquire 25 percent or more of Southwestern Mortgage Corporation  
 BAN20051483 E-Approve Mortgage Corp. - To relocate mortgage broker's office from 6231 Leesburg Pike, Suite 104, Falls Church, VA to 7830 Backlick Road, Suite 401, Springfield, VA  
 BAN20051484 Hassle Free Mortgage Brokers, Inc. - To relocate mortgage broker's office from 6922-B Little River Turnpike, Annandale, VA to 4900 Leesburg Pike, Suite 201, Alexandria, VA  
 BAN20051485 Mortgage and Equity Funding Corporation - To relocate mortgage lender broker's office from 98 Alexandria Pike, Suite 53, Warrenton, VA to 9240-B Mosby Street, Manassas, VA  
 BAN20051486 Avid Mortgage Corporation - To relocate mortgage broker's office from 7 Loudoun Street, S.E., Suite 3, Leesburg, VA to 5 Loudoun Street, S.E., Leesburg, VA  
 BAN20051487 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 5525 Erindale Drive, Suite 103, Colorado Springs, CO to 4465 Champions View, Suite 330, Colorado Springs, CO  
 BAN20051488 Entrust Lending, LLC - To relocate mortgage broker's office from 1415 Valley Avenue, Winchester, VA to 420 W. Jubal Early Drive, Suite 104, Winchester, VA  
 BAN20051489 The Mortgage Link, Inc. - To open a mortgage broker's office at 9683-C Main Street, Fairfax, VA  
 BAN20051490 JEM Enterprise, Inc. d/b/a Prospect Market - To open a check casher at 1200 North Nash Street, Arlington, VA  
 BAN20051491 George's Convenience Store & Deli, Inc. - To open a check casher at 400 N. King Street, Hampton, VA  
 BAN20051492 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 111 West Locust Street, Cambridge, IL

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BAN20051493	East West Mortgage Company, Inc. d/b/a Mortgage Options - To open a mortgage lender and broker's office at 8521 Leesburg Pike, Suite 400, Vienna, VA
BAN20051494	Genesis Financial Group, Inc. - To relocate mortgage broker's office from 200 Parkway Drive, South, Suite 200, Hauppauge, NY to 2106 Deer Park Avenue, Deer Park, NY
BAN20051495	American Mortgage Inc. - For a mortgage lender and broker license
BAN20051496	Pryisma Lending Group, LLC - For a mortgage broker's license
BAN20051497	New Peoples Bank, Inc. - To open a branch at Route 2, Cleveland, VA
BAN20051498	Mortgage Investments Group, Inc. d/b/a M I G - For a mortgage broker's license
BAN20051499	The Alta Companies, Inc. - For a mortgage broker's license
BAN20051500	KESA Mortgage Consulting LLC - For a mortgage broker's license
BAN20051501	Nettalk Security Corp. - For a mortgage broker's license
BAN20051502	Action Mortgage, LLC (Used in VA by: Action Mortgage Corporation, LLC) - For a mortgage broker's license
BAN20051503	Tele-Andina - For a money order license
BAN20051504	Matrix International Holdings, Inc. - For a money order license
BAN20051505	Global Mortgage, Inc. - To open a mortgage broker's office at 3802 Ehrlich Road, Suite 307, Tampa, FL
BAN20051506	Pulte Mortgage LLC d/b/a Del Webb Home Finance - To open a mortgage lender and broker's office at 3700 Arco Corporate Drive, Suite 200, Charlotte, NC
BAN20051507	Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 10468 Investors Place, Spotsylvania, VA
BAN20051508	Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 10104 Senate Drive, Suite 224, Lanham, MD
BAN20051509	Equity Services of Virginia, Inc. (Used In VA by: Equity Services, Inc.) - To open a mortgage lender and broker's office at 4417 North Croatan Highway, Suite 220, Kitty Hawk, NC
BAN20051510	Equity Services of Virginia, Inc. (Used In VA by: Equity Services, Inc.) - To open a mortgage lender and broker's office at 105-C East Center Street, Mebane, NC
BAN20051511	Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 516 Tennessee Street, Suite 133, Memphis, TN
BAN20051512	Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 913 South Lakewood Avenue, Baltimore, MD
BAN20051513	Homeloan USA Corporation - To open a mortgage lender and broker's office at 6221 Riverside Drive, Suite 1, North, 2nd Floor, Dublin, OH
BAN20051514	American Mortgage Network, Inc. - To open a mortgage lender's office at 4100 Newport Place Drive, Suite 600, Newport Beach, CA
BAN20051515	Integrated Mortgage Strategies Ltd - To open a mortgage lender and broker's office at 4705 University Drive, Suite 200, Durham, NC
BAN20051516	Heritage Funding, Inc. - To open a mortgage broker's office at 297 Independence Boulevard, Suite 306, Virginia Beach, VA
BAN20051517	Aggressive Mortgage Corp. - To open a mortgage lender and broker's office at 9503 Hull Street Road, Suite C, Richmond, VA
BAN20051518	Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To relocate mortgage lender broker's office from 6380 E. Thomas Road, Suite 130, Scottsdale, AZ to 4725 N. Scottsdale Road, Suite 241, Scottsdale, AZ
BAN20051519	LoanApp, Inc. - To relocate mortgage broker's office from 2160 Lundy Avenue, Suite 128, San Jose, CA to 909 N. Sepulveda Boulevard, 11th Floor, El Segundo, CA
BAN20051520	Gateway Mortgage Group, LLC - To relocate mortgage lender broker's office from 4855 Finlay Street, Richmond, VA to 7811 Airport Road, Quinton, VA
BAN20051521	Accrued Capital, Inc. - For a mortgage broker's license
BAN20051522	Global Mortgage Group, Inc. - To relocate mortgage lender broker's office from 900 Ashwood Parkway, Suite 300, Atlanta, GA to Six Concourse Parkway, Suite 2400, Atlanta, GA
BAN20051523	Virginia Heritage Bank - To open a bank at 11166 Fairfax Boulevard, Suite 100, Fairfax, VA
BAN20051524	Access Mortgage & Financial Corporation - To open a mortgage lender and broker's office at 4910 Tamiami Trail, North, Suite 118, Naples, FL
BAN20051525	Access Mortgage & Financial Corporation - To open a mortgage lender and broker's office at 829 West Main Street, Suite H, Gaylord, MI
BAN20051526	Michael O. Crawford d/b/a Michael O. Crawford Financial Resources - To open a mortgage broker's office at 957 Swan Lane, Ruther Glen, VA
BAN20051527	Michael O. Crawford d/b/a Michael O. Crawford Financial Resources - To open a mortgage broker's office at 11824 Forbidden Forest Circle, Fredericksburg, VA
BAN20051528	Equity United Mortgage Corporation - To relocate mortgage broker's office from 1420 Spring Hill Road, Suite 600, McLean, VA to 8260 Greensboro Drive, Suite 550, McLean, VA
BAN20051529	Hometown Lenders, L.L.C. - To relocate mortgage lender broker's office from 320C Charles Dimmock Parkway, Colonial Heights, VA to 3800 W. Hundred Road, Chester, VA
BAN20051530	Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To relocate mortgage lender broker's office from 4750 N.E. 29 Avenue, Fort Lauderdale, FL to 171 Somerville Street, Unit 303, Alexandria, VA
BAN20051531	ECC Capital Corporation - To relocate mortgage lender broker's office from 1901 Butterfield Road, Suite 810, Downers Grove, IL to 2211 Butterfield Road, Suite 150, Downers Grove, IL
BAN20051532	Encore Credit Corp. - To relocate mortgage lender broker's office from 1901 Butterfield Road, Suite 1010, Downers Grove, IL to 2211 Butterfield Road, Suite 100, Downers Grove, IL
BAN20051533	Bravo Credit Corporation - To relocate mortgage lender broker's office from 1901 Butterfield Road, Suite 1020, Downers Grove, IL to 2211 Butterfield Road, Suite 250, Downers Grove, IL
BAN20051534	American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 211 North Union Street, Suite 100, Alexandria, VA to 700 South Washington Street, Alexandria, VA
BAN20051535	Crescent Capital Corporation (Used in VA by: Crescent Financial Trust Inc.) - To relocate mortgage broker's office from 7236 Columbia Pike, Suite C, Annandale, VA to 7011 Calamo Street, Suite 211, Springfield, VA
BAN20051536	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 6291 Lankford Highway, New Church, VA
BAN20051537	Access Mortgage & Financial Corporation - To open a mortgage lender and broker's office at 2250 U.S. 31, North, Petoskey, MI

BAN20051538 The Mortgage Store Financial, Inc. d/b/a Universal Mortgage Bankers - To open a mortgage lender and broker's office at 4041 University Drive, Suite 405, Fairfax, VA

BAN20051539 S & S Mortgage, LLC - For a mortgage broker's license

BAN20051540 OptAmerica Mortgage, Inc. - For a mortgage lender and broker license

BAN20051541 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 11694 Hollyview Drive, Great Falls, VA

BAN20051542 O'Neill Mortgage Corporation - To relocate mortgage lender broker's office from 408 E. Market Street, Unit 204, Charlottesville, VA to 408 E. Market Street, Unit 104B, Charlottesville, VA

BAN20051543 First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 7700 Little River Turnpike, Suite 405, Annandale, VA

BAN20051544 Loan Planet, LLC - To relocate mortgage broker's office from 6000 Hortons Mill Court, Haymarket, VA to 5830 Pageland Lane, Gainesville, VA

BAN20051545 Saqib Iqbal d/b/a American Century Mortgage - For a mortgage broker's license

BAN20051546 Source Funding Corp. - For a mortgage broker's license

BAN20051547 First Metro Mortgage LLC - For a mortgage broker's license

BAN20051548 Gregory M. Feit - To acquire 25 percent or more of Residential Home Loan Centers, LLC

BAN20051549 Nicholas John Gianakos - For a payday lender license

BAN20051550 Nicholas John Gianakos d/b/a Instant Cash - To conduct payday lending business where an auto title lending business will also be conducted

BAN20051551 Mortgage 180 LLC - For a mortgage broker's license

BAN20051552 ADP Payroll Services, Inc. - For a money order license

BAN20051553 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2697 International Parkway, Suite 207, Virginia Beach, VA

BAN20051554 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 240 Elmwood Avenue, Suite 2, Feasterville Trevoise, PA

BAN20051555 Potomac Lending LLC - To open a mortgage broker's office at 47699 Whirlpool Square, Sterling, VA

BAN20051556 Home Capital, Inc. - To open a mortgage lender and broker's office at 9000 Central Park West, Suite 600, Atlanta, GA

BAN20051557 City Lending Group LLC - To relocate mortgage broker's office from 4439 Pleasant View Drive, Williamsburg, VA to 1769 Jamestown Road, Suite 111, Williamsburg, VA

BAN20051558 Equitable Mortgage Group, Inc. - To relocate mortgage broker's office from 4061 Powder Mill Road, Suite 230, Calverton, MD to 7305 Baltimore Avenue, Suite 207, College Park, MD

BAN20051559 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 2238-C Gallows Road, Vienna, VA to 310 Dominion Road, Vienna, VA

BAN20051560 1st American Financial Corporation - For a mortgage broker's license

BAN20051561 Majestic Mortgage, L.L.C. - For a mortgage broker's license

BAN20051562 Straight Mortgage Corporation - For a mortgage broker's license

BAN20051563 Prime Mortgage Lending, Inc. - For a mortgage broker's license

BAN20051564 Executive Lending Services, Inc - For a mortgage broker's license

BAN20051565 Transcontinental Lending Group, Inc. - For a mortgage lender and broker license

BAN20051566 Prime Mortgage Financial, Inc. - To open a mortgage lender and broker's office at 8001 Franklin Farms Drive, Suite 220, Richmond, VA

BAN20051567 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 6701 Pinemont Drive, Suite 212, Houston, TX

BAN20051568 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 4000 Genesee Place, Suite 117, Woodbridge, VA

BAN20051569 United Financial Mortgage Corp. of Virginia - To open a mortgage lender and broker's office at 2133 W. Peoria Avenue, Suite 130, Phoenix, AZ

BAN20051570 United Financial Mortgage Corp. of Virginia - To open a mortgage lender and broker's office at 5775 Peachtree Dunwoody Road, Suite C-120, Atlanta, GA

BAN20051571 Tower Mortgage and Financial Services Corporation - To open a mortgage lender and broker's office at 324 Southport Circle, Suite 102, Virginia Beach, VA

BAN20051572 Efast Funding, L.L.C. - To open a mortgage broker's office at 2200 S.W. Freeway, Suite 550, Houston, TX

BAN20051573 Efast Funding, L.L.C. - To open a mortgage broker's office at 9430 Research, Building 2, Suite 300, Austin, TX

BAN20051574 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage - To relocate mortgage broker's office from 225 S. Lake Avenue, Suite 230, Pasadena, CA to 150 S. Grand Avenue, Suite C, Glendora, CA

BAN20051575 UMG Mortgage, LLC - To relocate mortgage lender broker's office from 13450 Sunrise Valley Drive, Suite 100, Herndon, VA to 1921 Gallows Road, Suite 300, Vienna, VA

BAN20051576 Valley Broker Services, Inc. d/b/a VBS Mortgage - To relocate mortgage broker's office from 2900 Peters Creek Road, Roanoke, VA to 4502 Starkey Road, Suite 105, Roanoke, VA

BAN20051577 Commerce Bank, N.A. - To merge into it Commerce Bank/Pennsylvania, N.A.

BAN20051578 Reliable Tax & Financial Services, Inc. - To open a consumer finance office

BAN20051579 Raymond H. Starkes - To acquire 25 percent or more of Residential Home Loan Centers, LLC

BAN20051580 Larry D. Coleman d/b/a Grace Mortgage and Financial - For a mortgage broker's license

BAN20051581 Ameritime Mortgage Company LLC - For a mortgage broker's license

BAN20051582 Center for Child & Family Services, Inc. d/b/a Consumer Credit Counseling Service of Hampton Roads - To open a credit counseling office

BAN20051583 Advent Mortgage, LLC - To open a mortgage lender and broker's office at 100 Mallard Creek Crossings, Suite 300, Louisville, KY

BAN20051584 Advent Mortgage, LLC - To open a mortgage lender and broker's office at 9071 Mill Creek Road, Suite 1822, Levittown, PA

BAN20051585 MortgageStar, Inc. - To open a mortgage lender and broker's office at 12207 Rockledge Drive, Bowie, MD

BAN20051586 HomeOne Credit Corp. - To relocate mortgage lender's office from 2150 West 18th Street, Suite 300, Houston, TX to 10700 North Freeway, Suite 1000, Houston, TX

BAN20051587 Southwest Mortgage, LLC - To relocate mortgage broker's office from 13354 Midlothian Turnpike, Suite 205, Midlothian, VA to 2801 Boulevard, Suite G-1, Colonial Heights, VA

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BAN20051588	Old Virginia Mortgage, Inc. - To relocate mortgage lender broker's office from 2801 Boulevard, Suite E, Colonial Heights, VA to 2801 Boulevard, Suite G, Colonial Heights, VA
BAN20051589	Industrial Credit of Canada, Ltd. - To relocate mortgage lender broker's office from 203 Sunrise Highway, Floor 2, Rockville Centre, NY to 1600 Stewart Avenue, Suite 404, Westbury, NY
BAN20051590	Omni Home Financing, Inc. - To relocate mortgage broker's office from 1031 Calle Recodo, Suite B, San Clemente, CA to 901 Calle Amanecer, Suite 150, San Clemente, CA
BAN20051591	Home123 Corporation - To open a mortgage lender and broker's office at 3545 Main Street, 2nd Floor, Akron, OH
BAN20051592	Home123 Corporation - To open a mortgage lender and broker's office at 6100 Lake Forest Drive, Suite 350, Sandy Springs, GA
BAN20051593	Home123 Corporation - To open a mortgage lender and broker's office at 6836 Austin Center Boulevard, Suite 100, Austin, TX
BAN20051594	Home123 Corporation - To open a mortgage lender and broker's office at 621 N.W. 53rd Street, Suite 600, Boca Raton, FL
BAN20051595	Home123 Corporation - To open a mortgage lender and broker's office at 4530 West 109th Street, Suite 302, Bossier City, LA
BAN20051596	Home123 Corporation - To open a mortgage lender and broker's office at 1 Beacon Street, 6th Floor, Boston, MA
BAN20051597	Home123 Corporation - To open a mortgage lender and broker's office at 7421 Carmel Executive Park, Suite 240, Charlotte, NC
BAN20051598	Home123 Corporation - To open a mortgage lender and broker's office at 414 N. Orleans Street, Suite 008, Chicago, IL
BAN20051599	Home123 Corporation - To open a mortgage lender and broker's office at 40 Constitution Drive, Suite E, Chico, CA
BAN20051600	Home123 Corporation - To open a mortgage lender and broker's office at 126 Market Avenue, Coos Bay, OR
BAN20051601	Home123 Corporation - To open a mortgage lender and broker's office at 360 Diablo Road, Danville, CA
BAN20051602	Home123 Corporation - To open a mortgage lender and broker's office at 8153 Elkgrove Boulevard, Suite 20, Elkgrove, CA
BAN20051603	Home123 Corporation - To open a mortgage lender and broker's office at 7300 E. Arapahoe, Englewood, CO
BAN20051604	Home123 Corporation - To open a mortgage lender and broker's office at 1200 Executive Parkway, Suite 100, Eugene, OR
BAN20051605	Home123 Corporation - To open a mortgage lender and broker's office at 481 N. Frederick Avenue, 4th Floor, Gaithersburg, MD
BAN20051606	Home123 Corporation - To open a mortgage lender and broker's office at 20 Downer Street, Unit 3, Hingham, MA
BAN20051607	Home123 Corporation - To open a mortgage lender and broker's office at 13430 Northwest Freeway, Suite 500, Houston, TX
BAN20051608	Home123 Corporation - To open a mortgage lender and broker's office at 8105 Irvine Center Drive, Suite 350, Irvine, CA
BAN20051609	Home123 Corporation - To open a mortgage lender and broker's office at 9921 Ward Parkway, Suite 330, Kansas City, MO
BAN20051610	Home123 Corporation - To open a mortgage lender and broker's office at 7401 104th Avenue, Suite 160, Kenosha, WI
BAN20051611	Home123 Corporation - To open a mortgage lender and broker's office at 1801 McCormick Drive, Suite 280, Largo, MD
BAN20051612	Home123 Corporation - To open a mortgage lender and broker's office at 777 N. Rainbow Boulevard, Suite 180, Las Vegas, NV
BAN20051613	Home123 Corporation - To open a mortgage lender and broker's office at 3917 Midlands Road, Building 2, Suite 100, Williamsburg, VA
BAN20051614	Home123 Corporation - To open a mortgage lender and broker's office at 2301 Kenstock Drive, Suite 101, Virginia Beach, VA
BAN20051615	Home123 Corporation - To open a mortgage lender and broker's office at 8282 S. Memorial, Suite 100, Tulsa, OK
BAN20051616	Home123 Corporation - To open a mortgage lender and broker's office at 43460 Ridge Park Drive, Suite 140, Temecula, CA
BAN20051617	Home123 Corporation - To open a mortgage lender and broker's office at 550 N. Reo Street, Suite 108, Tampa, FL
BAN20051618	Home123 Corporation - To open a mortgage lender and broker's office at 302 S. Ninth Street, Suite 202, Tacoma, WA
BAN20051619	Home123 Corporation - To open a mortgage lender and broker's office at 1300 E. Woodfield Road, Suite 210, Schaumburg, IL
BAN20051620	Home123 Corporation - To open a mortgage lender and broker's office at 3131 Camino Del Rio N., Suite 860, San Diego, CA
BAN20051621	Home123 Corporation - To open a mortgage lender and broker's office at 100 Enterprise Drive, Suite 110, Rockaway, NJ
BAN20051622	Home123 Corporation - To open a mortgage lender and broker's office at 3223 Blume Drive, Suite B, Richmond, CA
BAN20051623	Home123 Corporation - To open a mortgage lender and broker's office at 1 E. Liberty Street, Office 39, Reno, NV
BAN20051624	Home123 Corporation - To open a mortgage lender and broker's office at 41228 12th Street, W., Suites C and D, Palmdale, CA
BAN20051625	Home123 Corporation - To open a mortgage lender and broker's office at 41331 12th Street, W., Suite 102, Palmdale, CA
BAN20051626	Home123 Corporation - To open a mortgage lender and broker's office at 3 Golden Bear PIZ, 11780 US Highway One, North Palm Beach, FL
BAN20051627	Home123 Corporation - To open a mortgage lender and broker's office at 445 Broad Hollow Road, Suite 319, Melville, NY
BAN20051628	Home123 Corporation - To open a mortgage lender and broker's office at 6565 Americas Parkway, N.E., 6th Floor, Albuquerque, NM
BAN20051629	Home123 Corporation - To open a mortgage lender and broker's office at 5555 Tech Center Drive, Suite 100, Colorado Springs, CO
BAN20051630	AllFirst Lending, Inc. - For a mortgage broker's license
BAN20051631	New Century Mortgage Corporation d/b/a Home123 Corporation - To open a mortgage lender and broker's office at 5445 DTC Parkway, Suite 100, Englewood, CO
BAN20051632	New Century Mortgage Corporation d/b/a Home123 Corporation - To open a mortgage lender and broker's office at 9665 Granite Ridge Drive, Suite 550, San Diego, CA
BAN20051633	New Century Mortgage Corporation d/b/a Home123 Corporation - To open a mortgage lender and broker's office at 229 Huber Village Boulevard, Suite 200, Westerville, OH
BAN20051634	Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 13860 Ballantyne Corporate Place, Suite 440, Charlotte, NC
BAN20051635	Commonwealth United Mortgage Company - To relocate mortgage broker's office from 2324 N. Jackson Street, Arlington, VA to 3905 North Dumbarton Street, Arlington, VA
BAN20051636	Washington Nationwide Mortgages Corporation - To open a mortgage broker's office at 909 W. Broad Street, Suite B, Falls Church, VA
BAN20051637	First County Mortgage Services Incorporated - To open a mortgage lender and broker's office at 809 Williams Street, Fredericksburg, VA
BAN20051638	Monarch Bank - To open a branch at 4216 Virginia Beach Boulevard, Suite 180, Virginia Beach, VA
BAN20051639	Nearman Financial Consulting, Inc. - For a mortgage broker's license
BAN20051640	Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 4200 Rockside Road, Suite 103, Independence, OH
BAN20051641	Global Mortgage, Inc. - To open a mortgage broker's office at 3134 Chesterfield Avenue, Baltimore, MD
BAN20051642	First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 13801 Reese Boulevard, West, Suite 170, Huntersville, NC
BAN20051643	Opteum Financial Services, LLC d/b/a Home Star Direct - To open a mortgage lender's office at 812 North Wood Avenue, Linden, NJ
BAN20051644	Opteum Financial Services, LLC d/b/a Home Star Direct - To open a mortgage lender's office at 197 West Spring Valley Avenue, Maywood, NJ

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BAN20051645 American General Financial Services (DE), Inc. - To relocate mortgage lender broker's office from 3007 W. Mercury Boulevard, Hampton, VA to 3005 W. Mercury Boulevard, Hampton, VA

BAN20051646 American General Financial Services of America, Inc. - To relocate consumer finance office from 3007 W. Mercury Boulevard, Hampton, VA to 3005 W. Mercury Boulevard, Hampton, VA

BAN20051647 Advantage One Mortgage Corporation - For a mortgage broker's license

BAN20051648 Crestmark Bank - To open a branch at 1503 Santa Rosa Road, Suite 127, Henrico County, VA

BAN20051649 U.S. Mortgage Corporation of Virginia (Used in VA by: U.S. Mortgage Corporation) - To open a mortgage lender and broker's office at 2008 Route 37, East, Unit 12, Toms River, NJ

BAN20051650 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 550 S. Winchester Boulevard, Suite 620, San Jose, CA

BAN20051651 American General Financial Services (DE), Inc. - To open a mortgage lender and broker's office at 1783 N. Eastman Road, Kingsport, TN

BAN20051652 American General Financial Services (DE), Inc. - To open a mortgage lender and broker's office at 713 Volunteer Parkway, Suite 4, Bristol, TN

BAN20051653 Intercoastal Mortgage Company - To open a mortgage lender and broker's office at 12504-C Lake Ridge Drive, Woodbridge, VA

BAN20051654 Gregory Stephen Matney - To acquire 25 percent or more of First Choice Lending, Inc.

BAN20051655 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To relocate mortgage lender broker's office from 30 North Highland Street, Arlington, VA to 1116 Old Cedar Road, McLean, VA

BAN20051656 American Residential Funding, Inc. - To relocate mortgage lender broker's office from 129 E. Butler Avenue, Ambler, PA to 426 Pennsylvania Avenue, Suite 208, Fort Washington, PA

BAN20051657 Eqqus Mortgage of Virginia LLC d/b/a Eqqus Mortgage - To relocate mortgage broker's office from 360 Concord Street, Suite 202, Charleston, SC to 17 Lockwood Drive, 5th Floor, Charleston, SC

BAN20051658 American Reverse Mortgage Corporation - For a mortgage lender's license

BAN20051659 Security Bank - For a money order license

BAN20051660 Kolin Corporation d/b/a Kolin Mortgage Corporation - For a mortgage broker's license

BAN20051661 LoanNow Financial Corp. - For a mortgage broker's license

BAN20051662 Dynamic Mortgage Inc. - For a mortgage broker's license

BAN20051663 Edelman Financial Center LLC - To acquire 25 percent or more of Edelman Mortgage Services, Inc.

BAN20051664 A Money Matter Mortgage Inc. - For additional mortgage authority

BAN20051665 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 246 Whitethorn Court, Ruckersville, VA

BAN20051666 Valley Broker Services, Inc. d/b/a VBS Mortgage - To open a mortgage broker's office at 204 W. Spotswood Trail, Elkton, VA

BAN20051667 Network Funding, L.P. - To open a mortgage lender and broker's office at 1209 Chapin Road, Chapin, SC

BAN20051668 Payday Loans & Check Cashing, LLC - To open a payday lender's office at 3221 Oaklawn Boulevard, Hopewell, VA

BAN20051669 North American Home Loans, Inc. - To open a mortgage broker's office at 9201 Arboretum Parkway, Suite 210, Richmond, VA

BAN20051670 Roy D. Hansen Mortgage Company, Inc. - To open a mortgage broker's office at 11824 Forbidden Forest Circle, Apartment 203, Fredericksburg, VA

BAN20051671 USA Patriot Mortgage LLC - To open a mortgage broker's office at 1346 Old Bridge Road, Woodbridge, VA

BAN20051672 Potomac Lending LLC - To open a mortgage broker's office at 20290 Doswell Place, Ashburn, VA

BAN20051673 Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 10440 Little Patuxent Parkway, Suite 300, Columbia, MD to 5560 Sterrett Place, 2nd Floor, Columbia, MD

BAN20051674 Global Mortgage, Inc. - To relocate mortgage broker's office from 3700 Forest Grove Drive, Annandale, VA to 10 Pidgeon Hill Drive, Suite 200, Sterling, VA

BAN20051675 GMAC Mortgage Corporation d/b/a Ditech.Com - To relocate mortgage lender broker's office from 8101 Amsterdam Court, Gainesville, VA to 11921 Freedom Drive, Reston, VA

BAN20051676 City Mortgage Group, Inc. - To relocate mortgage broker's office from 2105 Westmoreland Street, Falls Church, VA to 8230 Boone Boulevard, Vienna, VA

BAN20051677 Universal Mortgages & Financial Services, LLC - To relocate mortgage broker's office from 4810 Beauregard Street, Suite 202, Alexandria, VA to 101 South Whiting Street, Suite 202, Alexandria, VA

BAN20051678 CitiFinancial Services, Inc. - To relocate consumer finance office from 3129 Mechanicsville Turnpike, Henrico County, VA to 149 Junction Drive, Ashland, VA

BAN20051679 Dunn's Underwriter's & Financial Services, Inc. - For a mortgage broker's license

BAN20051680 Jefferson Mortgage Corporation - For a mortgage broker's license

BAN20051681 QuinStreet Media, Inc. - For a mortgage broker's license

BAN20051682 RPB Management Company d/b/a Bristol Residential Mortgages - For a mortgage broker's license

BAN20051683 CMG Mortgage, Inc. d/b/a Pacific Guarantee Mortgage - To open a mortgage lender and broker's office at 214 Island Plaza, Stevensville, MD

BAN20051684 Capital Assets Financial, Inc. - To open a mortgage broker's office at 11758 Lee Highway, Sperryville, VA

BAN20051685 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 326 Brisa Drive, Chesapeake, VA

BAN20051686 1st Choice Mortgages, Inc. - To open a mortgage broker's office at 14408 Lee Highway, Gainesville, VA

BAN20051687 FlexPoint Funding Corporation - To open a mortgage lender and broker's office at 1250 Corona Point Court, Building C-1, Suite 305, Corona, CA

BAN20051688 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 1710 Parkway Lane, Fishersville, VA

BAN20051689 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 6037 Rockfish Gap Turnpike, Crozet, VA

BAN20051690 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 11677 James Madison Highway, Gordonsville, VA

BAN20051691 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 725 Beech Grove Road, Roseland, VA

BAN20051692 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 291 Gay Street, Washington, VA

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BAN20051693 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 265 Turkey Sag Trail, Suite 11, Palmyra, VA

BAN20051694 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 1318 Piper Way, Keswick, VA

BAN20051695 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 1758 Worth Park, Suite 100, Charlottesville, VA

BAN20051696 Golden Rule Mortgages, Inc. - For additional mortgage authority

BAN20051697 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 5 Bank Street, Suite 202, Attleboro, MA

BAN20051698 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 2944 Hunter Mill Road, Suite 104, Oakton, VA

BAN20051699 Miracle Mortgage, Inc. - To open a mortgage broker's office at 6531 Lake Drive, Bremerton, WA

BAN20051700 Providence Mortgage, Limited Liability Company - To relocate mortgage broker's office from 20189 Mossy Glen Terrace, Ashburn, VA to 21145 Whitfield Place, Suite 106, Sterling, VA

BAN20051701 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 7911 Evesboro Drive, Severn, MD

BAN20051702 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 46169 Westlake Drive, Suite 100, Potomac Falls, VA

BAN20051703 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 530 Seventh Avenue, Suite 206, New York, NY

BAN20051704 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 4251 University Boulevard, Suite 101B, Jacksonville, FL

BAN20051705 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1101 Tyvola Road, Suite 304, Charlotte, NC

BAN20051706 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 7041 West Commercial Boulevard, Suite 6A, Tamarac, FL

BAN20051707 Amerigroup Mortgage Corporation (Used in VA by: Mortgage Investors Corporation) - To open a mortgage lender's office at Stanford Place 3, Third Floor, 4582 South Ulster Street, Denver, CO

BAN20051708 Amerigroup Mortgage Corporation (Used in VA by: Mortgage Investors Corporation) - To open a mortgage lender's office at 140 Heimer Road, Suite 750B, San Antonio, TX

BAN20051709 Amerigroup Mortgage Corporation (Used in VA by: Mortgage Investors Corporation) - To open a mortgage lender's office at 6120 Central Avenue, St. Petersburg, FL

BAN20051710 Amerigroup Mortgage Corporation (Used in VA by: Mortgage Investors Corporation) - To open a mortgage lender's office at 4101 Cox Road, Suite 301, Glen Allen, VA

BAN20051711 LenderLive Network, Inc. - To open a mortgage broker's office at 1648 Mall Run Road, Uniontown, PA

BAN20051712 Heritage Mortgage Brokers, L.L.C. - To open a mortgage broker's office at 2 Pidgeon Hill Drive, Suite 349, Sterling, VA

BAN20051713 Valle Hermoso Checks Cashed, Inc. - To open a check casher at 9081 Liberia Avenue, Manassas, VA

BAN20051714 Mercantile Potomac Bank (a division of Mercantile-Safe Deposit and Trust Company) - To open a branch at 4401 Wilson Boulevard, Arlington County, VA

BAN20051715 Heritage Mortgage & Financial Services, Inc. - For a mortgage broker's license

BAN20051716 Virginia Mortgage Associates, Inc. - To open a mortgage broker's office at 2314 B Hatton Street, Virginia Beach, VA

BAN20051717 Pacwest Funding, Incorporated - For a mortgage lender and broker license

BAN20051718 Family Trei, Inc. - For a mortgage broker's license

BAN20051719 CLF Group Inc. - For a mortgage broker's license

BAN20051720 E Mortgage Management, LLC - For a mortgage lender and broker license

BAN20051721 Manhattan Mortgage Group, LLC - For a mortgage lender and broker license

BAN20051722 Cynthia M. Galle - For a mortgage broker's license

BAN20051723 Severn Mortgage Corporation - To open a mortgage lender and broker's office at 35 North Braddock Street, Winchester, VA

BAN20051724 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 2611 W. Main Street, Suites E and F, Waynesboro, VA

BAN20051725 Assurafirst Financial Company - To open a mortgage lender and broker's office at 8900 North 22nd Avenue, Suite 215, Phoenix, AZ

BAN20051726 Assurafirst Financial Company - To open a mortgage lender and broker's office at 8655 E. Via De Ventura, Suite F-163, Scottsdale, AZ

BAN20051727 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 9418 Annapolis Road, Suite 200, Lanham, MD

BAN20051728 Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 900 Commonwealth Place, Suite 201, Virginia Beach, VA

BAN20051729 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 221-B Church Lane, Tappahannock, VA

BAN20051730 Lawyers Financial Corporation - To open a mortgage broker's office at 4804 Courthouse Street, Suite 4A, Williamsburg, VA

BAN20051731 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 1910 Byrd Avenue, Suite 203, Richmond, VA

BAN20051732 HomeBridge Mortgage Bankers Corp. d/b/a Refinance.com - To relocate mortgage lender broker's office from 5440 N.W. 33rd Avenue, Suite 102, Ft. Lauderdale, FL to 350 Fairway Drive, Suite 110, Deerfield Beach, FL

BAN20051733 Global Mortgage, Inc. - To relocate mortgage broker's office from 106-7 Timberlake Terrace, Stephens City, VA to 180-1 Prosperity Drive, Winchester, VA

BAN20051734 1st Step Financial Services, Inc. - To relocate mortgage broker's office from 1300 Mercantile Lane, Suite 100-K, Largo, MD to 1300 Mercantile Lane, Suite 146, Largo, MD

BAN20051735 Epstein's Pawn Shop, Inc. - To open a check casher at 25 S. Mallory Street, Hampton, VA

BAN20051736 Capital Home Mortgage LLC - For a mortgage broker's license

BAN20051737 ResMAE Mortgage Corporation - For a mortgage lender and broker license

BAN20051738 Valley Broker Services, Inc. d/b/a VBS Mortgage - To open a mortgage broker's office at 7325 Williamson Road, Roanoke, VA

BAN20051739 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 15145 Brandy Road, Culpeper, VA to 401 S. Main Street, Culpeper, VA

BAN20051740 American General Financial Services of America, Inc. - To relocate consumer finance office from 530 1/2 East Stuart Drive, Galax, VA to Galax Plaza Shopping Center, 544 E. Stuart Drive, Suite B, Galax, VA

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20051741 American General Financial Services (DE), Inc. - To relocate mortgage lender broker's office from 530 1/2 East Stuart Drive, Galax, VA to Galax Plaza Shopping Center, 544 East Stuart Drive, Suite B, Galax, VA

BAN20051742 NVRE Investors, LLC - For a mortgage broker's license

BAN20051743 Diversified Mortgage Concepts, LLC - For a mortgage broker's license

BAN20051744 Leader One Financial Corporation - For a mortgage lender and broker license

BAN20051745 S & R, Inc. d/b/a S& R Convenient Mart - To open a check casher at 5742 Pickwick Road, Centerville, VA

BAN20051746 ClearView Mortgage, Inc. - To open a mortgage broker's office at 323 Keith Drive, Warner Robins, GA

BAN20051747 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 2612 Jefferson Davis Highway, Suite 108, Stafford, VA

BAN20051748 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 3913 Old Lee Highway, Suite 33, Fairfax, VA

BAN20051749 Robert P. Lenz & Associates, Inc. d/b/a Southeastern Equity Mortgage - To relocate mortgage broker's office from 110 Oak Creek Drive, Charlotte, NC to 5109 Cinnamon Drive, Matthews, NC

BAN20051750 Old Dominion Home Loans, LLC - To open a mortgage broker's office at 739 Thimble Shoals Boulevard, Suite 1002-D, Newport News, VA

BAN20051751 Advantage Funding, LLC - To relocate mortgage broker's office from 116 Wilson Pike Circle, Suite 103, Brentwood, TN to 116 Wilson Pike Circle, Suite 100, Brentwood, TN

BAN20051752 Patriot Funding, LLC - To relocate mortgage broker's office from 24105 Woodfield School Road, Laytonsville, MD to 20400 Observation Drive, Suite 102, Germantown, MD

BAN20051753 Primary Mortgage Company LLC - For a mortgage broker's license

BAN20051754 Financial Resources Consulting, Inc. - For a mortgage broker's license

BAN20051755 U.S. Mortgage Finance Corp. - For additional mortgage authority

BAN20051756 Progressive Funding LLC - For a mortgage broker's license

BAN20051757 Coastal Mortgage Bankers, LLC - For a mortgage broker's license

BAN20051758 Wendover Financial Services Corporation - To relocate mortgage lender broker's office from 190 S. Warner Road, 3rd Floor, Wayne, PA to 1550 Liberty Ridge Drive, Wayne, PA

BAN20051759 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To relocate mortgage lender broker's office from 155 West Main Street, Lewisville, TX to 113 Poydras, Suite 207, Lewisville, TX

BAN20051760 Saxon Mortgage, Inc. d/b/a Saxon Home Mortgage - To relocate mortgage lender's office from 4880 Cox Road, Glen Allen, VA to 4840 Cox Road, Glen Allen, VA

BAN20051761 America's MoneyLine, Inc. - To relocate mortgage lender's office from 4880 Cox Road, Glen Allen, VA to 4840 Cox Road, Glen Allen, VA

BAN20051762 Virginia Beach Investment Services, Incorporated d/b/a King\$ Ca\$h Advance\$ - To relocate payday lender's office from 926 Wilborn Avenue, South Boston, VA to 97-B Main Street, South Boston, VA

BAN20051763 Virginia Beach Investment Services, Incorporated d/b/a King\$ Ca\$h Advance\$ - To relocate payday lender's office from 4424 George Washington Highway, Grafton, VA to 211 Village Avenue, Unit C, Yorktown, VA

BAN20051764 RMC Vanguard Mortgage Corporation - To relocate mortgage lender's office from 1111 North Loop West, Suite 500, Houston, TX to 1111 N. Loop West, Suite 250, Houston, TX

BAN20051765 Dominion Eagle Financial Group, Inc. d/b/a Peoples Choice Mortgage, VA - To relocate mortgage broker's office from 3920 Plank Road, Suite 200, Fredericksburg, VA to 1107 Heatherstone Drive, Fredericksburg, VA

BAN20051766 Abbitt Mortgage, LLC - For additional mortgage authority

BAN20051767 Wrightway Financial, Inc. - For a payday lender license

BAN20051768 Castle Point Mortgage, Inc. - To relocate mortgage lender broker's office from 6 Campus Drive, Parsippany, NJ to 7 Entin Road, Parsippany, NJ

BAN20051769 Prosperity Mortgage Company - To relocate mortgage lender broker's office from 211 Broadview Avenue, Warrenton, VA to 492 Blackwell Road, Warrenton, VA

BAN20051770 Weststar Mortgage, Inc. - To relocate mortgage lender broker's office from 14455 Jefferson Davis Highway, Woodbridge, VA to 13939 Jefferson Davis Highway, Woodbridge, VA

BAN20051771 Dunn Mortgage Capital, Inc. - To relocate mortgage broker's office from 1200 First Street, Suite 1438, Alexandria, VA to 2665 Owen Drive, Fayetteville, NC

BAN20051772 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To relocate mortgage lender broker's office from 5029 Corporate Woods Drive, Suite 170, Virginia Beach, VA to 192 Ballard Court, Suite 401, Virginia Beach, VA

BAN20051773 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To relocate mortgage lender broker's office from 2101 Parks Avenue, Suite 302, Virginia Beach, VA to 192 Ballard Court, Suite 401, Virginia Beach, VA

BAN20051774 Premier Financial Company - To relocate mortgage lender broker's office from 10610 Rhode Island Avenue, Suite 204, Beltsville, MD to 605 Main Street, Laurel, MD

BAN20051775 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 4124 Pleasant Meadow Court, Chantilly, VA

BAN20051776 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 15825 Crabbs Branch Way, Suite 101, Rockville, MD

BAN20051777 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 1151 W. Robinhood Drive, Suite C-4, Stockton, CA

BAN20051778 Rahil, Inc. d/b/a The Market Place # 1 - To open a check casher at 110 W. Washington Street, Petersburg, VA

BAN20051779 The Mortgage District, Inc. - For a mortgage broker's license

BAN20051780 Newbury/ Mortgage America, Ltd. - For a mortgage broker's license

BAN20051781 Oxford Mortgage Corporation - For a mortgage broker's license

BAN20051782 Heritage Mortgage Banking Corp. - For a mortgage lender and broker license

BAN20051783 Congressional Bank - To open a branch at 1800 Michael Faraday Drive, Reston, VA

BAN20051784 Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To relocate payday lender's office from 2943 Riverside Drive, Danville, VA to 365 Lowes Drive, Suite E-1, Danville, VA

BAN20051785 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 480 Four Seasons Drive, Suite 100, Charlottesville, VA to 944 Glenwood Station Lane, Charlottesville, VA

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20051786	New Century Mortgage Corporation d/b/a Home123 Corporation - To relocate mortgage lender broker's office from 18500 Von Karman, Suite 1000, Irvine, CA to 3347 Michelson Drive, Suite 400, Irvine, CA
BAN20051787	Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 611 Coliseum Drive, Winston-Salem, NC to 897 Peters Creek Parkway, Suite 104, Winston-Salem, NC
BAN20051788	MortgageStar, Inc. - To open a mortgage lender and broker's office at 2104 Stirrup Lane, Alexandria, VA
BAN20051789	Potomac Bank of Virginia - To open a branch at 14231 Willard Road, Suite 100, Chantilly, VA
BAN20051790	Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 2025 E. Main Street, Suite 102, Richmond, VA
BAN20051791	David Howard Burrows d/b/a Crescent Mortgage - To open a mortgage lender and broker's office at 6726 Curran Street, McLean, VA
BAN20051792	MegaStar Financial Corp. - To open a mortgage lender's office at 9544 Balagan Court, Bristow, VA
BAN20051793	Global Mortgage, Inc. - To open a mortgage broker's office at 3815 State Road 64, East, Bradenton, FL
BAN20051794	Global Mortgage, Inc. - To open a mortgage broker's office at 2675 44th Street, S.W., Suite 201, Wyoming, MI
BAN20051795	Global Mortgage, Inc. - To open a mortgage broker's office at 2815 Camino Del Rio, South, Suite 111, San Diego, CA
BAN20051796	E Z Mortgage LLC - For a mortgage broker's license
BAN20051797	First Nations Mortgage Co., Inc. - For a mortgage broker's license
BAN20051798	Kymber L. Norman - To acquire 25 percent or more of Main Street Financial Services, Inc.
BAN20051799	BSM Financial L.P. d/b/a Brokersource - To open a mortgage lender and broker's office at 9701 West Higgins, Suite 150, Rosemont, IL
BAN20051800	BSM Financial L.P. d/b/a Brokersource - To open a mortgage lender and broker's office at 5775 Glenridge Drive, Building D, Suite 460, Atlanta, GA
BAN20051801	BSM Financial L.P. d/b/a Brokersource - To open a mortgage lender and broker's office at 15333 North Pima Road, Suite 235, Scottsdale, AZ
BAN20051802	Network Funding, L.P. - To open a mortgage lender and broker's office at 15 Thompson Street, Richmond, VA
BAN20051803	Network Funding, L.P. - To open a mortgage lender and broker's office at 2309 Rosebay Court, Virginia Beach, VA
BAN20051804	Network Funding, L.P. - To open a mortgage lender and broker's office at 1405 Thomas Nelson Highway, Arrington, VA
BAN20051805	Network Funding, L.P. - To open a mortgage lender and broker's office at 9209 Erlwood Road, Richmond, VA
BAN20051806	Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 15825 Crabbs Branch Way, Suite 101, Rockville, MD
BAN20051807	Premium Capital Funding LLC d/b/a BLS Funding - To open a mortgage lender and broker's office at 225 Broadhollow Road, Suite 310, Melville, NY
BAN20051808	University of Virginia Community Credit Union, Inc. - To open a credit union service office at the south side of U.S. Route 33, 1/4 mile east of U.S. Route 29, Ruckersville, VA
BAN20051809	Cornerstone Mortgage, Inc. - To relocate mortgage broker's office from 6205 Sierra Court, Manassas, VA to 6207 Sierra Court, Manassas, VA
BAN20051810	Queen V. Hughes d/b/a Metropolitan Mortgage Group - To relocate mortgage broker's office from 11350 Random Hills Road, Suite 650, Fairfax, VA to 11350 Random Hills Road, Suite 800, Fairfax, VA
BAN20051811	Commonwealth Finance, LLC - To relocate consumer finance office from 407 Roanoke Street, Suite 3, Christiansburg, VA to 1562 N. Franklin Street, Christiansburg, VA
BAN20051812	Regions Bank - To merge into it Union Planters Bank, N.A.
BAN20051813	United Mortgage Brokers LLC (Used in VA by: United Mortgage LLC) - For a mortgage broker's license
BAN20051814	Goodwill Mortgage Services LLC - For a mortgage broker's license
BAN20051815	Sunshine Enterprise, Inc. d/b/a Foodway Super Market - To open a check casher at 2868 Stonewall Jackson Highway, Bentonville, VA
BAN20051816	Elite Mortgage Services LLC - For a mortgage broker's license
BAN20051817	Fidelity Direct Mortgage LLC - For a mortgage lender and broker license
BAN20051818	William A. Ramirez - To acquire 25 percent or more of Optimum Mortgage Group, LLC
BAN20051819	Michael L. Ramirez - To acquire 25 percent or more of Optimum Mortgage Group, LLC
BAN20051820	Peter F. Zomick - To acquire 25 percent or more of Optimum Mortgage Group, LLC
BAN20051821	Absolute Mortgage Group, Inc. d/b/a Absolute Mortgage - For a mortgage broker's license
BAN20051822	Hanover Mortgage Consultants, Inc. - For a mortgage broker's license
BAN20051823	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 7042 Wytheville Circle, Fredericksburg, VA
BAN20051824	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 380 Maple Avenue, W., Suite 301A, Vienna, VA
BAN20051825	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 14313 N.E. 20th Avenue, Suite A113, Vancouver, WA
BAN20051826	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 1157 Baust Church Road, Union Bridge, MD
BAN20051827	Check into Cash of Virginia, LLC d/b/a Check into Cash - To open a payday lender's office at 980 Leatherwood Lane, Bluefield, VA
BAN20051828	Household Realty Corporation d/b/a Household Realty Corporation of Virginia - To open a mortgage lender and broker's office at 207 Route 73, South, Marlton Crossing Shopping Center, Marlton, NJ
BAN20051829	Beneficial Mortgage Co. of Virginia - To open a mortgage lender and broker's office at 207 Route 73, South, Marlton Crossing Shopping Center, Marlton, NJ
BAN20051830	Beneficial Discount Co. of Virginia - To open a mortgage lender's office at 207 Route 73, South, Marlton Crossing Shopping Center, Marlton, NJ
BAN20051831	Homeloan USA Corporation - To open a mortgage lender and broker's office at 1700 Rockville Pike, Suite 400, Rockville, MD
BAN20051832	Homeloan USA Corporation - To open a mortgage lender and broker's office at 1375 Gateway Boulevard, Boynton Beach, FL
BAN20051833	Homeloan USA Corporation - To relocate mortgage lender broker's office from 2167 Elida Road, Lima, OH to 309 West High Street, Lima, OH
BAN20051834	Fast Payday Loans, Inc. - To relocate payday lender's office from 7445 Tidewater Drive, Norfolk, VA to 7455 Tidewater Drive, Norfolk, VA
BAN20051835	Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 1602 Franklin Street, Fredericksburg, VA
BAN20051836	Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 7 Wolfpit Court, Rehoboth Beach, DE
BAN20051837	Family Home Lending Corporation - To open a mortgage lender and broker's office at 2911 Turner Road, Suite A-1, Richmond, VA

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BAN20051838 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 12482 Warwick Boulevard, Suite C, Newport News, VA

BAN20051839 Cornerstone Home Mortgage, L.L.C. - For a mortgage broker's license

BAN20051840 CIS Financial Services, Inc. - For a mortgage lender's license

BAN20051841 Fiducial Lending Corporation - For a mortgage broker's license

BAN20051842 Bank of Clarke County - To open a branch at 110 Crock Wells Mill Drive, Frederick County, VA

BAN20051843 James Monroe Bank - To open a branch at 12165 Darnestown Road, Gaithersburg, MD

BAN20051844 Global Mortgage, Inc. - To open a mortgage broker's office at 1201 Pennsylvania Avenue, N.W., Suite 300, Washington, DC

BAN20051845 American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 11848 Rock Landing Drive, Suite 102, Newport News, VA to 739 Thimble Shoals Boulevard, Suite 1011-B, Newport News, VA

BAN20051846 Nations Home Corporation d/b/a First American Lending Corp. - To open a mortgage lender and broker's office at 7202 Poplar Street, Suite D, Annandale, VA

BAN20051847 Interglobal Mortgage Corporation - To relocate mortgage broker's office from 11459 Cronhill Drive, Suite P, Owings Mills, MD to 11155 Dolfield Boulevard, Suite 200, Owings Mills, MD

BAN20051848 North American Home Loans, Inc. - To open a mortgage broker's office at 7825 Mill River Lane, Chesterfield, VA

BAN20051849 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 202 Lincoln Avenue, Mukilteo, WA

BAN20051850 Nations Home Funding, Inc. - To open a mortgage lender and broker's office at 761 Old Hickory Boulevard, Suite 400, Brentwood, TN

BAN20051851 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 3940 Freedom Circle, Suite 106, Santa Clara, CA

BAN20051852 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 6192 Oxon Hill Road, Suite 401, Oxon Hill, MD

BAN20051853 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 4670 Mexico Road, St. Peters, MO

BAN20051854 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1331 North Forest Avenue, Amherst, NY

BAN20051855 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 9701 Apollo Drive, Suite 370, Largo, MD

BAN20051856 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 20501 South Avalon Boulevard, Carson, CA

BAN20051857 Global Mortgage, Inc. - To open a mortgage broker's office at 5620 St. Barnabas Road, Suite 360, Oxon Hill, MD

BAN20051858 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 611 Lynnhaven Parkway, Suite 101, Virginia Beach, VA

BAN20051859 Bay Capital Corp. d/b/a Level One Mortgage Capital - To relocate mortgage lender broker's office from 4926C Eisenhower Avenue, Alexandria, VA to 7410 Indian Head Highway, Oxon Hill, MD

BAN20051860 United Capital, Inc. d/b/a United Capital Mortgage - To relocate mortgage lender broker's office from 6922 Highway 70 South, Suite B, Nashville, TN to 214 Centerview Drive, Suite 250, Brentwood, TN

BAN20051861 United Capital, Inc. d/b/a United Capital Mortgage - To relocate mortgage lender broker's office from 4355 Highway 58, South, Suite 107A, Chattanooga, TN to 6025 Lee Highway, Suite 203, Chattanooga, TN

BAN20051862 Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 905 West 7th Street, Suite 307, Frederick, MD to 51 Monroe Street, Suite 1107, Rockville, MD

BAN20051863 Vision Mortgage Group, Inc. - For a mortgage broker's license

BAN20051864 TrustMor Elite Mortgage Company, LLC - For a mortgage broker's license

BAN20051865 Synergy Capital Mortgage Corp. - For a mortgage lender and broker license

BAN20051866 Close with Confidence, Inc. - For a mortgage broker's license

BAN20051867 Jeffrey S. Satre - To acquire 25 percent or more of MBS Financial Inc.

BAN20051868 Trujillo Trading & Travel Giros Express, Inc. d/b/a Trujillo Travel - To open a check casher at 3534 Carlin Springs Road, Suite 8, Falls Church, VA

BAN20051869 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 2530 Scottsville Road, Suite 10, Bowling Green, KY

BAN20051870 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 9001 Braddock Road, Springfield, VA

BAN20051871 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 940 N.E. 75th Street, Miami, FL

BAN20051872 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 310 E. Sunny Brook, Royal Oak, MI

BAN20051873 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 5243 Monroe Drive, Springfield, VA

BAN20051874 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 64 Thimbleberry Road, Ballston Spa, NY

BAN20051875 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 12045 N.W. 78 Place, Parkland, FL

BAN20051876 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 5301 W. Cypress Street, Suite 103, Tampa, FL

BAN20051877 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 19 Green Heron Lane, Nashua, NH

BAN20051878 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 21 Cornbury Court, Owings Mills, MD

BAN20051879 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 9242 Lark Sparrow Drive, Highlands Ranch, CO

BAN20051880 American General Financial Services (NC), Inc. (Used in VA by: American General Financial Services, Inc.) - To open a mortgage lender's office at 138 New Market, Madison, NC

BAN20051881 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 7139 Koll Center Parkway, Suite 100, Pleasanton, CA

BAN20051882 Greenway Lending Group, LLC - To open a mortgage lender and broker's office at 6824 Elm Street, McLean, VA

BAN20051883 Hometown Mortgage Corp. - To open a mortgage broker's office at 208 Golden Oak Court, Suite 350, Virginia Beach, VA

BAN20051884 Capital Financial Home Equity, LLC - To relocate mortgage lender broker's office from 2524 George Washington Memorial Highway, Yorktown, VA to 740 Thimble Shoals Boulevard, Suite A, Newport News, VA

BAN20051885 Dollar Wise Mortgage Corporation - To relocate mortgage broker's office from 9687 Main Street, Unit C, Fairfax, VA to 9990 Lee Highway, Suite 550, Fairfax, VA

BAN20051886 Mortgage Masters, Inc. t/a Money Marketing, Inc. - To relocate mortgage broker's office from 10300 Rodney Court, Fairfax, VA to 10 Rushmore Lane, Stafford, VA

BAN20051887 Jerbec Enterprises, Inc. d/b/a Express Money Service - To relocate payday lender's office from 3152 Halifax Road, South Boston, VA to 3162 Halifax Road, South Boston, VA

BAN20051888 Profirst Mortgage Corporation - To relocate mortgage broker's office from 73 E. Forrest Avenue, Suite 6, Shrewsbury, PA to 1617 East Market Street, York, PA

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BAN20051889 Global Mortgage, Inc. - To relocate mortgage broker's office from 5805 Sonoma Road, Bethesda, MD to 15952 Derwood Road, Suite B, Rockville, MD

BAN20051890 U.S. Funding Corporation - To relocate mortgage broker's office from 20 Gwynns Mill Court, Suite B, Owings Mills, MD to 100 Church Lane, Baltimore, MD

BAN20051891 First Discount Mortgage, LLC - To relocate mortgage lender broker's office from 15 Piedmont Center, Suite 820, Atlanta, GA to 3500 Lenox Road, Suite 1100, Atlanta, GA

BAN20051892 MB Interim Bank - To open an interim bank Albemarle First Bank

BAN20051893 Millennium Bankshares Corporation - To acquire Albemarle First Bank, VA

BAN20051894 Freedom Financial, Inc. (Used in VA by: Freedom Financial Solutions, Inc.) - For a mortgage broker's license

BAN20051895 First Guaranty Commercial Mortgage Corporation - For a mortgage broker's license

BAN20051896 David W. Morse - To acquire 25 percent or more of First Saratoga Funding, Inc.

BAN20051897 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 4031 Barn Owl Lane, Chesapeake, VA

BAN20051898 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 162 W. Hubbard Street, 2nd Floor, Chicago, IL

BAN20051899 New Century Mortgage Corporation d/b/a Home123 Corporation - To open a mortgage lender and broker's office at 2601 Walnut Avenue, Tustin, CA

BAN20051900 Family Home Lending Corporation - To relocate mortgage lender broker's office from 43950 Kitts Hill Terrace, Ashburn, VA to 43401 Cloverknoll Court, Ashburn, VA

BAN20051901 Gateway Bank & Trust Co. - To open a branch at 641 South Lynnhaven Parkway, Virginia Beach, VA

BAN20051902 US Equity Mortgage, LLC - For a mortgage lender and broker license

BAN20051903 American Freedom Group, Inc. - For a mortgage broker's license

BAN20051904 Hanover Funding, LLC - For a mortgage broker's license

BAN20051905 Quote Match, LLC - For a mortgage broker's license

BAN20051906 Foundation Mortgage Group, Inc. - For a mortgage broker's license

BAN20051907 Christian Financial Ministries, Inc. - To open a credit counseling office

BAN20051908 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 1610 Forest Avenue, Suite 217, Richmond, VA

BAN20051909 eHomeCredit Corp. d/b/a FHB Funding - To open a mortgage lender's office at 211 Station Road, Mineola, NY

BAN20051910 Benchmark Mortgage Inc. - To open a mortgage lender and broker's office at 11600 Busy Street, Richmond, VA

BAN20051911 Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 9950 Southern Maryland Boulevard, Dunkirk, MD to 3357 Hazelwood Road, Edgewater, MD

BAN20051912 Catoctin Mortgage, L.L.C. - To open a mortgage broker's office at 7528 Diplomate Drive, Suite 201, Manassas, VA

BAN20051913 Benchmark Mortgage Inc. - To relocate mortgage lender broker's office from 201 Temple Avenue, Colonial Heights, VA to 320 C Charles Dimmock Parkway, Colonial Heights, VA

BAN20051914 Araminta Financial Group, LLC - To open a mortgage broker's office at 7127 Allentown Road, Suite 205, Ft. Washington, MD

BAN20051915 Araminta Financial Group, LLC - To relocate mortgage broker's office from International Square, 1825 I Street, Washington, DC to 4601 Presidents Drive, Suite 380, Lanham, MD

BAN20051916 LoanPro, LLC - For a mortgage broker's license

BAN20051917 Security First Funding Corporation (Used in VA by: Security First Funding) - To open a mortgage broker's office at 880 North Military Highway, Unit 1064, Norfolk, VA

BAN20051918 Alcova Mortgage LLC - To open a mortgage broker's office at 13327 Booker T. Washington Highway, Hardy, VA

BAN20051919 First Saratoga Funding, Inc. - To open a mortgage broker's office at 55 East Main Street, Suite 320, Johnstown, NY

BAN20051920 AIM Home Financial, LLC - To open a mortgage broker's office at 26 Piccadilly Street, West, Winchester, VA

BAN20051921 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 1305-B Collegiate Drive, Wilkesboro, NC

BAN20051922 eHomeCredit Corp. d/b/a FHB Funding - To relocate mortgage lender's office from One Old Country Road, Suite 300, Carle Place, NY to 100 Garden City Plaza, Suites 410 and 500, Garden City, NY

BAN20051923 DAJ & Associates, Inc. - To relocate mortgage broker's office from 7230 Devereux Ct., Alexandria, VA to 3790 Avonlea Way, Catharpin, VA

BAN20051924 HT Video, Inc. - To open a check casher at 372 Elden Street, Herndon, VA

BAN20051925 Fidelity Mortgage Network, LLC - For additional mortgage authority

BAN20051926 Home Mortgage of Carolina LLC - For a mortgage broker's license

BAN20051927 Global Money Transfer, LLC - For a money order license

BAN20051928 Mortgage Express, Inc. - For a mortgage broker's license

BAN20051929 Jacob Dean Mortgage, Inc. - For a mortgage broker's license

BAN20051930 Yen Lin Chiang d/b/a Mortgage 4 U - For a mortgage broker's license

BAN20051931 Michael Howard Lewis - For a mortgage broker's license

BAN20051932 Sunset International Mortgage, Incorporated - For a mortgage broker's license

BAN20051933 GJV Financial Solutions, Inc. - For a mortgage lender and broker license

BAN20051934 Bankers Mortgage Company, LLC - For a mortgage lender and broker license

BAN20051935 Access Capital Mortgage, LLC - For additional mortgage authority

BAN20051936 Steven J. Laurenzo - To acquire 25 percent or more of Hinton Mortgage Co.

BAN20051937 Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To open a payday lender's office at 3101 Lee Highway, Suite 7, Bristol, VA

BAN20051938 1st Pacific Mortgage, Inc. - To open a mortgage lender and broker's office at 5801 Allentown Road, Suite 209, Suitland, MD

BAN20051939 HomeComings Financial Network, Inc. - To relocate mortgage lender's office from 8400 Normandale Lake Boulevard, Minneapolis, MN to 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, MN

BAN20051940 All State Home Mortgage, Inc. - For a mortgage lender and broker license

BAN20051941 Mortgage Funds Direct, LLC - For a mortgage broker's license

BAN20051942 First Ohio Banc & Lending, Inc. - To relocate mortgage lender broker's office from 8419 Tower Park Drive, Suite D, Twinsburg, OH to 1933 E. Aurora Road, Twinsburg, OH

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BAN20051943 First Ohio Banc & Lending, Inc. - To open a mortgage lender and broker's office at 18615 Detroit Road, Suite 100 and 102, Lakewood, OH

BAN20051944 First Ohio Banc & Lending, Inc. - To open a mortgage lender and broker's office at 4465 Fulton Drive, N.W., Suite 100, Canton, OH

BAN20051945 First Ohio Banc & Lending, Inc. - To open a mortgage lender and broker's office at 324 E. Main Street, Northville, MI

BAN20051946 Global Mortgage, Inc. - To open a mortgage broker's office at 1060 Cambridge Square, Suites C and D, Alpharetta, GA

BAN20051947 MLSG, Inc. - To relocate mortgage lender's office from 590 Double Eagle Court, Suite 100, Reno, NV to 10615 Professional Circle, Reno, NV

BAN20051948 Northside Mortgage Group LLC - To open a mortgage broker's office at 606-B Pine Street, Hillsville, VA

BAN20051949 Best Marketing, LLC d/b/a Paramax Mortgage - To open a mortgage broker's office at 6506 Loisdale Road, Suite 330, Springfield, VA

BAN20051950 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 11785 Beltsville Drive, Suite 1050, Beltsville, MD

BAN20051951 AEGIS Wholesale Corporation - To open a mortgage lender's office at 10700 Sikes Place, Suite 320, Charlotte, NC

BAN20051952 Family Home Lending Corporation - To open a mortgage lender and broker's office at 112 Mill Acres Drive, Lynchburg, VA

BAN20051953 Family Home Lending Corporation - To open a mortgage lender and broker's office at 1275 W. Granada Boulevard, Suite 4A, Ormond Beach, FL

BAN20051954 Laurus Funding Group, Inc. - To relocate mortgage broker's office from 232 Queens Road, Suite 39, Charlotte, NC to 724 Pierson Drive, Charlotte, NC

BAN20051955 Network Funding, L.P. - To relocate mortgage lender broker's office from 1209 Chapin Road, Chapin, SC to 1303 Chapin Road, Chapin, SC

BAN20051956 Foundation Funding Group, LLC - To relocate mortgage broker's office from 15320 Spencerville Court, Suite 102, Burtonsville, MD to 10400 Connecticut Avenue, Suite 205, Kensington, MD

BAN20051957 Old Dominion Mortgage, Inc. - To relocate mortgage broker's office from 600 East Water Street, Suite G, Charlottesville, VA to 1758-D Worth Park, Suite 300, Charlottesville, VA

BAN20051958 Wall Street Financial Corporation - To relocate mortgage lender's office from 8381 Old Courthouse Road, Vienna, VA to 8500 Leesburg Pike, Suite 300, Vienna, VA

BAN20051959 Fairway Mortgage Services, Inc. (Used in VA by: The Coleman Group, Inc.) - To relocate mortgage broker's office from 1880 Highway One, Boynton, VA to 19203 Burnt Bridge Drive, Landsdowne, VA

BAN20051960 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 424 Barnes Street, Suite 2B, Bel Air, MD to 1250 Brass Mill Road, Suite 5, Harford, MD

BAN20051961 Coast To Coast Mortgage, Inc. - For additional mortgage authority

BAN20051962 United Pacific Realty and Investment, Inc. d/b/a United Pacific Mortgage - For additional mortgage authority

BAN20051963 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 5622 Columbia Pike Road, Suite 306/202, Baileys Crossroad, VA

BAN20051964 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 12656 Darby Brooke Court, Woodbridge, VA

BAN20051965 Sunset Mortgage Company L.P. - To open a mortgage lender and broker's office at 11070 Cathell Road, Suite 12, Ocean Pines, MD

BAN20051966 Mid-Atlantic Mortgage Group, Inc. - To relocate mortgage broker's office from 7331 Timberlake Road, Suite 203A, Lynchburg, VA to 7335 Timberlake Road, Unit A, Lynchburg, VA

BAN20051967 Altabanc Financial Corp. - To relocate mortgage broker's office from 5850 Waterloo Road, Suite 220, Columbia, MD to 14239 Park Center Drive, Suite 150, Laurel, MD

BAN20051968 ACE Cash Express, Inc. - To relocate payday lender's office from 7522 Tidewater Drive, Norfolk, VA to 7452 Tidewater Drive, Norfolk, VA

BAN20051969 JBL Mortgage Network, L.L.C. - For a mortgage broker's license

BAN20051970 United Mortgage Brokerage, Inc. - For a mortgage broker's license

BAN20051971 Clarence William Wyrick - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.

BAN20051972 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 5251-18 John Tyler Highway, Suite 338, Williamsburg, VA

BAN20051973 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 7900 Sudley Road, Suite 200, Manassas, VA

BAN20051974 First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 5285 E. Williams Circle, Suite 2010, Tucson, AZ

BAN20051975 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 6200 B Lakeside Avenue, Richmond, VA

BAN20051976 CapFirst Mortgage, LLC - To open a mortgage broker's office at 3203 Hull Street, Richmond, VA

BAN20051977 L.A.P. Holdings LLC d/b/a First Finance - To open a mortgage broker's office at 1845 E. Broadway, Suite 104, Tempe, AZ

BAN20051978 Olmn.net Corporation d/b/a Southard Street Mortgage - To relocate mortgage broker's office from 300 Southard Street, Suite 103, Key West, FL to 422 Fleming Street, Key West, FL

BAN20051979 Village Bank - To open a branch at 6551 Centralia Road, Chesterfield County, VA

BAN20051980 Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To open a payday lender's office at 4801-A5 Shore Drive, Virginia Beach, VA

BAN20051981 Old Dominion University Credit Union, Inc. - To open a credit union service office at 4901 Hampton Boulevard, Room 1049, Norfolk, VA

BAN20051982 Huntfield Lenders, LLC - For a mortgage broker's license

BAN20051983 Family Life Services, Inc. d/b/a Family Life Credit Services - To open a credit counseling office

BAN20051984 Ivis Justus d/b/a Clarence Justus Grocery - To open a check casher at Route 646 Guesses Fork, Hurley, VA

BAN20051985 Bill Killen d/b/a Kwik Kash - To conduct payday lending business where an auto title lending business will also be conducted

BAN20051986 Classic Home Lending, Inc. - For a mortgage lender's license

BAN20051987 Florida Mortgage Team, Inc. - For a mortgage broker's license

BAN20051988 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 803 Sycolin Road, Leesburg, VA

BAN20051989 GMAC Mortgage Corporation d/b/a Ditech.Com - To relocate mortgage lender broker's office from 3959 Electric Road, Roanoke, VA to 2026 Electric Road, Roanoke, VA

BAN20051990 Freedom Funding Group, Inc. - For a mortgage broker's license

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BAN20051991	Gordon Lending Corporation - For a mortgage lender and broker license
BAN20051992	McLeod Capital Mortgage Group, Inc. - For a mortgage broker's license
BAN20051993	MorNorth Mortgage Corporation - For a mortgage broker's license
BAN20051994	People's Choice Home Loan, Inc. - To open a mortgage lender's office at 410 N. 44th Street, Suite 300, Phoenix, AZ
BAN20051995	People's Choice Home Loan, Inc. - To open a mortgage lender's office at 15250 Ventura Boulevard, Suite 403, Sherman Oaks, CA
BAN20051996	People's Choice Home Loan, Inc. - To open a mortgage lender's office at 2450 Fire Mesa Street, Suite 160, Las Vegas, NV
BAN20051997	People's Choice Home Loan, Inc. - To open a mortgage lender's office at 5838 Edison Place, Suite 210, Carlsbad, CA
BAN20051998	People's Choice Home Loan, Inc. - To relocate mortgage lender's office from 12567 West Cedar Drive, Suite 200, Lakewood, CO to 7600 E. Orchard, Suite 106S, Greenwood Village, CO
BAN20051999	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 136-52 39th Avenue, Suite 203B, Flushing, NY
BAN20052000	Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 15415 Patrick Henry Highway, Amelia, VA
BAN20052001	Global Mortgage, Inc. - To open a mortgage broker's office at 13509 E. Boundary Road, Suite E, Midlothian, VA
BAN20052002	Mortgage South, Inc. - To relocate mortgage lender broker's office from 4900 Fitzhugh Avenue, Richmond, VA to 5206 Markel Road, Suite 100 A, Richmond, VA
BAN20052003	HomeAmerican Mortgage Corporation - To relocate mortgage lender broker's office from 3701 Pender Drive, Suite 210, Fairfax, VA to 12220 Sunrise Valley Drive 4th Floor, Reston, VA
BAN20052004	EZ Loans of Virginia, Inc. - To relocate payday lender's office from 4364 Unit B Lankford Highway, Exmore, VA to 4388 A Lankford Highway, Exmore, VA
BAN20052005	Option One Mortgage Corporation - To relocate mortgage lender broker's office from 21820 Burbank Boulevard, Suite 229, Woodland Hills, CA to 21800 Oxnard Street, Suite 300, Woodland Hills, CA
BAN20052006	G Squared Financial, LLC - To relocate mortgage lender broker's office from 8737 Dunwoody Place, Suite 6, Atlanta, GA to 8735 Dunwoody Place, Suite 5, Atlanta, GA
BAN20052007	Americor Lending Group, Inc - To relocate mortgage lender broker's office from 2400 Main Street, Suite 202, Irvine, CA to 18111 Von Karman Avenue, 7th Floor, Irvine, CA
BAN20052008	Hamza I. Abduselam - For a mortgage broker's license
BAN20052009	Recovery Financial Services LLC - To open a mortgage broker's office at 1353 S. Military Highway, Chesapeake, VA
BAN20052010	Platinum Capital Group, Inc. (Used in VA by: Platinum Capital Group) - To open a mortgage lender and broker's office at 437 Grant Street, Suite 918, Frick Building, Pittsburgh, PA
BAN20052011	Platinum Capital Group, Inc. (Used in VA by: Platinum Capital Group) - To open a mortgage lender and broker's office at 3500 Sepulveda Boulevard, Suite E, Manhattan Beach, CA
BAN20052012	Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 6095 28th Street, S.E., Suite 204, Grand Rapids, MI
BAN20052013	Community Mortgage Services Corporation - To open a mortgage broker's office at 120 Wick Street, Suite 235, Richmond, VA
BAN20052014	Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 3505 E. Frontage Road, Suite 300, Tampa, FL
BAN20052015	Bayside Mortgage Services, Inc. - To relocate mortgage broker's office from 1 Annapolis Street, Suite 101 B, Annapolis, MD to 102 East Main Street, Suite 102, Stevensville, MD
BAN20052016	Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To relocate mortgage lender broker's office from 97 Pebble Beach Drive, Charles Town, WV to 37523 Oak Green Lane, Purcellville, VA
BAN20052017	Global Financial, Inc. - For a mortgage broker's license
BAN20052018	Meridias Capital, Inc. - For a mortgage lender's license
BAN20052019	Fonda & Fonda d/b/a America's Choice Mortgage - For a mortgage broker's license
BAN20052020	Metro Mortgage Group Inc. - For a mortgage broker's license
BAN20052021	Preferred Mortgage Consultants, Inc. d/b/a Alero Home Loans - For a mortgage broker's license
BAN20052022	America Best Mortgage, LLC - For a mortgage broker's license
BAN20052023	Eric Morgenson - To acquire 25 percent or more of Nationwide Lending Corporation
BAN20052024	Preferred Home Mortgage Company - To open a mortgage lender and broker's office at 1410 N. Westshore Boulevard, Suite 450, Tampa, FL
BAN20052025	Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 8101 Sandy Spring Road, Suite 210, Laurel, MD
BAN20052026	Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 11815 Kirkwood Street, Herald, CA
BAN20052027	Providence One, Inc. - To open a mortgage lender and broker's office at 506 S Independence Boulevard, Suite 101, Virginia Beach, VA
BAN20052028	Premier Lending, Inc. - To relocate mortgage broker's office from 4004 148th Avenue, N.E., Redmond, WA to 11100 N.E. 8th Street, Suite 700, Bellevue, WA
BAN20052029	Beltway Capital Inc. - To relocate mortgage broker's office from 1916 N. Adams Street, Arlington, VA to 8300 Greensboro Drive, Suite 800, McLean, VA
BAN20052030	Home Mortgage Resources, LLC - To relocate mortgage lender broker's office from 4035 Ridge Top Road, Suite 100, Fairfax, VA to 11350 Random Hills Road, Suite 650, Fairfax, VA
BAN20052031	1st American Mortgage, Inc. d/b/a CU Mortgage Group - To relocate mortgage lender broker's office from 8615 Westwood Center Drive, Vienna, VA to 3926 Pender Drive, 1st Floor, Fairfax, VA
BAN20052032	America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 2916 Chamberlayne Avenue, Richmond, VA
BAN20052033	America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 104 N. Railroad Avenue, Suite E, Ashland, VA
BAN20052034	Mortgage Access Corp. d/b/a Weichert Financial Services - To open a mortgage lender's office at 1320 Carl D. Silver Highway, Suite 200, Fredericksburg, VA
BAN20052035	Mortgage Access Corp. d/b/a Weichert Financial Services - To open a mortgage lender's office at 1925 South Loudoun Street, Winchester, VA
BAN20052036	Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 14348 Papiilon Way, Centreville, VA to 6231 Leesburg Pike, Suite 104, Falls Church, VA
BAN20052037	Sun Mortgage, Inc. - For additional mortgage authority
BAN20052038	E Z Lending L.L.C. - For additional mortgage authority
BAN20052039	Christian Credit One - To open a credit counseling office

BAN20052040 Central Funding, LLC - For a mortgage broker's license  
 BAN20052041 Qwest Mortgage Corporation - For a mortgage broker's license  
 BAN20052042 Associates Mortgage Corp. - For a mortgage broker's license  
 BAN20052043 Community First Mortgage Corp. - For a mortgage broker's license  
 BAN20052044 Glen Lydell Walden, Sr. - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.  
 BAN20052045 Elite Funding Corporation d/b/a Tenacity Mortgage Corp. - To open a mortgage lender and broker's office at 6701 Democracy Boulevard, Suite 515, Bethesda, MD  
 BAN20052046 Elite Funding Corporation d/b/a Tenacity Mortgage Corp. - To relocate mortgage lender broker's office from 2120 L Street, N.W., Suite 530, Washington, DC to 2008 Hillyer Place, N.W., Washington, DC  
 BAN20052047 Global Mortgage, Inc. - To open a mortgage broker's office at 5476 Virginia Beach Boulevard, Suite 116, Virginia Beach, VA  
 BAN20052048 Mount Vernon Capital Corporation - To open a mortgage broker's office at 8870 Rixlew Lane, Suite 101, Manassas, VA  
 BAN20052049 Fieldstone Mortgage Company d/b/a Broad Street Mortgage Co. - To open a mortgage lender and broker's office at 600 Cummings Center, Suite 270-X, Beverly, MA  
 BAN20052050 Household Realty Corporation d/b/a Household Realty Corporation of Virginia - To relocate mortgage lender broker's office from 14346 Warwick Boulevard, Suite 314, Newport News, VA to 14346 Warwick Boulevard, Suite 107B, Denbigh Village Shopping Center, Newport News, VA  
 BAN20052051 Capitol Funding, LLC - To relocate mortgage broker's office from 51 Monroe Street, Suite 203, Rockville, MD to 51 Monroe Street, Suite 402, Rockville, MD  
 BAN20052052 JMH Financial Mortgage Corp. d/b/a Lenox Financial Mortgage - To relocate mortgage broker's office from 5180 Roswell Road, South Building,, Atlanta, GA to 3575 Piedmont Road Building 15, Suite 800, Atlanta, GA  
 BAN20052053 United Equity LLC - To relocate mortgage lender broker's office from 6301 Ivy Lane, Suite 110, Greenbelt, MD to 300 E. Lombard Street, 7th Floor, Baltimore, MD  
 BAN20052054 Executive Mortgage Group, Inc. - For a mortgage broker's license  
 BAN20052055 Cardinal Mortgage Services, Corporation - For a mortgage broker's license  
 BAN20052056 Gold Key Mortgage L.L.C. - To open a mortgage broker's office at 1146 Magnolia Avenue, Buena Vista, VA  
 BAN20052057 Society Funding Group, LLC - To open a mortgage broker's office at 6192 Old Franconia Road, Suite B, Alexandria, VA  
 BAN20052058 Corporate Investors Mortgage Group, Inc. - To open a mortgage lender and broker's office at 1121 Situs Court, Suite 100, Raleigh, NC  
 BAN20052059 Arisen Mortgage Corporation - To open a mortgage lender and broker's office at 5226 Indian River Road, Virginia Beach, VA  
 BAN20052060 QC Financial Services, Inc. d/b/a Quik Cash - To open a payday lender's office at 12551 Jefferson Avenue, Suite 103, Newport News, VA  
 BAN20052061 First Discount Mortgage, LLC - To open a mortgage lender and broker's office at One Alliance Center, 3500 Lenox Road, Suite 1100, Atlanta, GA  
 BAN20052062 Academy Mortgage, L.L.C. - To relocate mortgage broker's office from 5602 Baltimore National Pike, Baltimore, MD to 614 Old Edmondson Avenue, Suite 200, Baltimore, MD  
 BAN20052063 BSM Financial L.P. d/b/a Brokersource - To relocate mortgage lender broker's office from 16479 Dallas Parkway, Suite 100, Addison, TX to 16479 Dallas Parkway, Suite 700, Addison, TX  
 BAN20052064 FreedomPoint Corporation - To open a credit counseling office  
 BAN20052065 Lowe's Mortgage, LLC - For a mortgage broker's license  
 BAN20052066 Mortgage Access Corp. - For additional mortgage authority  
 BAN20052067 William M. Myers, Jr. - To acquire 25 percent or more of Numerica Funding, Inc.  
 BAN20052068 Virginia Bank and Trust Company - To open a branch at U.S. Route 58, West, approximately 300 feet west of Charming Road, Pittsylvania County, VA  
 BAN20052069 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 21351 Ridgetop Circle, Suite 300, Dulles, VA to 44365 Premier Plaza, Ashburn, VA  
 BAN20052070 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 501 Holiday Drive, Building 4, Pittsburgh, PA  
 BAN20052071 Lending Xpert Financials Corporation - To relocate mortgage broker's office from 11723 Karbon Hill Court, Suite T-4, Reston, VA to 3615 Chain Bridge Road, Suite H, Fairfax, VA  
 BAN20052072 CorBanc Mortgage LLC - To open a mortgage broker's office at 2700 N. Belt Highway, Suite 204B, St. Joseph, MO  
 BAN20052073 CorBanc Mortgage LLC - To relocate mortgage broker's office from 605 South Kansas Avenue, Topeka, KS to 2348 S. Topeka Boulevard, Topeka, KS  
 BAN20052074 CorBanc Mortgage LLC - To relocate mortgage broker's office from 9300 West 110th Street, Suite 200, Overland Park, KS to 2300 Main, Suite 966, Kansas City, MO  
 BAN20052075 Frontline Financial , LLC - For additional mortgage authority  
 BAN20052076 Vanguard Mortgage & Title Inc. - For a mortgage lender and broker license  
 BAN20052077 Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 1311 Piney Forest Road, Suite H, Danville, VA  
 BAN20052078 Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 1910 Virginia Avenue, Suite D-2, Martinsville, VA  
 BAN20052079 Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 101 South College Drive, Franklin, VA  
 BAN20052080 Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 3227 Halifax Road, Suite E, South Boston, VA  
 BAN20052081 Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 21120 Timberlake Road, Lynchburg, VA  
 BAN20052082 Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 18396 Forest Road, Unit C, Forest, VA  
 BAN20052083 Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 1205 Main Street, Unit B, Altavista, VA  
 BAN20052084 Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 4573 South Amherst Highway, Madison Heights, VA

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BAN20052085	Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 441 South Main Street, Emporia, VA
BAN20052086	Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 302 East Third Street, Farmville, VA
BAN20052087	Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at Cloverleaf Shopping Center, 2440-B, Greensboro Road, Martinsville, VA
BAN20052088	Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 101 North Brunswick Avenue, South Hill, VA
BAN20052089	Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 518 East Atlantic Street, South Hill, VA
BAN20052090	Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 409 West Atlantic Avenue, Emporia, VA
BAN20052091	Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To open a payday lender's office at 203 East Third Street, Suite B, Farmville, VA
BAN20052092	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 10905 Fort Washington Road, Ft. Washington, MD
BAN20052093	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2441 Tech Center Court, Suite 110, Las Vegas, NV
BAN20052094	Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 9431 Belair Road, 2nd Floor, Baltimore, MD to 8210 Harford Road, Baltimore, MD
BAN20052095	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 54 Marina Road, Suite 201, Lake Wylie, SC
BAN20052096	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 100 West Executive Offices, Towson, MD
BAN20052097	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 2440 S.E. Federal Highway, Suite 111, Stuart, FL
BAN20052098	Gateway Mortgage Group, LLC - To relocate mortgage lender broker's office from 12388 Warwick Boulevard, Suite 210, Newport News, VA to 610 Thimble Shoals Boulevard, Apt. 402 B, Newport News, VA
BAN20052099	Century Financial Group Inc. d/b/a 1st Century Mortgage - To relocate mortgage broker's office from 505 S. Independence Boulevard, Suite 202, Virginia Beach, VA to 870 Greenbrier Circle, Suite 114, Chesapeake, VA
BAN20052100	Columbia Financial, LLC d/b/a Columbia Mortgage - To relocate mortgage broker's office from 500 North Washington Street, Alexandria, VA to 7082 Solomon Seal Court, Springfield, VA
BAN20052101	Georgetown Mortgage Corporation - To relocate mortgage broker's office from 7700 Leesburg Pike, Suite 115, Falls Church, VA to 7700 Leesburg Pike, Suite 106, Falls Church, VA
BAN20052102	The Hills Mortgage and Finance Company, L.L.C. - For a mortgage broker's license
BAN20052103	American Home Equity Loan Corp. - For a mortgage broker's license
BAN20052104	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 21800 Town Center Plaza, Suite 274B, Sterling, VA
BAN20052105	Check 'n Go of Virginia, Inc. d/b/a Check 'n Go - To open a payday lender's office at 7465 Richmond Highway, Alexandria, VA
BAN20052106	AEGIS Wholesale Corporation - To open a mortgage lender's office at 4525 140th Avenue N., Suite 904, Clearwater, FL
BAN20052107	NFC-Check Cashing Service, Inc. d/b/a NFC-Payday Advance - To open a payday lender's office at 847 East 2nd Street, Chase City, VA
BAN20052108	EVB Mortgage, LLC - To open a mortgage lender and broker's office at 20 Commerce Lane, King William, VA
BAN20052109	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 100 Winters Street, Suite 13A, West Point, VA
BAN20052110	Premier Mortgage Capital, Inc. - For a mortgage lender and broker license
BAN20052111	Array Mortgage, L.L.C. - To open a mortgage lender and broker's office at 2113 Upton Drive, Suite 120, Virginia Beach, VA
BAN20052112	Array Mortgage, L.L.C. - To open a mortgage lender and broker's office at 14017 Telegraph Road, Woodbridge, VA
BAN20052113	Array Mortgage, L.L.C. - To open a mortgage lender and broker's office at 3473 Brandon Avenue, S.W., Roanoke, VA
BAN20052114	Potomac Bank of Virginia - To open a branch at Unit 2, Lansdowne Executive Condominium, Riverside Parkway, Loudoun County, VA
BAN20052115	Mortgage Bankers of Virginia, Inc. - To open a mortgage broker's office at 1715 West Main Street, Suite A, Richmond, VA
BAN20052116	A.C.L. Mortgage Services, L. L.C. - To open a mortgage broker's office at 416 South Main Street, Reidsville, NC
BAN20052117	CBM Mortgage, LLC - To open a mortgage broker's office at 405-A East Main Street, Front Royal, VA
BAN20052118	Martinsville DuPont Employees Credit Union, Incorporated - To open a credit union service office at 221 Johnson Street, Stuart, VA
BAN20052119	Lighthouse Home Mortgage, L.L.C. - To relocate mortgage broker's office from 110 Maycox Avenue, Suite 6, Norfolk, VA to 2410 Colonial Avenue, Norfolk, VA
BAN20052120	A M Financial Corp. - To relocate mortgage broker's office from 2810 N. Croatan Highway, Suite 1, Kill Devil Hills, NC to 106 Woodhill Drive, Unit C-1, Nags Head, NC
BAN20052121	Opteum Financial Services, LLC d/b/a Home Star Direct - To relocate mortgage lender's office from 111 Wood Avenue, South, 1st Floor, Iselin, NJ to 581 Main Street, 8th Floor, Woodbridge, NJ
BAN20052122	ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 4645 S. Lakeshore Drive, Suite 8, Tempe, AZ
BAN20052123	ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 1800 Sutter Street, Suite 375, Concord, CA
BAN20052124	ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 1451 South Rimpau, Suite 208, Corona, CA
BAN20052125	ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 10000 Indiana Avenue, Suite 201, Riverside, CA
BAN20052126	ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 11100 Valley Boulevard, Suite 110, El Monte, CA
BAN20052127	ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 8920 Emerald Park Drive, Suite F, Elk Grove, CA
BAN20052128	ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 105 E. 8th Street, Hanford, CA

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BAN20052129 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 7863 La Mesa Boulevard, Suite 106, La Mesa, CA

BAN20052130 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 5005 Lamart Drive, Suite 102, Riverside, CA

BAN20052131 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 5654 Mission Street, Suite B, San Francisco, CA

BAN20052132 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 1607 Ocean Street, Suites 4, 6 and 8, Santa Cruz, CA

BAN20052133 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 2236 S. Broadway, Suite J, Santa Maria, CA

BAN20052134 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 1803 W. March Lane, Suite D, Stockton, CA

BAN20052135 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 10344 Donor Pass Road, Suite 5, Truckee, CA

BAN20052136 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 8924 Swanson Boulevard, Suite H, Des Moines, IA

BAN20052137 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 3 Village Market Place, Hollis, NH

BAN20052138 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 4030 Ocean Heights Avenue, Suite 103, Egg Harbor Township, NJ

BAN20052139 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 3622 N. Rancho Drive, Unit 101, Las Vegas, NV

BAN20052140 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 438 E. 12300 South, Suite 9, Draper, UT

BAN20052141 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 9507 N. Division, Suite G, Spokane, WA

BAN20052142 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To open a mortgage lender and broker's office at 500 W. 8th, Suite 22, Vancouver, WA

BAN20052143 People's Choice Home Loan, Inc. - To relocate mortgage lender's office from 2505 1-45 North, Suite 525, The Woodlands, TX to 1330 Lake Robbins Drive, Suite 250, The Woodlands, TX

BAN20052144 NVR Mortgage Finance, Inc. - To open a mortgage lender and broker's office at 10300 Spotsylvania Avenue, Suite 130, Fredericksburg, VA

BAN20052145 LoanCity, Inc. (Used in Virginia by: LoanCity) - To open a mortgage lender's office at 600 N. Westshore Boulevard, Suite 204, Tampa, FL

BAN20052146 Global Mortgage, Inc. - To open a mortgage broker's office at 8737 Colesville, Suite 308, Silver Spring, MD

BAN20052147 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 14416 Jefferson Davis Highway, Woodbridge, VA

BAN20052148 American General Financial Services of America, Inc. - To relocate consumer finance office from 25320 Lankford Highway, Onley, VA to 25322 Lankford Highway, Onley, VA

BAN20052149 Atlantic Trust Mortgage, LLC - To open a mortgage lender and broker's office at 192 Ballard Court, Suite 401, Virginia Beach, VA

BAN20052150 The Milamar Corporation d/b/a Global Mortgage Resources - To relocate mortgage broker's office from 40433 Milford Drive, Ashburn, VA to 9517 Moonen Bay Lane, Bristow, VA

BAN20052151 American South Lending, Inc. - To relocate mortgage broker's office from 2505 Neudorf Road, Clemmons, NC to 2575 Old Glory Road, Suite 300, Clemmons, NC

BAN20052152 Foundation Trust Mortgage, LLC - To open a mortgage broker's office at 1730 N. Lynn Street, Suite 502, Arlington, VA

BAN20052153 DMA Holdings LLC d/b/a DMA Check Cashing - To open a check casher at 3085 Golansky Boulevard, Woodbridge, VA

BAN20052154 Pamela H. Sisk d/b/a Sisk Mortgage Group - To open a mortgage broker's office at 1113 E. Main Street, Luray, VA

BAN20052155 Farmers & Merchants Bank - To open a branch at 1085 Port Republic Road, Harrisonburg, VA

BAN20052156 E-Z Financial Services, Inc. d/b/a E-Z Check Cashing - To open a check casher at 2546 S. Crater Road, Petersburg, VA

BAN20052157 M.T.G.E. Mortgage Corporation - For additional mortgage authority

BAN20052158 Mercantile Potomac Bank (a division of Mercantile-Safe Deposit and Trust Company) - To open a branch at 325 South Washington Street, Alexandria, VA

BAN20052159 Boomer T. Lim d/b/a Boomers Penny Pincher - To open a check casher at 47 A Catoctin Circle, S.E., Leesburg, VA

BAN20052160 Lending Solutions, Inc. - For a mortgage lender's license

BAN20052161 Amazon Mortgage Loans, Inc. - To open a mortgage broker's office at 7617 Little River Turnpike, Suite 200, Annandale, VA

BAN20052162 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 358 McLaws Circle, Suite 4, Williamsburg, VA

BAN20052163 Global Mortgage, Inc. - To open a mortgage broker's office at 7126 Warren Sharon Street, Brookfield, OH

BAN20052164 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 11403-B Windsor Boulevard, Windsor, VA

BAN20052165 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 55 Westlake Road, Suite 112, Hardy, VA

BAN20052166 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 400 Perimeter Center Terrace, N.E., Suite 900, Atlanta, GA

BAN20052167 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 12138 Central Avenue, Suite 142, Bowie, MD

BAN20052168 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 2914 E. Joppa Road, Suite 201, Baltimore, MD

BAN20052169 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 133 Defense Highway, Suite 108, Annapolis, MD

BAN20052170 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 1327B University Boulevard East, Takoma Park, MD

BAN20052171 Ascella Mortgage, LLC - To open a mortgage broker's office at 109 Boston Post Road, Orange, CT

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20052172 Homeloan USA Corporation - To open a mortgage lender and broker's office at 5088 Corporate Exchange Boulevard, Suite 100, Grand Rapids, MI

BAN20052173 Homeloan USA Corporation - To open a mortgage lender and broker's office at 916 South Main Street, Suite 200, Royal Oak, MI

BAN20052174 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 5455 Garden Grove Boulevard, Suite 300, Westminster, CA

BAN20052175 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 26300 La Alameda, Suite 120, Mission Viejo, CA

BAN20052176 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 7700 Irvine Center Drive, Suite 900, Irvine, CA

BAN20052177 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 27001 La Paz Road, Suite 300, Mission Viejo, CA

BAN20052178 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 191-1 Hamburg Turnpike, Pomton Lakes, NJ

BAN20052179 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 26 Executive Park, Suite 150, Irvine, CA

BAN20052180 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 2706 Harbor Boulevard, Suite 200, Costa Mesa, CA

BAN20052181 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 27111 Aliso Creek, Suite 190, Aliso Viejo, CA

BAN20052182 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 101 E Main Street, F1-1, Shiremanstown, PA

BAN20052183 Speedy Cash, Inc. - To conduct payday lending business where a money transmission business will also be conducted

BAN20052184 Cash Advance of Clearbrook, Inc. - For a payday lender license

BAN20052185 Capital Lending Services, Inc. - For a mortgage broker's license

BAN20052186 CCSF, LLC - For a mortgage lender and broker license

BAN20052187 Arlington Capital Mortgage Corporation d/b/a Windsor Financial Mortgage - For additional mortgage authority

BAN20052188 Shirley J. West - To acquire 25 percent or more of Providence One, Inc.

BAN20052189 Yaire's Salon, Inc. - To open a check casher at 15-C Catoctin Circle, Suite 101, Leesburg, VA

BAN20052190 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 600 Jefferson Street, Suite 312, Rockville, MD

BAN20052191 Chesapeake Unlimited, Inc. - To relocate mortgage broker's office from 6 North Main Street, Suite 202, Bel Air, MD to 209 Thomas Street, Bel Air, MD

BAN20052192 CapFirst Mortgage, LLC - To open a mortgage broker's office at 512 S. Independence Boulevard, Suite 200, Virginia Beach, VA

BAN20052193 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 131 W. 35th Court, Suite 4, Griffith, IN

BAN20052194 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To relocate mortgage lender broker's office from 204 E. Arlington Boulevard, Suite M, Greenville, NC to 625 Lynndale Court, Suite 9E, Greenville, NC

BAN20052195 Federated Mortgage, Inc. - To relocate mortgage broker's office from 2920 Brandywine Road, Suite 130, Atlanta, GA to 1720 Windward Concourse, Suite 310, Alpharetta, GA

BAN20052196 ECI Loan.com, Inc. (Used in VA by: Equity Concepts, Inc.) - To relocate mortgage lender broker's office from 1140 Reservoir Avenue, Cranston, RI to 40 Sharpe Drive, Cranston, RI

BAN20052197 Sudip, Inc. d/b/a Jiffy Mart #7 - To open a check casher at 1630 S. Loudoun Street, Winchester, VA

BAN20052198 First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 6385 N. Croatan Highway, Suites 204/ 205, Kitty Hawk, NC

BAN20052199 H&R Block Mortgage Corporation - To relocate mortgage lender broker's office from 10151 Deerwood Park Boulevard, Jacksonville, FL to 4601 Touchton Road East, Suite 4200, Jacksonville, FL

BAN20052200 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 210 Wirt Street, S.W., Suite 101, Leesburg, VA

BAN20052201 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To open a mortgage lender and broker's office at AAAA Self Storage, Space 605, 110 East 22nd Street, Norfolk, VA

BAN20052202 All Financial Services, Inc. - To relocate mortgage broker's office from 9030 Red Branch Road, Suite 150, Columbia, MD to 9030 Red Branch Road, Suite 200, Columbia, MD

BAN20052203 Liberty Mortgage Corporation - To open a mortgage lender and broker's office at 6500 Harbour View Court, Suite 101, Midlothian, VA

BAN20052204 The Money Tree Cash Advance, L.L.C. - For a payday lender license

BAN20052205 Anchor Funding, LLC - For a mortgage broker's license

BAN20052206 WAFI, Inc. - For a mortgage lender and broker license

BAN20052207 SW Mortgage Group, LLC (Used in VA by: Statewide Mortgage, LLC) - To relocate mortgage broker's office from 2603 Dixie Highway, Louisville, KY to 4602 Southern Parkway, (The Cottage), Louisville, KY

BAN20052208 Town and Country Financial Services, Inc. - To open a mortgage broker's office at 4810 Beauregard Street, Suite 103, Alexandria, VA

BAN20052209 Monumental Finance, LLC - To relocate mortgage broker's office from 1212 York Road, Suite B-302A, Lutherville, MD to 11350 McCormick Road, Executive Plaza I, Suite 501, Hunt Valley, MD

BAN20052210 Family Home Lending Corporation - To open a mortgage lender and broker's office at 40 Shuman Boulevard, Suite 247, Naperville, IL

BAN20052211 SunTrust Bank - To open a branch at 2444 Chesapeake Square Ring, Chesapeake, VA

BAN20052212 Cendant Mortgage, LLC - For a mortgage lender and broker license

BAN20052213 ERA Home Loans, LLC - For a mortgage lender and broker license

BAN20052214 Amal Express, LLC - For a money order license

BAN20052215 Banner Lending, Inc. - For a mortgage broker's license

BAN20052216 Bay Capital Corp. d/b/a Level One Mortgage Capital - To open a mortgage lender and broker's office at 7700 Leesburg Pike, Suite 426, Falls Church, VA

BAN20052217 Secured Funding Corporation - To relocate mortgage lender broker's office from 577 Concord Road, Suite B, Smyrna, GA to 1155 Roberts Boulevard, Suite 200, Kennesaw, GA

BAN20052218 1st American Mortgage Financial, LLC d/b/a Fidelity Mortgage Financial, LLC - To relocate mortgage lender broker's office from 8615 Westwood Center Drive, Vienna, VA to 3926 Pender Drive, 1st Floor, Fairfax, VA

BAN20052219 Liberty Trust Mortgage Corporation - For a mortgage lender and broker license

BAN20052220 Residential Capital, L.P. - For a mortgage lender's license

BAN20052221 JH Mortgage, Inc. - For a mortgage broker's license

BAN20052222 Global Mortgage, Inc. - To relocate mortgage broker's office from 1804 Parkwood Avenue, Richmond, VA to 605 Spring Street, Unit L, Richmond, VA

BAN20052223 Guardian Funding Inc. - To open a mortgage broker's office at 3823 Farragut Avenue, Kensington, MD

BAN20052224 Independent Mortgage LLC - To relocate mortgage broker's office from 3831 Old Forest Road, Suite 6, Lynchburg, VA to 1874 Graves Mill Road, Lynchburg, VA

BAN20052225 Superior Mortgage Corporation - To open a mortgage lender and broker's office at 9211 Forest Hill Avenue, Suite 202, Richmond, VA

BAN20052226 Mortgage Center of America, Inc. - For additional mortgage authority

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BAN20052227 Statewide Bancorp Inc. - For a mortgage broker's license  
 BAN20052228 Equity House, LLC - For a mortgage broker's license  
 BAN20052229 Winchester Home Mortgage, LLC - For a mortgage broker's license  
 BAN20052230 Amerigreen Mortgage, LLC - For a mortgage lender and broker license  
 BAN20052231 Finansure Home Loans, LLC - For a mortgage lender and broker license  
 BAN20052232 Great Bay Capital, Inc. - To open a consumer finance office  
 BAN20052233 C M A Financial Services LLC d/b/a C M A Check Cashing and Pay Day Advance Loan - To open a check casher at 309 South Main Street, Danville, VA  
 BAN20052234 The Business Bank - To open a branch at 45975 Nokes Boulevard, Suite 130, Sterling, VA  
 BAN20052235 The Marathon Bank - To open a branch at 2051 Northwestern Pike, Frederick County, VA  
 BAN20052236 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 1078 South Powerline Road, Deerfield Beach, FL  
 BAN20052237 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 8470 Allison Pointe Boulevard, Suite 100, Indianapolis, IN  
 BAN20052238 A Choice Funding LLC - To open a mortgage broker's office at Professional Plaza, Suite 3,44 North Scott Street, Carbondale, PA  
 BAN20052239 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 501 Holiday Drive, Building 4, Pittsburgh, PA  
 BAN20052240 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 21400 Ridgetop Circle, Suite 170, Sterling, VA to 44365 Premier Plaza, Ashburn, VA  
 BAN20052241 Earth Mortgage, L.P. - To relocate mortgage lender broker's office from 7005 Chase Oaks Boulevard, Plano, TX to 2245 Keller Way, Carrollton, TX  
 BAN20052242 World Group Mortgage, LLC - For a mortgage lender's license  
 BAN20052243 Lexington Capital Corp. - For a mortgage broker's license  
 BAN20052244 Oxford Lending Group, LLC - For a mortgage broker's license  
 BAN20052245 First Meridian Mortgage Corporation of Florida (Used in VA by: First Meridian Mortgage Corporation) - To open a mortgage broker's office at 384 N. Madison Avenue, Greenwood, IN  
 BAN20052246 Family Home Lending Corporation - To open a mortgage lender and broker's office at 325 Main Street, N. Reading, MA  
 BAN20052247 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 626-B High Street, Portsmouth, VA  
 BAN20052248 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1005 North Dixie Freeway, New Smyrna Beach, FL  
 BAN20052249 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 2 Welbeck Court, Montgomery Village, MD to 1313 Alderton Lane, Silver Spring, MD  
 BAN20052250 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To open a mortgage lender and broker's office at 4855 Brookside court, Suite 100-B, Norfolk, VA  
 BAN20052251 Colonial 1st Mortgage, Inc. - To relocate mortgage broker's office from 4600 Cox Road, Suite 150, Glen Allen, VA to 4551 Cox Road, Suite 240, Glen Allen, VA  
 BAN20052252 Sallie Mae Home Loans, Inc. - To relocate mortgage lender's office from 42400 Nine Mile Road, Novi, MI to 28175 Cabot Drive, Suite , Novi, MI  
 BAN20052253 The Washington Bank - To open a bank at 5860 Columbia Pike, Suite 104, Bailey's Crossroads, VA  
 BAN20052254 Omnex Group, Inc. - For a money order license  
 BAN20052255 Nationside Mortgage Inc. - For a mortgage broker's license  
 BAN20052256 MidAmerica Gift Certificate Company - For a money order license  
 BAN20052257 Mason Dixon Funding, Inc. - To open a mortgage lender and broker's office at 21700 Atlantic Boulevard, Suite 150, Dulles, VA  
 BAN20052258 American Mortgage Express Corp. - To open a mortgage lender and broker's office at 1310 Hooper Avenue, Toms River, NJ  
 BAN20052259 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 6 Hutton Centre Drive, Suite 150, Santa Ana, CA  
 BAN20052260 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 9300 Tech Center Drive, Suite 160, Sacramento, CA  
 BAN20052261 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 92 Argonaut, Suite 275, Aliso Viejo, CA  
 BAN20052262 Global Mortgage, Inc. - To open a mortgage broker's office at 3158-3160 South Campbell Avenue, Springfield, MO  
 BAN20052263 MortgagePrime, L.L.C. - To relocate mortgage lender broker's office from 1651 Old Meadow Road, Suite 405, McLean, VA to 8230 Boone Boulevard, Suite 400, Vienna, VA  
 BAN20052264 Northstar Lending, Inc. - To open a mortgage broker's office at 348 Southport Circle, Suite 102, Virginia Beach, VA  
 BAN20052265 Nick & Jack Enterprises, Inc. - To open a check casher at 10740 Jefferson Avenue, Newport News, VA  
 BAN20052266 Otmara Alaberto - To open a check casher at 1209 Summerfield Drive, Herndon, VA  
 BAN20052267 Ark-La-Tex Financial Services, LLC - For a mortgage lender and broker license  
 BAN20052268 Evergreen Mortgage Company, Inc. - For a mortgage broker's license  
 BAN20052269 Northern Mortgage Services, LLC - For a mortgage broker's license  
 BAN20052270 H & O Mortgage, LLC - For a mortgage broker's license  
 BAN20052271 Premier Mortgage Consultants, L.L.C. - For a mortgage broker's license  
 BAN20052272 Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 21 West Main Street, Wakeman, OH  
 BAN20052273 Real Estate Mortgage Network, Inc. - To open a mortgage lender's office at 1685 Grand Avenue, Suite 202, Baldwin, NY  
 BAN20052274 Real Estate Mortgage Network, Inc. - To open a mortgage lender's office at 240 Cedar Knolls Road, Suite 303, Cedar Knolls, NJ  
 BAN20052275 Real Estate Mortgage Network, Inc. - To open a mortgage lender's office at 3799 Route 46 East, Suite 303, Parsippany, NJ  
 BAN20052276 Real Estate Mortgage Network, Inc. - To open a mortgage lender's office at 27-41 Horseneck Road, Suite 2A, Fairfield, NJ  
 BAN20052277 First Washington Mortgage LLC - To open a mortgage broker's office at 6521 Arlington Boulevard, Suite 409, Falls Church, VA  
 BAN20052278 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 2699 Lee Road, Suite 600, Winter Park, FL  
 BAN20052279 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 36 Lantern Way, Portsmouth, VA  
 BAN20052280 GTF Home Funding, LLC - To relocate mortgage lender broker's office from 15317 Carrollton Road, Rockville, MD to 3959 Pender Drive, Suite 306, Fairfax, VA  
 BAN20052281 Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage lender broker's office from 16366 Booker T. Washington Highway, Moneta, VA to 40 Village Springs Drive, Suite 25, Hardy, VA  
 BAN20052282 Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage lender broker's office from 1508 Military Cut Off #204, Wilmington, NC to 3131 Wrightsville Avenue, Wilmington, NC

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BAN20052283 Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 701 E. Main Street, Suite A, Wytheville, VA  
 BAN20052284 Global Mortgage, Inc. - To relocate mortgage broker's office from 4200 Parliament Place, Lanham, MD to 4196 Merchant Plaza, Suite 358, Woodbridge, VA

BAN20052285 J. Michael Lynch - To relocate mortgage broker's office from 7700 Leesburg Pike, Suite 115, Falls Church, VA to 7700 Leesburg Pike, Suite 106, Falls Church, VA

BAN20052286 Banneker Financial Group, Incorporated - For a mortgage broker's license  
 BAN20052287 Advantage Home Mortgage, L.L.C. - For a mortgage broker's license  
 BAN20052288 Hamilton Realty Company d/b/a Virginia Mortgage Company - For a mortgage broker's license  
 BAN20052289 E Lending Corp. - For a mortgage broker's license  
 BAN20052290 First Mac Corporation - For a mortgage lender and broker license  
 BAN20052291 Array Mortgage, L.L.C. - To open a mortgage lender and broker's office at 1206 Laskin Road, Suite 111, Virginia Beach, VA  
 BAN20052292 Optima Funding Group, Inc. - To open a mortgage broker's office at 7617 Little River Turnpike, Suite 520, Annandale, VA  
 BAN20052293 Optima Funding Group, Inc. - To open a mortgage broker's office at 704 Gum Rock Court, Suite 400, Newport News, VA  
 BAN20052294 Residential Acceptance Network, Inc. - For a mortgage broker's license  
 BAN20052295 Shamrock Financial Corporation - For a mortgage lender and broker license  
 BAN20052296 Alliance Management Systems Inc. - For a mortgage lender and broker license  
 BAN20052297 Spectrum Funding Corporation - For additional mortgage authority  
 BAN20052298 American Eagle Funding, LLC - For a mortgage broker's license  
 BAN20052299 Bay Trust Mortgage, LLC - For a mortgage lender and broker license  
 BAN20052300 American General Financial Services of America, Inc. - To open a consumer finance office at 150 Elden Street, Suite 170, Herndon, VA

BAN20052301 Dharma Enterprise Inc. d/b/a PIC N PAC - To open a check casher at 507 Stewart Street, Charlottesville, VA  
 BAN20052302 Millennium Capital Markets, Inc. d/b/a The Mortgage Lending Group - To relocate mortgage broker's office from 12000 Frankstown Road, Suite 303, Pittsburgh, PA to 10 Duff Road, Suite 208, Pittsburgh, PA

BAN20052303 Capital Mortgage LLC - To relocate mortgage broker's office from 6019 Munson Place, Falls Church, VA to 4724 Kandel Court, Annandale, VA

BAN20052304 The Mortgage Center Inc. - To open a mortgage broker's office at 20 Edmondson Avenue, Lexington, VA  
 BAN20052305 People's Choice Home Loan, Inc. - To relocate mortgage lender's office from 3131 East Camelback Road, Suite 200, Phoenix, AZ to 2151 E. Broadway, Suite 213, Tempe, AZ

BAN20052306 American General Financial Services (DE), Inc. - To open a mortgage lender and broker's office at 150 Elden Street, Suite 170, Herndon, VA

BAN20052307 Gohar Mirza - To acquire 25 percent or more of E-Star Lending Inc.  
 BAN20052308 First Mortgage of America, Inc. - For a mortgage lender and broker license  
 BAN20052309 Intrust Mortgage Services, LLC - For a mortgage broker's license  
 BAN20052310 FTH Mortgage Corporation (Used in VA by: First Trust Holdings Corporation) - For a mortgage broker's license  
 BAN20052311 Absolute Home Loans, Inc. - For a mortgage broker's license  
 BAN20052312 1st. United Mortgage Inc. - For a mortgage broker's license  
 BAN20052313 Berwyn Mortgage, Inc. - For additional mortgage authority  
 BAN20052314 First Metro Mortgage LLC - To relocate mortgage broker's office from 440 Belmont Bay Drive, Suite 113, Woodbridge, VA to 8221 Old Courthouse Road, Suite 350, Vienna, VA

BAN20052315 MLI Capital Group, Inc. d/b/a Atlas Mortgage Banc - To relocate mortgage lender broker's office from 2727 Electric Road, Suite 107, Roanoke, VA to 133 Salem Avenue, Roanoke, VA

BAN20052316 Mortgage Made Simple, LLC - To relocate mortgage broker's office from 2611 Farmington Drive, Alexandria, VA to 5920 Saintsbury Drive, Suite 227, The Colony, TX

BAN20052317 Global Mortgage, Inc. - To relocate mortgage broker's office from 11260 Roger Bacon Drive, Suite 404, Reston, VA to 181 Kings Highway, Suite 124, Fredericksburg, VA

BAN20052318 Eastern Financial Mortgage Corporation - To relocate mortgage broker's office from 4039 Fairfax Center Hunt Trail, Fairfax, VA to 13938 Malcolm Jameson Way, Centreville, VA

BAN20052319 Accredited Home Lenders, Inc. - To relocate mortgage lender's office from 475 Kilvert Street, Suite 300, Warwick, RI to 171 Service Avenue, Suite 400, Warwick, RI

BAN20052320 Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 11778 Indian Ridge Road, Reston, VA  
 BAN20052321 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 102 Dunsmore Road, Verona, VA  
 BAN20052322 Catocin Mortgage, L.L.C. - To open a mortgage broker's office at 7514 Diplomat Drive, Suite 101, Manassas, VA  
 BAN20052323 The Mortgage Link, Inc. - To open a mortgage broker's office at 10521 Crestwood Drive, Suite 103, Manassas, VA  
 BAN20052324 NorthPoint Financial, Inc. d/b/a NorthPoint Mortgage - To open a mortgage broker's office at 13873 Park Center Road, Suite 65, Herndon, VA

BAN20052325 Global Mortgage, Inc. - To open a mortgage broker's office at 610 Thimble Shoals Boulevard, Newport News, VA  
 BAN20052326 Family Home Lending Corporation - To open a mortgage lender and broker's office at 305 W. Pittsburgh Street, Greensburg, PA  
 BAN20052327 First Ohio Banc & Lending, Inc. - To open a mortgage lender and broker's office at 300 Cleveland-Massillon Road, Suite 17, Bath , OH  
 BAN20052328 First Ohio Banc & Lending, Inc. - To relocate mortgage lender broker's office from 6950 Engle Drive, Middleburg Heights, OH to 17851 Englewood Drive, Middleburg Heights, OH

BAN20052329 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 189 S. Rogers Road, Suite 1620, Olathe, KS to 14400 W. College Boulevard, Suite 200, Lenexa, KS

BAN20052330 Capital One Financial Corporation - To acquire Hibernia National Bank  
 BAN20052331 Universal Mortgage Company LLC - To relocate mortgage broker's office from 20732 Crystal Hill Circle, Suite H, Germantown, MD to 13901 Lullaby Road, Germantown, MD

BAN20052332 BMA Mortgage, LLC - For a mortgage broker's license  
 BAN20052333 Potomac Home Funding, LLC - For a mortgage lender and broker license  
 BAN20052334 Village Capital & Investment LLC d/b/a Village Home Mortgage - For additional mortgage authority  
 BAN20052335 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To open a mortgage lender and broker's office at 208 W. Depot Street, Suite F, Bedford, VA

BAN20052336 CapFirst Mortgage, LLC - To open a mortgage broker's office at 6373 Little River Turnpike, Alexandria, VA

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BAN20052337 SIRVA Mortgage, Inc. - To open a mortgage lender's office at One Dell Way, Building #3, Round Rock, TX

BAN20052338 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1498 Mcallen Cove, Cordove, TN

BAN20052339 Real Estate Mortgage Network, Inc. - To open a mortgage lender's office at 322 Route 46, West, Suite 260 W, Parsippany, NJ

BAN20052340 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 7421 Lee Davis Road, Mechanicsville, VA

BAN20052341 AEGIS Lending Corporation d/b/a Amalgamated Mortgage - To relocate mortgage lender broker's office from 10049 North Reiger Road, Baton Rouge, LA

BAN20052342 Just Mortgage, Inc. - To relocate mortgage lender's office from 13181 Crossroads Parkway, Suite 200, Industry, CA to 708 Corporate Center Drive, Pomona, CA

BAN20052343 First Choice Lending, Inc. - For a mortgage broker's license

BAN20052344 APEX Funding Group, Inc. - For a mortgage broker's license

BAN20052345 Middleburg Investment Group, Inc. - To acquire The Tredegar Trust Company, Richmond, VA

BAN20052346 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 517 South Washington Street, Alexandria, VA

BAN20052347 Virginia Mortgage, L.L.C. - To relocate mortgage broker's office from 7191-C Richmond Road, Williamsburg, VA to 410-A Lightfoot Road, Williamsburg, VA

BAN20052348 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To relocate mortgage lender broker's office from 4124 Pleasant Meadow Court, Chantilly, VA to 13943 James Cross Street, Chantilly, VA

BAN20052349 Executive Home Mortgage of DE LLC (Used in VA by: Executive Home Mortgage LLC) - To relocate mortgage broker's office from 3 Pickering Trail, Hockessin, DE to 178 Thompson Drive, Hockessin, DE

BAN20052350 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To relocate mortgage lender broker's office from 7400 Beaufont Springs Drive, Suite 300, Richmond, VA to 1231 Gateway Centre Parkway, Richmond, VA

BAN20052351 New England Merchants Corp. - For a mortgage broker's license

BAN20052352 Plaza Home Mortgage, Inc. - For a mortgage lender's license

BAN20052353 Brooke L. Szczepanski - To be an exclusive agent for Nationwide Advantage Mortgage Company

BAN20052354 Lenders Mortgage, LLC - For a mortgage broker's license

BAN20052355 North American Home Loans, Inc. - To relocate mortgage broker's office from 223 East City Hall Avenue, Suite 202, Norfolk, VA to 258 Witchduck Road, Suite E-208, Virginia Beach, VA

BAN20052356 Pulte Mortgage LLC d/b/a Del Webb Home Finance - To open a mortgage lender and broker's office at 3700 Arco Corporate Drive, Suite 150, Charlotte, NC

BAN20052357 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 22 East 25th Street, Baltimore, MD

BAN20052358 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 36400 Center Ridge Road, North Ridgeville, OH

BAN20052359 Community Mortgage, LLC - o open a mortgage broker's office at 109 S. Main Street, Gordonsville, VA

BAN20052360 Homeloan USA Corporation - To open a mortgage lender and broker's office at 4001 W. Hundred Road, Chester, VA

BAN20052361 Global Mortgage, Inc. - To open a mortgage broker's office at 7500 Greenway Center Drive, Suite 1110, Greenbelt, MD

BAN20052362 Global Mortgage, Inc. - To open a mortgage broker's office at 713 South Streeper Street, Baltimore, MD

BAN20052363 Premium Capital Funding LLC d/b/a BLS Funding - To open a mortgage lender and broker's office at 30-50 Whitestone Expressway, Flushing, NY

BAN20052364 Premium Capital Funding LLC d/b/a BLS Funding - To open a mortgage lender and broker's office at 200 Parkway Drive, South, Suite 302, Hauppauge, NY

BAN20052365 Premium Capital Funding LLC d/b/a BLS Funding - To open a mortgage lender and broker's office at Raritan Plaza I, Raritan Center, 4th Floor, Edison, NJ

BAN20052366 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 4701 Willard Avenue, Apartment 322, Chevy Chase, MD to 8548 Freyman Drive, Chevy Chase, MD

BAN20052367 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 6755 Merriman, Suite 104, Garden City, MI to 22720 Michigan Avenue, Suite 250, Dearborn, MI

BAN20052368 Old Dominion Financial Services, Inc. - To relocate mortgage broker's office from 10404 Patterson Avenue, Suite 101, Richmond, VA to 2807 N. Parham Road, Suite 302, Richmond, VA

BAN20052369 Mortgage Research Center, LLC - To relocate mortgage lender broker's office from 403 Vandiver Drive, Suite E, Columbia, MO to 2101 Chapel Plaza Court, Suite 107, Columbia, MO

BAN20052370 NJ Lenders Corp. - To relocate mortgage lender broker's office from 80 Maiden Lane, Suite 904A, New York, NY to 80 Maiden Lane, Suite 1901, New York, NY

BAN20052371 Access Capital Mortgage, LLC - To open a mortgage lender and broker's office at 720 Thimble Shoals Boulevard, Suite 111, Newport News, VA

BAN20052372 CMG Mortgage, Inc. d/b/a Pacific Guarantee Mortgage - To open a mortgage lender and broker's office at 1315 22nd Street, Oak Brook, IL

BAN20052373 CapStar Mortgage, Inc. - For a mortgage broker's license

BAN20052374 First Bank - To open a branch at 695 Fairfax Pike, Stephens City, VA

BAN20052375 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To relocate mortgage lender broker's office from 3630 George Washington Memorial, Yorktown, VA to 337 McLaws Circle, Suite 2, Williamsburg, VA

BAN20052376 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 357 So. McCaslin Boulevard, Suite 200, Louisville, CO

BAN20052377 American Mortgage Center, L.L.C. - To open a mortgage broker's office at 12220 Bermuda Crossroads Lane, Chester, VA

BAN20052378 Berkley Mortgage Corp. - To relocate mortgage broker's office from 1500 Forest Avenue, Suite 114, Richmond, VA to 5402 Glenside Drive, Unit D, Richmond, VA

BAN20052379 American Mortgage Network, Inc. - To relocate mortgage lender's office from 4 Corporate Drive, Suite 495, Shelton, CT to 485 North Keller Road, Suite 550, Maitland, FL

BAN20052380 Greater Pgh. Home Equity, Inc. - For a mortgage broker's license

BAN20052381 Premium Capital Funding LLC d/b/a BLS Funding - To open a mortgage lender and broker's office at 1300 Clay Street, Oakland, CA

BAN20052382 Premium Capital Funding LLC d/b/a BLS Funding - To open a mortgage lender and broker's office at 5600 S. Quebec Street, Englewood, CO

BAN20052383 Premium Capital Funding LLC d/b/a BLS Funding - To open a mortgage lender and broker's office at 1515 S. Federal Highway, Boca Raton, FL

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BAN20052384 Lenox Financial Mortgage, LLC - For a mortgage broker's license  
 BAN20052385 Stronghold of Virginia, LLC - For a mortgage lender and broker license  
 BAN20052386 First Magnus Financial Corporation d/b/a Charter Funding - To relocate mortgage lender broker's office from 7700 Little River Turnpike, Suite 405, Annandale, VA to 7630 Little River Turnpike, Suite 100, Annandale, VA  
 BAN20052387 Family Home Lending Corporation - To open a mortgage lender and broker's office at 9590 E. Ironwood Square Drive, Suite 222, Scottsdale, AZ  
 BAN20052388 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 10619 Jones Street, Suite 201A, Fairfax, VA  
 BAN20052389 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 43 Town and Country Drive, Suite 113, Fredericksburg, VA  
 BAN20052390 Allied Lending Group, Inc. - For a mortgage broker's license  
 BAN20052391 City View Group, LLC - For a mortgage broker's license  
 BAN20052392 Wausau Mortgage Corporation - For a mortgage lender and broker license  
 BAN20052393 New Frontier Mortgage, L.L.C. - For a mortgage broker's license  
 BAN20052394 Furey Lending Group, LLC - For a mortgage broker's license  
 BAN20052395 Edelman Mortgage Services II, LLC (Used in VA by: Edelman Mortgage Services, LLC) - For a mortgage broker's license  
 BAN20052396 Valley Team Mortgage, Inc. - To relocate mortgage broker's office from 13455 Booker T. Washington Highway, Moneta, VA to 2527 Virgil H. Goode Highway, Boones Mill, VA  
 BAN20052397 Global Mortgage, Inc. - To relocate mortgage broker's office from 3815 State Road 64, East, Bradenton, FL to 1401 Manatee Avenue West, Suite 300, Bradenton, FL  
 BAN20052398 Global Mortgage, Inc. - To open a mortgage broker's office at 13920 58th Street, Suite 1002, Clearwater, FL  
 BAN20052399 eHomeCredit Corp. d/b/a FHB Funding - To open a mortgage lender's office at 1415 Route 70 East, Suite 309, Cherry Hill, NJ  
 BAN20052400 eHomeCredit Corp. d/b/a FHB Funding - To open a mortgage lender's office at 1975 E. Sunrise Boulevard, Suite 711, Ft. Lauderdale, FL  
 BAN20052401 Nations Home Funding, Inc. - To open a mortgage lender and broker's office at 2345 Supinlick Ridge Road, Broadway, VA  
 BAN20052402 Beazer Mortgage Corporation - To open a mortgage lender and broker's office at 19 Research Park Court, St. Charles, MO  
 BAN20052403 Beazer Mortgage Corporation - To open a mortgage lender and broker's office at 1000 Abernathy Road, Suite 1200, Atlanta, GA  
 BAN20052404 Alcova Mortgage LLC - To open a mortgage broker's office at 3959 Electric Road, S.W., Roanoke, VA  
 BAN20052405 Access Capital Mortgage, LLC - To open a mortgage lender and broker's office at 3786 George Washington Memorial Highway, Hayes, VA  
 BAN20052406 Tower Mortgage and Financial Services Corporation - To relocate mortgage lender broker's office from 8720 Georgia Avenue, Suite 1011, Silver Spring, MD to 9420 Key West Avenue, Suite 330, Rockville, MD  
 BAN20052407 TriBeCa Lending Corp. - To open a mortgage lender and broker's office at 7014 Tiffany Court, Bealeton, VA  
 BAN20052408 TriBeCa Lending Corp. - To open a mortgage lender and broker's office at 11801 Breton Court, Suite 22B, Reston, VA  
 BAN20052409 Ralph Pearson Ingram d/b/a Admiral Mortgage Company - For a mortgage broker's license  
 BAN20052410 Beach Processing, Inc. - For a mortgage broker's license  
 BAN20052411 Abba Mortgage Company, LLC - For a mortgage broker's license  
 BAN20052412 Cunningham & Company - For a mortgage lender and broker license  
 BAN20052413 Valley Broker Services, Inc. d/b/a VBS Mortgage - For additional mortgage authority  
 BAN20052414 MortgageStar, Inc. - To open a mortgage lender and broker's office at 13228 Guildtown Place, Bristow, VA  
 BAN20052415 MortgageStar, Inc. - To open a mortgage lender and broker's office at 5501 Lakeford Lane, Bowie, MD  
 BAN20052416 Homeloan USA Corporation - To open a mortgage lender and broker's office at 6649 North High Street, Suite LL1, Worthington, OH  
 BAN20052417 First Guaranty Mortgage Corporation d/b/a Broker's Edge Lending - To open a mortgage lender and broker's office at 197 Defense Highway, Suite 100, Annapolis, MD  
 BAN20052418 First County Mortgage Services Incorporated - To open a mortgage lender and broker's office at 5451 Old Alexandria Turnpike, Warrenton, VA  
 BAN20052419 Goodyear-Danville Family Credit Union - To relocate credit union office from 2323 Riverside Drive, Danville, VA to 2321 Riverside Drive, Danville, VA  
 BAN20052420 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 4315 Medallion Drive, Silver Spring, MD  
 BAN20052421 MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 401 Broadway, Suite A, Lorain, OH  
 BAN20052422 Dream America LLC d/b/a Dream Mortgage - To relocate mortgage broker's office from 3704 Renoir Terrace, Chantilly, VA to 6521 Arlington Boulevard, Suite 306, Falls Church, VA  
 BAN20052423 Easthampton Mortgage Company, Inc. - To relocate mortgage broker's office from 54 Broad Street, Waterford, NY to 28 Sylvan Lane, Florence, MA  
 BAN20052424 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 1910 Euclid Avenue, Bristol, VA to 111 Timberbrook Drive, Bristol, VA  
 BAN20052425 First Magnus Financial Corporation d/b/a Charter Funding - To relocate mortgage lender broker's office from 13801 Reese Boulevard, West, Suite 170, Huntersville, NC to 10115 Kinsey Avenue, Suite 170, Huntersville, NC  
 BAN20052426 Blue Marble Lending, Inc. - For a mortgage broker's license  
 BAN20052427 Home Capital Funding, Incorporated - For a mortgage lender and broker license  
 BAN20052428 The Lending Connection, Inc. - For additional mortgage authority  
 BAN20052429 Miners and Merchants Bank and Trust Company - To open a branch at 709 Med Tech Parkway, Johnson City, TN  
 BAN20052430 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 203 Romancoke Road, Suite 510, Stevensville, MD  
 BAN20052431 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 2019 Cunningham Drive, Suite 103, Hampton, VA  
 BAN20052432 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 4004 Genessee Place, Woodbridge, VA  
 BAN20052433 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 36 Route 10, Suite C, East Hanover, NJ  
 BAN20052434 Family Home Lending Corporation - To open a mortgage lender and broker's office at 1705 Pamplico Highway, Florence, SC

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BAN20052435 SAI Mortgage, Inc. - To open a mortgage broker's office at 1803 N. Sterling Boulevard, Sterling, VA  
 BAN20052436 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To open a mortgage lender and broker's office at 3267 Longhorn Drive, Colonial Heights, VA

BAN20052437 Dollar Wise Mortgage Corporation - To open a mortgage broker's office at 6110 Rockwell Court, Burke, VA  
 BAN20052438 Dollar Wise Mortgage Corporation - To open a mortgage broker's office at 858 Virginia Avenue, Culpeper, VA  
 BAN20052439 First Prudential Mortgage Company - To relocate mortgage broker's office from 737 Old Fields Arch, Chesapeake, VA to One Columbus Center, Suite 631/Suite 930, Virginia Beach, VA

BAN20052440 Douglas Mortgage LLC - To relocate mortgage broker's office from 1227 Woods Way, Chesapeake, VA to 1452 Rivers Edge Trace, Chesapeake, VA

BAN20052441 Elite Financial Investments, Inc. - To relocate mortgage broker's office from 651 East Butterfield Road, Suite 505, Lombard, IL to 1301 W 22nd Street, Suite 615, Oakbrook, IL

BAN20052442 Capitol Funding, LLC - To relocate mortgage broker's office from 51 Monroe Street, Suite 203, Rockville, MD to 51 Monroe Street, Suite 402, Rockville, MD

BAN20052443 Specialty Lending Corporation - For a mortgage broker's license  
 BAN20052444 Brar Inc. - To open a check casher at 3335 Fall Hill Avenue, Fredericksburg, VA  
 BAN20052445 USMC Mortgage Capital, Inc. - For a mortgage lender and broker license  
 BAN20052446 EFC Mortgage, LLC - For a mortgage broker's license  
 BAN20052447 Infinity Mortgage Lending Inc. - For a mortgage broker's license  
 BAN20052448 BBSB LLC - To acquire 25 percent or more of Entrust Mortgage, Inc.  
 BAN20052449 First County Mortgage Services Incorporated - To open a mortgage lender and broker's office at 5901 Kingstowne Village Parkway, Alexandria, VA

BAN20052450 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 6500 Chapmans Road, Allentown, PA

BAN20052451 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 681 Andersen Drive, Building 6, Pittsburgh, PA

BAN20052452 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 1001 Morehead Square Drive, Charlotte, NC

BAN20052453 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 9150 South Hills Boulevard, Broadview Heights, OH

BAN20052454 Loudoun Lenders, LTD - To open a mortgage broker's office at 43383 Chokeberry Square, Ashburn, VA  
 BAN20052455 Windsor Capital Mortgage Corporation - To open a mortgage broker's office at 4500 Daly Drive, Suite 200, Chantilly, VA  
 BAN20052456 L.A.P. Holdings LLC d/b/a First Finance - To open a mortgage broker's office at 4210 E. Main Street, Suite 8, Mesa, AZ  
 BAN20052457 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 109 Harrison Street, N.E., Leesburg, VA

BAN20052458 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 42 Bragg Court, Williamsville, NY

BAN20052459 Lime Financial Services, Ltd. - To relocate mortgage lender's office from Avion Lakeside D, 14555 Avion Parkway, Chantilly, VA to 14900 Conference Center Drive, Suite 150, Chantilly, VA

BAN20052460 The Mortgage Store Financial, Inc. d/b/a Universal Mortgage Bankers - To relocate mortgage lender broker's office from 727 West 7th Street, Suite 850, Los Angeles, CA to 707 Wilshire Boulevard, 28th Floor, Los Angeles, CA

BAN20052461 JRS Funding, Inc. d/b/a Direct Mortgage Source - To relocate mortgage broker's office from 6106 Edmondson Avenue, Suite 102, Catonsville, MD to 1412 Crain Highway N, Suite 2B, Glen Burnie, MD

BAN20052462 Cooper & Shein, LLC d/b/a Great Oak Lending Partners - To relocate mortgage broker's office from 6 Reservoir Circle, Unit 203, Baltimore, MD to 1920 Greenspring Drive, Suite 160, Timonium, MD

BAN20052463 OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 12 East Washington Street, Middleburg, VA  
 BAN20052464 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 3 McIntosh Court, Suite I, Catonsville, MD  
 BAN20052465 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 5301 Talbot Road, South, Suite T101, Renton, WA

BAN20052466 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 166 Forbes Road, Suite 204, Braintree, MA  
 BAN20052467 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 11970 Walnut Lane, Suite 104, Los Angeles, CA  
 BAN20052468 4 Capital M, LLC - For a mortgage broker's license  
 BAN20052469 Centennial Mortgage Corp. - To open a mortgage broker's office at 3901 Newport Avenue, Norfolk, VA

BAN20052470 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 15501 Vine Cottage Drive, Centreville, VA  
 BAN20052471 Consumer First Mortgage Corporation - To open a mortgage broker's office at 10310 Memory Lane, Suite 1A, Chesterfield, VA  
 BAN20052472 Tidewater Mortgage Services, Inc. - To open a mortgage lender and broker's office at 118 E Todd's Lane, Hampton, VA  
 BAN20052473 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 1791 Sugar Maple Court, Charlottesville, VA

BAN20052474 1st Pacific Mortgage, Inc. - To open a mortgage lender and broker's office at 14595 Forest Road, Suite C, Forest, VA  
 BAN20052475 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 3107 Creek Meadow Circle, Richmond, VA to 13707 Brandy Oaks Road, Chesterfield, VA

BAN20052476 Union Liberty Mortgage, Inc. (Used in VA by: National Liberty Mortgage, Inc.) - To relocate mortgage broker's office from 7368 Liberty One Drive, Liberty Township, OH to 7661 Countrybrook Court, Springboro, OH

BAN20052477 American Mortgage Network, Inc. - To relocate mortgage lender's office from 9635 Maroon Circle, Suite 440, Englewood, CO to 4700 S. Syracuse Street, Suite 100, Denver, CO

BAN20052478 Array Mortgage, L.L.C. - To relocate mortgage lender broker's office from 105 Westwood Office Park, Fredericksburg, VA to 1671 Jefferson Davis Highway, Fredericksburg, VA

BAN20052479 John Mirenda - To acquire 25 percent or more of Greentree Mortgage Company, L.P.  
 BAN20052480 Metropolitan Money Store Corp. - For a mortgage broker's license  
 BAN20052481 Consumers Alliance Processing Corporation - To open a credit counseling office  
 BAN20052482 S & G Productions, LLC - For a mortgage broker's license  
 BAN20052483 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 6 Drum Court, Stafford, VA

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BAN20052484 Uly S. Chapman d/b/a TriStar Mortgage Group - To relocate mortgage broker's office from 2762 E. Center Street, Suite 104, Kingsport, TN to 2825 E. Center Street, Kingsport, TN

BAN20052485 New Peoples Bank, Inc. - To open a branch at 11241 Indian Creek Road, Pound, VA

BAN20052486 United Capital Financial of Atlanta, LLC - For a mortgage broker's license

BAN20052487 The First Fidelity Mortgage Group, LLC - For a mortgage broker's license

BAN20052488 Mortgage America Companies, Inc. - To open a mortgage broker's office at 4869 Finlay Street, Richmond, VA

BAN20052489 NewMax Mortgage, Inc. - For a mortgage broker's license

BAN20052490 Aurora Castro McNear - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.

BAN20052491 Chatham Mortgage, LLC - For a mortgage broker's license

BAN20052492 Brookshire Financial Group, Inc. - For a mortgage broker's license

BAN20052493 Anchor Mortgage LLC - To open a mortgage broker's office at 780 Pilot House Drive, Suite 400D, Newport News, VA

BAN20052494 Anchor Mortgage LLC - To relocate mortgage broker's office from 621 Hampton Highway, Yorktown, VA to 707 Howmet Drive, Hampton, VA

BAN20052495 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 625 Piney Forest Drive, Suite 307A, 2nd Floor, Danville, VA

BAN20052496 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 441 N. 5th Street, 4th Floor, Philadelphia, PA

BAN20052497 Equity United Mortgage Corporation - To open a mortgage broker's office at 4927 Aubun Avenue, Bethesda, MD

BAN20052498 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 26 Corporate Park, Suite 100, Irvine, CA

BAN20052499 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 5122 Katella Avenue, Suite 300, Los Alamitos, CA

BAN20052500 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 2302 S.W. 3rd Street, Suite B, Ankeny, IA to 2024 N.W. 92nd Court, Suite 6, Clive, IA

BAN20052501 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 601 Pennsylvania Avenue, N.W., Washington, DC to 1210 Pennsylvania Avenue, S.E., Washington, DC

BAN20052502 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 5 Bank Street, Suite 202, Attleboro, MA to 7 N. Main Street, Suite 215, Attleboro, MA

BAN20052503 First Street Financial, Inc. - To relocate mortgage lender broker's office from 7 Corporate Park Drive, Suite 200, Irvine, CA to 310 Commerce, Suite 150, Irvine, CA

BAN20052504 Northside Mortgage Group LLC - To relocate mortgage broker's office from 606-B Pine Street, Hillsville, VA to 7338 Carrollton Pike, Suite 5, Galax, VA

BAN20052505 Ocean Mortgage, Inc. - To relocate mortgage broker's office from 312 London Bridge Road, Virginia Beach, VA to 2610 Potters Road, Suite B, Virginia Beach, VA

BAN20052506 Million Financial Group, Inc. - To relocate mortgage broker's office from 7007 College Boulevard, Suite 470, Overland Park, KS to 2300 Main Street, Suite 900, Kansas City, MO

BAN20052507 CitiFinancial Services, Inc. - To relocate consumer finance office from 7112-A Hull Street Road, Chesterfield County, VA to 6131 Harbourside Centre Loop, Chesterfield County, VA

BAN20052508 SLS Mortgage, L.L.C. - To open a mortgage broker's office at 18359 Fox Mountain Lane, Culpeper, VA

BAN20052509 Koshman Enterprises, Inc. d/b/a Great Western Home Loans - To open a mortgage lender and broker's office at 1616 Lozano Drive, Vienna, VA

BAN20052510 Family Home Lending Corporation - To open a mortgage lender and broker's office at 1070 London Drive, Frisco, TX

BAN20052511 Network Funding, L.P. - To open a mortgage lender and broker's office at 200 Cahaba Park Circle, Suite 116, Birmingham, AL

BAN20052512 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 91 Washington Square Plaza, Suite 106, Fredericksburg, VA

BAN20052513 Home123 Corporation - To open a mortgage lender and broker's office at 201 Mission Street, Suite 1300, San Francisco, CA

BAN20052514 Home123 Corporation - To open a mortgage lender and broker's office at 203 S.E. Park Plaza Drive, Suite 120, Vancouver, WA

BAN20052515 Absolute Mortgage Solutions, LLC - To relocate mortgage broker's office from 990 Silas Deane Highway, Wethersfield, CT to 111 Founders Plaza, 19th Floor, East Hartford, CT

BAN20052516 Greenlight Financial Services, Inc. (Used in VA by: Greenlight Financial Services) - To relocate mortgage lender's office from 7440 Industrial Road, Suite 201, Las Vegas, NV to 7370 S. Dean Martin Drive, Suite 409, Las Vegas, NV

BAN20052517 First NLC Financial Services, LLC d/b/a The Lending Center - To relocate mortgage lender broker's office from 200 North Glebe Road, 3rd Floor, Arlington, VA to 5113 Leesburg Pike, Falls Church, VA

BAN20052518 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 4608 Cedar Avenue, Suite 114, Wilmington, NC to 4608 Cedar Avenue, Suite 119, Wilmington, NC

BAN20052519 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 400 Perimeter Center Terrace, N.E., Atlanta, GA to 1150 Hammond Drive, Suite B 2290, Atlanta, GA

BAN20052520 Real Estate Enterprises LTD. of VA - For a mortgage lender and broker license

BAN20052521 Monocacy Home Mortgage, LLC - For a mortgage lender and broker license

BAN20052522 NorthPoint Financial, Inc. d/b/a NorthPoint Mortgage - For additional mortgage authority

BAN20052523 Kapps, Inc. d/b/a Harrowgate Market Place - To open a check casher at 16025 Harrowgate Road, Chester, VA

BAN20052524 Old Dominion State Bank - To open a bank at 4916 Plank Road, Suite 216, North Garden, VA

BAN20052525 Marathon Mortgage Solutions, Inc. - For a mortgage broker's license

BAN20052526 Michael A. Agostini - For a mortgage broker's license

BAN20052527 First American Capital Real Estate Services, Inc. - For a mortgage lender and broker license

BAN20052528 Global Mortgage, Inc. - To open a mortgage broker's office at 12138 Central Avenue, Suite 323, Mitchellville, MD

BAN20052529 Global Mortgage, Inc. - To open a mortgage broker's office at 21 Industrial Park Drive, Suite 204, Waldorf, MD

BAN20052530 Global Mortgage, Inc. - To open a mortgage broker's office at 3049 Loysburg Bay, Costa Mesa, CA

BAN20052531 Alcova Mortgage LLC - To open a mortgage broker's office at 3239 Electric Road, Roanoke, VA

BAN20052532 Empire Mortgage Corp. (Used in VA by: EMPIRE FINANCIAL SERVICES Inc.) - To open a mortgage broker's office at 5410 Edson Lane 210A, Rockville, MD

BAN20052533 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 147 Federal Plaza West, Youngstown, OH

BAN20052534 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 3701 Old Court Road, Suite 16, Baltimore, MD

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BAN20052535 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 801 W. Mineral Avenue, Suite 103, Littleton, CO

BAN20052536 Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 302 Westwood Office Park, Fredericksburg, VA

BAN20052537 Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 12355 Sunrise Valley Drive, Suite 120, Reston, VA

BAN20052538 Equitable Mortgage Group, Inc. - To relocate mortgage broker's office from 4061 Powder Mill Road, Suite 230, Calverton, MD to 7305 Baltimore Avenue, Suite 207, College Park, MD

BAN20052539 Commonwealth Investment Alliance LLC d/b/a People Mortgage - To relocate mortgage broker's office from 7326 Charlotte Street, Springfield, VA to 5501 Cherokee Avenue, Suite 202, Alexandria, VA

BAN20052540 Easy Mortgage LLC - To relocate mortgage broker's office from 5821 Governors Hill Drive, Alexandria, VA to 50 S. Pickett Street, Suite 206, Alexandria, VA

BAN20052541 GMAC Mortgage Corporation d/b/a Ditech.Com - To relocate mortgage lender broker's office from 11921 Freedom Drive, Reston, VA to 3998 Fair Ridge Drive, Fairfax, VA

BAN20052542 VYAJ, LLC - For a payday lender license

BAN20052543 Mortgage Direct 2, LLC (Used in VA by: Mortgage Direct, LLC) - For a mortgage broker's license

BAN20052544 The Americas Mortgage, LLC - For a mortgage broker's license

BAN20052545 American Affordable Mortgage LLC - For a mortgage broker's license

BAN20052546 Community First Mortgage Inc. - For a mortgage lender and broker license

BAN20052547 ARH Mortgage, Inc. - To acquire 25 percent or more of United Financial Mortgage Corp. of Virginia

BAN20052548 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 67 Franklin Street, First Floor, Annapolis, MD

BAN20052549 Affordable Mortgage of Virginia, Inc. - To open a mortgage broker's office at 4421 Blackbeard Road, Virginia Beach, VA

BAN20052550 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 22 N. 3rd Street, Philadelphia, PA

BAN20052551 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 4 Taunton Street, Unit 6, N. Attleboro, MA

BAN20052552 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 4940 Southpoint Drive, Fredericksburg, VA

BAN20052553 Bay Capital Corp. d/b/a Level One Mortgage Capital - To open a mortgage lender and broker's office at 7926 Jones Branch Drive, McLean, VA

BAN20052554 Valued Services of Virginia, LLC d/b/a Purpose Financial - To open a payday lender's office at 633 First Colonial Road, Virginia Beach, VA

BAN20052555 Valued Services of Virginia, LLC d/b/a Purpose Financial - To open a payday lender's office at 800 South Lynnhaven Road, Virginia Beach, VA

BAN20052556 Commonwealth Mortgage Services Corp. - To relocate mortgage broker's office from 18 Twin Springs Drive, Fredericksburg, VA to 111 Olde Greenwich Drive, Suite 101, Fredericksburg, VA

BAN20052557 Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at 4721 Walmsley Boulevard, Richmond, VA

BAN20052558 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 5509 Buggy Wip Drive, Centreville, VA

BAN20052559 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 944 Glenwood Station Lane, Charlottesville, VA to 480 Four Seasons Drive, Suite 100, Charlottesville, VA

BAN20052560 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 44365 Premier Plaza, Dulles, VA to 44365 Premier Plaza, Ashburn, VA

BAN20052561 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 8220 Meadowbridge Road, Mechanicsville, VA to 801 Branchway Road, Richmond, VA

BAN20052562 America's Choice Mortgage, Inc. - To relocate mortgage lender broker's office from 4210 Columbia Road, Suite 5A, Martinez, GA to 493 Furrys Ferry Road, Martinez, GA

BAN20052563 3 G Enterprises Inc. - For a mortgage broker's license

BAN20052564 S & S Mortgage Group LLC - For a mortgage broker's license

BAN20052565 Earnest Mortgage Associates, Inc. - For a mortgage broker's license

BAN20052566 Quality Florida Group, Corp. - For a mortgage lender and broker license

BAN20052567 The Perpetual Financial Group - For a mortgage broker's license

BAN20052568 Branch Banking and Trust Company of Virginia - To open a branch at 6720 Mooretown Road, York County, VA

BAN20052569 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 7484 Limestone Drive, Gainesville, VA

BAN20052570 Labrador Financial Services, Inc. - For a mortgage broker's license

BAN20052571 MortgagePointe Lending Company - For a mortgage broker's license

BAN20052572 National Finance Corp. d/b/a Nationwide Mortgage Solutions - For a mortgage lender and broker license

BAN20052573 Mortgage Concepts Funding Inc. - For a mortgage lender and broker license

BAN20052574 Dalco Mortgage Company, LLC - For a mortgage broker's license

BAN20052575 The Aliso Pacific Company LLC - For a mortgage lender and broker license

BAN20052576 Planters Bank & Trust Company of Virginia - To open a branch at 300 West Reservoir Road, Woodstock, VA

BAN20052577 Planters Bank & Trust Company of Virginia - To open a branch at 390 University Boulevard, Harrisonburg, VA

BAN20052578 Terwin Equity Ventures LLC - To acquire 25 percent or more of Lancaster Mortgage Bankers, L.L.C.

BAN20052579 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 3554 Chain Bridge Road, Suite 100, Fairfax, VA

BAN20052580 Buckeye Check Cashing of Virginia, Inc. d/b/a CheckSmart - To open a payday lender's office at 1352 Kempsville Road, Virginia Beach, VA

BAN20052581 Dominion Home Mortgage Corp. - To open a mortgage broker's office at 319 Bay Dunes Drive, Norfolk, VA

BAN20052582 Lincoln Mortgage, LLC - To open a mortgage broker's office at 259 Parsons Point Lane, Edinburg, VA

BAN20052583 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 9101 Midlothian Turnpike, Richmond, VA to 6767 Forest Hill Avenue, Richmond, VA

BAN20052584 Universal Trust Mortgage Corporation - To relocate mortgage broker's office from 18554 Dettington Court, Leesburg, VA to 43740 Timberbrooke Place, Ashburn, VA

BAN20052585 Hammer Specialty Foods Inc. - For a mortgage broker's license

BAN20052586 Robert H. Turley - To acquire 25 percent or more of GTF Home Funding, LLC

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BAN20052587	Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 244 N. Peters Road, Suite 205, Knoxville, TN
BAN20052588	Primerica Financial Services Home Mortgages, Inc. - o open a mortgage broker's office at 9470 Annapolis Road, Suite 111, Lanham, MD
BAN20052589	GMAC Mortgage Corporation d/b/a Ditech.Com - To open a mortgage lender and broker's office at 19905 W. Catawba Avenue, Cornelius, NC
BAN20052590	MortgageIT, Inc. d/b/a MIT Lending - To open a mortgage lender and broker's office at 640 Freedom Business Center, King of Prussia, PA
BAN20052591	Global Mortgage, Inc. - To open a mortgage broker's office at 3001 Park Center Drive, Suite 1511, Alexandria, VA
BAN20052592	Global Mortgage, Inc. - To open a mortgage broker's office at 5240 Piney Grove Drive, Cumming, GA
BAN20052593	Cimarron Mortgage Company d/b/a The Mortgage Warehouse - To open a mortgage lender and broker's office at 5830 Ulmerton Road, Clearwater, FL
BAN20052594	Cimarron Mortgage Company d/b/a The Mortgage Warehouse - To open a mortgage lender and broker's office at 40 Northtown Drive, Jackson, MS
BAN20052595	Nationwide Financial Corp. - To open a mortgage broker's office at 14532 General Washington Drive, Woodbridge, VA
BAN20052596	Select Mortgage Solutions, Inc. - To relocate mortgage broker's office from 11 Pearl Street, Suite 103, Essex Junction, VT to 11 Pearl Street, Suite 208, Essex Junction, VT
BAN20052597	1st Principle Mortgage, LLC - To open a mortgage lender and broker's office at 43720 Trade Center Place, Suite 115B, Dulles, VA
BAN20052598	Prestige Financial Group, Inc. - To relocate mortgage broker's office from 44110 Ashburn Village Boulevard, Ashburn, VA to 43671 Glen Castle Court, Ashburn, VA
BAN20052599	Church Street Lending, LLC - For a mortgage lender and broker license
BAN20052600	Benchmark Funding Corporation - For a mortgage broker's license
BAN20052601	Infinity Financial USA Corp. - For a mortgage broker's license
BAN20052602	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 19 Chase Gayton Circle, Suite 535, Richmond, VA
BAN20052603	Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 1106 Pinnacle Drive, Stafford, VA
BAN20052604	1st Choice Mortgage/Equity Corporation of Lexington - To open a mortgage lender and broker's office at 315 Azalia Drive, Fredericksburg, VA
BAN20052605	Global Mortgage, Inc. - To open a mortgage broker's office at 15460 October Way, Haymarket, VA
BAN20052606	First State Bank - To merge into it Imperial Savings & Loan Association, Inc.
BAN20052607	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 9 North 3rd Street, Suite 200J, Warrenton, VA
BAN20052608	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1511 Ritchie Highway, Suite 301, Arnold, MD
BAN20052609	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 3802 Ehrlich Road, Suite 307, Tampa, FL
BAN20052610	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1005 North Dixie Freeway, New Smyrna Beach, FL
BAN20052611	Mortgage Source LLC - To open a mortgage lender and broker's office at 300 Motor Parkway, Suite 110, Hauppauge, NY
BAN20052612	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 3321 Toledo Terrace, Suite 204, Hyattsville, MD
BAN20052613	First Savings Mortgage Corporation d/b/a Portfolio Funding Group - To open a mortgage lender and broker's office at 2300 Corporate Park Drive, Suite 150, Herndon, VA
BAN20052614	Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To open a mortgage lender and broker's office at 192 Ballard Court, Suite 202, Virginia Beach, VA
BAN20052615	Semidey & Semidey Mortgage Group, LLC - To open a mortgage broker's office at 1600 Spring Hill Road, Suite 101, Vienna, VA
BAN20052616	Semidey & Semidey Mortgage Group, LLC - To relocate mortgage broker's office from 1154 Markell Court, Reston, VA to 1889 Preston White Drive, Suite 103, Reston, VA
BAN20052617	Skyline Mortgage Group, L.C. - To relocate mortgage lender broker's office from 1889 Preston White Drive, Suite 103, Reston, VA to 1889 Preston White Drive, Suite 102, Reston, VA
BAN20052618	Janis Financial, Inc. - For a mortgage broker's license
BAN20052619	TPI Mortgage, Inc. - For a mortgage broker's license
BAN20052620	Qualify America Inc. - For a mortgage lender and broker license
BAN20052621	Provident Bank of Maryland - To open a branch at 10101 Hull Street, Richmond, VA
BAN20052622	SunTrust Bank - To open a branch at 5901 Harbour View Boulevard, Suffolk, VA
BAN20052623	Eric Thornton - For a mortgage broker's license
BAN20052624	Asian Financial Corp. - For a mortgage broker's license
BAN20052625	Interflorida Capital Corporation - For a money order license
BAN20052626	PTF Financial Corp. - For a mortgage lender and broker license
BAN20052627	Century Mortgage Corporation of Georgia (Used in VA by: Century Mortgage Corporation) - For additional mortgage authority
BAN20052628	Market Mortgage Inc. - For additional mortgage authority
BAN20052629	Corridor Mortgage Group, Inc. - For additional mortgage authority
BAN20052630	DHI Mortgage Company, Ltd. LP (Used in VA by: DHI Mortgage Company, Ltd.) - To open a mortgage lender and broker's office at 12331 Riata Trace Parkway, SuiteB-150 and 160, Austin, TX
BAN20052631	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 5300 Westview Drive, Suite 101, Frederick, MD
BAN20052632	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 4701 Newburn Avenue, Raleigh, NC
BAN20052633	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 200 S. Poindexter Street, Elizabeth City, NC
BAN20052634	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 1611 E. Main Street, Salem, VA
BAN20052635	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 1427 N. Great Neck Road, Suite 208, Virginia Beach, VA
BAN20052636	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 1427 N. Great Neck Road, Suite 204A, Virginia Beach, VA
BAN20052637	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 4555 Progress Road, Norfolk, VA
BAN20052638	Family Home Lending Corporation - To open a mortgage lender and broker's office at 600 Spring Hill Ring Road, West Dundee, IL
BAN20052639	Montgomery Capital Mortgage Corporation (Used in VA by: Montgomery Capital Corporation) - To open a mortgage broker's office at 858 Virginia Avenue, Culpeper, VA
BAN20052640	Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 15417 Thompson Road, Silver Spring, MD

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BAN20052641 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 5640 International Drive, Orlando, FL  
 BAN20052642 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 1 Barney Road, Suite 120, Clifton Park, NY  
 BAN20052643 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 2400 Mumfor Drive, Silver Spring, MD  
 BAN20052644 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 1904 Byrd Avenue, Suite 337, Richmond, VA  
 BAN20052645 Quotemearate.com, Inc. - To relocate mortgage lender broker's office from 5243 Monroe Drive, Springfield, VA to 6571 Edsall Road, Springfield, VA  
 BAN20052646 American Loans II, Inc. - To relocate mortgage broker's office from 13506 Kibworth Lane, Charlotte, NC to 6726 Courtney Creek Drive, Suite 2104, Charlotte, NC  
 BAN20052647 Richard Jeynson d/b/a Olympic Bancorp Mortgage - To relocate mortgage broker's office from 1919 Commerce Drive, Suite 120, Hampton, VA to 2021 Cunningham Drive, Suite 307, Hampton, VA  
 BAN20052648 Child & Family Services of Eastern Virginia, Inc. - To open an additional credit counseling office at 213 North College Drive, Franklin, VA  
 BAN20052649 Advantage Financial Corp, LLC - For a mortgage broker's license  
 BAN20052650 Legends Investments Group, Inc. - For a mortgage broker's license  
 BAN20052651 Fairway Independent Mortgage Corporation - For a mortgage lender and broker license  
 BAN20052652 Amston Mortgage Company, Inc. - For a mortgage broker's license  
 BAN20052653 Virginia Business Bank - To open a bank at 9020 Stony Point Parkway, Suite 225, Richmond, VA  
 BAN20052654 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 236 Huntington Avenue, Suite 418, Boston, MA  
 BAN20052655 Catoctin Mortgage, L.L.C. - To open a mortgage broker's office at 12656 Darby Brooke Court, Woodbridge, VA  
 BAN20052656 ACE Cash Express, Inc. - To open a payday lender's office at 11006 Warwick, Suite 450, Newport News, VA  
 BAN20052657 Leslie A. Wynn d/b/a Anchor Mortgage Company - To open a mortgage broker's office at 5730 General Washington Drive, Alexandria, VA  
 BAN20052658 Global Mortgage, Inc. - To open a mortgage broker's office at 5325 Paylor Lane, Suite 200, Sarasota, FL  
 BAN20052659 Global Mortgage, Inc. - To open a mortgage broker's office at 18300 Von Karman, Suite 710, Irvine, CA  
 BAN20052660 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 9921 Southpoint Parkway, Fredericksburg, VA  
 BAN20052661 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 1365 S. Main Street, Blackstone, VA  
 BAN20052662 Independent Financial Mortgage Inc. - To relocate mortgage lender broker's office from 26882 Vista Terrace, Lake Forest, CA to 2 South Point, Suite 185, Lake Forest, CA  
 BAN20052663 Norwestern Mortgage Group, L.L.C. - To relocate mortgage broker's office from 4601 Presidents Drive, Suite 210, Lanham, MD to 6613 Magnolia Terrace, Lanham, MD  
 BAN20052664 Vanguard Mortgage & Title Inc. - To open a mortgage lender and broker's office at 13198 Center Point Way, Suite 201, Woodbridge, VA  
 BAN20052665 Aapex Financial Solutions, LLC - For a mortgage broker's license  
 BAN20052666 First Trust Mortgage Company, LLC - For a mortgage broker's license  
 BAN20052667 1st Advantage Mortgage, L.L.C. - For a mortgage lender and broker license  
 BAN20052668 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 4601 Touchton Road, West, Suite 4300, Jacksonville, FL  
 BAN20052669 Cornerstone First Financial, LLC - To relocate mortgage broker's office from 2233 Wisconsin Ave., N.W. Suite 412, Washington, DC to 2233 Wisconsin Ave., N.W., Suite 408, Washington, DC  
 BAN20052670 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 14645 Glencreek Way, Alpharetta, GA  
 BAN20052671 Bayview Mortgage, Inc. - To open a mortgage broker's office at 4233 Allen Crest Lane, Dallas, TX  
 BAN20052672 ComUnity Lending, Incorporated d/b/a Virginia Community Lending - To relocate mortgage lender broker's office from 11465 Johns Creek Parkway, Suite 350, Duluth, GA to 11315 Johns Creek Parkway, Suite 201, Duluth, GA  
 BAN20052673 Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 755 Hungerford Drive, Rockville, MD to 414 Hungerford Drive, Suite 102, Rockville, MD  
 BAN20052674 Ameritrust Mortgage Company, LLC - To relocate mortgage lender broker's office from 14045 Ballantyne Corporate Place, Charlotte, NC to 14045 Ballantyne Corporate Place, Suite 101, Charlotte, NC  
 BAN20052675 Home123 Corporation - To open a mortgage lender and broker's office at 10293 North Meridian Street, Suite 150, Indianapolis, IN  
 BAN20052676 NovaStar Home Mortgage, Inc. - To relocate mortgage lender broker's office from 221 Point West Boulevard, St. Charles, MO to 3442 Harry S. Truman Boulevard, St. Charles, MO  
 BAN20052677 NovaStar Home Mortgage, Inc. - To relocate mortgage lender broker's office from 3009 Wildflower Drive, La Plata, MD to 102 Centennial Street, La Plata, MD  
 BAN20052678 NovaStar Home Mortgage, Inc. - To relocate mortgage lender broker's office from 525 East 100 South, Suite 450, Salt Lake City, UT to 230 West 200 South, Salt Lake City, UT  
 BAN20052679 NovaStar Home Mortgage, Inc. - To relocate mortgage lender broker's office from 200 Garden City Plaza, Suite 505, Garden City, NY to 300 Garden City Plaza, Garden City, NY  
 BAN20052680 NovaStar Home Mortgage, Inc. - To relocate mortgage lender broker's office from 11550 New Castle, Baton Rouge, LA to 4561 Durham Place, Baton Rouge, LA  
 BAN20052681 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 2081 Old Bridge Road, Suite 4, Woodbridge, VA to 870 N. Military Highway, Suite 227, Norfolk, VA  
 BAN20052682 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 751 Independence Circle, Suite 202, Virginia Beach, VA  
 BAN20052683 Equitystars, Inc. - For a mortgage lender and broker license  
 BAN20052684 El Paraiso MKT, Inc. d/b/a El Paraiso Latino Market - To open a check casher at 4034 Crockett Street, Richmond, VA  
 BAN20052685 Donald O. King d/b/a Access Mortgage Kod - To relocate mortgage broker's office from 210 John Withe Place, Williamsburg, VA to 241 McLaws Circle, Suite 105, Williamsburg, VA  
 BAN20052686 Everest Financial, LLC - To relocate mortgage broker's office from 2089 E. Fort Union Boulevard, Salt Lake City, UT to 5383 S. 900 E., Suite 202, Salt Lake City, UT  
 BAN20052687 Cornerstone Home Mortgage, L.L.C. - To relocate mortgage broker's office from 605 Chessire Court, Chesapeake, VA to 1020 Hillston Arch, Chesapeake, VA

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BAN20052688 Burke & Herbert Bank & Trust Company - To open a branch at northeast corner of U.S. Route 1 and Wayside Drive, Dumfries, VA

BAN20052689 Armour Financial Inc. - To open a mortgage broker's office at 802 Ocean Drive, Emerald Isle, NC

BAN20052690 Creative Mortgage LLC - To open a mortgage broker's office at 956 Richmond Tappahannock Highway, Suite 5, Manquin, VA

BAN20052691 MortgageStar, Inc. - To open a mortgage lender and broker's office at 918 Fremont Street, Norfolk, VA

BAN20052692 T&B Mortgage Corporation - To open a mortgage lender and broker's office at 6408 Seven Corners, Floor 3P, Falls Church, VA

BAN20052693 Allied Mortgage Group, Inc. d/b/a MortgageCorpUSA - To open a mortgage lender's office at 8618 Westwood Center, Suite 300, Vienna, VA

BAN20052694 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 7209 Bloomsbury Lane, Spotsylvania, VA

BAN20052695 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To relocate mortgage lender broker's office from 8500 Midlothian Turnpike, Suite 1231, Richmond, VA to 1231 Gateway Centre Parkway, Richmond, VA

BAN20052696 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 17870 Lounsbery Drive, Dumfries, VA

BAN20052697 Alcova Mortgage LLC - To relocate mortgage broker's office from 16 East Main Street, Christiansburg, VA to 140 Oak Tree Boulevard, Christiansburg, VA

BAN20052698 Financial Exchange Company of Virginia, Inc. d/b/a Money Mart - To conduct payday lending business where an installment lending business will also be conducted

BAN20052699 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 2238 C Gallows Road, Vienna, VA

BAN20052700 New Century Mortgage Corporation d/b/a Home123 Corporation - To open a mortgage lender and broker's office at 13430 Northwest Freeway, Suite 500, Houston, TX

BAN20052701 First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 1820 Chapel Avenue, Suite 169, Cherry Hill, NJ

BAN20052702 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 2269 Lee Highway, Mount Sidney, VA

BAN20052703 Mortgage Bankers of Virginia, Inc. - To open a mortgage broker's office at 15 North Thompson Street, Richmond, VA

BAN20052704 Impact Web Enterprises, Inc. - For a mortgage broker's license

BAN20052705 Rose Mortgage, Inc. - For a mortgage lender and broker license

BAN20052706 Professional Lending Solutions, LLC - For a mortgage broker's license

BAN20052707 New Century Mortgage Corporation d/b/a Home123 Corporation - To relocate mortgage lender broker's office from 350 Commerce, Suite 200, Irvine, CA to 350 Commerce, Suite 100, Irvine, CA

BAN20052708 Chesapeake Capital Mortgage Corporation - For a mortgage broker's license

BAN20052709 Estate Funding, Inc. - For a mortgage broker's license

BAN20052710 Go Mortgage Group, LLC - For a mortgage broker's license

BAN20052711 Guardian Funding Inc. - For additional mortgage authority

BAN20052712 Clayton Peters & Associates, Inc. - For additional mortgage authority

BAN20052713 Bank of Rockbridge - To open a bank at 744 North Lee Highway, Lexington, VA

BAN20052714 TransCommunity Financial Corporation - To acquire Bank of Rockbridge

BAN20052715 American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 8470 Allison Pointe Boulevard, Suite 100, Indianapolis, IN to 11650 N. Lantern Road, Suite 135, Fishers, IN

BAN20052716 QC Financial Services, Inc. d/b/a Quik Cash - To open a payday lender's office at 4129 George Washington Highway, Hayes, VA

BAN20052717 QC Financial Services, Inc. d/b/a Quik Cash - To open a payday lender's office at 5627 George Washington Memorial Highway, Yorktown, VA

BAN20052718 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 16004 Broadway, Suite 202, Maple Heights, OH

BAN20052719 Chamberlain Mortgage Corporation - To open a mortgage broker's office at 10903 Indian Head Highway, Suite 208B, Fort Washington, MD

BAN20052720 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 10440 Little Patuxent Parkway, Suite 300, Columbia, MD

BAN20052721 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 9101 Cherry Lane, Suite 103, Laurel, MD

BAN20052722 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 4805 Gerrards Hope Drive, Bowie, MD

BAN20052723 Global Mortgage, Inc. - To open a mortgage broker's office at 10798 Hamilton Avenue, Cincinnati, OH

BAN20052724 Global Mortgage, Inc. - To open a mortgage broker's office at 2759 Delk Road, Suite 2710, Marietta, GA

BAN20052725 New World Mortgage, Inc. - For a mortgage lender and broker license

BAN20052726 1stVirtual Mortgage LLC - For a mortgage lender's license

BAN20052727 Maharzada Financial, Inc. - For a mortgage broker's license

BAN20052728 Paychex, Inc. - For a money order license

BAN20052729 Capital Financial Mortgage Corp. - For a mortgage broker's license

BAN20052730 EWA Mortgage, Inc. - For a mortgage broker's license

BAN20052731 Fixed Fee Mortgage of VA, LLC - To open a mortgage broker's office at 6012 Belle Rive Drive, Brentwood, TN

BAN20052732 Global Mortgage, Inc. - To open a mortgage broker's office at 5 Shawan Road, Cockeysville, MD

BAN20052733 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 760 Lynnhaven Parkway, Suite 140, Virginia Beach, VA

BAN20052734 Shree Ganpati, Inc. - To relocate payday lender's office from 334 Amaret Street, Fredericksburg, VA to 338 Amaret Street, Fredericksburg, VA

BAN20052735 E-Approve Mortgage Corp. - To relocate mortgage broker's office from 7830 Backlick Road, Suite 401, Springfield, VA to 7830 Backlick Road, Suite 303, Springfield, VA

BAN20052736 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 2540 East Alaska Street, West Covina, CA to 2060 East Route 66, Suite 105, Glendora, CA

BAN20052737 Equity One Consumer Loan Company, Inc. - To relocate consumer finance office from 105 Ponderosa Drive, Christiansburg, VA to Village Square, 446 Peppers Ferry Rd., Christiansburg, VA

BAN20052738 Distributor Biz Enterprises, Inc. - For a mortgage broker's license

BAN20052739 Apex Financial Services, LLC - For a mortgage broker's license

BAN20052740 Park Place Financial - For a mortgage broker's license

BAN20052741 Focus Funding Group, LLC - For a mortgage broker's license

BAN20052742 Premier Home Capital Corp. (Used in VA by: Premier Lending Corp.) - For a mortgage broker's license

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BAN20052743 eHomeCredit Corp. d/b/a FHB Funding - To open a mortgage lender's office at 220 Park Road, North Building 5, 1st FL, Wyomissing, PA

BAN20052744 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 8181 Professional Place, Landover, VA

BAN20052745 H&R Block Mortgage Corporation - To open a mortgage lender and broker's office at 20430 N. 19th Avenue, Suite 150, Phoenix, AZ

BAN20052746 Mortgage Atlantic, Inc. - To open a mortgage lender and broker's office at 192 South Main Street, Amherst, VA

BAN20052747 CTX Mortgage Company, LLC - To relocate mortgage lender broker's office from 11490 Commerce Park Drive, Suite 102, Reston, VA to 11490 Commerce Park Drive, Suite 120, Reston, VA

BAN20052748 Atlantic Bay Mortgage Group-Wytheville, LLC - For a mortgage broker's license

BAN20052749 American Mortgage Professionals LLC - For a mortgage broker's license

BAN20052750 EQUICHOICE, LLC - For a mortgage broker's license

BAN20052751 Advent Financial, Inc. - For a mortgage broker's license

BAN20052752 Dynamax Mortgage, Inc. - For a mortgage lender and broker license

BAN20052753 Andy May Group, LLC - To open a mortgage broker's office at 5635 Riverdale Drive, Jamestown, NC

BAN20052754 Global Mortgage, Inc. - To open a mortgage broker's office at 10535 Tuckerman Heights Circle, Rockville, MD

BAN20052755 North Atlantic Mortgage Corporation - To open a mortgage lender and broker's office at 8133 Leesburg Pike, Suite 380, Vienna, VA

BAN20052756 Dollar Wise Mortgage Corporation - To open a mortgage broker's office at 11130 Main Street, Suite 250, Fairfax, VA

BAN20052757 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 4608 Cedar Avenue, Suite 119, Wilmington, NC to 4620 Cedar Avenue, Suite 119, Wilmington, NC

BAN20052758 Home123 Corporation - To open a mortgage lender and broker's office at 8008 E. Arapahoe Court, Suite 110, Centennial, CO

BAN20052759 Madison Equities, Inc. - To open a mortgage broker's office at 6711 Willcher Court, Fredericksburg, VA

BAN20052760 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To relocate mortgage lender broker's office from 251 Bellevue Avenue, Hammonton, NJ to 854 South White Horse Pike, Hammonton, NJ

BAN20052761 Woodforest National Bank - To open a branch at 12000 Iron Bridge Road, Chester, VA

BAN20052762 Woodforest National Bank - To open a branch at 900 Wal-Mart Way, Midlothian, VA

BAN20052763 Woodforest National Bank - To open a branch at 976 Commonwealth Boulevard, Martinsville, VA

BAN20052764 Woodforest National Bank - To open a branch at 515 Mount Cross Road, Danville, VA

BAN20052765 Woodforest National Bank - To open a branch at 19900 Cunningham Drive, Hampton, VA

BAN20052766 Woodforest National Bank - To open a branch at 1149 Nimmo Parkway, Virginia Beach, VA

BAN20052767 Woodforest National Bank - To open a branch at 1521 Sam's Circle, Chesapeake, VA

BAN20052768 Woodforest National Bank - To open a branch at 2448 Chesapeake Square Ring Road, Chesapeake, VA

BAN20052769 Woodforest National Bank - To open a branch at 6259 College Drive, Suffolk, VA

BAN20052770 Blue Chip Mortgage, LLC - To relocate mortgage broker's office from 12450 Fair Lakes Circle, Fairfax, VA to 12701 Fair Lakes Circle, Fairfax, VA

BAN20052771 B & B Enterprises d/b/a 1st American Mortgage - To relocate mortgage broker's office from 114 Hovatter Drive, Inwood, WV to 16 Henshaw Road, Bunker Hill, WV

BAN20052772 B & B Enterprises d/b/a 1st American Mortgage - To open a mortgage broker's office at 116 Creekside Lane, Winchester, VA

BAN20052773 Bankers Mortgage Inc. - To relocate mortgage broker's office from 2350 Arlington Ridge Road, Arlington, VA to 9808 Compass Point Way, Tampa, FL

BAN20052774 Daina Harris & Associates, L.L.C. - To relocate mortgage lender broker's office from 4712 Crossborough Road, Virginia Beach, VA to 4870 Haygood Road, Suite 101, Virginia Beach, VA

BAN20052775 Montgomery Capital Mortgage Corporation (Used in VA by: Montgomery Capital Corporation) - To relocate mortgage broker's office from 8245 Boone Boulevard, Suite 100, Vienna, VA to 8245 Boone Boulevard, Suite 110, Vienna, VA

BAN20052776 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 708 S. Rosemont Road, Suite 104, Virginia Beach, VA to 708 S. Rosemont Road, Suite 201, Virginia Beach, VA

BAN20052777 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 10735 David Taylor Drive, Suite 410, Charlotte, NC to 10735 David Taylor Drive, Suite 310, Charlotte, NC

BAN20052778 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 700 Veteran Memorial Highway, Suite 100, 1st Floor, Hauppauge, NY

BAN20052779 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 33481 West 14 Mile Road, Suite 100, Farmington Hills, MI

BAN20052780 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 197 Tyler Von Way, Fredericksburg, VA

BAN20052781 Primestar Mortgage, Inc. - To open a mortgage lender and broker's office at 7500 Office Ridge Circle, Suite 300, Eden Prairie, MN

BAN20052782 Family Home Lending Corporation - To open a mortgage lender and broker's office at 10757 Ambassador Drive, Manassas, VA

BAN20052783 Family Home Lending Corporation - To open a mortgage lender and broker's office at 24065 Stones Mill Road, Elkwood, VA

BAN20052784 GMAC Mortgage Corporation d/b/a Ditech.Com - To open a mortgage lender and broker's office at 3436 Toringdon Way, Charlotte, NC

BAN20052785 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 114 Lexington Turnpike, Suite 101, Amherst, VA

BAN20052786 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 62 West Main Street, Westminster, MD

BAN20052787 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 121 West Pine, Coweta, OK

BAN20052788 Heartland Home Finance, Inc. - To open a mortgage lender and broker's office at 6860 S. Yosemite Court, Suite 1120, Centennial, CO

BAN20052789 AEGIS Wholesale Corporation - To open a mortgage lender's office at 100 Enterprise Drive, Suite 410, Rockaway, NJ

BAN20052790 Opteum Financial Services, LLC d/b/a Home Star Direct - To open a mortgage lender's office at 3348 Peachtree Road, N.E., Suite 350, Atlanta, GA

BAN20052791 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 259 Centre Point Drive, St. Peters, MO

BAN20052792 Atlas Mortgage, LLC - For a mortgage broker's license

BAN20052793 Amerigroup Mortgage Corporation (Used in VA by: Mortgage Investors Corporation) - For additional mortgage authority

BAN20052794 1st Capitol Mortgage, Inc. - For a mortgage lender and broker license

BAN20052795 Citinet Mortgage, Inc. - For a mortgage broker's license

BAN20052796 Barron Mortgage Corp. - For a mortgage broker's license

BAN20052797 C M A Financial Services LLC d/b/a C M A Check Cashing and Pay Day Advance Loan - For a payday lender license

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BAN20052798 Bona Fide Mortgage, Inc. - For a mortgage broker's license  
 BAN20052799 Global Mortgage, Inc. - To open a mortgage broker's office at 7127 Allentown Road, Suite 207A, Ft. Washington, MD  
 BAN20052800 CrossCountry Mortgage, Inc. - For a mortgage lender's license  
 BAN20052801 Spectra Financial, Inc. - To relocate mortgage broker's office from 1474 Yankee Doodle Road, Eagan, MN to 750 S. Plaza Drive, Suite 110, Mendota Heights, MN  
 BAN20052802 MortgageStar, Inc. - To open a mortgage lender and broker's office at 7715 Leesburg Pike, Suite 104, Falls Church, VA  
 BAN20052803 Vanguard Mortgage & Title Inc. - To open a mortgage lender and broker's office at 9968 Hibert Street, Suite 104, San Diego, CA  
 BAN20052804 NVR Mortgage Finance, Inc. - To open a mortgage lender and broker's office at 7454 Limestone Drive, Gainesville, VA  
 BAN20052805 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 112 Arona Road, Suite 3B, North Huntingdon, PA to 1061 Main Street, Bin 25, North Huntingdon, PA  
 BAN20052806 Encore Credit Corp. - To open a mortgage lender and broker's office at 10100 Trinity Parkway, Suite 200, Stockton, CA  
 BAN20052807 Global Mortgage, Inc. - To open a mortgage broker's office at 4371 Regalwood Terrace, Burtonsville, MD  
 BAN20052808 AEGIS Lending Corporation d/b/a Amalgamated Mortgage - To relocate mortgage lender broker's office from 2364 Post Road, Suite 301, Warwick, RI to 935 Jefferson Boulevard, Suite 2003, Warwick, RI  
 BAN20052809 OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 6569 Edsall Road, Springfield, VA  
 BAN20052810 Mortgage Lenders Network USA, Inc. - To relocate mortgage lender's office from 3600 Mansell Road, Suite 220, Alpharetta, GA to 3600 Mansell Road, 4th Floor, Alpharetta, GA  
 BAN20052811 Family Trei, Inc. - To open a mortgage broker's office at 13850 Ballantyne Corporate Place, Suite 500, Charlotte, NC  
 BAN20052812 Admiral Lending, LLC - For a mortgage broker's license  
 BAN20052813 Financial Exchange Company of Virginia, Inc. d/b/a Money Mart - To conduct payday lending business where a tax refund anticipation loan business will also be conducted  
 BAN20052814 Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where open-end lending will also be conducted  
 BAN20052815 Wells Fargo Financial Acceptance Virginia, Inc. - To conduct consumer finance business where open-end lending will also be conducted  
 BAN20052816 Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 300 Preston Avenue, Suite 500, Charlottesville, VA  
 BAN20052817 Prysma Lending Group, LLC - To open a mortgage broker's office at 4621 Pembroke Lake Circle, Virginia Beach, VA  
 BAN20052818 U S Mortgage & Investment Services, Inc. - To open a mortgage broker's office at 1800 Diagonal Road, Suite 600, Alexandria, VA  
 BAN20052819 Advantage Home Loans Corporation - For a mortgage broker's license  
 BAN20052820 BSM Financial L.P. d/b/a Brokersource - To open a mortgage lender and broker's office at 1255 Canton Street, Suite B, Roswell, GA  
 BAN20052821 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 5246 Olympic Drive, Suite 210, Gig Harbor, WA  
 BAN20052822 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 1385 West 2200 South, Suite 304, Salt Lake City, UT  
 BAN20052823 Mortgage America Bankers, LLC - To open a mortgage broker's office at 8555 - 16th Street, Suite 205, Silver Spring, MD  
 BAN20052824 Mortgage America Bankers, LLC - To open a mortgage broker's office at 8605 Westwood Center Drive, Suite 409, Vienna, VA  
 BAN20052825 Mortgage America Bankers, LLC - To relocate mortgage broker's office from 3930 Knowles Avenue, Suite 305, Kensington, MD to 3720 Farragut Avenue, Suite 500, Kensington, MD  
 BAN20052826 Financial Mortgage Group, L.C. - For a mortgage broker's license  
 BAN20052827 1st Security Home Mortgage Corp. - For a mortgage broker's license  
 BAN20052828 Zoha, Inc. - For a money order license  
 BAN20052829 Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 6 Venture, Suite 305, Irvine, CA  
 BAN20052830 Global Mortgage, Inc. - To open a mortgage broker's office at 5627 Allentown Road, Suite 204, Camp Springs, MD  
 BAN20052831 Global Mortgage, Inc. - To open a mortgage broker's office at 3720 Farragut Avenue, Suite 403, Kensington, MD  
 BAN20052832 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 5900 York Road, Suite 210, Baltimore, MD  
 BAN20052833 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 8905 Fairview Road, Suite 502, Silver Spring, MD  
 BAN20052834 Destiny Mortgage Group, Inc. - To open a mortgage broker's office at 4900 Leesburg Pike, Suite 310, Alexandria, VA  
 BAN20052835 Nationwide Mortgage Lenders Inc. - To relocate mortgage broker's office from 11820 Parklawn Drive, Suite 202, Rockville, MD to 9909 Autumnwood Way, Potomac, MD  
 BAN20052836 Elite Mortgage Executives, Inc. - To relocate mortgage broker's office from 201 Park Place, Suite 318, Altamonte Springs, FL to 238 N. Westmonte Drive, Suite 230, Altamonte Springs, FL  
 BAN20052837 Choice Financing Services, Inc. - To relocate mortgage broker's office from 7701 Lafayette Forest Drive, Suite 32, Annandale, VA to 7619 Little River Turnpike, Suite 430, Annandale, VA  
 BAN20052838 JM Mortgage LLC d/b/a World Funding Bankers - To relocate mortgage broker's office from 9609 Reisterstown Road, Owings Mills, MD to 11709 Reisterstown Road, Reisterstown, MD  
 BAN20052839 Times Real Estate, Inc. d/b/a Times Finance - To relocate mortgage broker's office from 900 S. Washington Street, Suite 100, Falls Church, VA to 386 Maple Avenue, East, Suite 208, Vienna, VA  
 BAN20052840 Jack W. Hicks - To acquire 25 percent or more of Chesapeake Residential Finance, Corp.  
 BAN20052841 ACE Cash Express, Inc. - To conduct payday lending business where an electronic tax filing business will also be conducted  
 BAN20052842 ACE Cash Express, Inc. - To conduct payday lending business where a tax preparation business will also be conducted  
 BAN20052843 ACE Cash Express, Inc. - To conduct payday lending business where a tax refund anticipation loan business will also be conducted  
 BAN20052844 Virginia Credit Union, Inc. - To relocate credit union office from 456 Charles Dimmock Parkway, Suite 1, Colonial Heights, VA to 301 Temple Lake Drive, Colonial Heights, VA  
 BAN20052845 Virginia Credit Union, Inc. - To relocate credit union office from 7015 Mechanicsville Turnpike, Mechanicsville, VA to 6103 Brashier Boulevard, Mechanicsville, VA  
 BAN20052846 GMAC Mortgage Corporation d/b/a Ditech.Com - To relocate mortgage lender broker's office from 3998 Fair Ridge Drive, Fairfax, VA to 11921 Freedom Drive, Reston, VA  
 BAN20052847 Fidelity Mortgage Network, LLC - To open a mortgage lender and broker's office at 11365 Sunset Hills Road, Reston, VA  
 BAN20052848 Anchor Tidewater Mortgage Company, LLC - To relocate mortgage broker's office from 7104 Mechanicsville Turnpike, Mechanicsville, VA to 8101 Vanguard Drive, Suite 150, Mechanicsville, VA  
 BAN20052849 Homeloan USA Corporation - To open a mortgage lender and broker's office at 435 Allenby Drive, Marysville, OH  
 BAN20052850 KROK, LLC - To open a check casher at 2927 Gallows Road, Suite 201, Falls Church, VA  
 BAN20052851 The Bank of Williamsburg - To open a branch at 5030 George Washington Memorial Highway, Grafton, VA

BAN20052852 Innovative Lending Solutions LLC - For a mortgage broker's license  
 BAN20052853 Direct Capital Group, Inc. - For a mortgage lender and broker license  
 BAN20052854 Transcend LLC - For a money order license  
 BAN20052855 Home Loan Center, Inc. d/b/a LendingTree Loans - To open a mortgage lender and broker's office at 11016 Rushmore Drive, Charlotte, NC  
 BAN20052856 Global Mortgage, Inc. - To open a mortgage broker's office at 484 Rutherford Drive, North Tazewell, VA  
 BAN20052857 United Central Bank - To open a branch at 5616 Leesburg Pike, Falls Church, VA  
 BAN20052858 Commerce Bank, N.A. - To open a branch at 2070 Chain Bridge Road, Vienna, VA  
 BAN20052859 House of Faith, Inc. - To open a check casher at 5409 Mudd Tavern Road, Woodford, VA  
 BAN20052860 United Freedom Funding Corp. - To relocate mortgage broker's office from 6408 Seven Corners Place, Suite B, Falls Church, VA to 8300 Merrifield Avenue, Suite 345, Fairfax, VA  
 BAN20052861 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 317 Castle Shannon Boulevard, 2nd Floor, Pittsburgh, PA  
 BAN20052862 Hodan Global Money Services, Inc. - For a money order license  
 BAN20052863 Big Lending, Inc. - For a mortgage lender and broker license  
 BAN20052864 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 6213 Paddington Way, Antioch, TN  
 BAN20052865 Valued Services of Virginia, LLC d/b/a Purpose Financial - To open a payday lender's office at 2129 General Booth Boulevard, Suite 122, Virginia Beach, VA  
 BAN20052866 Valued Services of Virginia, LLC d/b/a Purpose Financial - To open a payday lender's office at 4701 Shore Drive, Suite 115, Virginia Beach, VA  
 BAN20052867 Valued Services of Virginia, LLC d/b/a Purpose Financial - To open a payday lender's office at 1920 Centerville Turnpike, Suite 118, Virginia Beach, VA  
 BAN20052868 Streamline 1st Mortgage Corp. - To relocate mortgage broker's office from 8114 Harford Road, Baltimore, MD to 601 Upland Avenue, Suite 115, Brookhaven, PA  
 BAN20052869 Lighthouse Point Lending, LLC - To relocate mortgage broker's office from 152 Cook Road, Tolland, CT to 168 Maple Street, Ellington, CT  
 BAN20052870 The Bank of Hampton Roads - To relocate office from 201 Volvo Parkway, Chesapeake, VA to 999 Waterside Drive, Suite 200, Norfolk, VA  
 BAN20052871 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 425A South Main Street, Emporia, VA  
 BAN20052872 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 13860 Booker T. Washington Highway, Moneta, VA  
 BAN20052873 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 11307 B Polo Place, Midlothian, VA  
 BAN20052874 Capital Markets LLC - To open a mortgage broker's office at 1680 Brandy Moor Loop, Woodbridge, VA  
 BAN20052875 Steven R. Desrosiers - To acquire 25 percent or more of Unison Financial Services, Inc.  
 BAN20052876 Equity Consultants, LLC - To relocate mortgage lender broker's office from 4816 Brecksville Road, Suite 8, Richfield, OH to 4180 Highlander Parkway, Richfield, OH  
 BAN20052877 Finance USA Corporation - For a mortgage broker's license  
 BAN20052878 Capital 1st Mortgage, Inc. - For a mortgage broker's license  
 BAN20052879 Hollander Financial Holding, Inc. - For a mortgage lender and broker license  
 BAN20052880 CFS-USASI, LLC d/b/a Check 123 - To open a check casher at 3306 N. Military Highway, Norfolk, VA  
 BAN20052881 Pearse Financial Group, Inc. - To acquire 25 percent or more of Home Security Mortgage Corp.  
 BAN20052882 Dolphin Acceptance Corp. - For a mortgage broker's license  
 BAN20052883 Fidelity Mortgage USA, Inc. - For a mortgage lender and broker license  
 BAN20052884 Omni Spectrum Financing, LLC - For a mortgage broker's license  
 BAN20052885 Elimidebt Management Systems, Inc. - To open a credit counseling office  
 BAN20052886 Lucree LLC - For a mortgage broker's license  
 BAN20052887 Direct Financial Solutions of Virginia LLC - For a payday lender license  
 BAN20052888 Allied Mortgage Finance Corp. - For a mortgage broker's license  
 BAN20052889 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 9387 Founders Street, Fort Mill, SC  
 BAN20052890 Apex Financial Group, Inc. d/b/a AApeX Mortgage - To open a mortgage lender and broker's office at 2010 Corporate Ridge Drive, Suite 700, McLean, VA  
 BAN20052891 Virginia Commerce Bank - To open a branch at Ryan Park, Parcels 25 A, E, F, G, H, Ashburn, VA  
 BAN20052892 Virginia Commerce Bank - To open a branch at 7830 Backlick Road, Suite 101, Springfield, VA  
 BAN20052893 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 3944 Peyton Way, Virginia Beach, VA  
 BAN20052894 Fast Payday Loans, Inc. - To open a payday lender's office at 2954 Virginia Avenue, Collinsville, VA  
 BAN20052895 Fast Payday Loans, Inc. - To open a payday lender's office at 1419 22nd Street, Chesapeake, VA  
 BAN20052896 Fast Payday Loans, Inc. - To open a payday lender's office at 6099 Jefferson Avenue, Newport News, VA  
 BAN20052897 Fast Payday Loans, Inc. - To open a payday lender's office at 701 Boulevard, Colonial Heights, VA  
 BAN20052898 Semidey & Semidey Mortgage Group, LLC - To open a mortgage broker's office at 8600 Rolling Road, Suite 200A, Manassas, VA  
 BAN20052899 Semidey & Semidey Mortgage Group, LLC - To open a mortgage broker's office at 10521 Crestwood Drive, Suite 201, Manassas, VA  
 BAN20052900 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 77 Greenbay Road, Glencoe, IL  
 BAN20052901 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 3145 Carson Street, Murrysville, PA to 12280 Lincoln Highway, North Huntingdon, PA  
 BAN20052902 Lenders Mortgage, LLC - To relocate mortgage broker's office from 7304 Hawkshead Road, Richmond, VA to 3212 Skipwith Road, Suite 110, Richmond, VA  
 BAN20052903 Ronald E. Umberger II and Sheri L. Wedmore d/b/a New Hope Mortgage - To relocate mortgage broker's office from 220 St. Lukes Road, Wytheville, VA to 1155 S. 10th Street, Noblesville, IN  
 BAN20052904 First Nationwiding Lending of America, Inc. - To relocate mortgage broker's office from 28494 Westinghouse Place, Suite 304, Valencia, CA to 27883 Smyth Drive, Valencia, CA  
 BAN20052905 Atlantic Coast Mortgage Group, Inc. - For a mortgage broker's license  
 BAN20052906 Cardinal Bank - To engage in trust business at 8270 Greensboro Drive, McLean, VA  
 BAN20052907 Triumph Funding Corp. - For additional mortgage authority

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BAN20052908 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 16424 Benmore Road, Moseley, VA  
 BAN20052909 Bay Capital Corp. d/b/a Level One Mortgage Capital - To open a mortgage lender and broker's office at 8201 Greensboro Drive, Suite 210, McLean, VA

BAN20052910 Global Mortgage, Inc. - To open a mortgage broker's office at 61 Aurora Road, Northfield Center, OH  
 BAN20052911 Pro-Buy Equities Corp. d/b/a Primary Funding Group - To open a mortgage lender and broker's office at 2000 Foundation Way, Suite 2100, Martinsburg, WV

BAN20052912 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 920 West Road, Suite C, Falls Church, VA  
 BAN20052913 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 9203 Deer Xing, Lorton, VA  
 BAN20052914 Family Home Lending Corporation - To open a mortgage lender and broker's office at 1511 Barksdale Drive, Leesburg, VA  
 BAN20052915 Family Home Lending Corporation - To open a mortgage lender and broker's office at 2465 Pruden Boulevard, Suffolk, VA  
 BAN20052916 Family Home Lending Corporation - To open a mortgage lender and broker's office at 11446 Long Meadow Drive, Glen Allen, VA  
 BAN20052917 Able Financial Services, Inc. - To open a mortgage broker's office at 701 North Green Valley Parkway, Suite 200, Henderson, NV  
 BAN20052918 Able Financial Services, Inc. - To relocate mortgage broker's office from 1900 Mineral Spring Avenue, North Providence, RI to 1700 Cranston Street, Cranston, RI

BAN20052919 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 415 S. Main Street, Suite 2, Culpeper, VA to 71 James Madison Highway, Suite 102, Culpeper, VA

BAN20052920 Lender's Investment Corp. - To relocate mortgage lender broker's office from 2755 Bristol Street, Suite 100, Costa Mesa, CA to 18101 Von Karman, Suite 400, Irvine, CA

BAN20052921 Lendmark Financial, LLC - To relocate mortgage broker's office from 4827 Rugby Avenue, Suite 300, Bethesda, MD to 9215 Quintana Drive, Bethesda, MD

BAN20052922 Diamond Castle Partners IV, L.P. - To acquire 25 percent or more of Buckeye Check Cashing of Virginia, Inc.  
 BAN20052923 North Star Mortgage Corporation - For a mortgage broker's license  
 BAN20052924 CCSF, LLC - For a mortgage lender and broker license  
 BAN20052925 Community Mortgage, LLC - To open a mortgage broker's office at 2201 Semmes Avenue, Richmond, VA  
 BAN20052926 Community Mortgage, LLC - To open a mortgage broker's office at 485-A Valley Street, Scottsville, VA  
 BAN20052927 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at One City Boulevard, West, Suite 655, Orange, CA  
 BAN20052928 DCG Home Loans, Inc. - To open a mortgage lender and broker's office at 5455 Wilshire Boulevard, Suite 1700, Los Angeles, CA  
 BAN20052929 DCG Home Loans, Inc. - To relocate mortgage lender broker's office from 8001 Irvine Center Drive, Suite 400, Irvine, CA to 8001 Irvine Center Drive, Suite 200, Irvine, CA

BAN20052930 Crescent Financial Inc. (Used in VA by: Crescent Financial Trust Inc.) - To relocate mortgage broker's office from 7011 Calamo Street, Suite 211, Springfield, VA to 6571 Ashby Grove Loop, Haymarket, VA

BAN20052931 Affinity Capital Corporation - For a mortgage broker's license  
 BAN20052932 Jeffrey N. Levin - To acquire 25 percent or more of L-Squared, LLC  
 BAN20052933 Brian J. Hester - To acquire 25 percent or more of Heritage Home Funding Corp.  
 BAN20052934 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at Brynn Marr Office Park, 99 Village Road, Suite 2, Jacksonville, NC

BAN20052935 Network Funding, L.P. - To open a mortgage lender and broker's office at 1105 Waxhaw Indian Trail Road, Unit S-009, Indian Trail, NC

BAN20052936 Americor Lending Group, Inc. - To open a mortgage lender and broker's office at 3210 S. Standard Avenue, Santa Ana, CA  
 BAN20052937 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 13916 Baton Rouge Court, Centreville, VA to 13705 Frankford Circle, Centreville, VA

BAN20052938 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 904 Sunset Drive, Suite 6A, Johnson City, TN to 203 Mayflower Road, Johnson City, TN

BAN20052939 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 3105 W. Marshall Street, Richmond, VA

BAN20052940 Accredited Home Lenders, Inc. - To relocate mortgage lender's office from 17089 Via Del Campo, 2nd Floor, San Diego, CA to 15231 Avenue of Science, Suite 200, San Diego, CA

BAN20052941 Rafael R. Laguna - To open a check casher at 4948-B Eisenhower Avenue, Alexandria, VA  
 BAN20052942 North American Money Transfer, Inc. - For a money order license  
 BAN20052943 Mortgage Options Financial Inc. of PA - For a mortgage broker's license  
 BAN20052944 MICG Investment Management - For a mortgage broker's license  
 BAN20052945 Aecidia, Inc. - For a mortgage lender and broker license  
 BAN20052946 Pacific Residential, Inc. - For a mortgage lender and broker license  
 BAN20052947 Zero Down Mortgage Solutions, Inc. - For a mortgage lender and broker license  
 BAN20052948 Branch Banking and Trust Company of Virginia - To open a branch at intersection of Route 28 and Route 619 (Linton Hall Road), Gainesville, VA

BAN20052949 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To relocate mortgage lender broker's office from 3300 West Esplanade Avenue, Suite 101, Metairie, LA to 1402 Corporate Square Drive, Slidell, LA

BAN20052950 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To relocate mortgage lender broker's office from 3330 Cumberland Boulevard, Suite 500, Atlanta, GA to 2839 Paces Ferry Road, S.E., Suite 1110, Atlanta, GA

BAN20052951 Vertical Corporation - For a mortgage broker's license  
 BAN20052952 CMG Mortgage, Inc. d/b/a Pacific Guarantee Mortgage - To open a mortgage lender and broker's office at 6902 Patterson Pass Road, Suite G, Livermore, CA

BAN20052953 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 3001 Lafayette Boulevard, Fredericksburg, VA  
 BAN20052954 Community Mortgage Centers, LLC d/b/a The Mortgage Store U.S.A. - To open a mortgage broker's office at 13320 Occoquan Road, Woodbridge, VA

BAN20052955 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 6201 Leesburg Pike, Suite 218, Falls Church, VA  
 BAN20052956 Advent Mortgage, LLC - To relocate mortgage lender broker's office from 9071 Mill Creek Road, Suite 1822, Levittown, PA to 47 Magnolia Court, Feasterville, PA

BAN20052957 Fast Cash of Virginia Inc. - To relocate payday lender's office from 25259 West Main Street, Onley, VA to 25326 Lankford Highway, Onley, VA

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BAN20052958 Home Loan Corporation - To relocate mortgage lender broker's office from 7130 Glen Forest Drive, Suite 401, Richmond, VA to 7202 Glen Forest Drive, Suite 301, Richmond, VA

BAN20052959 Universal Credit Corporation of VA d/b/a The Cash Company - To relocate payday lender's office from 3177 Lee Highway, Suite 4, Bristol, VA to 3173 B Lee Highway, Bristol, VA

BAN20052960 1st Virginia Mortgage Corporation - To relocate mortgage broker's office from 1786 Tyndall Point Lane, Gloucester, VA to 12388 Warwick Boulevard, Suite 302, Newport News, VA

BAN20052961 MVH Mortgage Corporation - To relocate mortgage broker's office from 1751 Elton Road, Suite 112, Silver Spring, MD to 1738 Elton Road, Suite 222, Silver Spring, MD

BAN20052962 Anykind Check Cashing, LC d/b/a check city - To conduct payday lending business where a tax refund anticipation loan business will also be conducted

BAN20052963 Tosh of Utah, Inc. (Used in VA by: Tosh, Inc.) - To conduct payday lending business where an electronic tax filing business will also be conducted

BAN20052964 Tosh of Utah, Inc. (Used in VA by: Tosh, Inc.) - To conduct payday lending business where a tax refund anticipation loan business will also be conducted

BAN20052965 intohomes Mortgage Services, Inc. - For a mortgage lender and broker license

BAN20052966 Citizens and Farmers Bank - To open a branch at 12308 Patterson Avenue, Goochland County, VA

BAN20052967 Citizens and Farmers Bank - To open a branch at 4820 West Hundred Road, Chester, VA

BAN20052968 EVB Mortgage, LLC - To relocate mortgage lender broker's office from 201 North Washington Highway, Ashland, VA to 7271 Hanover Green Drive, Mechanicsville, VA

BAN20052969 Winthrop Oppenheimer, LLC - To relocate mortgage broker's office from 45975 Nokes Boulevard, Suite 155, Sterling, VA to 10430 New Ascot Drive, Great Falls, VA

BAN20052970 Market Mortgage Inc. (Used in VA by: Superior Mortgage Inc.) - To open a mortgage broker's office at 10400 Viking Drive, Suite 590, Eden Prairie, MN

BAN20052971 SLS Mortgage, L.L.C. - To open a mortgage broker's office at 258 East Davis Street, Culpeper, VA

BAN20052972 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage - To open a mortgage lender and broker's office at AAAA Self Storage, 110 East 22nd Street, Unit 623, Norfolk, VA

BAN20052973 American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To relocate payday lender's office from 3520B Little Creek Road, Suite B, Norfolk, VA to 875 East Little Creek Road, Suite 106, Norfolk, VA

BAN20052974 InstantRefi.com LLC d/b/a First Guarantee Mortgage LLC - To relocate mortgage broker's office from 21 Congress Street, Suite 201, Saratoga Springs, NY to 92 Congress Street, Saratoga, NY

BAN20052975 North Atlantic Mortgage Corporation - To open a mortgage lender and broker's office at 11785 Beltsville Drive, Suite 1050, Beltsville, MD

BAN20052976 Optima Funding Group, Inc. - To open a mortgage broker's office at 9685 Main Street, Suite C, Fairfax, VA

BAN20052977 Everett Financial, Inc. - For a mortgage lender and broker license

BAN20052978 Towne and Country Home Loans, LLC - For a mortgage broker's license

BAN20052979 Advantage Mortgage Company, LLC - For a mortgage broker's license

BAN20052980 F & T Mortgage, Inc. - For additional mortgage authority

BAN20052981 Nationwide Funding Corporation - To open a mortgage broker's office at 4080 Lafayette Center Drive, Unit 250, Chantilly, VA

BAN20052982 CMG Mortgage, Inc. d/b/a Pacific Guarantee Mortgage - To open a mortgage lender and broker's office at 7310 N. 16th Street, Phoenix, AZ

BAN20052983 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 11785 Beltsville Drive, Suite 1050, Beltsville, MD to 11750 Beltsville Drive, Suite 150, Beltsville, MD

BAN20052984 Richard F. Stauss - To acquire 25 percent or more of United Home Mortgage Services, Inc.

BAN20052985 Pope Mortgage & Associates, Inc. - For a mortgage broker's license

BAN20052986 Assurance Financial Group, LLC - For a mortgage broker's license

BAN20052987 Home Improvement Financial Services, Inc. - For a mortgage broker's license

BAN20052988 Community Cash Advance, Inc. - For a payday lender license

BAN20052989 Montgomery Mortgage Capital Corporation - For a mortgage lender and broker license

BAN20052990 Natalie V. Loudan - To acquire 25 percent or more of Heritage Home Funding Corp.

BAN20052991 OneStop Shopping Financial, Inc. - To open a mortgage broker's office at 211 Ivory Drive, Stephens City, VA

BAN20052992 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 1375 Gateway Boulevard, Boynton Beach, FL

BAN20052993 Global Mortgage, Inc. - To open a mortgage broker's office at 8726 Old Country Road 54, Suite B, New Port Richey, FL

BAN20052994 Global Mortgage, Inc. - To open a mortgage broker's office at 109 Cude Lane, Madison, TN

BAN20052995 Global Mortgage, Inc. - To relocate mortgage broker's office from 180-1 Prosperity Drive, Winchester, VA to 2281 Valley Avenue, Winchester, VA

BAN20052996 Majestic Mortgage, L.L.C. - To open a mortgage broker's office at 21 South Kent Street, Suite 203, Winchester, VA

BAN20052997 Entrust Mortgage, Inc. - To relocate mortgage lender's office from 6795 E. Tennessee Avenue, Fifth Floor, Denver, CO to 304 Inverness Way, South, Suite 405, Englewood, CO

BAN20052998 Quintex Consulting Inc. d/b/a Liberty Lending Group - To relocate mortgage broker's office from 7437 Village Square Drive, Suite 105, Castle Rock, CO to 88 Inverness Circle, East, Suite A-102, Englewood, CO

BAN20052999 Approved Residential Mortgage, LLC - To relocate a mortgage broker's office from 615 Lynnhaven Parkway, Suite 200, Virginia Beach, VA to 307 Black Pine Court, Suffolk, VA

BAN20053000 Commerce Bank, N.A. - To open a branch at northeast corner of Baron Cameron Avenue and Bennington Woods Road, Reston, VA

BAN20053001 Global Mortgage, Inc. - To open a mortgage broker's office at 785 Soneley Court, Alpharetta, GA

BAN20053002 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 2501 E. Chapman Avenue, Suite 190, Office 5 and 6, Fullerton, CA

BAN20053003 Platinum Capital Group, Inc. (Used in VA by: Platinum Capital Group) - To open a mortgage lender and broker's office at 13873 Park Center Road, Suite 65, Herndon, VA

BAN20053004 Cedar Creek Mortgage, L.L.C. - To open a mortgage lender and broker's office at 505 S. Royal Avenue, Front Royal, VA

BAN20053005 Maryland Financial Resources, Inc. - To open a mortgage broker's office at 8531 Hampton Crossing Place, Chesterfield, VA

BAN20053006 TriBeCa Lending Corp. - To open a mortgage lender and broker's office at 18 Harrison Street, New York, NY

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BAN20053007	TriBeCa Lending Corp. - To open a mortgage lender and broker's office at 101 Hudson Street, Jersey City, NJ
BAN20053008	Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 1439 N. Great Neck Road, Virginia Beach, VA
BAN20053009	Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage lender broker's office from 452 Franklin Street, Mount Airy, NC to 455 Franklin Street, Mount Airy, NC
BAN20053010	Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To relocate mortgage lender broker's office from 900 E. Eighth Avenue, Suite 300, King of Prussia, PA to 1013 West Ninth Street, Suite C, King of Prussia, PA
BAN20053011	First Southern Mortgage Corporation - To relocate mortgage broker's office from 12230 Rockville Pike, Suite 200, Rockville, MD to 51 Monroe Street, Suite 1501, Rockville, MD
BAN20053012	First Bank - To open a branch at Round Hill Crossing, U.S. Route 50, west of State Route 37, Frederick County, VA
BAN20053013	Patricia H. Laurenzo - To acquire 25 percent or more of Hinton Mortgage Co.
BAN20053014	Halo Mortgage, Inc. - For a mortgage broker's license
BAN20053015	American Equity Finance, Inc. - For a mortgage broker's license
BAN20053016	Stallion Financial Service, Inc. - For a mortgage broker's license
BAN20053017	Free In Five, LLC - To open a credit counseling office
BAN20053018	Mortgage U.S., Inc. - For a mortgage broker's license
BAN20053019	CJB, Inc. - To open a consumer finance office
BAN20053020	Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 4020 West Chase Boulevard, Suite 100, Raleigh, NC to 8506 Six Forks Road, Suite 104, Raleigh, NC
BAN20053021	Bishop Mary P. Bonner d/b/a Bonner's Financial Services - To open a payday lender's office at 2156 County Drive, 460 East, Petersburg, VA
BAN20053022	New Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 230 W. 200 S., Suite 3102, Salt Lake City, UT
BAN20053023	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 3 North Broad Street, Woodbury, NJ
BAN20053024	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1801 Liberty Place, Sicklerville, NJ
BAN20053025	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 102C Centre Boulevard, Marlton, NJ
BAN20053026	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 111 Haddonfield-Berlin Road, Suite D, Cherry Hill, NJ
BAN20053027	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 102 Main Street, Little Falls, NJ
BAN20053028	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1420 Walnut Street, Suite 1404, Philadelphia, PA
BAN20053029	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 520 Stokes Road, Ironstone Village, Suite B6, Medford, NJ
BAN20053030	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 121 Highway 36, Suite 160, West Long Branch, NJ
BAN20053031	Mid Atlantic Mortgage Specialists LLC (Used in VA BY: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at English Creek Shopping Center, Suite205, Egg Harbor Township, NJ
BAN20053032	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 3430 Progress Drive, Bensalem, PA
BAN20053033	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 6740 Shannon Parkway, Suite 29, Union City, GA
BAN20053034	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 212 North Main Street, Suite 201, North Wales, PA
BAN20053035	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1489 W. Palmetto Park Road, Suite 418, Boca Raton, FL
BAN20053036	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 2001 Lincoln Drive, West, Suite A, Marlton, NJ
BAN20053037	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 301 East Black Horse Pike, 2nd Floor, Folsom, NJ
BAN20053038	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1875 South Main Road, Vineland, NJ
BAN20053039	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1018 W. Browning Road, Bellmawr, NJ
BAN20053040	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 400 McCabe Avenue, Bradley Beach, NJ
BAN20053041	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 4501 Route 42, Suite 8, Turnersville, NJ
BAN20053042	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 100 Overlook Drive, 2nd Floor, Princeton, NJ
BAN20053043	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 5 Carroll Avenue, Pennsville, NJ
BAN20053044	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 177 Centre Street, Suite F, Merchantville, NJ
BAN20053045	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 5105 Route 33, Wall Township, NJ
BAN20053046	Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 2 Split Rock Drive, Suite 12, Cherry Hill, NJ
BAN20053047	Village Bank - To open a branch at 1793 South Creek One, Powhatan County, VA
BAN20053048	The Richmond Postal Credit Union Incorporated - To merge into it Richmond Transit Federal Credit Union

BAN20053049 Integrity Home Mortgage Corporation - For additional mortgage authority  
 BAN20053050 Dove Capital Corporation - For a mortgage lender and broker license  
 BAN20053051 Altivus Financial, LLC - For a mortgage lender and broker license  
 BAN20053052 Franek Home Loans, Inc. - For a mortgage broker's license  
 BAN20053053 SouthStar Partners, LLC - To acquire 25 percent or more of SouthStar Funding, LLC  
 BAN20053054 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 5319 Paylor Lane, Suite 400, Sarasota, FL  
 BAN20053055 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 109 W. King Street, Box J, Dalton, GA  
 BAN20053056 Global Mortgage, Inc. - To open a mortgage broker's office at 455 Blossom Tree Road, Culpeper, VA  
 BAN20053057 A+ Financial Corporation d/b/a Allied Home Mortgage Financial Services - To relocate mortgage broker's office from 1328 Thyme Trail, Chesapeake, VA to 817 Poquoson Crossing, Chesapeake, VA  
 BAN20053058 Wells Fargo Financial Virginia, Inc. - To open a consumer finance office at 10419 Midlothian Turnpike, Chesterfield County, VA  
 BAN20053059 Wells Fargo Financial Virginia, Inc. - To open a consumer finance office at 5946-A Richmond Highway, VA  
 BAN20053060 Global Mortgage, Inc. - To open a mortgage broker's office at 1228 Chesapeake Avenue, Hampton, VA  
 BAN20053061 Family Home Lending Corporation - To open a mortgage lender and broker's office at 12 Riverside Square, Bloomingdale, NJ  
 BAN20053062 Family Home Lending Corporation - To open a mortgage lender and broker's office at 4745 Red Duck Court, Virginia Beach, VA  
 BAN20053063 Blue Ridge Finance Corporation - To open a mortgage broker's office at 204 Ridge Street, Charlottesville, VA  
 BAN20053064 Easthampton Mortgage Company, Inc. - To open a mortgage broker's office at 54 Broad Street, Waterford, NY  
 BAN20053065 MortgageStar, Inc. - To open a mortgage lender and broker's office at 1900 Elkin Street, Suite 200, Alexandria, VA  
 BAN20053066 MortgageStar, Inc. - To open a mortgage lender and broker's office at 1320 Central Park Boulevard, Suite 218, Fredericksburg, VA  
 BAN20053067 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 1934 Old Gallows Road, Vienna, VA  
 BAN20053068 First Ohio Banc & Lending, Inc. - To open a mortgage lender and broker's office at 1065 Medina Road, Suite 100, Medina, OH  
 BAN20053069 Heritage Mortgage Brokers, L.L.C. - To relocate mortgage broker's office from 11180 Sunrise Valley Drive, Reston, VA to 14102 Sullyfield Circle, Suite 300, Chantilly, VA  
 BAN20053070 Allied Mortgage, L.L.C. - To relocate mortgage broker's office from 107 South Main Street, Suite 8, Harrisonburg, VA to 67 Mill Stone Drive, Verona, VA  
 BAN20053071 Greater Acceptance Mortgage Corp. - To relocate mortgage lender broker's office from 940 Town and Country Road, Orange, CA to 2010 Main Street, Suite 550, Irvine, CA  
 BAN20053072 Financial Exchange Company of Virginia, Inc. d/b/a Money Mart - To conduct payday lending business where an electronic tax filing business will also be conducted  
 BAN20053073 Financial Exchange Company of Virginia, Inc. d/b/a Money Mart - To conduct payday lending business where a tax preparation business will also be conducted  
 BAN20053074 Tower Mortgage and Financial Services Corporation - To open a mortgage lender and broker's office at 8720 Georgia Avenue, Suite 1011, Silver Spring , MD  
 BAN20053075 Saxon Mortgage, Inc. d/b/a Saxon Home Mortgage - To open a mortgage lender's office at 2201 East Camelback Road, Suite 120B, Phoenix, AZ  
 BAN20053076 Saxon Mortgage, Inc. d/b/a Saxon Home Mortgage - To open a mortgage lender's office at 4718 Mercantile Drive North, Fort Worth, TX  
 BAN20053077 Bay Capital Corp. d/b/a Level One Mortgage Capital - To open a mortgage lender and broker's office at 2409 Bainbridge Boulevard, Chesapeake, VA  
 BAN20053078 Guardian First Funding Group, LLC - To relocate mortgage broker's office from 1617 Broadway, Suite 305, Santa Monica, CA to 1544 12th Street, Suite 302, Santa Monica, CA  
 BAN20053079 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 2133 Gwynn Oak Avenue, Baltimore, MD to 2101 Gwynn Oak Avenue, Baltimore, MD  
 BAN20053080 All Funding Mortgage, Inc. - For a mortgage broker's license  
 BAN20053081 MD Mortgage Corporation - For a mortgage broker's license  
 BAN20053082 First Financial Funding Corp. - For a mortgage broker's license  
 BAN20053083 Hometown Mortgage Services, Inc. - For a mortgage lender's license  
 BAN20053084 Chamberlain Mortgage Corporation - To open a mortgage broker's office at 1934 Old Gallows Road, Suite 350, Vienna, VA  
 BAN20053085 New Providence Mortgage, LLC - To relocate mortgage lender broker's office from 544 Newtown Road, Suite 134, Virginia Beach, VA to 337 McLaws Circle, Suite 2, Williamsburg, VA  
 BAN20053086 Shamrock Mortgage, Inc. - To relocate mortgage broker's office from 4009 Fitzhugh Avenue, Suite 217, Richmond, VA to 8967 Battlefield Park Road, Richmond, VA  
 BAN20053087 Michael T. Thorpe - For a mortgage broker's license  
 BAN20053088 Cornerstone Home Mortgage, L.L.C. - To open a mortgage broker's office at 924 Professional Place, Suite B, Chesapeake, VA  
 BAN20053089 Equity United Mortgage Corporation - To relocate mortgage broker's office from 8260 Greensboro Drive, Suite 550 , McLean, VA to 8260 Greensboro Drive, Suite 130, McLean, VA  
 BAN20053090 First Atlantic Financial, LLC - For a mortgage broker's license  
 BAN20053091 Emergi Cash, LLC - For a payday lender license  
 BAN20053092 WebTreeLoan.com - For a mortgage lender's license  
 BAN20053093 GM Mortgage Inc. - For a mortgage broker's license  
 BAN20053094 A1 Mortgage & Financial Services, LLC - For a mortgage broker's license  
 BAN20053095 Financial Advantage Group LLC - For a mortgage broker's license  
 BAN20053096 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 228 Wood Street, Doylestown, PA  
 BAN20053097 Choice 1 Mortgage, Inc. - To open a mortgage broker's office at 3420 Whitehall Drive, Willow Grove, PA  
 BAN20053098 Ameritime Mortgage Company LLC - To relocate mortgage broker's office from 3944 Peyton Way, Virginia Beach, VA to 360 Southport Circle, Suite 101, Virginia Beach, VA  
 BAN20053099 Pinnacle Financial Corporation d/b/a Tristar Lending Group - To relocate mortgage lender broker's office from 13198 Centerpointe Way, Suite 101, Woodbridge, VA to 4004 Genesee Place, Suite 113, Woodbridge, VA  
 BAN20053100 AEGIS Lending Corporation d/b/a Amalgamated Mortgage - To relocate mortgage lender broker's office from 200 Valley Road, Suite 301, Mount Arlington, NJ to 200 Valley Road, Suite 404, Mount Arlington, NJ  
 BAN20053101 Equity United Mortgage Corporation - To open a mortgage broker's office at 8230 Leesburg Pike, Suite 660, Vienna, VA

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BAN20053102 Washingtonian Mortgage, LLC - For a mortgage broker's license  
 BAN20053103 First Metro Mortgage LLC - For additional mortgage authority  
 BAN20053104 Vigyai Inc. - For a mortgage broker's license  
 BAN20053105 Nader Saghafi - To open a check casher at 262-B Cedar Lane, S.E., Vienna, VA  
 BAN20053106 Virginia Community Bank - To open a branch at 3009 River Road West, Goochland County, VA  
 BAN20053107 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1800 Route 34, Unit 4, Suite 406, Wall Township, NJ  
 BAN20053108 Brooke Enterprises, Inc. d/b/a Cash Today - To open a payday lender's office at 7010 B Duff Patt Road, Duffield, VA  
 BAN20053109 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 611 N. Courthouse Road, Suite E200, Richmond, VA  
 BAN20053110 L.A.P. Holdings LLC d/b/a First Finance - To open a mortgage broker's office at 479 West 1400 North, Orem, UT  
 BAN20053111 East West Mortgage Company, Inc. d/b/a Mortgage Options - To open a mortgage lender and broker's office at 2104 A Gallows Road, Vienna, VA  
 BAN20053112 Tina Denson - To open a check casher at 1012 Drinking Swamp Road, Farnham, VA  
 BAN20053113 Jaso, Inc. d/b/a Checks Cashd Esperanza - To open a check casher at 3124 PS Business Center, Woodbridge, VA  
 BAN20053114 Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 12700 Fair Lakes Circle, Suite 120, Fairfax, VA  
 BAN20053115 Silver State Financial Services, Inc. - To open a mortgage lender's office at 2250 Corporate Circle, Suite 320, Henderson, NV  
 BAN20053116 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 640 Rodi Road, Pittsburgh, PA  
 BAN20053117 Xtreme Equity - To relocate mortgage broker's office from 2025 East Main Street, Suite 212, Richmond, VA to 2025 East Main Street, Suite 105, Richmond, VA  
 BAN20053118 Arlington Capital Mortgage Corporation d/b/a Windsor Financial Mortgage - To relocate mortgage lender broker's office from 2 Greenwood Square, Suite 200, Bensalem, PA to 3260 Tillman Drive, Suite 100, Bensalem, PA  
 BAN20053119 Mortgage Systems Inc. - To relocate mortgage broker's office from 90 Jefferson Boulevard, Warwick, RI to 145 Phenix Avenue, Cranston, RI  
 BAN20053120 Mortgages by george, LLC - For a mortgage broker's license  
 BAN20053121 Associated Mortgage Group, LLC - For a mortgage lender and broker license  
 BAN20053122 First-Citizens Bank & Trust Company - To open a branch at northwest corner of the intersection of US Route 220 and Commons Parkway, Daleville, VA  
 BAN20053123 Optimal Mortgage Company LLC - For a mortgage broker's license  
 BAN20053124 Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 372 Route 22, West, Suite 1B, Whitehouse Station, NJ  
 BAN20053125 Landmark Mortgage, Inc. - To relocate mortgage broker's office from 625 Elden Street, Herndon, VA to 585 Grove Street, Suite 145, Herndon, VA  
 BAN20053126 Matthew Smith - To be an exclusive agent for Stratus Home Loans, Inc.  
 BAN20053127 Marco Freyre - To be an exclusive agent for Stratus Home Loans, Inc.  
 BAN20053128 David Smith - To be an exclusive agent for Stratus Home Loans, Inc.  
 BAN20053129 American General Financial Services of America, Inc. - To relocate consumer finance office from 550 N. Main Street, Emporia, VA to Emporia Commons Shopping Center, 301 Market Drive, Suite J, Emporia, VA  
 BAN20053130 American General Financial Services, Inc. - To relocate mortgage lender broker's office from 550 N. Main Street, Emporia, VA to Emporia Commons Shopping Center, 301 Market Drive, Suite J, Emporia, VA  
 BAN20053131 Optimus Corporation - To acquire 25 percent or more of AmeriFirst Home Improvement Finance Co.  
 BAN20053132 CircleOne Holdings, Inc. - To open a consumer finance office  
 BAN20053133 TLC Mortgage, LLC - For a mortgage broker's license  
 BAN20053134 Members Mortgage Company - For a mortgage lender and broker license  
 BAN20053135 World Group Mortgage, LLC - For a mortgage lender and broker license  
 BAN20053136 HLC Financial, L.L.C. - For a mortgage broker's license  
 BAN20053137 MNESVC, Inc. - For a money order license  
 BAN20053138 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 8320 Colesville Road, Suite 305, Silver Spring, MD  
 BAN20053139 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 6619 Skyline Court, Alexandria, VA  
 BAN20053140 Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 328 Office Square Lane, Suite 104, Virginia Beach, VA  
 BAN20053141 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 5700 Cleveland Street, Suite 310, Virginia Beach, VA  
 BAN20053142 First Madison Mortgage Corp. - To open a mortgage broker's office at 1577 Spring Hill Road, Suite 220, Vienna, VA  
 BAN20053143 Millenium Mortgage, Inc. - To open a mortgage broker's office at 1540 Airport Road, Suite 207, Charlottesville, VA  
 BAN20053144 Mortgage Bankers of Virginia, Inc. - To open a mortgage broker's office at 103 East Williamsburg Road, Suite 204, Sandston, VA  
 BAN20053145 UniSource Mortgage Services, Inc. - To open a mortgage broker's office at 327 McClaws Circle, Suite 3, Williamsburg, VA  
 BAN20053146 First Financial Mortgage Corp. of Virginia (Used in VA by: First Financial Mortgage Corporation - To relocate mortgage broker's office from 181 N. Mill Street, Suite 5, Lexington, KY to 1218 South Broadway, Suite 375, Lexington, KY  
 BAN20053147 MortgageStar, Inc. - To relocate mortgage lender broker's office from 2104 Stirrup Lane, Alexandria, VA to 1900 Elkin Street, Suite 200, Alexandria, VA  
 BAN20053148 MortgageStar, Inc. - To relocate mortgage lender broker's office from 1601 Whistling Duck Drive, Upper Marlboro, MD to 8405 Greenbelt Road, Suite 202, Greenbelt, MD  
 BAN20053149 1st City Lending Inc. d/b/a First City Mortgage - To relocate mortgage broker's office from 18413 Blue Moon Court, Boyds, MD to 7600 Georgia Avenue, N.W., Suite 323, Washington, DC  
 BAN20053150 Hermanos Mini Market, Inc. - To open a check casher at 9133 Andrew Drive, Suite 2, Manassas Park, VA  
 BAN20053151 Scot D. Shumway d/b/a Residential Lending Services - To relocate mortgage broker's office from 321 Duxbury Road, Silver Spring, MD to 9320 Annapolis Road, Suite 320, Lanham, MD  
 BAN20053152 The First Bank and Trust Company - To open a branch at 150 Peppers Ferry Road, Christiansburg, VA  
 BAN20053153 Washington Capital Investment & Loan Inc. - For a mortgage broker's license  
 BAN20053154 Newport Lending Group, Inc. - For a mortgage broker's license  
 BAN20053155 Homefield Financial, Inc. - For a mortgage lender and broker license  
 BAN20053156 1st Alliance Lending, LLC - For additional mortgage authority  
 BAN20053157 Privada Mortgage LLC - For a mortgage broker's license

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BAN20053158	Blue Ridge Mortgage, L.L.C. - To relocate mortgage lender broker's office from 3715 Old Forest Road, Lynchburg, VA to 17835 Forest Road, Suite B-1, Forest, VA
BAN20053159	U.S. Mortgage Corporation of Virginia (Used in VA by: U.S. Mortgage Corporation - To relocate mortgage lender broker's office from 4330 Ridgewood Center Drive, Woodbridge, VA to 4323 Ridgewood Center Drive, Woodbridge, VA
BAN20053160	Celso Hernandez d/b/a La Bendicion De Dios - To open a check casher at 5315 Hull Street Road, Suite C, Richmond, VA
BAN20053161	We Have Loans 4 U Inc. - For a mortgage lender and broker license
BAN20053162	High Up Dairy Mart, Incorporated - For a money order license
BAN20053163	Innergy Lending, LLC - For a mortgage lender and broker license
BAN20053164	Mortgage Access Corp. - To acquire 25 percent or more of First Equitable Mortgage and Investment Company, Incorporated
BAN20053165	High Up Dairy Mart, Incorporated - To open a check casher at 4780 Northwestern Pike, Winchester, VA
BAN20053166	Big Apple Supermarket, Inc. - To open a check casher at 2916 Jefferson Davis Highway, Richmond, VA
BAN20053167	SAI Mortgage, Inc. - To open a mortgage broker's office at 5612 7th Place, Arlington, VA
BAN20053168	NJ Lenders Corp. - To open a mortgage lender and broker's office at 521 Washington Street, Hoboken, NJ
BAN20053169	Family Home Lending Corporation - To open a mortgage lender and broker's office at 3401 Healy Drive, Suite C, Winston-Salem, NC
BAN20053170	Richard Tocado Companies, Inc. - To relocate mortgage broker's office from 15720 John J. Delaney Drive, Suite 500, Charlotte, NC to 14045 Ballantyne Corp Place, Suite 200, Charlotte, NC
BAN20053171	Accel Mortgage Solutions, Inc. - To relocate mortgage broker's office from 2572 Oakstone Drive, Columbus, OH to 2570 Oakstone Drive, Columbus, OH
BAN20053172	Weststar Mortgage, Inc. - To relocate mortgage lender broker's office from 10513 Judicial Drive, Suite 103, Fairfax, VA to 7617 Little River Turnpike, Suite 900, Annandale, VA
BAN20053173	Gateway Bank & Trust Co. - To open a branch at 537-539 W. 2nd Street, Norfolk, VA
BAN20053174	Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1889 Denver West Drive, Suite 1523, Golden, CO
BAN20053175	Pinnacle Financial Corporation d/b/a Tristar Lending Group - To open a mortgage lender and broker's office at 568 Waterloo Road, Suite 100, Warrenton, VA
BAN20053176	Surety Mortgage, LLC - For a mortgage lender and broker license
BAN20053177	Amtec Funding Group, LLC - For a mortgage lender and broker license
BAN20053178	Edward's Payday Loans Inc. - For a payday lender license
BAN20053179	American Financial Group, LLC - For a mortgage broker's license
BAN20053180	Cornerstone Mortgage Funding Corporation - For a mortgage broker's license
BAN20053181	1st Capital Home Mortgage, Inc. - For a mortgage broker's license
BAN20053182	Majestic Mortgage, L.L.C. - For a mortgage broker's license
BAN20053183	Beazer Mortgage Corporation - To open a mortgage lender and broker's office at 14900 Bogle Drive, Suite 201, Chantilly, VA
BAN20053184	Chancellor Mortgage and Funding, LLC - To open a mortgage lender and broker's office at 13307 Irish Brigade, Fredericksburg, VA
BAN20053185	Elite Mortgage, LLC - To relocate mortgage broker's office from 15073 Sycamore Hills Place, Haymarket, VA to 27691 Paddock Trail Place, Chantilly, VA
BAN20053186	DCG Home Loans, Inc. - To relocate mortgage lender broker's office from 9300 Tech Center Drive, Suite 160, Sacramento, CA to 9300 Tech Center Drive, Suite 110, Sacramento, CA
BAN20053187	At home mortgage corporation - For a mortgage broker's license
BAN20053188	Home Mortgage Corporation - For a mortgage broker's license
BAN20053189	1st American Mortgage Financial, LLC d/b/a Fidelity Mortgage Financial, LLC - To open a mortgage lender and broker's office at 14416 Jefferson Davis Highway, #3A, Woodbridge, VA
BAN20053190	TBI Mortgage Company - To open a mortgage lender and broker's office at 7164 Columbia Gateway Drive, Suite 230, Columbia, MD
BAN20053191	Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 106 Rutledge Court, Newark, DE
BAN20053192	Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 11660 Theatre Drive, North, Suite 210, Champlin, MN
BAN20053193	Go Mortgage Group, LLC - To open a mortgage broker's office at 9030 Stony Point Parkway, Suite 590, Richmond, VA
BAN20053194	Ameritime Mortgage Company LLC - To open a mortgage broker's office at 1620 Alston Road, Towson, MD
BAN20053195	Global Mortgage, Inc. - To open a mortgage broker's office at 1300 Quail Street Suite 206, Newport Beach, CA
BAN20053196	Stanley D. Rosow d/b/a Equity South Mortgage - To relocate mortgage broker's office from 1681 East 8th Street, Brooklyn, NY to 1850 East 23rd Street, Brooklyn, NY
BAN20053197	Maria Del Carmen Alberto - To open a check casher at 902 Alabama Drive, Herndon, VA
BAN20053198	Hybrid Mortgage Inc. - For a mortgage broker's license
BAN20053199	New Mortgage LLC - For a mortgage broker's license
BAN20053200	America's Referral Mortgage Company, Inc. - For a mortgage broker's license
BAN20053201	Capital Mortgage Corporation - For a mortgage lender's license
BAN20053202	MLI Capital Group, Inc. d/b/a Atlas Mortgage Banc - To relocate mortgage lender broker's office from 133 Salem Avenue, Roanoke, VA to 2727 Electric Road, Suite 107, Roanoke, VA
BAN20053203	American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 2-12 Corbett Way, Eatontown, NJ
BFI-2004-00017	1st American Banc Corporation - Alleged violation of VA Code § 6.1-418
BFI-2004-00018	360 Enterprises, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2004-00027	BancFinancial Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2004-00043	Global Mortgage, Inc. - Alleged violation of VA Code § 6.1-418
BFI-2004-00048	Jin K. Chang d/b/a T & B Mortgage Enterprises - Alleged violation of VA Code § 6.1-418
BFI-2004-00056	Montgomery Capital Corporation d/b/a Montgomery Capital Mortgage Corporation - Alleged violation of VA Code § 6.1-418
BFI-2004-00058	Mortgage Credit Corporation - Alleged violation of VA Code § 6.1-418
BFI-2004-00070	Wall Street Mortgage Corporation - Alleged violation of VA Code § 6.1-418
BFI-2004-00098	Comfort Mortgage, Incorporated - Alleged violation of VA Code § 6.1-418
BFI-2004-00136	Aames Funding Corporation - Alleged violation of VA Code § 6.1-416
BFI-2004-00139	U.S. Tour & Remittance Inc. - Alleged violation of VA Code §§ 6.1-372, et al.
BFI-2005-00001	Anthony Robert Scardeletti - Alleged violation of VA Code § 6.1-416.1
BFI-2005-00002	Joseph J. Iacobelli - Alleged violation of VA Code § 6.1-416.1
BFI-2005-00003	Dana Capital Group, Inc. - Alleged violation of VA Code § 6.1-416

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BFI-2005-00004 Philip Romero - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00006 Brian Maller - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00007 The Heavener Company Mortgage LLC - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00008 Haddock Mortgage LLC - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00011 Integrity Mortgage, LLC - Alleged violation of VA Code § 6.1-413  
 BFI-2005-00012 In re: proposed mortgage lender and mortgage broker regulations  
 BFI-2005-00014 Paul D. Bekman - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00015 Benjamin M. Lyons - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00017 In re: annual assessment of credit unions under Chapter 4.01 of Title 6.1 of the Code of Virginia  
 BFI-2005-00018 TMSF Holdings, Inc. - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00019 American Residential Funding, Inc. - Alleged violation of VA Code § 6.1-416  
 BFI-2005-00020 Marie R. Jones - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00023 Phelps Mortgage, LLC - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00030 Best Mortgage and Financial Services, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00031 Charles C. Frey d/b/a Approved 1st Mortgage - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00032 CH Mortgage Services LLC - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00033 Choice Financing Services, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00034 Coast To Coast Home Equity Corp. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00037 Financial Resources & Assistance of The Lakes Region, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00039 Greenfield Mortgage, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00040 General Mortgage Corporation of America - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00041 United Capital, Inc. d/b/a United Capital Mortgage - Alleged violation of VA Code § 6.1-422 B 4  
 BFI-2005-00042 Home Loans Direct, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00046 The Mortgage Center, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00047 The Mortgage Edge, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00048 NorthStar Mortgage Corp. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00049 Optimal Funding, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00051 Premier Mortgage Group, LLC - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00052 Service First Mortgage, L.C. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00054 USLoans.net, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00055 In re: annual assessment and reduction of licensees under Chapter 6 Title 6.1 of the Code of Virginia  
 BFI-2005-00056 In re: annual assessment and reduction of licensees under Chapter 16 of Title 6.1 of the Code of Virginia  
 BFI-2005-00057 Sunset Mortgage Company, LP - Alleged violation of VA Code § 6.1-223  
 BFI-2005-00058 Premier Mortgage Funding, Inc. - Alleged violations of Chapter 16 of Title 6.1 of the Code of Virginia  
 BFI-2005-00059 Belmont Mortgage, Inc. - Alleged violation of VA Code § 6.1-410  
 BFI-2005-00061 Jerry Cugno - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00062 TransLand Financial Services, Inc. - Alleged violations of Chapter 16 of Title 6.1 of the Code of Virginia  
 BFI-2005-00064 Marco G. Minuto - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00065 Henry A. Delgado - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00066 James Guzanick - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00067 NovaStar Home Mortgage, Inc. - Alleged violations of Chapter 16 of Title 6.1 of the Code of Virginia  
 BFI-2005-00068 John Sallah - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00072 LIM Holdings, Inc. - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00073 In re: Annual assessment and reduction of industrial loan associations under Chapter 5 of Title 6.1 of the Code of Virginia  
 BFI-2005-00075 In re: Proposed regulation governing the conversion of mutual associations to stock associations  
 BFI-2005-00077 Phillip Siebert - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00078 Loans and Mortgages, LLC - Alleged violations of Chapter 16 of Title 6.1 of the Code of Virginia  
 BFI-2005-00081 Countryside Mortgage Services, Inc. - For revocation of defendant's license pursuant to VA Code § 6.1-425  
 BFI-2005-00082 Interstate Credit Corporation - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00083 W. J. Bradley Company Merchant Partners, LLC - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00084 Phillip McCall - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00086 Apex Financial Group Inc. d/b/a Apex Mortgage - Alleged violation of VA Code § 6.1-416 B  
 BFI-2005-00087 James M. Curry - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00090 Embassy Mortgage, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00091 Fed Funding Mortgage Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00092 Fidelity First Mortgage, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00093 JT Mortgage, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00094 Millennium Mortgage Corporation d/b/a A American Dream Mortgage Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00095 Mortgage Banc, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00096 Mortgage Lending Associates, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00097 Nations Home Corporation d/b/a First American Lending Corp. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00099 Northside Mortgage Group, LLC - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00101 Sun National Mortgage and Funding, LLC d/b/a Sun Mortgage and Funding, LLC - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00102 National Liberty Mortgage, Inc. d/b/a Union Liberty Mortgage, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00103 U. S. Mortgage Capital, Inc. d/b/a Legacy Financial Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00104 U. S. Mortgage Corporation of Virginia d/b/a The Mortgage Makers - Alleged violation of VA Code § 6.1-418  
 BFI-2005-00107 James E. Davis - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00110 In re: annual assessment of licensees under Chapter 18 of Title 6.1 of the Code of Virginia  
 BFI-2005-00111 Raymond H. Starkes - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00113 Alberto Leguizamon - Alleged violation of VA Code § 6.1-416.1  
 BFI-2005-00115 In Re: Proposed amendments to contents of payday lending pamphlet

BFI-2005-00117 The Washington Bank - For a certificate of authority to engage in the banking business  
 BFI-2005-00118 Low Cost Lending, Inc. d/b/a Loanweb - Alleged violation of VA Code § 6.1-413

**CLK: CLERK'S OFFICE**

CLK-2005-00001 Election of Commission Chairman Pursuant to VA Code § 12.1-7  
 CLK-2005-00002 Carver Estates, Inc. - For dissolution and termination of corporate existence pursuant to VA Code § 13.1-747  
 CLK-2005-00003 Vincent R. Smith, Sr. and A. Corwin Taylor, Petitioners v. Joel H. Peck, Clerk, Respondent - For vacation of Dissolution Order entered 11/4/2004  
 CLK-2005-00004 First Covenant Group, LLC, Petitioner v. John Fisher, Defendant - To vacate and nullify fraudulent records and transactions associated with Dartmouth Solutions, L.L.C.  
 CLK-2005-00005 Property Specialists, Inc. - For vacation of certificates of dissolution and termination of corporate existence  
 CLK-2005-00006 Front Royal Country Club - For dissolution of corporate existence pursuant to VA Code § 13.1-911  
 CLK-2005-00007 K & M Development Co., L. C. - For order accepting Decree of Cancellation  
 CLK-2005-00008 Brookside Developer, L.L.C. f/k/a Brookside Development, LLC, Petitioner v. Fauquier County Water and Sanitation Authority, and Rees, Broome & Diaz, P.C., Defendants - For declaratory relief  
 CLK-2005-00009 Mercer Rug & Carpet Sales, Inc. - For order of dissolution pursuant to VA Code § 13.1-749  
 CLK-2005-00010 Chelsea Company, L. L. C. - For order vacating a certificate of cancellation

**INS: BUREAU OF INSURANCE**

INS-2004-00148 Lester Edelman - Alleged violation of VA Code § 38.2-4806 D  
 INS-2004-00210 Allstate Life Insurance Company - Alleged violation of VA Code § 38.2-610  
 INS-2004-00232 Legal Service Plans of Virginia, Inc. - Alleged violation of VA Code §§ 38.2-316 A, et al.  
 INS-2004-00264 Stanley and Theresa Welsh - For review of HOW Insurance Co. et al. Deputy Receiver's Determination of Appeal  
 INS-2004-00293 2004 Actuarial Report for the Virginia Birth-Related Neurological Injury Compensation Fund  
 INS-2004-00295 General Security National Insurance Company - For consent not to write any new or renewal insurance policies or contracts in Virginia without prior approval of the Commissioner of Insurance  
 INS-2004-00314 Jeremy L. Zajonc - Alleged violation of VA Code § 38.2-1831  
 INS-2004-00317 Taylor Marshall, III - Alleged violation of VA Code §§ 38.2-310, 38.2-1809 and 38.2-1813  
 INS-2004-00319 Optima Health Plan - Alleged violation of VA Code §§ 38.2-316 A, et al.  
 INS-2004-00325 Commercial Settlements, Inc. - Alleged violation of VA Code § 6.1-2.21  
 INS-2004-00328 Jerry's Incorporated d/b/a Grand Furniture Discount Stores - Alleged violation of VA Code §§ 38.2-1822 and 38.2-1833  
 INS-2004-00330 Reuben Mayfield, Jr. and M & M Insurance Agency, Inc. - Alleged violation of VA Code §§ 38.2-1809, 38.2-1812.2 and 38.2-1813  
 INS-2004-00337 Nationwide Mutual Insurance Co., Nationwide Mutual Fire Insurance Co., and Nationwide Property & Casualty Insurance Co. - Alleged violation of VA Code § 38.2-1906 D  
 INS-2004-00339 Janet M. Burgos - Alleged violation of VA Code § 38.2-1819  
 INS-2004-00340 James Allison Kelley - For revocation of defendant's license pursuant to VA Code §§ 38.2-1831, et al.  
 INS-2004-00341 Unum Life Insurance Company of America, The Paul Revere Life Insurance Company and Provident Life and Accident Insurance Company - Approval of multi-state regulatory settlement agreements by and between Unum Life Insurance Company of America, The Paul Revere Life Insurance Company, Provident Life and Accident Insurance Company and the Maine Bureau of Insurance, the Massachusetts Division of Insurance and the Tennessee Department of Commerce and Insurance, for and on behalf of the States of Maine and Tennessee, the Commonwealth of Massachusetts, the Virginia Bureau of Insurance and the Insurance Regulators of all States in the United States and the District of Columbia and American Samoa  
 INS-2004-00342 Silver Title Company, LLC - Alleged violation of VA Code § 6.1-2.21  
 INS-2004-00349 Roger O. Hudspeth, II - Alleged violation of VA Code §§ 38.2-502, 38.2-1838 and 14 VAC 5-40-40  
 INS-2004-00350 Roy David Gibson and Bulldog Bonding, Inc. - Alleged violation of VA Code §§ 38.2-1804, 38.2-1809, 38.2-1812 and 38.2-1813  
 INS-2004-00351 Wayne N. Huynh - Alleged violation of VA Code §§ 38.2-502, et al.  
 INS-2004-00353 Metropolitan Property and Casualty Insurance Co., Metropolitan Casualty Insurance Co. and Metropolitan Direct Property and Casualty Insurance Co. - Alleged violation of VA Code § 38.2-1905 A  
 INS-2004-00355 Wayne Jay Forman - Alleged violation of VA Code § 38.2-4806 D  
 INS-2004-00356 Brandi Noelle Fisher - Alleged violation of VA Code § 38.2-4806 D  
 INS-2004-00357 Kenneth Edward Kukral - Alleged violation of VA Code § 38.2-4806 D  
 INS-2004-00358 John R. Prewitt, Jr. - Alleged violation of VA Code § 38.2-4806 D  
 INS-2004-00359 Robert Edmund Tierney - Alleged violation of VA Code § 38.2-4806 D  
 INS-2004-00360 James Wesley Wolf, Jr. - Alleged violation of VA Code § 38.2-4806 D  
 INS-2004-00361 Southern Insurance Company of Virginia - Alleged violation of VA Code §§ 38.2-231, et al.  
 INS-2004-00362 Calvert Title Company, LLC - Alleged violation of VA Code § 6.1-2.26 and 14 VAC 5-395-30  
 INS-2004-00363 Alex Keisch - Alleged violation of VA Code §§ 38.2-512 and 38.2-3403  
 INS-2004-00364 Optima Health Group, Inc. - Alleged violation of VA Code §§ 38.2-510 A 14, et al.  
 INS-2004-00365 Aetna Health, Inc. - Alleged violation of VA Code §§ 38.2-316 A, et al.  
 INS-2005-00001 Church Life Insurance Corporation - Alleged violation of VA Code § 38.2-1024  
 INS-2005-00002 Debora Ann Schuetz - Alleged violation of VA Code § 38.2-1826 C  
 INS-2005-00004 Bristol West Insurance Company - Alleged violation of VA Code § 38.2-1905 A  
 INS-2005-00005 Sally Diane Collins - Alleged violation of VA Code § 38.2-512  
 INS-2005-00007 Coverage Option Associates, Kentucky Hospital Association and Lisa Hyman - For Review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal  
 INS-2005-00008 Prudential Retirement Insurance and Annuity Company - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E  
 INS-2005-00009 Arch Reinsurance Company - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E  
 INS-2005-00010 Merchants Insurance Company of New Hampshire, Inc. - Alleged violation of VA §§ 38.2-1833 C and 38.2-1833 E  
 INS-2005-00011 Merchants Mutual Insurance Company - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E  
 INS-2005-00012 The American Road Insurance Company - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E

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INS-2005-00013 Atlantic Mutual Insurance Company - Alleged violation of VA Code § 38.2-2114 C 2  
 INS-2005-00014 Lee Bruce Nole - Alleged violation of VA Code § 38.2-1826 A  
 INS-2005-00015 Family Life Insurance Company - For suspension of defendant's license pursuant to VA Code § 38.2-1040  
 INS-2005-00016 Investors Life Insurance Company of North America - For suspension of defendant's license pursuant to VA Code § 38.2-1040  
 INS-2005-00017 Edith Lorraine Hughes - Alleged violation of VA Code §§ 38.2-512, 38.2-1812.2 and 38.2-1813  
 INS-2005-00018 Countryway Insurance Company - Alleged violation of VA Code §§ 38.2-1906 D and 38.2-2220  
 INS-2005-00019 American Interstate Insurance Company - Alleged violation of VA Code § 38.2-1906 D  
 INS-2005-00022 Peninsula Indemnity Company - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E  
 INS-2005-00023 Sage Life Assurance of America Inc. - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833  
 INS-2005-00024 DentaQuest Virginia, Inc. - Alleged violation of VA Code §§ 38.2-316 B, et al.  
 INS-2005-00025 GE Financial Assurance Holdings, Inc. - For refund of retaliatory costs incurred during 2003 taxable year  
 INS-2005-00026 William R. Dixon - Alleged violation of VA Code § 38.2-1826  
 INS-2005-00027 Leroy G. Talbott, Jr. and Tri-City Insurance and Real Estate Corporation - Alleged violation of VA Code §§ 38.2-512, 38.2-1809, 38.2-1813 and 38.2-1822  
 INS-2005-00028 Tami Sue Williamson - Alleged violation of VA Code § 38.2-1831  
 INS-2005-00029 Michael Douglas Fraser - Alleged violation of VA Code § 38.2-512  
 INS-2005-00030 Liberty Mutual Insurance Co., Liberty Mutual Fire Insurance Co., Liberty Insurance Corp. and LM Insurance Corp. - Alleged violation of VA Code §§ 38.2-305, et al.  
 INS-2005-00031 John Cameron Duval t/a John Duval Insurance Agency - Alleged violation of VA Code §§ 38.2-512, 38.2-1809 and 38.2-1813  
 INS-2005-00032 Swafford & Hays Settlement Services, Inc. - Alleged violation of VA Code §§ 6.1-2.21 and 6.1-2.23 and 14 VAC 5-395-60  
 INS-2005-00033 Roger Dale Crooke - Alleged violation of VA Code § 38.2-1826 C  
 INS-2005-00034 Jesse John Watkins - Alleged violation of VA Code § 38.2-1826 C  
 INS-2005-00035 Optimum Choice, Inc. - Alleged violation of VA Code § 38.2-3407.14  
 INS-2005-00036 Sentry Insurance A Mutual Company - Alleged violation of VA Code § 38.2-231 A 1  
 INS-2005-00038 Asim Ijaz Awan - Alleged violation of VA Code § 38.2-1826 A  
 INS-2005-00039 James Carl Clifton - Alleged violation of VA Code § 38.2-1826 A  
 INS-2005-00040 Isaiahs H. Vasquez - Alleged violation of VA Code § 38.2-1826 A  
 INS-2005-00041 CUNA Mutual Insurance Society - Alleged violation of VA Code §§ 38.2-316 B, et al.  
 INS-2005-00042 Southern Health Services, Inc. - Alleged violation of VA Code §§ 38.2-316 A, et al.  
 INS-2005-00044 Richard Kent Kerr - Alleged violation of VA Code § 38.2-1802  
 INS-2005-00045 Grace Meeks Baker - Alleged violation of VA Code §§ 38.2-512 and 38.2-1813  
 INS-2005-00046 Piedmont Title Company, LLC - Alleged violation of VA Code §§ 6.1-2.23 and 6.1-2.26 and 14 VAC 5-395-30  
 INS-2005-00047 AF&L Insurance Company - To eliminate impairment and restore surplus to the minimum amount required by law  
 INS-2005-00048 Senior American Life Insurance Company - To eliminate impairment and restore surplus to the minimum amount required by law  
 INS-2005-00049 Providence Washington Insurance Company of New York - To eliminate impairment and restore surplus to the minimum amount required by law  
 INS-2005-00050 Kevin James Cunningham - Alleged violation of VA Code § 38.2-1826 C  
 INS-2005-00051 Medical Liability Mutual Insurance Company - To eliminate impairment and restore surplus to minimum amount required by law  
 INS-2005-00052 The First Liberty Insurance Corporation - Alleged violation of VA Code § 38.2-2206 A  
 INS-2005-00053 Life Partners, Inc. - Alleged violation of VA Code § 38.2-6002  
 INS-2005-00054 Real Estate Loan Services of Tennessee, Inc. - Alleged violation of VA Code § 6.1-2.21  
 INS-2005-00055 American Network Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2005-00056 Golden State Mutual Life Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2005-00057 Roderick Douglas Hubbard - Alleged violation of VA Code § 38.2-1826 C  
 INS-2005-00058 Merastar Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2005-00059 North Carolina Mutual Life Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2005-00060 Penn Treaty Network America Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2005-00062 Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. - Alleged violation of 14 VAC 5-234-40 C  
 INS-2005-00063 Kaiser Permanente Insurance Company - Alleged violation of 14 VAC 5-234-40 C  
 INS-2005-00064 MMA Insurance Company - Alleged violation of 14 VAC 5-234-40 C  
 INS-2005-00065 Optima Health Group, Inc. - Alleged violation of 14 VAC 5-234-40 C  
 INS-2005-00066 Optima Health Insurance Company - Alleged violation of 14 VAC 5-234-40 C  
 INS-2005-00067 Optima Health Plan - Alleged violation of 14 VAC 5-234-40 C  
 INS-2005-00068 Brandi Marie Frye - Alleged violation of VA Code § 38.2-1826 C  
 INS-2005-00069 Bill Fralic Insurance Services Inc. - Alleged violation of VA Code § 38.2-1826 C  
 INS-2005-00070 Piedmont Community Healthcare, Inc. - Alleged violation of 14 VAC 5-270-70  
 INS-2005-00071 Alan W. Rosenberg t/a Rosenberg Insurance Services - Alleged violation of VA Code §§ 38.2-512, et al.  
 INS-2005-00072 DentaQuest Virginia, Inc. - Alleged violation of VA Code §§ 38.2-1323 A and 38.2-1331 A 1  
 INS-2005-00073 Virginia Physicians Insurance Company - Alleged violations of VA Code §§ 38.2-1024 and 38.2-1027  
 INS-2005-00074 ARDC Corporation - For review of HOW Insurance Co. et al. Deputy Receiver's Determination of Appeal  
 INS-2005-00075 Security Insurance Company, Ltd. - Alleged violations of Chapter 10 of Title 38.2 of Code of Virginia  
 INS-2005-00077 Spectera Vision, Inc. - Alleged violation of VA Code §§ 38.2-510 A 15, et al.  
 INS-2005-00078 Patricia Ann Curnutte - Alleged violation of VA Code § 38.2-4806 D  
 INS-2005-00079 John Victor Wagner, Jr. - Alleged violation of VA Code §§ 38.2-4806 D, 38.2-4807 A and 38.2-4809  
 INS-2005-00080 Robnett Rebecca McCullar - Alleged violation of VA Code §§ 38.2-4806 D, 38.2-4807 A and 38.2-4809 A  
 INS-2005-00082 Fountainhead Title Group Corporation - Alleged violation of VA Code § 6.1-2.23  
 INS-2005-00084 Peter Fenton Stebbins - Alleged violation of VA Code § 38.2-1831  
 INS-2005-00085 Steven Wayne Duffie - Alleged violation of VA Code § 38.2-1813  
 INS-2005-00086 HealthKeepers, Inc. - Alleged violation of VA Code §§ 38.2-316 A, et al.  
 INS-2005-00087 Mid-Atlantic Vision Service Plan, Inc. - Alleged violation of VA Code §§ 38.2-316 A, et al.  
 INS-2005-00088 Physicians Planning Service Corporation of Connecticut - Alleged violation of VA Code § 38.2-1826

INS-2005-00089	Desmond Frederick Primus - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00090	Jennifer L. Malloy - Alleged violation of VA Code §§ 38.2-1812.2 and 38.2-1826 A
INS-2005-00091	Metro Title & Escrow, Inc. - Alleged violation of VA Code §§ 6.1-2.21, et al.
INS-2005-00092	Montgomery Mutual Insurance Company - Alleged violation of VA Code § 38.2-231.C
INS-2005-00093	Nationwide Property Services, Inc. - Alleged violation of VA Code § 6.1-2.21
INS-2005-00094	Nova Land Title Company - Alleged violation of VA Code §§ 6.1-2.23 and 6.1-2.24
INS-2005-00095	Kevin J. Owens - Alleged violation of VA Code §§ 38.2-1809, 38.2-1813 and 38.2-1822
INS-2005-00096	Smart Choice Settlements LC - Alleged violations of VA Code § 6.1-2.23
INS-2005-00097	Geoffrey Yark - Alleged violation of VA Code §§ 38.2-1812.2 and 38.2-1813
INS-2005-00098	Alan J. Sonnichsen - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00099	Balboa Insurance Company - Alleged violation of VA Code §§ 38.2-305, et al.
INS-2005-00100	In the matter of Adopting Revisions to the Rules Governing Minimum Standards for Medicare Supplement Policies
INS-2005-00101	Wayne Jay Forman - Alleged violation of VA Code § 38.2-4807 A
INS-2005-00102	AON Risk Services, Inc. of Northern CA Ins. Services - Alleged violation of VA Code § 38.2-4807 A
INS-2005-00103	Christie Louise Reeves - Alleged violation of VA Code § 38.2-4807 A
INS-2005-00104	United American Insurance Company - Alleged violations of VA Code §§ 38.2-3407.4 A and 38.2-3407 B
INS-2005-00105	Esurance Insurance Company - Alleged violation of VA Code § 38.2-2206 A
INS-2005-00106	CTC Title Inc. - Alleged violation of VA Code § 6.1-2.21
INS-2005-00107	In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of surplus lines brokers for the assessable year 2004
INS-2005-00108	In the matter of refunding overpayments of the premium license tax on direct gross premium income of surplus lines brokers for the taxable year 2004
INS-2005-00109	Adam C. Justin - Alleged violation of VA Code § 38.2-1831
INS-2005-00110	Family Life Insurance Company - To eliminate impairment and restore surplus to minimum amount required by law
INS-2005-00111	Forethought Life Insurance Company - Alleged violation of VA Code §§ 38.2-301 A, et al.
INS-2005-00112	Doriana Valentina Zink - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00113	Hyung Kyung Joo - Alleged violation of VA Code §§ 38.2-1804 and 38.2-1812.2
INS-2005-00114	Priority Health Care, Inc. - Alleged violation of VA Code §§ 38.2-316 A, et al.
INS-2005-00115	Penny Smallwood - Alleged violation of VA Code § 38.2-512
INS-2005-00116	Daniel Gajdos - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00117	Thomas E. Sears, Inc. - Alleged violation of VA Code § 38.2-1802
INS-2005-00119	Travelers Property Casualty Company of America - Alleged violation of VA Code § 38.2-317 A
INS-2005-00120	JRS Settlement Services, Inc. - Alleged violation of VA Code § 6.1-2.26 and 14 VAC 5-395-30
INS-2005-00121	Rockingham Casualty Company and Rockingham Mutual Insurance Company - Alleged violation of VA Code §§ 38.2-510 A 10, et al.
INS-2005-00122	In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2003
INS-2005-00123	In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2003
INS-2005-00124	In the matter of refunding overpayments of the Fire Programs Fund assessment based on direct gross premium income of insurance companies for the assessable year 2004
INS-2005-00125	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 2004
INS-2005-00126	In the matter of refunding overpayments of the Virginia State Police, Insurance Fraud Fund assessment based on direct gross premium income of insurance companies for the assessable year 2004
INS-2005-00127	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 2004
INS-2005-00128	Highmark Inc. - For approval of acquisition of control of Trigon Health and Life Insurance Company
INS-2005-00129	Family Life Insurance Company - Alleged violation of VA Code § 38.2-1-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50
INS-2005-00130	Investors Life Insurance Company of North America - Alleged violation of VA Code §§ 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50
INS-2005-00131	Penn-Patriot Insurance Company - For approval of Form A Exemption Request of United America Indemnity, Ltd. relating to Penn-Patriot Insurance Company
INS-2005-00132	Antoine Eugene Harris - Alleged violation of VA Code §§ 38.2-1804 and 38.2-1812.2
INS-2005-00133	Diana DeMadaler - Alleged violation of VA Code §§ 38.2-1804 and 38.2-1812.2
INS-2005-00134	Michael Jackson - Alleged violation of VA Code §§ 38.2-509, 38.2-1804 and 38.2-1812.2
INS-2005-00135	Christopher D. Johnson - Alleged violation of VA Code §§ 38.2-1804 and 38.2-1812.2
INS-2005-00136	United of Omaha Life Insurance Company - Alleged violation of VA Code § 38.2-610
INS-2005-00137	Charles H. Johnson, Jr. and Johnson's Community Bonding, LLC - Alleged violation of VA Code §§ 38.2-509, 38.2-1804, 38.2-1312.2 and 38.2-1813
INS-2005-00139	Lincoln General Insurance Company - Alleged violation of VA Code §§ 38.2-510 A 10, et al.
INS-2005-00140	Hartford Life Insurance Company - For approval of an assumption reinsurance agreement pursuant to VA Code § 38.2-136 C
INS-2005-00141	Timothy W. Newkirk - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00142	Jerry Wells - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal
INS-2005-00143	Janet Sizemore - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal
INS-2005-00144	Conseco Senior Health Insurance Company - Alleged violation of VA Code §§ 38.2-510 A 5, 38.2-3407.1 and 14 VAC 5-400-60 A
INS-2005-00146	Shena Renee Dixon, Dixon's Bonding, LLC and Johnson's Community Bail Bonding, LLC - Alleged violation of VA Code §§ 38.2-1812.2, 38.2-1813 and 38.2-1822
INS-2005-00147	CIGNA Healthcare of Virginia, Inc. - Alleged violation of VA Code §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, et al.
INS-2005-00148	Heritage Title Services, LLC - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23, 6.1-2.26, 14 VAC 5-395-30 and 14 VAC 5-395-60
INS-2005-00149	Millenium Title Services, LLC - Alleged violation of VA Code §§ 6.1-2.23 and 6.1-2.24
INS-2005-00150	Edward Manuel Lopez, Jr. - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00151	Kevin Taylor Kite - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00152	Walter R. Hawk, Jr. - Alleged violation of VA Code § 38.2-1831

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INS-2005-00154	Donald R. O'Roark - Alleged violation of VA Code §§ 38.2-502, 38.2-503 and 14 VAC 5-40-40
INS-2005-00155	Family Life Insurance Company - For suspension of defendant's license pursuant to VA Code § 38.2-1301 and VAC 5-270-50
INS-2005-00156	Investors Life Insurance Company of North America - Alleged violation of VA Code § 38.2-1301 and VAC 5-270-50
INS-2005-00158	Ryan M. Andrew - Alleged violation of VA Code § 38.2-1831
INS-2005-00159	National Council on Compensation Insurance, Inc. - For revisions of advisory loss costs and assigned risk workers' compensation insurance rates
INS-2005-00160	Mississippi Insurance Guaranty Association - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal
INS-2005-00161	Frank R. Dietrich - Alleged violation of VA Code §§ 38.2-512, 38.2-619, 38.2-1804, 38.2-1831 and 14 VAC 5-30-40
INS-2005-00162	In Re: Approval of a consent order by and between W & R Insurance Agency, Inc., and the Commissioner of Insurance of the State of Kansas, for and on behalf of the State of Kansas, the Virginia Bureau of Insurance and the Insurance Regulators of the affected states in the United States and the District of Columbia
INS-2005-00163	William David Fess and William H. Fess Insurance Agency, Inc. - Alleged violation of VA Code §§ 38.2-1809, 38.2-1813 and 38.2-1831
INS-2005-00164	Dental Benefit Providers of Illinois, Inc. - Alleged violation of 14 VAC 5-270-50
INS-2005-00165	Lance Michael Kessler - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00166	Shailesh S. Chokshi - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00167	Fast Break Bail Bonds, Inc. - Alleged violation of VA Code §§ 38.2-1809, 38.2-1813 and 38.2-1822
INS-2005-00168	Brennan Title Company - Alleged violation of § 6.1-2.23 and 14 VAC 5-395-60
INS-2005-00169	Felicia C. Franzen - Alleged violation of VA Code § 38.2-1831 1
INS-2005-00170	Gianna L. Saldivar - Alleged violation of VA Code § 38.2-1831
INS-2005-00171	Ronald Carlos Owens - Alleged violation of VA Code §§ 38.2-1804 and 38.2-1813
INS-2005-00172	Commerce Title Company, Inc. - Alleged violation of VA Code § 6.1-2.21
INS-2005-00173	Partner Settlement Services, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2005-00174	SecoLink Settlement Services, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2005-00175	Optima Health Plan - Alleged violation of VA Code § 38.2-3407.12 B
INS-2005-00176	Evan Andrew List - Alleged violation of VA Code § 38.2-1826 A
INS-2005-00177	Regina Marianne Martino - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00178	Parker Centennial Assurance Company - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E
INS-2005-00179	Integon Casualty Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2005-00180	Peter C. Hastings, Jr. - Alleged violation of VA Code § 38.2-1826 B
INS-2005-00181	Optimum Choice, Inc. - Alleged violation of VA Code §§ 38.2-502, 38.2-503, 38.2-510 A 1, et al.
INS-2005-00182	Troy D. LaPrade - Alleged violation of VA Code §§ 38.2-502, 38.2-503 and 38.2-1838
INS-2005-00183	Southern Fire & Casualty Company - Alleged violation of VA Code §§ 38.2-2114 C 2, 38.2-2114 C 3 and 38.2-2114 C 4
INS-2005-00184	The Guarantee Company of North America USA - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E
INS-2005-00185	Virginia Title & Escrow Services, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2005-00186	Home Connects Lending Services, LLC - Alleged violation of VA Code § 6.1-2.23
INS-2005-00187	Mae Anne Fattaleh & M. A. S. Insurance Services, Inc. - Alleged violation of VA Code §§ 38.2-512, 38.2-1812.2 and 38.2-1813
INS-2005-00189	North Carolina Mutual Life Insurance Co. - In matter of Approval of a Voluntary Settlement Agreement between the North Carolina Mutual Life Insurance Company and the Commissioners of Insurance for the State of North Carolina and the Commonwealth of Virginia
INS-2005-00190	Trigon Health & Life Insurance Company - For refund of retaliatory costs incurred during 2004 taxable year
INS-2005-00191	Markel American Insurance Company - For refund of retaliatory costs incurred during 2004 taxable year
INS-2005-00192	GNA Corporation - For refund of retaliatory costs incurred during 2004 taxable year
INS-2005-00193	ANSS-MD, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2005-00194	John M. Talmage - Alleged violation of VA Code § 38.2-502
INS-2005-00195	Roger Lewis Seay - Alleged violation of VA Code §§ 38.2-502, 38.2-512 and 38.2-1804
INS-2005-00196	Bankers Fidelity Life Insurance Company - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E
INS-2005-00197	Customer First Settlement Group, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2005-00198	Epro Technology, Inc. d/b/a Title One, Inc. - Alleged violation of VA Code § 6.1-2.23
INS-2005-00199	Professional Titles of Virginia, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2005-00201	James Brainard Hatch, Jr. - Alleged violation of VA Code § 38.2-1826 C
INS-2005-00202	Trovor Clinic Foundation - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal
INS-2005-00203	Lifetime Security, Inc. - For suspension of defendant's license pursuant to VA Code § 38.2-400.5
INS-2005-00204	In the matter of 2005 Actuarial Report for the Virginia Birth-Related Neurological Injury Compensation Fund
INS-2005-00206	Jason J. Wilson - Alleged violation of VA Code § 38.2-1831
INS-2005-00207	Yong Chan Oh t/a Yong Chan Oh Insurance Agency - Alleged violation of VA §§ 38.2-1809, 38.2-1813 and 38.2-1826
INS-2005-00208	Joseph A. Maurer, III - Alleged violation of VA Code § 38.2-1809
INS-2005-00209	Guarantee Trust Life Insurance Company - Alleged violation of VA Code §§ 38.2-502, 38.2-503, et al.
INS-2005-00210	John Cameron Duval t/a John Duval Insurance Agency - Alleged violation of VA Code § 38.2-512
INS-2005-00211	American Amicable Life Insurance Company, Pioneer American Insurance Company and Pioneer Security Life Insurance Company - To cease and desist from selling and issuing all insurance products, policies or contracts in Virginia
INS-2005-00212	Michelle Vance - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal
INS-2005-00213	Peoples Benefit Life Insurance Company - Alleged violation of VA Code § 38.2-5802
INS-2005-00214	First National Title Services, Inc. - Alleged violation of VA Code § 6.1-2.21
INS-2005-00217	National Casualty Company - Alleged violation of VA Code § 38.2-2223
INS-2005-00219	Land Title & Escrow, LLC - Alleged violation of VA Code § 6.1-2.21
INS-2005-00220	Ace American Insurance Company - Alleged violation of VA Code § 38.2-1300
INS-2005-00221	Ace American Reinsurance Company - Alleged violation of VA Code § 38.2-1300
INS-2005-00222	Ace Fire Underwriters Insurance Company - Alleged violation of VA Code § 38.2-1300
INS-2005-00224	Ace Property and Casualty Insurance Company - Alleged violation of VA Code § 38.2-1300

INS-2005-00225 Bankers Standard Insurance Company - Alleged violation of VA Code § 38.2-1300  
 INS-2005-00226 Golden State Mutual Life Insurance Company - Alleged violation of VA Code § 38.2-1300  
 INS-2005-00227 Indemnity Insurance Company of North America - Alleged violation of VA Code § 38.2-1300  
 INS-2005-00228 Insurance Company of North America - Alleged violation of VA Code § 38.2-1300  
 INS-2005-00229 Investors Life Insurance Company of North America - Alleged violation of VA Code § 38.2-1300  
 INS-2005-00230 Pacific Employers Insurance Company - Alleged violation of VA Code § 38.2-1300  
 INS-2005-00231 Reserve National Insurance Company - Alleged violation of VA Code § 38.2-1300  
 INS-2005-00232 SCOR Life U.S. Re Insurance Company - Alleged violation of VA Code § 38.2-1300  
 INS-2005-00233 Westchester Fire Insurance Company - Alleged violation of VA Code § 38.2-1300  
 INS-2005-00234 Marshall Manor, Inc. - Alleged violation of VA Code §§ 38.2-1024 and 38.2-4901  
 INS-2005-00235 Anthony S. Dietrich - Alleged violation of VA Code § 38.2-512  
 INS-2005-00236 National Association of Professional Insurance Agents - Alleged violation of 14 VAC 5-410-40 D  
 INS-2005-00237 The NELCO Companies - Alleged violation of 14 VAC 5-410-40 D  
 INS-2005-00238 American Health and Life Insurance Company - Alleged violation of VA Code §§ 38.2-502, 38.2-503, et al.  
 INS-2005-00240 In re: Assessment upon certain companies and surplus lines brokers to pay the expense of the Bureau of Insurance for the calendar year 2006  
 INS-2005-00241 Walter Augustine Griffin, III - Alleged violation of VA Code §§ 38.2-502.1 and 38.2-503  
 INS-2005-00242 Stephanie Ann Simon - Alleged violation of VA Code § 38.2-1826 C  
 INS-2005-00243 Tamie Linette Pollard - Alleged violation of VA Code § 38.2-1826 C  
 INS-2005-00244 Association Insurance Trust - Alleged violation of 14 VAC 5-410-40 D  
 INS-2005-00245 Starbridge Employer Trust - Alleged violation of 14 VAC 5-410-40 D  
 INS-2005-00246 Sunrise Continuing Care, LLC -The Colonnades - Alleged violation of VA Code § 38.2-4904  
 INS-2005-00247 Sunrise Continuing Care, LLC -The Fairfax - Alleged violation of VA Code § 38.2-4904  
 INS-2005-00248 Chesapeake Title & Escrow Services, Inc. - Alleged violation of VA Code § 6.1-2.23  
 INS-2005-00249 Beneficial Title Incorporated - Alleged violation of VA Code § 6.1-2.23 and 14 VAC 5-395-60  
 INS-2005-00250 Quality Settlements, Inc. - Alleged violation of VA Code §§ 6.1-2.23 and 6.1-2.24  
 INS-2005-00251 Ruby Michelle Carter - Alleged violation of VA Code § 38.2-1831  
 INS-2005-00253 Western and Southern Life Insurance Company - In the matter of Approval of a settlement Consent Order between Western and Southern Life Insurance Company and the Superintendent of Insurance for the State of Ohio, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the affected states in the United States  
 INS-2005-00254 Benson Settlement Company, LLC - Alleged violation of VA Code §§ 6.1-2.21 and 6.2-2.23  
 INS-2005-00255 The Lincoln National Life Insurance Company - In the matter of Approval of a Settlement Agreement between The Lincoln National Life Insurance Company and the Commissioner of Insurance for the State of Indiana, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the affected States of the United States  
 INS-2005-00256 Kristoffer Matthew Bertsch - For revocation of defendant's license pursuant to VA Code § 38.2-1826  
 INS-2005-00257 In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2004  
 INS-2005-00258 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 2004  
 INS-2005-00260 Linda Kay Moore - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal  
 INS-2005-00261 Triangle Life Insurance Company - Alleged violation of VA Code §§ 38.2-1812 A, 38.2-1822 A, et al.  
 INS-2005-00263 Carolyn D. Harvey - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal  
 INS-2005-00264 In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2004  
 INS-2005-00265 Utica Mutual Insurance Company - Alleged violation of VA Code § 38.2-1833 A 1  
 INS-2005-00266 Definitive Title, LLC - Alleged violation of VA Code §§ 6.1-2.21, et al. and 14 VAC 5-395-30 and 14 VAC 5-395-40  
 INS-2005-00267 Easy Title & Escrow Inc. - Alleged violation of VA Code §§ 6.1-2.21, et al. and 14 VAC 5-395-30, 14 VAC 5-395-40, 14 VAC 5-395-60 and 14 VAC 5-395-70  
 INS-2005-00268 Eastport Title, LLC - Alleged violation of VA Code §§ 6.1-2.21, et al. and 14 VAC 5-395-30 and 14 VAC 5-395-40  
 INS-2005-00269 Hispanic Settlements, LLC - Alleged violation of VA Code §§ 6.1-2.21, et al. and 14 VAC 5-395-30 and 14 VAC 5-395-40  
 INS-2005-00270 Primrose Title & Settlements, LLC - Alleged violation of VA Code §§ 6.1-2.21, et al. and 14 VAC 5-395-30 and 14 VAC 5-395-40  
 INS-2005-00271 Franklin Title Company, LLC - Alleged violation of VA Code §§ 6.1-2.21, et al. and 14 VAC 5-395-30 and 14 VAC 5-395-40  
 INS-2005-00272 Sequoia Settlement Group, LLC - Alleged violation of VA Code §§ 6.1-2.21, et al. and 14 VAC 5-395-30 and 14 VAC 5-395-40  
 INS-2005-00273 Epic Title, LLC - Alleged violation of VA Code §§ 6.1-2.21, et al. and 14 VAC 5-395-30 and 14 VAC 5-395-40  
 INS-2005-00274 Settlor Title Insurance Company, Inc. - Alleged violation of VA Code § 6.1-2.21  
 INS-2005-00275 Sunny Albergucci - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal  
 INS-2005-00276 Virginia R. Walker - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal  
 INS-2005-00277 Central Processing Center, LLC - Alleged violation of VA Code §§ 6.1-2.23, et al.  
 INS-2005-00279 Brotherhood Mutual Insurance Company - Alleged violation of VA Code §§ 38.2-1906 C and 38.2-1906 D  
 INS-2005-00280 Eric R. Johnson - For appeal of Bureau of Insurance denial of application  
 INS-2005-00281 Harmony Title, LLC - Alleged violation of VA Code §§ 6.1-2.23, et al. and 14 VAC 5-395-60  
 INS-2005-00282 William L. Young and The Young Insurance Agency Group, Inc. - Alleged violation of VA Code § 38.2-1813  
 INS-2005-00286 Hartford Casualty Insurance - Alleged violation of VA Code §§ 38.2-317 A and 38.2-1906 D  
 INS-2005-00287 Hartford Insurance Company of the Midwest - Alleged violation of VA Code §§ 38.2-317 A and 38.2-1906 D  
 INS-2005-00288 Hartford Fire Insurance Company - Alleged violation of VA Code §§ 38.2-317 A and 38.2-1906 D  
 INS-2005-00294 David R. Emery t/a David R. Emery Insurance Agency - Alleged violation of VA Code § 38.2-1809  
 INS-2005-00301 Colonial Life & Accident Insurance Company - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E

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**PST: PUBLIC SERVICE TAXATION**

- PST-2004-00039 Hopewell Cogeneration Limited Partnership - For review and correction of assessment of value of property subject to local taxation - Tax Year 2004
- PST-2004-00042 Mirant Potomac River, LLC - For review and correction of assessment of the value of property subject to local taxation - Tax Year 2004
- PST-2004-00043 Comcast Phone of Virginia, Inc. - For review and correction of assessment of the value of property subject to local taxation - Tax Year 2004
- PST-2004-00044 Commonwealth Chesapeake Company, LLC - For review and correction of assessment of value of property subject to local taxation - Tax Year 2004
- PST-2004-00046 Elantic Telecom, Inc. - For review and correction of assessments of the value of property subject to local taxation - Tax Year 2004
- PST-2005-00014 DIECA Communications Inc. d/b/a Covad Communications Company - For Review and Correction of Certification of Gross Receipts - Tax Year 2004
- PST-2005-00023 Commonwealth Chesapeake Company, LLC - For review and correction of assessment of value of property subject to local taxation - Tax Year 2005

**PUC: DIVISION OF COMMUNICATIONS**

- PUC-2004-00102 QuantumShift Communications of Virginia, Inc. and VCOM Solutions, Inc. - For approval of acquisition by VCOM Solutions, Inc., of control of QuantumShift Communications of Virginia, Inc.
- PUC-2004-00144 RGT Utilities of Virginia, Inc. - For a certificate to provide local exchange telecommunications services
- PUC-2004-00145 Acceris Communications Corporation of Virginia, Inc. - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2004-00163 Infotelecom, LLC - For certificates to provide local exchange and inter-exchange telecommunications services
- PUC-2004-00165 Verizon South Inc. - Notification of Planned Disconnection of UNE-P Service to Cat Communications of Virginia Inc. for nonpayment
- PUC-2004-00166 New Horizons Communications of Virginia, Inc. - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2005-00001 Z-Tel Communications of Virginia, Inc. - To cancel existing certificate and issue a new certificate reflecting new corporate name, Trinsic Communications of Virginia, Inc.
- PUC-2005-00002 New Access Communications, LLC, Jasper Holdings, LLC and North Central Equity LLC - For approval to transfer ownership of New Access Communications, LLC, from Jasper Holdings LLC to North Central Equity LLC
- PUC-2005-00003 Verizon Virginia Inc. and Comcast Phone of Virginia, Inc. - Amendment No. 1 to the Interconnection Agreement between Verizon Virginia Inc. and Comcast Phone of Virginia, Inc. pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2005-00004 VA-CLEC LLC - For a certificate to provide local exchange telecommunications services
- PUC-2005-00005 Cox Virginia Telecom Inc. - To relinquish its designation as an eligible telecommunications carrier under 47 U.S.C. § 214(e)
- PUC-2005-00006 SBC Telecom, Inc. and SBC Long Distance, Inc. - For Grant of Authority to Transfer Control and for Cancellation of Certificates to Provide Local Exchange and Interexchange Telecommunications Services in Virginia
- PUC-2005-00007 In the Matter of Investigating Directory Errors and Omissions of Verizon Virginia Inc. and Verizon South Inc.
- PUC-2005-00008 NTELOS Telephone Inc and NPCR Inc d/b/a Nextel Partners - Interconnection Agreement effective 1/1/05
- PUC-2005-00009 PAETEC Corp. and American Long Lines, Inc. - For approval to transfer control of ownership
- PUC-2005-00011 United Systems Access Telecom of Virginia, Inc. - For discontinuance of telecommunications services and cancellation of tariffs
- PUC-2005-00015 Verizon Virginia Inc. and Verizon South Inc. - For waiver of late fee under 20 VAC 5-407-40(C)(3)
- PUC-2005-00016 SBC Telecom, Inc. and SBC Long Distance, LLC f/n/a SBC Long Distance, Inc. - For Revision and Cancellation of Certain Certificates to Provide Local Exchange and Interexchange Telecommunications Services in Virginia and Grant of Authority to Discontinue Providing Certain Telecommunications Services
- PUC-2005-00017 Verizon Virginia Inc. and InfoHighway of Virginia Inc. - Amendment No. 1 and Amendment No. 2 to Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2005-00018 Verizon Virginia Inc. and Global Telecom Brokers of Virginia Inc. - Amendment No. 1 to the Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2005-00019 Verizon Virginia Inc. and Dark Air Corporation - Amendment No. 1 and Amendment No. 2 to the Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2005-00020 Verizon Virginia Inc. and Sprint Communications Company of Virginia, Inc. - Amendment No. 1 to the Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2005-00021 ATX Telecommunications Services of Virginia, LLC - For approval of an indirect transfer of control
- PUC-2005-00022 Global Communications Integrators, L.L.C. - For cancellation of certificates to provide local exchange and interexchange telecommunications services
- PUC-2005-00023 CNT Telecom Services, Inc. - For approval of transfer of control
- PUC-2005-00024 NTELOS Inc., NTELOS Telephone Inc., Roanoke and Botetourt Telephone Company, NTELOS Network Inc., NA Communications Inc., R&B Network Inc., Project Holdings Corp., Quadrangle Capital Partners LP, Quadrangle Capital Partners-A LP, Quadrangle Select Partners LP, Citigroup Venture Capital Equity Partners, L.P., Capital Research and Management Company and Morgan Stanley & Co., Inc. - For authority under Chapter 5 of Title 56 of Code of Virginia
- PUC-2005-00025 MidAtlanticBroadband, Inc. f/k/a Economic Computer Systems, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services and to reissue certificates reflecting new corporate name
- PUC-2005-00026 Chesapeake Telecommunications Corporation - To discontinue local exchange and interexchange telecommunications services
- PUC-2005-00027 Motient Services Inc. of Virginia - For cancellation of certificate to provide local exchange telecommunications services and to reissue a certificate reflecting new corporate name
- PUC-2005-00029 T-Cubed of Virginia Inc. - For cancellation of certificate to provide interexchange telecommunications services
- PUC-2005-00030 New Hope Telephone Cooperative and New Hope Company, an unincorporated association - For cancellation and reissuance of certificates to reflect reorganization of business
- PUC-2005-00031 New Hope Telephone Company, an unincorporated association and New Hope Telephone Cooperative - For authority to transfer assets
- PUC-2005-00033 Consolidated Edison Communications of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services

PUC-2005-00034 essential.com of Virginia, Inc. - For cancellation of certificate to provide local exchange telecommunications services

PUC-2005-00035 SBC Communications Inc., AT&T Corp., AT&T Communications of Virginia, LLC and TCG Virginia, Inc. - For approval of merger and request for expedited consideration

PUC-2005-00036 Xspedius Management Co. of Virginia, LLC - For amendment of certificates to reflect applicant's new name, Xspedius Management Co. of Virginia, Inc.

PUC-2005-00037 MCImetro Access Transmission Services of Virginia, Inc. - For a declaratory order and emergency relief relating to UNE-P orders

PUC-2005-00038 Teligent of Virginia, Inc. - To cancel existing certificates to provide local exchange and interexchange telecommunications services

PUC-2005-00039 Potomac Fiber, LLC - To cancel existing certificates to provide local exchange and interexchange telecommunications services

PUC-2005-00040 Verizon Virginia Inc. and CoreTel Virginia, LLC - Amendment No. 1 to the Interconnection Agreement between Verizon Virginia Inc. and CoreTel Virginia, LLC under § 252(e) of the Telecommunications Act of 1996

PUC-2005-00041 KMC Telecom III LLC, KMC Telecom of Virginia, Inc. and Telcove of Virginia, LLC - For approval of a transfer of assets and customer base

PUC-2005-00042 A.R.C. Networks Inc. d/b/a InfoHighway Communications, Inc. and XO Communications, Inc. - For a Declaratory Ruling Directing Verizon to Continue to Provision Certain UNEs and UNE Combinations

PUC-2005-00043 XO Virginia, LLC on behalf of Allegiance Telecom of Virginia, Inc. - For cancellation of certificates issued to Allegiance Telecom of Virginia, Inc.

PUC-2005-00044 Lightship Telecom, LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services

PUC-2005-00045 Verizon Virginia Inc. and Dominion Telecom, Inc. - Amendment No. 1 to the Interconnection Agreement between Verizon Virginia Inc. and Dominion Telecom, Inc. under § 252(e) of the Telecommunications Act of 1996

PUC-2005-00046 Verizon Virginia Inc. and NPCR, Inc. d/b/a Nextel Partners - Amendment No. 1 to the Interconnection Agreement between Verizon Virginia Inc. and NPCR, Inc. d/b/a Nextel Partners under § 252(e) of the Telecommunications Act of 1996

PUC-2005-00051 Verizon Communications Inc. and MCI, Inc. - For approval of agreement and plan of merger

PUC-2005-00054 United Telephone - Southeast, Inc. Bland Exchange Customers and Verizon South Inc. Rocky Gap Exchange Customers - For Extended Local Service between United Telephone's Bland Exchange and Verizon South's Rocky Gap Exchange

PUC-2005-00055 Stickdog Telecom, Inc. - For cancellation of a certificate to provide interexchange telecommunications services

PUC-2005-00058 MCImetro Access Transmission Services of Virginia, Inc. - For a waiver of the customer deposit escrow account rules

PUC-2005-00059 Verizon South Inc. and MetTel of VA, Inc. - Amendment No. 1 to the Interconnection Agreement pursuant to § 52(e) of the Telecommunications Act of 1996

PUC-2005-00060 Verizon South Inc. and Comcast Phone of Virginia, Inc. - Amendment No. 1 and Amendment No. 2 to the Interconnection Agreement between Verizon South Inc. and Comcast Phone of Virginia, Inc. under § 252(e) of the Telecommunications Act of 1996

PUC-2005-00061 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and Granite Telecommunications, LLC - Negotiated Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00062 The City of Radford - For a certificate to provide local exchange telecommunication services

PUC-2005-00063 KMC Telecom IV of Virginia, Inc. - For cancellation of certificates to provide local exchange telecommunications services

PUC-2005-00064 Central Telephone Company of Virginia, United Telephone-Southeast, Inc., Ntelos Network, Inc. and NA Communications, Inc. - Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00065 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and Comcast Phone of Virginia, Inc. d/b/a Comcast Digital Phone - Master Interconnection and Collocation Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00066 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and Cavalier Broadband, LLC - Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00067 Navigator Telecommunications, LLC - For certificates to provide local exchange and interexchange telecommunications services

PUC-2005-00068 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and Metrocall, Inc. - Paging Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00069 Eureka Broadband Corporation and InfoHighway of Virginia, Inc. - For authority to transfer control of authorized carriers

PUC-2005-00070 Cypress Communications Holding Company of Virginia, Inc. - To reissue certificates to provide local exchange and interexchange telecommunications services to reflect new corporate name

PUC-2005-00072 Global Communications Integrators, L.L.C. - For entry of order consenting to cancellation of letter of credit

PUC-2005-00073 American Long Lines of Virginia, Inc. - For cancellation of certificate to provide local exchange telecommunications services

PUC-2005-00076 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and Global Connection Inc. of Virginia - Master Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00077 NOW Communications of Virginia, Inc. - For cancellation of certificates to provide local telecommunications services

PUC-2005-00078 Verizon Virginia Inc. - For exemption from physical collocation at its Parksley central office

PUC-2005-00079 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and KMC Data LLC - Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00080 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and KMC Telecom V of Virginia, Inc. - Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00081 Net2000 Communications of Virginia, LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services

PUC-2005-00082 Global Metro Networks DC, LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services

PUC-2005-00083 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and KMC Telecom of Virginia, Inc. - Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00084 FiberLight of Virginia, LLC - For certificates to provide local exchange and interexchange telecommunications services

PUC-2005-00085 TMC of Virginia, Inc. - For Injunction Against Verizon Virginia Inc. and Request for Emergency Expedited Relief

PUC-2005-00086 Verizon South Inc. - To withdraw its request for exemption from physical collocation at its Arcola Central Office

PUC-2005-00088 Matrix Telecom of Virginia, Inc. - For a certificate to provide local exchange telecommunications services

PUC-2005-00089 Syniverse Networks of Virginia, Inc. - To cancel existing certificate to provide local exchange telecommunications services and to revise certificate reflecting new name

PUC-2005-00091 MobilePro Corp. and American Fiber Network of Virginia, Inc. - For authority to transfer control of an authorized carrier

PUC-2005-00092 Juana Y. Rossi, Individually and t/a All In One Co. and Elmer M. Rossi, Individually and t/a All In One Co. - Alleged violation of VA Code §§ 56-508.15, et al.

PUC-2005-00093 AEP Communications, LLC - For cancellation of certificate to provide interexchange telecommunications services

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PUC-2005-00094	Colin B. Stegall, Individually, and t/a Quality Communication Specialist - Alleged violation of VA Code §§ 56-508.15, et al.
PUC-2005-00095	First Regional Telecom, LLC - For cancellation of certificate to provide local exchange telecommunications services
PUC-2005-00096	Eagle Communications, Inc. - For cancellation of certificate to provide local exchange telecommunications services
PUC-2005-00097	Zephion Networks Communications of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00098	VIVO-VA, LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00100	KMC Telecom of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services and to withdraw its tariffs
PUC-2005-00102	Shenandoah Telephone Company, Shenandoah Telecommunications Company, Shenandoah Cable Television Company, Shentel Service Company, Shentel Wireless Company, Shenandoah Mobile Company, Shenandoah Long Distance Company, Shenandoah Network Company, Shentel Foundation, Shenandoah Personal Communications Company, Shentel Communications Company, Shentel Management Company, Shentel Converged Services, Inc., NTC Communications, L.L.C., and Shentel Converged Services of West Virginia, Inc. - For approval of transactions pursuant to Affiliates Act, VA Code § 56-76 et seq.
PUC-2005-00103	Winstar of Virginia, LLC and GVC Networks, LLC - For approval of an indirect transfer of control
PUC-2005-00104	TMC of Virginia, Inc. - For authority for partial discontinuance of service
PUC-2005-00105	ATX Telecommunications Services of Virginia, LLC - For a certificate to provide interexchange telecommunications services
PUC-2005-00107	LD Total Connect, Inc. - For cancellation of certificate to provide interexchange telecommunications services
PUC-2005-00108	Connect CCCVA, Inc. - For cancellation of certificate to provide local exchange telecommunications services
PUC-2005-00109	IPVoice Communications of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications service
PUC-2005-00110	Evolution Networks North, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00111	INLEC Communications VA, LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00112	IG2, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00113	Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and Charter Fiberlink VA-CCO, LLC d/b/a Charter Communications – Master Interconnection and Collocation Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00114	eLink Telecommunications of Virginia, Inc. - To cancel existing certificates to provide local exchange and interexchange telecommunications services and to reissue certificates reflecting new corporate name
PUC-2005-00115	Pac-West Telecomm of Virginia, Inc. - For certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00117	Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and NationsLine Virginia, Inc.- Master Interconnection, Collocation, and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00118	Sprint Nextel Corporation and LTD Holding Company - For approval of transfer of control of Central Telephone Co. of Virginia, United Telephone-Southeast, Inc., and Sprint Payphone Services of Virginia, Inc., from Sprint Nextel Corp. to LTD Holding Company
PUC-2005-00119	Cavalier Telephone LLC - To Require Payment of Access Charges by Verizon Virginia Inc.
PUC-2005-00121	Foxhound Technologies, LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00122	Telephone Company of Central Florida, Inc. - For cancellation of certificate to provide local exchange telecommunications services
PUC-2005-00123	NTELOS Telephone Inc. and Virginia Cellular LLC d/b/a Cellular One - Negotiated Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00124	CommPartners, LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00125	Maxcess of Virginia, Inc. - For cancellation of certificates to provide local exchange telecommunications services
PUC-2005-00126	Cox Virginia Telecom, Inc. - For treatment of confidential information submitted by Cox Virginia Telecom, Inc. to Staff
PUC-2005-00127	Shenandoah Telephone Company, Shenandoah Telecommunications Company, Shenandoah Cable Television Company, Shentel Service Company, Shenandoah Wireless Company, Shenandoah Mobile Company, Shenandoah Long Distance Company, Shenandoah Network Company, Shentel Foundation, Shenandoah Personal Communications Company, Shentel Communications Company, Shentel Management Company, Shentel Converged Services, Inc., NTC Communications, L.L.C., and Shentel Converged Services of West Virginia, Inc. - For approval of transactions pursuant to the Affiliates Act, VA Code §§ 56-76 et seq.
PUC-2005-00128	Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and Kinex Telecom Inc. – Master Interconnection and Collocation Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00129	Comm South Companies of Virginia, Inc. - To discontinue local exchange telecommunications services
PUC-2005-00130	TDS Telecom and US Cellular - Wireless Traffic Exchange Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00131	TDS Telecom and Cingular Wireless - Wireless Traffic Exchange Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00132	Roanoke & Botetourt Telephone Company and Cox Virginia Telecom, Inc. - Negotiated Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00133	CoreComm Virginia, Inc. - For cancellation of its local and interexchange certificates and for authority to discontinue service to one interexchange customer
PUC-2005-00134	Atlantech Online of Virginia, L.L.C. - For certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00135	Cox Virginia Telecom, Inc. - For waiver of the price ceilings for directory assistance and request for expedited review
PUC-2005-00136	City of Bedford - For a certificate to provide local exchange telecommunications services
PUC-2005-00138	The City of Bristol d/b/a Bristol Virginia Utilities - For a certificate to provide interexchange telecommunications services
PUC-2005-00139	Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and Cox Virginia Telecom, Inc. - Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00140	Bay Telecom, Inc. - For a certificate to provide local telecommunications services
PUC-2005-00141	Comtel Virginia LLC - For a certificate to provide local exchange telecommunications services and for interim operating authority
PUC-2005-00142	RGT Utilities of Virginia, Inc. - For cancellation of a certificate to provide local telecommunications services and for entry of an order consenting to cancellation of letter of credit
PUC-2005-00143	Comtel Telecom Assets LP, Comtel Virginia LLC, VarTec Telecom, Inc., Vartec Telecom of Virginia, Inc., Excel Telecommunications, Inc., Excel Telecommunications of Virginia, Inc. and Vartec Solutions, Inc. - For approval of transfer of assets and control
PUC-2005-00144	Verizon Virginia Inc. and Global Connection Inc of Virginia - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996

PUC-2005-00145	Verizon South Inc. and Global Connection Inc. of Virginia - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00146	Verizon Virginia Inc. and City of Bristol d/b/a Bristol Virginia Utilities, BVU Optinet, BVUB, Optinet, and BVU - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00147	Verizon South Inc. and City of Bristol d/b/a Bristol Virginia Utilities, BVU Optinet, BVUB, Optinet and BVU - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00148	Elantic Telecom Inc., Elantic Networks, Inc. and Cavalier Telephone Corporation - For approval to transfer control of Elantic Telecom, Inc. to Cavalier Telephone Corporation and request for expedited consideration
PUC-2005-00149	AX Telecommunications, Inc. - For cancellation of its local certificate and for authority to discontinue service to its customers
PUC-2005-00151	Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and KDL of Virginia, Inc. - Master Interconnection and Collocation Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00152	Level 3 Communications, LLC, Leucadia National Corporation and WilTel Communications Group, LLC - For approval of an indirect transfer of control of WilTel Communications of Virginia, Inc.
PUC-2005-00153	Cinergy Corp., KDL of Virginia, Inc., Duke Energy Holding Corp. and Duke Energy Corporation - For approval of Agreement and Plan of Merger to transfer Cinergy Corp.'s indirect control of KDL of Virginia, Inc. to Duke Energy Holding Corp.
PUC-2005-00154	Robert A. Clayton, Individually and t/a Trans Dominion, Ltd. - Alleged violation of 20 VAC 5-407-50 A
PUC-2005-00155	Verizon South Inc. and Caronet Inc. n/k/a Progress Telecom Virginia, LLC - Amendment No. 1 to the Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00156	Verizon South Inc. and Sprint Communications Company of Virginia Inc. - Amendment No. 1 to the Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00157	Verizon South Inc. and Navigator Telecommunications, LLC - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00158	Customers of the Verizon Virginia Inc. and Verizon South Inc. Great Bridge, Hickory, Norfolk/Virginia Beach, Princess Anne, Portsmouth, Pungo and Shipp's Corner Exchanges - For extended local service from the Verizon Virginia Inc. and Verizon South Inc. Great Bridge, Hickory, Norfolk/Virginia Beach, Princess Anne, Portsmouth, Pungo, and Shipp's Corner Exchanges to the Carolina Telephone and Telegraph Moyock Exchange
PUC-2005-00159	Verizon Virginia Inc. and Caronet, Inc. - Amendment No. 1 to the Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00160	Verizon Virginia Inc. and Navigator Telecommunications, LLC - Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00161	ClearLinx Networks (Virginia) LLC - For certificates to provide local exchange and interexchange telecommunications services
PUC-2005-00164	Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and MountaiNet Telephone Company - Negotiated Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00165	Vanco Direct USA, LLC - For a certificate to provide local exchange telecommunications services
PUC-2005-00166	Metro Teleconnect, Inc. - For cancellation of its local certificate and for authority to discontinue service to its customers
PUC-2005-00168	Sprint Communications Company of Virginia Inc. - For Partial Discontinuance of Service and Joint Request for Waiver of Anti Slamming Rules
PUC-2005-00172	Alltel Communications of Virginia, Inc - For transfer of interexchange customers and cancellation of tariff
PUC-2005-00174	Central Telephone Company of Virginia, United Telephone-Southeast, Inc., Virginia PCS Alliance, L.C. and Richmond 20 MHz LLC - Commercial Mobile Radio Services Interconnection Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
PUC-2005-00175	TDS Telecom and T-Mobile - Wireless traffic exchange agreement pursuant to § 252(e) of the Telecommunications Act of 1996

**PUE: DIVISION OF ENERGY REGULATION**

PUE-2004-00077	Massanutten Public Service Corporation - 2003 Annual Information Filing
PUE-2004-00135	Virginia Gas Storage Company - For an Annual Informational Filing
PUE-2004-00136	Virginia Gas Pipeline Company - For an Annual Informational Filing
PUE-2004-00137	Virginia Gas Distribution Company - For an Annual Informational Filing
PUE-2004-00138	Twin Coves Water Works, Inc. and Twin Coves Water Company - For approval of a transfer of assets and control of a Virginia water public utility
PUE-2005-00001	Delmarva Power & Light Company - For authority to issue up to \$150,000,000 of debt securities and/or preferred stock
PUE-2005-00002	In the matter concerning whether there is a sufficient degree of competition such that the elimination of default service will not be contrary to the public interest
PUE-2005-00003	Atmos Energy Corporation and Atmos Energy Marketing, LLC - For authority to enter into a Gas Exchange and Optimization Services Agreement pursuant to the Affiliates Act, VA Code §§ 56-76 et seq.
PUE-2005-00004	Virginia Gas Storage Company and Saltville Gas Storage Company L.L.C. - For approval of an interruptible storage service agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2005-00005	Massanutten Public Service Corporation - For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia
PUE-2005-00006	Atmos Energy Corporation - For an Annual Informational Filing
PUE-2005-00007	Washington Gas Light Company - For approval of an affiliate transaction pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUE-2005-00008	Penn Laird Sewer Authority - For issuance of certificate of incorporation or charter pursuant to VA Code § 15.2-5108
PUE-2005-00009	Virginia-American Water Company - Annual Informational Filing for the 12 Months Ended September 30, 2004
PUE-2005-00010	Washington Gas Light Company - For approval of an experimental Weather Normalization Adjustment
PUE-2005-00011	Virginia Electric and Power Co. and Dominion Resources, Inc. - For Declaratory Judgment, or Alternatively, for Exemption from Approval, or Approval of Accounting Transactions Under Chapter 4, Title 56 of the Code of Virginia, and Expedited Consideration
PUE-2005-00012	Craig-Boetetourt Electric Cooperative - For a general increase in electric rates
PUE-2005-00013	Kentucky Utilities Company d/b/a Old Dominion Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2005-00014	Rappahannock Electric Cooperative and The Community Awareness of Rappahannock Electric (C.A.R.E) Charity, Inc. - For approval of a service agreement under Chapter 4 of Title 56 of the Code of Virginia
PUE-2005-00015	Virginia Electric and Power Company - For authority to issue long-term debt
PUE-2005-00016	B&J Enterprises, L.C. - For Appointment of a Receiver
PUE-2005-00017	The Potomac Edison Company d/b/a Allegheny Power - For continuing approval of money pool agreement with affiliates

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- PUE-2005-00018 Virginia Electric and Power Company d/b/a Dominion Virginia Power - For a certificate for facilities in Loudoun County: Pleasant View-Hamilton 230 kV Transmission Line and 230 kV-34.5 kV Hamilton Substation
- PUE-2005-00019 Alpha Water Corporation, Inc. - For approval of a transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia
- PUE-2005-00020 Shawnee Water Company and Key Lakewood Water Company - For authority to acquire and dispose of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia
- PUE-2005-00021 Saltville Gas Storage Co., L.L.C. - For cancellation of certificate, authority to withdraw its tariffs, notification that Federal Energy Regulatory Commission has assumed jurisdiction, and other related matters pursuant to Chapter 10.1 of the Code of Virginia
- PUE-2005-00022 Rappahanock Electric Cooperative and Virginia Electric and Power Company - For revision of certificate under the Utility Facilities Act
- PUE-2005-00023 Kentucky Utilities Company d/b/a Old Dominion Power Company - For authority to issue securities under Chapter 3 of Title 56 and to engage in an affiliate transaction under Chapter 4 of Title 56 of Code of Virginia
- PUE-2005-00024 Delmarva Power & Light Company - Annual Informational Filing for Calendar Year 2004
- PUE-2005-00025 Virginia Natural Gas, Inc. and AGL Services Company - For approval of a revised services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
- PUE-2005-00026 B&J Enterprises, L.C. and Edsel H. Lester, Individually, and as owner of B&J Enterprises, L.C., and of Ellett Valley Development Company, L.C. - For a rule to show cause
- PUE-2005-00027 Virginia Electric and Power Company - For authority to establish a credit facility
- PUE-2005-00028 Virginia Natural Gas Inc. - For an Annual Informational Filing
- PUE-2005-00029 Virginia Electric and Power Company - 2004 Annual Informational Filing
- PUE-2005-00030 Virginia Electric and Power Company - For authority to lease rail equipment
- PUE-2005-00031 Columbia Gas of Virginia, Inc. - For an Annual Informational Filing for 2004
- PUE-2005-00032 Dale Service Corporation - 2004 Annual Informational Filing
- PUE-2005-00033 Dale Service Corporation - For authority to continue interest rate swap agreements pursuant to Chapter 3, Title 56 of the Code of Virginia
- PUE-2005-00034 The Potomac Edison Company - Annual Informational Filing
- PUE-2005-00035 Kentucky Utilities Company - 2004 Annual Informational Filing
- PUE-2005-00036 Appalachian Power Company - Annual Informational Filing - Calendar Year 2004
- PUE-2005-00037 Washington Gas Light Company - For an Annual Informational Filing for 2004
- PUE-2005-00038 A & N Electric Cooperative - For authority to issue securities under Chapter 3, Title 56 of the Code of Virginia
- PUE-2005-00039 Skyline Water Co., Inc. - For change in rates, rules and regulations
- PUE-2005-00040 The Franklin Waverly Water Company, David G. Petrus, Harry H. Hunt, III, and The HHHunt Family Trust I - For approval of a change of control of a Virginia water public utility company
- PUE-2005-00041 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
- PUE-2005-00042 Delta Energy, LLC - For a license to conduct business as a natural gas competitive service provider
- PUE-2005-00043 Duke Energy Corporation, Duke Energy Gas Transmission, LLC, Duke Energy Saltville Gas Storage LLC and AGL Resources Inc., NUI Corporation, Virginia Gas Company, NUI Saltville Storage Inc., Virginia Gas Pipeline Company, Virginia Gas Storage Company, and Saltville Gas Storage Company LLC - For approval of an affiliates agreement under Chapter 4 of Title 56 of the Code of Virginia and for approval of change of control under Chapter 5 of Title 56 of the Code of Virginia, and for such other relief as may be necessary under the law
- PUE-2005-00044 Columbia Gas of Virginia, Inc. - For approval of gas supply and other related supply agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia
- PUE-2005-00045 Paramount Energy, LC - To furnish natural gas service pursuant to VA Code § 56-265.4:5
- PUE-2005-00046 Virginia Electric and Power Company, Dominion Energy Marketing, Inc. and Virginia Energy Marketing, Inc. - For exemption from the filing and prior approval requirement of the Affiliates Act, or, alternatively, approval of transfers of general plant assets and capital leases associated with transfer of power marketing activities pursuant to Chapter 4, Title 56 of the Code of Virginia
- PUE-2005-00047 Massanutten Public Service Corporation - Annual Informational Filing for Calendar Year 2004
- PUE-2005-00048 Virginia Electric and Power Company d/b/a Dominion Virginia Power and Northern Virginia Electric Cooperative - For revision of certificate under the Virginia Utility Facilities Act
- PUE-2005-00049 Southside Electric Cooperative - For authority to incur long-term debt
- PUE-2005-00050 Virginia Electric and Power Company - For authority to lease rail equipment
- PUE-2005-00051 Renaissance Energy, LLC - For a license to conduct business as an electric and natural gas aggregator
- PUE-2005-00053 Columbia Gas of Virginia, Inc. - For approval of an amendment to its Service Agreement with NiSource Corporate Services Company under Chapter 4 of Title 56 of the Code of Virginia
- PUE-2005-00054 Atmos Energy Corporation - For authority to implement a three-year revolving credit facility
- PUE-2005-00056 Appalachian Power Company - For adjustment to capped electric rates pursuant to VA Code § 56-582 B (vi)
- PUE-2005-00057 Virginia Natural Gas, Inc. - For approval of a performance based rate regulation methodology pursuant to VA Code § 56-235.6
- PUE-2005-00058 Shenandoah Valley Electric Cooperative and Central Virginia Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
- PUE-2005-00060 Alpha Water Corporation, Aqua Utility-Virginia, Inc., Land'Or Utility Company, Inc., Caroline Utilities, Inc., Aqua/SL, Inc., Mayfore Water Company, Inc., Ellerson Wells, Inc., Blue Ridge Utility Company, Mountainview Water Company, Inc., James River Service Corporation, Earlysville Forest Water Company, Rainbow Forest Water Corporation, Powhatan Water Works, Inc., Heritage Homes of Virginia, Inc., Sydnor Hydrodynamics, Inc., Sydnor Water Corporation, Indian Water Water Company, Water Distributors, Inc., Reston/Lake Anne Air Conditioning Corp., Aqua Virginia, Inc. and Aqua Services, Inc. - For authority to enter into an agreement for support services pursuant to Affiliates Act, VA Code § 56-76 et seq.
- PUE-2005-00062 Virginia Natural Gas, Inc. - For investigation of justness and reasonableness of current rates, charges, and terms and conditions of service in compliance with prior Commission Order
- PUE-2005-00063 Massanutten Public Service Corporation - For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia
- PUE-2005-00065 Atmos Energy Corporation and Atmos Energy Services, Inc. - For authority to execute Amendment No. 1 to the AES Services Agreement pursuant to the Affiliates Act, VA Code § 56-76 et seq.
- PUE-2005-00066 Virginia-American Water Company and American Water Resources, Inc. - For approval of a lease agreement pursuant to the Affiliates Act, VA Code § 56-76 et seq.

PUE-2005-00067	Washington Gas Light Company - For authority to issue debt securities and preferred stock
PUE-2005-00068	Virginia Electric and Power Company and Dominion Technical Solutions, Inc. - For exemption from filing and prior approval requirements or, alternatively, approval of sale of Mobile Oil Processing Plant Trailer and expedited consideration
PUE-2005-00069	Massanutten Public Service Corporation, Nuon Global Solutions USA B. V. and Hydro Star, LLC – For approval of a transaction by which Hydro Star, LLC, will acquire indirect ownership of Utilities, Inc. and therefore Massanutten Public Service Corp. from Nuon
PUE-2005-00070	Kentucky Utilities Company - For authority to issue securities
PUE-2005-00071	Virginia Electric and Power Company d/b/a Dominion Virginia Power and Rappahannock Electric Cooperative - For revision of certificate under the Utility Facilities Act
PUE-2005-00072	Roanoke Gas Company - To revise annual affiliate transaction reporting to a fiscal year basis
PUE-2005-00074	Kentucky Utilities Company d/b/a Old Dominion Power Company - For authority to engage in an affiliate transaction Under Chapter 4 of Title 56 of the Code of Virginia
PUE-2005-00075	Roanoke Gas Company - For an expedited increase in rates
PUE-2005-00076	Commerce Energy, Inc. - For a license to conduct business as a competitive service provider for natural gas
PUE-2005-00077	AGL Resources Inc., Virginia Gas Company and Virginia Gas Distribution Company - Requesting the issuance of certificates pursuant to the Utility Facilities Act
PUE-2005-00078	ANGD LLC and AGL Resources Inc., NUI Corporation, Virginia Gas Company, and Virginia Gas Distribution Company - For approval of transfer of control under Chapter 5 of Title 56 of the Code of Virginia
PUE-2005-00080	Aqua Virginia, Inc. - For a general increase in rates
PUE-2005-00082	Virginia Electric and Power Company d/b/a Dominion Virginia Power and BARC Electric Cooperative – For revision of certificate under the Utility Facilities Act
PUE-2005-00083	Paramont Energy, LC - To furnish natural gas service pursuant to VA Code § 56-265.4:5
PUE-2005-00084	Roanoke Gas Company - For authority to issue long-term debt
PUE-2005-00085	Atmos Energy Corporation and Atmos Energy Holdings, Inc. - For authority to incur short-term debt and to lend short-term debt to an affiliate
PUE-2005-00086	Virginia Electric and Power Company - For authority to lease rail equipment
PUE-2005-00087	Columbia Gas of Virginia, Inc. - For authority to implement a Gas Cost Hedging Program
PUE-2005-00088	Appalachian Power Company - For authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia
PUE-2005-00089	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-2005-00090	Appalachian Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUE-2005-00091	East Coast Transport, Inc. and Tenaska Virginia II Partners, L.P. - For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia
PUE-2005-00092	Washington Gas Light Company - For authority to issue short-term debt
PUE-2005-00093	Manakin Water & Sewerage Corporation - For changes in rates, rules and regulations
PUE-2005-00094	Southwestern Virginia Gas Company - 2004 Annual Information Filing
PUE-2005-00095	Virginia Natural Gas, Inc. - For authority to terminate certain restrictions imposed on Sequent Energy Management, L.P. when managing the assets of its affiliate, Virginia Natural Gas, Inc.
PUE-2005-00097	Virginia Natural Gas, Inc. and AGL Resources Inc. - For exemption of tax allocation agreement from filing and prior approval requirements of Affiliates Act, or in the alternative, approval to enter into such agreement pursuant to VA Code § 56-77
PUE-2005-00098	Columbia Gas of Virginia, Inc. - For approval of a performance based rate regulation methodology pursuant to VA Code § 56-235.6
PUE-2005-00099	Virginia Electric and Power Company, Dominion Resources, Inc., Virginia Power Services, Inc., Virginia Power Services, Energy Corp., Inc. and Virginia Energy Marketing, Inc. - For approval of the transfer of Virginia Power Energy Marketing, Inc. from Virginia Electric and Power Company to Dominion Resources, Inc., and for approval of technical changes to previously approved affiliate agreements, or alternatively, an exemption from the filing and prior approval requirement of the Affiliates Act pursuant to Chapter 4, Title 56 of the Code of Virginia
PUE-2005-00100	Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service
PUE-2005-00101	Highland New Wind Development, LLC - For authority to construct, own and operate an electric generation facility in Highland County
PUE-2005-00102	Appalachian Power Company - For authority to incur long-term debt
PUE-2005-00104	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
PUE-2005-00105	Virginia Electric and Power Company - For authority to lease rail equipment
PUE-2005-00107	Appalachian Power Company - For authority to receive cash capital contribution from an affiliate
PUE-2005-00108	Old Dominion Utility Services, Inc. - For a certificate to assume ownership and operation of water and waste water utility system in Fort Eustis, Fort Monroe and Fort Story and waste water utility system at Fort Lee
PUE-2005-00111	Washington Gas Light Company - For an extension of time to comply with a Commission order
PUE-2005-00112	Virginia Electric and Power Company - For authority to issue \$3.0 billion in debt and preferred securities and establish trust financing facilities
PUE-2005-00113	Mecklenburg Electric Cooperative - For authority to issue long-term debt

**SEC: DIVISION OF SECURITIES AND RETAIL FRANCHISING**

SEC-2003-00023	Deutsche Bank Securities, Inc. - Alleged violation of VA Code §§ 13.1-502 (2) and 13.1-512
SEC-2003-00057	Fidelity Assurance Associates, LLC - Alleged violation of VA Code § 13.1-507
SEC-2003-00058	Jeffrey L. Aliff - Alleged violation of VA Code §§ 13.1-504 A and 13.1-507
SEC-2004-00023	Ted J. Johnson, Jr. and Frank G. Farrier, Jr., General Partners d/b/a Mountain Investments, Ltd. – Alleged violation of VA Code § 12.1-33
SEC-2004-00038	SosteNica, Inc. - For Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2004-00039	Church Extension Services, Inc. - For Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00001	The Curtain Exchange Franchise Operating Company - Alleged violation of VA Code § 13.1-560
SEC-2005-00002	Tidewater Community College Education Foundation, Incorporated - For Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00003	Norfolk State University Foundation, Incorporated - For Order of Exemption pursuant to VA Code § 13.1-514.1 B

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SEC-2005-00005	Good Feet Worldwide, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.
SEC-2005-00006	Dr.'s Own, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.
SEC-2005-00007	Stephen Conley Brown - Alleged violation of VA Code § 13.1-516
SEC-2005-00009	Ecumenical Development Corporation, USA d/b/a Oikocredit USA - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00010	National Covenant Properties - For Order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00011	Assemblies of God Loan Fund - For Order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00015	Columbia Union Revolving Fund - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00016	Dryclean Depot Franchise, LLC - Alleged violation of VA Code § 13.1-560
SEC-2005-00017	Randy M. Lievan - Alleged violation of VA Code § 13.1-560
SEC-2005-00018	Jon T. Schermerhorn - Alleged violation of VA Code § 13.1-560
SEC-2005-00019	Calimar, LLC - Alleged violation of VA Code § 13.1-560
SEC-2005-00021	Alexander M. Shapiro - Alleged violation of VA Code §§ 13.1-502 (2), et al.
SEC-2005-00023	Jeffrey Wheeler - To lift injunction imposed and accept payment for judgment entered in SEC-1995-00038
SEC-2005-00025	Harvester Presbyterian Church - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00026	Shane Ivan Frankovic a/k/a Shane Franko - Alleged violations of VA Code §§ 13.1-502(2), 13.1-504 A, 13.1-507 and 21 VAC 5-20-280 B 1
SEC-2005-00027	Curtis H. Dittbrenner - Alleged violation of VA Code §§ 13.1-504 C, VAC 5-80-170 B and 5-80-170
SEC-2005-00028	Mission Investment Fund of the Evangelical Lutheran Church in America - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00032	Lee R. Kramer - For order imposing special supervisory procedures
SEC-2005-00033	RDA, Inc., Petitioner v. National Auto Sales, Inc., Respondent - For cancellation of Virginia Service Mark Registration pursuant to VA Code § 59.1-92.10
SEC-2005-00035	Presbyterian Church (U.S.A.) Investment and Loan Program, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00036	3D Financial LLC and Donald J. Shutts - Alleged violation of VA Code §§ 13.1-507, et al.
SEC-2005-00037	Church of Christ at Maple View - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00039	United Methodist Development Fund - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B
SEC-2005-00040	Bellacino's, Inc. - Alleged violation of VA Code §§ 13.1-560 and 13.1-563(e)(ii)
SEC-2005-00046	SGL Partners, LLC - For Qualification registration order
SEC-2005-00048	Postal Connections of America Franchise Corp. - Alleged violation of VA Code §§ 13.1-560, et al.
SEC-2005-00050	Hans Huber - Alleged violation of VA Code §§ 13.1-504, et al.
SEC-2005-00051	Southern Piedmont Mining Corporation - Alleged violation of VA Code §§ 13.1-504, et al.
SEC-2005-00052	Luis Alberto Garcia d/b/a PC Phone Link, Inc., PCPhoneLink Incorporated and GPS Nanny Inc. - Alleged violation of VA Code §§ 13.1-507, et al.
SEC-2005-00053	Firehouse Restaurant Group, Inc. and Firehouse of America, LLC - Alleged violation of VA Code §§ 13.1-560, et al.
SEC-2005-00055	More Space Place, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.
SEC-2005-00059	Farmers Home Mutual Fire Insurance Company - For an official interpretation pursuant to VA Code § 13.1-525
SEC-2005-00063	SGK Partners LLC - For registration of securities pursuant to VA Code § 13.1-510
SEC-2005-00064	SCH Enterprises, Inc. f/k/a Summit Capital Holdings, LLC. d/b/a Summit Capital Holdings, Schultz Enterprises, Inc. d/b/a Schultz Enterprises and d/b/a Summit Capital Holdings and David Roy Schultz -Alleged violation of VA Code §§ 13.1-504 A, et al.

**URS: DIVISION OF UTILITY AND RAILROAD SAFETY**

URS-2004-00011	E. H. Baugh Company, Individually and t/a E. H. Baugh Company - Alleged violation of VA Code § 56-265.17A
URS-2004-00045	Eddie Moreira, Individually and t/a American Arbor - Alleged violation of VA Code § 56-265.17 A
URS-2004-00112	BKA Utilities, Inc. - Alleged violation of VA Code § 56-265.24 D
URS-2004-00117	G. H. Wolff, Jr. Excavating, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2004-00127	Atman Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2004-00159	Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.19 A, et al.
URS-2004-00164	Creative Landscapes & Construction, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2004-00189	Samco Construction Company - Alleged violation of VA Code § 56-265.17 A
URS-2004-00190	LAPCO, Inc. d/b/a Shoreline Pool Builders - Alleged violation of VA Code § 56-265.24 A
URS-2004-00203	Virginia Natural Gas, Inc. - Alleged violation of Federal Pipeline Safety Act
URS-2004-00229	Mid Atlantic Irrigation Co., Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2004-00245	Clarmon Resources, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2004-00247	Excel Paving Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2004-00271	G. D. C., Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2004-00274	Mastec North America, Inc. -Alleged violation of VA Code § 56-265.17 A
URS-2004-00290	Kingdom Work Construction Company, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2004-00292	Portillo Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2004-00315	Wayjo, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2004-00329	Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.19 A, et al.
URS-2004-00344	Baber Enterprises - Alleged violation of VA Code § 56-265.17 A
URS-2004-00365	Utiliquet, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.
URS-2004-00367	Adelphia Cable Communications - Alleged violation of VA Code § 56-265.19 A
URS-2004-00379	Gull Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2004-00381	R. B. Hinkle Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2004-00382	Rockingham Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2004-00387	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2004-00392	Central Locating Service, Ltd. - Alleged violation of VA Code § 56-265.19 A
URS-2004-00393	Utiliquet, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2004-00395	Adelphia Cable Communications - Alleged violation of VA Code § 56.265.19 A
URS-2004-00398	B/F Stephens Excavating, LLC - Alleged violation of VA Code § 56-265.17 A

URS-2004-00399 Banks Truck & Auto Salvage - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00400 Builtec Incorporated - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00401 Camouflage Tree Experts, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00409 Joseph Kent Excavating Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00410 J.S.C. Excavating & Land Development, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00416 David Otero, Individually and t/a Otero Construction Service - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00418 Potomac Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00421 SLM Concrete Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00425 C. Lee White Concrete, LLC - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00430 R. L. Kelley Plumbing & Excavating, LLC - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00431 Raines Boring and Drilling, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00432 Vico Construction Corporation - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00435 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
URS-2004-00436 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
URS-2004-00437 Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
URS-2004-00438 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
URS-2004-00440 D. A. Foster Company - Alleged violation of VA Code § 56-265.17 D  
URS-2004-00443 A & W Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00444 Strictly Stumps, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00447 Lyttle Service Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00448 Nansemond/Isle of Wight Fence, LLC - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00449 New Super Star Corp. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00450 S & A Services - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00451 Southside Concrete Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00452 Tucon Construction Corporation - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00454 Vico Construction Corporation - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00455 Wright's Septic Tank, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00456 W. C. Spratt Incorporated - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00457 A-1 Erosion Control, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00458 Accubid Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00459 CDM Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00460 Stonewall Concrete Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00461 D. A. Foster Company - Alleged violation of VA Code § 56-265.17 D  
URS-2004-00462 DLB, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00463 Fort Myer Construction Corporation - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00465 Leo Construction Company - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00466 List Excavating, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00467 Long's Corporation - Alleged violation of VA Code § 56-265.24 D  
URS-2004-00469 S.T.S., LLC - Alleged violation of VA Code § 56-265.19 A  
URS-2004-00470 S. W. Rodgers Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00471 Sampson Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00472 The Anderson Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00473 Tyler Mechanical Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00474 Virginia Underground Utility Protection Service, Inc. - Alleged violation of VA Code § 56-265.22 A  
URS-2004-00475 Wilmington Electrical Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2004-00476 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
URS-2004-00477 Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
URS-2004-00478 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
URS-2004-00479 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
URS-2004-00480 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
URS-2005-00001 Action Paving and Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00002 D. A. Foster Company - Alleged violation of VA Code § 56-265.17 D  
URS-2005-00003 Dynalectric Company - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00004 Baymark Construction Corporation - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00005 Becker Electric Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00007 C. R. Henderson Company - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00008 Cable Associates, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00010 Hall Mechanical & Associates, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00012 JK Electric, LLC - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00013 Job Care, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00014 K & W Enterprise - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00015 Leo Construction Company - Alleged violation of VA Code § 56-265.17 B  
URS-2005-00016 Little Rock Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00017 Omni Excavators, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00018 Peed Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00019 Connie Ayers Plumbing - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00020 Contracting Enterprises, Incorporated - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00021 S. C. Rossi & Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00022 Eavers Brothers Excavating, Incorporated - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00023 S. W. Rodgers Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00024 Excel Paving Corporation - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00025 F. L. Showalter, Incorporated - Alleged violation of VA Code § 56-265.24 A

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URS-2005-00026 Fred W. Borden, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00028 Seneca Excavation & Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00030 H. C. Eavers & Sons, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00032 H. E. Dietz, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00033 H. E. Sargent, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00034 Super Concrete Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00035 Tessa Construction & Tech Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00037 Hostetter Concrete - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00038 Ulliman Schutte Construction, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00039 Ivy H. Smith Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00040 William B. Hopke Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00041 Liquid, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00042 Howard B. Hankins, Inc. - Alleged violation of VA Code § 56-265.18  
 URS-2005-00044 M & E Contractors, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00045 Hour Development Corporation - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2005-00046 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00047 Monarch Electric, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00048 Hatfield Plumbing Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00049 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00050 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00051 The Davey Tree Expert Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00053 Mid Eastern Builders, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00054 Northstar Excavating Co. Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00055 Southside Concrete Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00056 Victor Allen Hauling - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00057 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00058 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00059 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00060 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00061 Central Locating Service, Ltd. - Alleged violations of VA Code § 56-265.19 A  
 URS-2005-00062 Utiliquist, LLC - Alleged violations of VA Code § 56-265.19 A  
 URS-2005-00063 Nash Hauling & Excavating, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00064 Norge Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00065 Outdoor Environmental, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00066 Philbrick, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00068 R. J. Smith Construction Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00069 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00070 Smith and Keene Electrical Service, Incorporated - Alleged violation of VA Code § 56-265.17 D  
 URS-2005-00071 Verizon Virginia, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00072 Vico Construction Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00073 Winn Nursery of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00074 Winston Fence Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00075 American Electric Power - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00076 Anderson & Associates of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00077 ARIS Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00078 Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00079 Beckstrom Electric, Co. - Alleged violation of VA Code § 56-265.17 D  
 URS-2005-00080 Blake Landscapes, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00082 C. W. Wright Construction, Co., Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00083 Complete Landscape - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00084 John A. Clem, V - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00085 Atlantic Clearing & Grading Co. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00086 Action Paving and Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00087 Paul Collins - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00088 Washington Gas Light Company - Alleged violation of Federal Pipeline Safety Act  
 URS-2005-00089 Washington Gas Light Company - Alleged violation of Federal Pipeline Safety Act  
 URS-2005-00090 Washington Gas Light Company - Alleged violation of Federal Pipeline Safety Act  
 URS-2005-00091 Roanoke Gas Company - Alleged violation of Federal Pipeline Safety Act  
 URS-2005-00094 Washington Gas Light Company - Alleged violation of Federal Pipeline Safety Act  
 URS-2005-00097 Atkins Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00098 Bowman Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00099 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-01000 Cable Associates, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-01001 Consultants Unlimited, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-01002 Barrett Development, L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-01003 David's Footing Service, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-01004 CDM Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-01005 Communication Moreno Co. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-01006 Edward Gosman & Associates, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-01007 Paul O'Meara Construction Corp. - Alleged violation of VA Code § 56-265.17 D  
 URS-2005-01008 F. L. Showalter, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-01009 PBC of VA Builders, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2005-00110 Post Time Sign Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00112 Rockingham Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00113 S & N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00114 Henley Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00115 Innerview Ltd. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00116 Ivy H. Smith Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00117 Leo Construction Company - Alleged violation of VA Code § 56-265.18  
 URS-2005-00118 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00119 New Market Industries, LC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00120 Pearce Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00121 Site Improvement Associates, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00123 Whatley Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00124 William Lawrence Brown - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00125 Fiber Technology Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00126 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00128 William A. Hazel, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00129 Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A and D  
 URS-2005-00130 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A and D  
 URS-2005-00131 S. T. S., LLC - Alleged violation of VA Code §§ 56-265.19 A and D  
 URS-2005-00132 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A and D  
 URS-2005-00133 Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.19 A and D  
 URS-2005-00134 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A and D  
 URS-2005-00135 S. W. Rodgers Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00136 Salem Paving Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00137 Shirley Contracting Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00138 Wiltrout Backhoe Services, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00139 A T Zoby Mechanical, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00140 Eaheart Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00141 Riddel Construction & Fairfax/Suburban & Septic Service - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00142 Hawk, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00143 J. E. Liesfeld Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00144 Kip's Erosion Control - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00146 Marshall Miller & Associates - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00147 PSP Products, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00149 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00150 Garcia Cable Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00151 Hardaway Construction Corp. of Tennessee - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00152 Kingery Bros., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00154 Martin & Gass, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00155 Ace House Movers, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00156 Adroit Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00158 Atlantic Clearing & Grading Co. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00159 Betty's Plumbing and Heating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00160 Brandonbilt Foundations, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00161 Danny Martin Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00162 Smith and Keene Electrical Service, Incorporated - Alleged violation of VA Code § 56-265.19 B  
 URS-2005-00163 Southern Construction Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00164 Virginia Electric & Power Company - Alleged violation of VA Code § 56-265.18  
 URS-2005-00165 WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00166 Johnny Barber's Home Repair & Improvement - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00167 Weeks Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00168 H & S Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00169 L. F. Jennings, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00171 Peed Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00172 Premier Development, L.L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00173 Bill V. Neff Enterprises - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00175 Chantilly of VA, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00176 C. A. Barrs Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00177 Cable Communications and Engineering, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00179 Donald F. Poe, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00180 Henley Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00181 Howard B. Hankins, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00183 Mystical Plumbing, L.L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00184 Orius Telecommunication Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00186 S. Stephens Cable Construction Inc. - Alleged violation of VA Code § 56-265.18  
 URS-2005-00187 Skyline Excavating Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00188 Southern Air, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00190 Trafford Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00192 WCC Cable, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00193 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00194 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00195 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A

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URS-2005-00196 Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.17 C, et al.  
 URS-2005-00197 S.T.S., LLC - Alleged violation of VA Code §§ 56-265.19 B and D  
 URS-2005-00198 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00199 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00200 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00201 J F Contractors, LC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00202 Gilliam and Mundy Drilling Company, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00207 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00208 Crown Fiber Communications, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00209 PBC of VA Builders, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00210 S. T. S., LLC - Alleged violation of VA Code §§ 56-265.19 A and D  
 URS-2005-00211 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00214 Appalachian Power Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00216 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00217 DLB, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00218 Dollar Concrete Construction Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00219 Five Star Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00221 Wise Guys Contracting, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00222 Goldin & Stafford, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00223 B & K Construction Co. of Tidewater, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00224 Bowers Hill Construction Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00225 Harborwood Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00226 Denhigh Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00227 Fairfield Development, LP - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00228 James T. Bush Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00231 Maintenance Service, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00232 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00233 J. S. C. Excavating & Land Development, Inc. - Alleged violation of VA Code § 56-265.24 D  
 URS-2005-00234 KCL Site Services, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00236 Shirley Contracting Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00237 SLM Excavation, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00242 William A. Hazel, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00243 Maughan Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00245 R. J. Smith Construction Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00247 S. M. Driskill Plumbing Co. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00249 Suffolk Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00250 Tidewater Deck & Fence - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00251 Virginia Concrete Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00252 Fiber Technology Construction, Inc. - Alleged violation of VA Code § 56-265.24 D  
 URS-2005-00254 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00255 Central Locating Service, Ltd. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00256 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00257 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00259 U. S. Home Corporation t/a Lennar - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00263 Roanoke Gas Company - For a waiver of deadline to comply with the National Fire Protection Association Standard NFPA 59A  
 URS-2005-00264 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00265 B. C. Electric Company, L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00266 Concept Grading & Excavating, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00267 Legacy Contracting Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00268 Leo Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00269 Lineal Industries, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00270 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00271 Tim's Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00274 C. Lee White Concrete, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00275 Cedar Grove Nurseries - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00277 Davis H. Elliott Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00278 Denhigh Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00279 Fred W. Borden, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00280 Greene Lawn Services - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00281 E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00282 Joseph E. Kent Excavating Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00283 Julio Arias - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00285 Lanford Brothers Company, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00286 Maughan Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00287 Quality Homes Investments, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00288 RMC Contractors Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00289 Roller Plumbing Concepts, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00291 The Fishel Company - Alleged violation of VA Code § 56-265.24 B  
 URS-2005-00292 Gluth Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00294 Tavares Concrete Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00297 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00298 Breden Mechanical, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2005-00299 D. A. Foster Company - Alleged violation of VA Code § 56-265.17 D  
 URS-2005-00300 Fiber Technology Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00302 Northern Virginia Electric Cooperative - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00303 Dominion Cable Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00305 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00306 S. T. S., LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00307 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00308 Northern Pipeline Construction Co. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00309 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2005-00310 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00311 Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00312 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19, et al.  
 URS-2005-00314 Bay Concrete Construction Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00316 Chesapeake Lawn and Garden, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00317 ConCor Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00318 Dominion Building Group, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00320 Dozier Electric, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00321 Fiber Technology Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00322 B3D Productions - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00324 Raines Boring and Drilling, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00325 Southern Irrigation and Sod - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00326 Spruce Hill Excavating Co. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00328 The Fishel Company - Alleged violation of VA Code § 56-265.24 B  
 URS-2005-00331 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00332 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00337 Williams Gas PipeLines/Transco - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00338 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00340 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00341 Northern Virginia Electric Cooperative - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00342 Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00343 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2005-00344 Ivy H. Smith Company, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2005-00345 Ervin Cable Construction, LLC - Alleged violation of VA Code §§ 56-265.24 A  
 URS-2005-00346 Becker Electric Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00347 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00348 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00349 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00350 Northern Virginia Electric Cooperative - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00351 B & R Masonry - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00352 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00353 A & W Contracting Corporation - Alleged violation of VA Code § 56-265.24 H  
 URS-2005-00354 Angler Construction Company, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00355 Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.17 C  
 URS-2005-00356 Blevins Contracting - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00357 CDM Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00358 G. & H. Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00359 International Concrete - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00360 Jamison Electrical Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00361 Long's Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00362 Peed Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00363 Premium Lawn Care Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00364 R. G. Griffith, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00366 B & R Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00367 Bluestone Excavating Corp. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00368 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00371 Hazzard Electric Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00372 Irrigation Unlimited, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00373 J. E. Liesfeld Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00374 Leo Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00375 Monarch Electric, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00376 KAP, Inc. d/b/a Party Perfect - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00377 George Paving - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00378 Precision Pipe, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00379 Precon Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00380 Southern Construction Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00382 W. R. Hall, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00383 The Fishel Company - Alleged violation of VA Code §§ 56-265.24 B, et al.  
 URS-2005-00384 Fiber Technology Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00385 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00388 Ivy H. Smith Company, LLC - Alleged violation of VA code §§ 56-265.24 A, et al.  
 URS-2005-00445 Adkins, Newcomb & Stinson Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2005-00446 Asphalt Roads and Materials Company, Incorporated - Alleged violation of VA Code § 56-265.24 A

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URS-2005-00449 CMG Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00450 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00451 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00452 G & J Electric, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00453 George Myers Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00454 Hamilton Electric, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00455 Henderson Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00456 Hercules Fence Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00457 Lisport Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00458 Maintenance Service, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00459 Mid Eastern Builders, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00460 Ocean Properties LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00461 Power Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00462 Sharp Haulers and Backhoe Service - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00463 A & W Contracting Corporation - Alleged violation of VA Code § 56-265.17 D  
 URS-2005-00465 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00467 Donovan Trucking & Excavating - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00471 Owens & Dove, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00473 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00474 R. E. Lee Electric Company, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00476 Site Works, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00478 William B. Hopke Co., Inc. - Alleged violation of VA Code § 56-265.17 D  
 URS-2005-00480 Atlantic Foundations, Inc. - Alleged violation of VA Code §§ 56-265.17 B, et al.  
 URS-2005-00481 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code §§ 56-265.24 B, et al.  
 URS-2005-00482 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19  
 URS-2005-00484 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00485 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.17 C  
 URS-2005-00487 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2005-00489 Buchanan & Rice Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00490 Jerry Parker, Inc. - Builder - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00492 Randy's Above Ground Pool Service - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00494 Sharp Haulers and Backhoe Services, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00495 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00496 WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00497 Angler Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00499 John E. Kelly & Sons Electrical Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00502 Tessa Construction & Tech Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00503 F L Logan & Sons, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00505 Lewis Nursery, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00506 KCS Communications, Incorporated - Alleged violation of VA Code § 56-265.17 D  
 URS-2005-00508 Salem Paving Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00521 The Fishel Company - Alleged violation of VA Code § 56-265.24 B  
 URS-2005-00522 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00525 Assured Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00526 Bay Concrete Construction Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00527 Beck Associates, PC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00528 Branscome, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00530 C. A. Barrs Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00532 G. C. R., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00533 Glenn S. Jones Electrical Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00536 Jack L. Massie Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00538 L & L Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 B  
 URS-2005-00539 Louis Smith Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00540 Myers Plumbing, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00541 Ocean Bay Homes, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00542 Paul O'Meara Construction Corp. - Alleged violation of VA Code § 56-265.24 B  
 URS-2005-00543 R. L. Midgett, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00544 Sasser Construction, L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00545 Select Residential Renovations, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00546 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2005-00547 Surface Construction, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00549 Richardson-Wayland Electric Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00554 Winn's Plumbing Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00556 E. C. Pace Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00560 Action Tank & Drain Service, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00563 Breeden Mechanical, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00564 Chapel Valley Landscape Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00565 Covent Garden Landscape & Architectural Design - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00566 Cox Communications, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00567 D&F Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00568 Dominion Irrigation, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00569 Donovan Trucking & Excavating - Alleged violation of VA Code § 56-265.17 A

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URS-2005-00570 Fort Myer Construction Corporation - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00572 G. J. Hopkins, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00573 H. E. Dietz, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00576 Larry Hartman & Son, Incorporated - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00578 Masonry Specialist, LLC - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00579 Peed Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00580 Premier Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00581 Prince William Home Improvement - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00583 Salem Paving Corporation - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00585 Springwood Associates, LLC - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00589 United Foundations, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00590 Valley Construction - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00591 Valley Landscaping, Inc. - Alleged violation of VA Code § 56-265.24 B  
URS-2005-00592 Verns Plumbing, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2005-00593 WCC Cable, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00594 William A. Hazel, Inc. - Alleged violation of VA Code § 56-265.24 B  
URS-2005-00598 H. & S. Construction Company - Alleged violation of VA Code §§ 56-265.18, et al.  
URS-2005-00600 William B. Hopke Co., Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
URS-2005-00603 Seneca Excavating & Landscaping, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
URS-2005-00604 Pembroke Construction Company, Incorporated - Alleged violation of VA Code § 56-265.24 A, et al.  
URS-2005-00605 A & W Contracting Corporation - Alleged violation of VA Code § 56-265.24 A  
URS-2005-00607 Atmos Energy Corporation - Alleged violation of VA Code §§ 56-265.19 A, et al.  
URS-2005-00609 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
URS-2005-00611 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A