

**One Hundred Fourth Annual Report**

of the

**State Corporation Commission**

of

Virginia

*For the Year Ending December 31, 2006*

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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, 2006*

*To the Honorable Timothy M. Kaine*

*Governor of Virginia*

Sir:

We have the honor to transmit herewith the one hundred fourth Annual Report of the State Corporation Commission for the year 2006.

Respectfully submitted,

Mark C. Christie, Chairman

Theodore V. Morrison, Jr., Commissioner

Judith Williams Jagdmann, Commissioner

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# State Corporation Commission

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## COMMISSIONERS

\*Clinton Miller

Chairman

\*\*Mark C. Christie

Chairman

Theodore V. Morrison, Jr.

Commissioner

Judith Williams Jagdmann

Commissioner

Joel H. Peck

*Clerk of the Commission*

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\*Term as Chairman expired January 31, 2006  
Retired as Commissioner, effective January 31, 2006

\*\*Elected Chairman effective for term of one year,  
February 1, 2006

## Commissioners

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

The names and terms of office of the Commissioners:

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

### From 1903 through 2006 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  | 18    |
| Miller   | 11    | Christie  | 3     |           |       |
| Jagdmann | 1     |           |       |           |       |



### **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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**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 NOS. BAN20040499 and BAN20040560  
JANUARY 23, 2006**

APPLICATIONS OF  
ANYKIND CHECK CASHING, LC D/B/A CHECK CITY

For authority to allow a third party to conduct tax preparation and electronic tax filing business in the licensee's payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Anykind Check Cashing, LC d/b/a Check City ("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 tax preparation and electronic tax filing business in the Company's payday lending offices. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the applications and the Bureau's report, the Commission finds that the proposed other businesses are financial in nature and the applications should be approved.

THEREFORE, the authority requested in the applications 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 tax preparation or electronic tax filing services provided by the third party at the Company's payday lending offices.
2. Neither the Company nor the third party shall make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company.
3. Neither the Company nor the third party shall engage in the business of accepting funds for transmission to the Internal Revenue Service or other governmental instrumentalities in a form negotiable by the Company or the third party unless licensed as a money transmitter or exempt from licensing under Chapter 12 of Title 6.1 of the Code of Virginia.
4. 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 tax preparation and electronic tax filing businesses. The third party shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct tax preparation and electronic tax filing, or as to the extent to which it is subject to supervision or regulation.
5. The third party shall comply with all federal and state laws and regulations applicable to the conduct of its tax preparation and electronic tax filing businesses.
6. The third party shall maintain books and records for its tax preparation and electronic tax filing businesses 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 the conditions as well as all applicable laws and regulations.
7. The Company should maintain a copy of this Order at each location where a third party conducts tax preparation and electronic tax filing business.
8. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NOS. BAN20042648 and BAN20052963  
OCTOBER 30, 2006**

APPLICATIONS OF  
TOSH OF UTAH, INC. (USED IN VIRGINIA BY: TOSH, INC.) D/B/A CHECK CITY CHECK CASHING

For authority to conduct tax preparation and electronic tax filing business in the licensee's payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Tosh of Utah, Inc. (Used in Virginia by: Tosh, Inc.) d/b/a Check City 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 allow a third party to conduct tax preparation and electronic tax filing business in the Company's payday lending offices. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the applications and the Bureau's report, the Commission finds that the proposed other businesses are financial in nature and the applications should be approved.

THEREFORE, the authority requested in the applications 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 tax preparation or electronic tax filing services provided by the third party at the Company's payday lending offices.
2. Neither the Company nor the third party shall make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company.
3. Neither the Company nor the third party shall engage in the business of accepting funds for transmission to the Internal Revenue Service or other governmental instrumentalities in a form negotiable by the Company or the third party unless licensed as a money transmitter or exempt from licensing under Chapter 12 of Title 6.1 of the Code of Virginia.
4. 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 tax preparation and electronic tax filing businesses. The third party shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct tax preparation and electronic tax filing, or as to the extent to which it is subject to supervision or regulation.
5. The third party shall comply with all federal and state laws and regulations applicable to the conduct of its tax preparation and electronic tax filing businesses.
6. The third party shall maintain books and records for its tax preparation and electronic tax filing businesses 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.
7. The Company should maintain a copy of this Order at each location where a third party conducts tax preparation and electronic tax filing business.
8. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20051188  
JANUARY 5, 2006**

APPLICATION OF  
TRINITY CREDIT COUNSELING, INC. D/B/A TRINITY DEBT MANAGEMENT

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

**ORDER GRANTING A LICENSE**

Trinity Credit Counseling, Inc. d/b/a Trinity Debt Management, an Ohio corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 11229 Reading Road, Cincinnati, Ohio 45241. 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. BAN20051201  
JANUARY 3, 2006**

APPLICATION OF  
JMLJ, LLC D/B/A FAST BUCKS OF VA

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

JMLJ, LLC d/b/a Fast Bucks of VA, 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 5520 Lakeside Avenue, Richmond, Virginia 23228. 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. BAN20052039  
AUGUST 3, 2006**

APPLICATION OF  
CHRISTIAN CREDIT ONE, INC.

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

**ORDER GRANTING A LICENSE**

Christian Credit One, Inc., an Ohio corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 6730 Roosevelt Avenue, 4th Floor, Franklin, Ohio 45005. 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. BAN20052064  
MARCH 22, 2006**

APPLICATION OF  
FREEDOMPOINT CORPORATION D/B/A THE FREEDOMPOINT

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

**ORDER GRANTING A LICENSE**

FreedomPoint Corporation d/b/a The FreedomPoint, a Maryland corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 8930 Stanford Boulevard, Columbia, Maryland 21045. 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. BAN20052253  
FEBRUARY 9, 2006**

APPLICATION OF  
SECURITY ONE BANK

For a certificate of authority to begin business as a bank at 5860 Columbia Pike, Suite 104, Baileys Crossroads, Fairfax County, Virginia

**ORDER GRANTING AUTHORITY**

Security One 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 5860 Columbia Pike, Suite 104, Baileys Crossroads, Fairfax County, 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 Fairfax County, 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 Security One 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: \$7,500,000 to capital stock and \$7,500,000 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. BAN20052481  
JANUARY 24, 2006**

APPLICATION OF  
CONSUMERS ALLIANCE PROCESSING CORPORATION

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

**ORDER GRANTING A LICENSE**

Consumers Alliance Processing Corporation, a California corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in business as a credit counseling agency at 5937 Darwin Court, Suite 109, Carlsbad, California 92008. 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. BAN20052542  
FEBRUARY 1, 2006**

APPLICATION OF  
VYAJ, LLC

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

VYAJ, 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 8460 Centreville Road, Manassas Park, Virginia 20111. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

## 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 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. BAN20052653  
FEBRUARY 10, 2006**

APPLICATION OF  
VIRGINIA BUSINESS BANK

For a certificate of authority to begin business as a bank at 9020 Stony Point Parkway, Suite 225, City of Richmond, Virginia

**ORDER GRANTING AUTHORITY**

Virginia Business 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 9020 Stony Point Parkway, Suite 225, City of Richmond, 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 Richmond, 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 Business Bank to engage in the banking business at the specified location is GRANTED, provided the following conditions are met before the bank opens for business:

(1) Capital funds totaling \$16,686,780 are paid in to the bank and allocated as follows: \$8,343,390 to capital stock and \$8,343,390 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. BAN20052813  
SEPTEMBER 11, 2006**

APPLICATION OF  
FINANCIAL EXCHANGE COMPANY OF VIRGINIA, INC. D/B/A MONEY MART

For authority to conduct the business of arranging tax refund anticipation loans and tax refund payments in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Financial Exchange Company of Virginia, Inc. d/b/a Money Mart ("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 tax refund anticipation loans and tax refund payments in its 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 pay any fee, finance charge, or other amount the borrower owes in connection with a tax refund anticipation loan or tax refund payment.
2. The Company shall not make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company drawn on a borrower's account at a depository institution.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

3. The Company shall not arrange a tax refund anticipation loan or tax refund payment to enable a person to pay any amount owed to the Company as a result of a payday loan transaction.
4. The Company shall not arrange a tax refund anticipation loan and make a payday loan contemporaneously or in response to a single request for a loan.
5. The Company 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 business of arranging tax refund anticipation loans and tax refund payments. The Company shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct the business of arranging tax refund anticipation loans and tax refund payments, or as to the extent to which it is subject to supervision or regulation.
6. The Company shall comply with all federal and state laws and regulations applicable to the business of arranging tax refund anticipation loans and tax refund payments.
7. The Company shall maintain books and records for its business of arranging tax refund anticipation loans and tax refund payments 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.
8. The Company should maintain a copy of this Order at each location where it conducts the business of arranging tax refund anticipation loans and tax refund payments.
9. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NOS. BAN20052841 and BAN20052842  
JULY 6, 2006**

APPLICATIONS OF  
ACE CASH EXPRESS, INC.

For authority to allow a third party to conduct tax preparation and electronic tax filing business in the licensee's 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 allow a third party to conduct tax preparation and electronic tax filing business in the Company's payday lending offices. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the applications and the Bureau's report, the Commission finds that the proposed other businesses are financial in nature and the applications should be approved.

THEREFORE, the authority requested in the applications 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 tax preparation or electronic tax filing services provided by the third party at the Company's payday lending offices.
2. Neither the Company nor the third party shall make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company.
3. Neither the Company nor the third party shall engage in the business of accepting funds for transmission to the Internal Revenue Service or other governmental instrumentalities in a form negotiable by the Company or the third party unless licensed as a money transmitter or exempt from licensing under Chapter 12 of Title 6.1 of the Code of Virginia.
4. 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 tax preparation and electronic tax filing businesses. The third party shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct tax preparation and electronic tax filing, or as to the extent to which it is subject to supervision or regulation.
5. The third party shall comply with all federal and state laws and regulations applicable to the conduct of its tax preparation and electronic tax filing businesses.
6. The third party shall maintain books and records for its tax preparation and electronic tax filing businesses 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.

7. The Company should maintain a copy of this Order at each location where a third party conducts tax preparation and electronic tax filing business.
8. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20052843  
SEPTEMBER 14, 2006**

APPLICATION OF  
ACE CASH EXPRESS, INC.

For authority to allow a third party to conduct the business of arranging tax refund anticipation loans and tax refund payments 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 allow a third party to conduct the business of arranging tax refund anticipation loans and tax refund payments in its 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 pay any fee, finance charge, or other amount the borrower owes in connection with a tax refund anticipation loan or tax refund payment arranged by the third party at the Company's payday lending offices.
2. Neither the Company nor the third party shall make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company drawn on a borrower's account at a depository institution.
3. The third party shall not arrange a tax refund anticipation loan or tax refund payment to enable a person to pay any amount owed to the Company as a result of a payday loan transaction.
4. The third party and the Company shall not arrange a tax refund anticipation loan and make a payday loan contemporaneously or in response to a single request for a loan.
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 business of arranging tax refund anticipation loans and tax refund payments. The third party shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct the business of arranging tax refund anticipation loans and tax refund payments, or as to the extent to which it is subject to supervision or regulation.
6. The third party shall comply with all federal and state laws and regulations applicable to the business of arranging tax refund anticipation loans and tax refund payments.
7. The third party shall maintain books and records for its business of arranging tax refund anticipation loans and tax refund payments 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.
8. The Company should maintain a copy of this Order at each location where a third party conducts the business of arranging tax refund anticipation loans and tax refund payments.
9. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20052959  
JANUARY 3, 2006**

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

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE  
WITH AN ADMONITION**

ON A FORMER DAY, the Staff reported to the State Corporation Commission that Universal Credit Corporation of VA d/b/a The Cash Company ("Company") is licensed to engage in business as a payday lender under Chapter 18 of Title 6.1 of the Code of Virginia; that the Company applied for authority to relocate an office from 3177 Lee Highway, Suite 4, Bristol, Virginia 24202 to 3173 B Lee Highway, Bristol, Virginia 24202; that upon investigation of the application it was found that the office had been relocated without the approval required by § 6.1-451(B) of the Code of Virginia but that otherwise the conditions in that statute for approval of the application were met; and the Commissioner of Financial Institutions recommended that the application be approved with an admonition. Upon consideration thereof,

IT IS ORDERED THAT:

1. The application for authority to relocate the office is approved; and
2. The company is admonished that further violations of § 6.1-451(B) of the Code of Virginia may result in the imposition of fines under § 6.1-467 of the Code of Virginia or other appropriate sanctions.

**CASE NO. BAN20052962  
NOVEMBER 3, 2006**

APPLICATION OF  
ANYKIND CHECK CASHING, LC D/B/A CHECK CITY

For authority to allow a third party to conduct the business of arranging tax refund anticipation loans and tax refund payments in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Anykind Check Cashing, LC d/b/a Check City ("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 the business of arranging tax refund anticipation loans and tax refund payments in its 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 pay any fee, finance charge, or other amount the borrower owes in connection with a tax refund anticipation loan or tax refund payment arranged by the third party at the Company's payday lending offices.
2. Neither the Company nor the third party shall make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company drawn on a borrower's account at a depository institution.
3. The third party shall not arrange a tax refund anticipation loan or tax refund payment to enable a person to pay any amount owed to the Company as a result of a payday loan transaction.
4. The third party and the Company shall not arrange a tax refund anticipation loan or tax refund payment and make a payday loan contemporaneously or in response to a single request for a loan.
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 business of arranging tax refund anticipation loans and tax refund payments. The third party shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct the business of arranging tax refund anticipation loans and tax refund payments, or as to the extent to which it is subject to supervision or regulation.
6. The third party shall comply with all federal and state laws and regulations applicable to the business of arranging tax refund anticipation loans and tax refund payments.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

7. The third party shall maintain books and records for its business of arranging tax refund anticipation loans and tax refund payments 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.
8. The Company should maintain a copy of this Order at each location where a third party conducts the business of arranging tax refund anticipation loans and tax refund payments.
9. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20052964  
NOVEMBER 3, 2006**

APPLICATION OF  
TOSH OF UTAH, INC. (USED IN VIRGINIA BY: TOSH, INC.) D/B/A CHECK CITY CHECK CASHING

For authority to allow a third party to conduct the business of arranging tax refund anticipation loans and tax refund payments in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Tosh of Utah, Inc. (Used in Virginia by: Tosh, Inc.) d/b/a Check City 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 allow a third party to conduct the business of arranging tax refund anticipation loans and tax refund payments in its 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 pay any fee, finance charge, or other amount the borrower owes in connection with a tax refund anticipation loan or tax refund payment arranged by the third party at the Company's payday lending offices.
2. Neither the Company nor the third party shall make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company drawn on a borrower's account at a depository institution.
3. The third party shall not arrange a tax refund anticipation loan or tax refund payment to enable a person to pay any amount owed to the Company as a result of a payday loan transaction.
4. The third party and the Company shall not arrange a tax refund anticipation loan or tax refund payment and make a payday loan contemporaneously or in response to a single request for a loan.
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 business of arranging tax refund anticipation loans and tax refund payments. The third party shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct the business of arranging tax refund anticipation loans and tax refund payments, or as to the extent to which it is subject to supervision or regulation.
6. The third party shall comply with all federal and state laws and regulations applicable to the business of arranging tax refund anticipation loans and tax refund payments.
7. The third party shall maintain books and records for its business of arranging tax refund anticipation loans and tax refund payments 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.
8. The Company should maintain a copy of this Order at each location where a third party conducts the business of arranging tax refund anticipation loans and tax refund payments.
9. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20052988  
FEBRUARY 23, 2006**

APPLICATION OF  
COMMUNITY CASH ADVANCE, INC.

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Community Cash Advance, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 1401E Wilborn Avenue, South Boston, Virginia 24592. 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. BAN20053048  
FEBRUARY 1, 2006**

APPLICATION OF  
THE RICHMOND POSTAL CREDIT UNION (INCORPORATED)

To merge with Richmond Transit Federal Credit Union

**ORDER APPROVING A MERGER**

The Richmond Postal Credit Union (Incorporated), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-225.27 of the Code of Virginia, to merge with Richmond Transit Federal Credit Union, a federally chartered credit union. The application was investigated by the Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that: (1) the field of membership of the credit union which is proposed to result from the merger satisfies the requirements of § 6.1-225.23 B of the Code of Virginia; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Richmond Transit Federal Credit Union and the board of directors of The Richmond Postal Credit Union (Incorporated) have approved the plan of merger in accordance with applicable law.

THEREFORE, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, the merger of Richmond Transit Federal Credit Union into The Richmond Postal Credit Union (Incorporated) is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, The Richmond Postal Credit Union (Incorporated) shall be authorized to operate as a service facility, in addition to its two current service facilities, what is now the office of Richmond Transit Federal Credit Union at 101 South Davis Avenue, Richmond, Virginia 23261. The authority granted herein shall expire one (1) year from this date unless extended by Commission order prior to the expiration date.

**CASE NOS. BAN20053072 and BAN20053073  
JULY 5, 2006**

APPLICATIONS OF  
FINANCIAL EXCHANGE COMPANY OF VIRGINIA, INC. D/B/A MONEY MART

For authority to conduct tax preparation and electronic tax filing business in its payday lending offices

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Financial Exchange Company of Virginia, Inc. d/b/a Money Mart ("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 tax preparation and electronic tax filing business in its payday lending offices. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the applications and the Bureau's report, the Commission finds that the proposed other businesses are financial in nature and the applications should be approved.

THEREFORE, the authority requested in the applications 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 tax preparation or electronic tax filing services.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

2. The Company shall not make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company.
3. The Company shall not engage in the business of accepting funds for transmission to the Internal Revenue Service or other governmental instrumentalities in a form negotiable by the Company unless licensed as a money transmitter or exempt from licensing under Chapter 12 of Title 6.1 of the Code of Virginia.
4. The Company 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 tax preparation and electronic tax filing businesses. The Company shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct tax preparation and electronic tax filing, or as to the extent to which it is subject to supervision or regulation.
5. The Company shall comply with all federal and state laws and regulations applicable to the conduct of its tax preparation and electronic tax filing businesses.
6. The Company shall maintain books and records for its tax preparation and electronic tax filing businesses 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.
7. The Company should maintain a copy of this Order at each location where it conducts tax preparation and electronic tax filing business.
8. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20053091  
FEBRUARY 21, 2006**

APPLICATION OF  
EMERGICASH, LLC

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

EmergiCash, 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 909 Richmond Road, Staunton, Virginia 24401. 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. BAN20053178  
OCTOBER 30, 2006**

APPLICATION OF  
EDWARD'S PAYDAY LOANS, INC.

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Edward's Payday Loans, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 6230-F North Kings Highway, Alexandria, Virginia 22303. 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 APPROVED 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. BAN20060042  
JANUARY 12, 2006**

APPLICATION OF  
CREDIT FOUNDATION OF AMERICA

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE  
WITH AN ADMONITION**

ON A FORMER DAY, the Staff reported to the State Corporation Commission that Credit Foundation of America, ("Company") is licensed to engage in business as a credit counseling agency under Chapter 10.2 of Title 6.1 of the Code of Virginia; that the Company applied for authority to relocate an office from 9501 Jeronimo Road, Suite 120, Irvine, California 92618 to 23101 Lake Center Drive, Suite 110, Lake Forest, California 92630; that upon investigation of the application it was found that the office had been relocated without the approval required by § 6.1-363.8(B) of the Code of Virginia but that otherwise the conditions in that statute for approval of the application were met; and the Commissioner of Financial Institutions recommended that the application be approved with an admonition. Upon consideration thereof,

IT IS ORDERED THAT:

1. The application for authority to relocate the office is approved; and
2. The company is admonished that further violations of § 6.1-363.8(B) of the Code of Virginia may result in the imposition of fines under § 6.1-363.23 of the Code of Virginia or other appropriate sanctions.

**CASE NO. BAN20060089  
FEBRUARY 23, 2006**

APPLICATION OF  
KWIK CASH INC

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Kwik Cash Inc, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 203 Main Street, Brookneal, Virginia 24528. 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. BAN20060092  
FEBRUARY 1, 2006**

APPLICATION OF  
BB&T CORPORATION

To acquire Main Street Banks, Inc.

**ORDER OF APPROVAL**

BB&T Corporation ("BB&T"), an out-of-state bank holding company that controls a Virginia bank, filed with the State Corporation Commission ("Commission") the notice required by § 6.1-406 of the Code of Virginia of its proposed acquisition of Main Street Banks, Inc., a Georgia bank holding company. 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 BB&T.

THEREFORE, the proposed acquisition of Main Street Banks, Inc. by BB&T 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. BAN20060163  
MARCH 30, 2006**

APPLICATION OF  
C-3 FINANCIAL, INC. D/B/A EZ CASH, CASH ADVANCE

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

C-3 Financial, Inc. d/b/a EZ Cash, Cash Advance, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 2076 Magnolia Avenue, Suite A, Buena Vista, Virginia 24416. 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 NOS. BAN20060271, BAN20060272, BAN20060273,  
BAN20060274, BAN20060275, and BAN20060276  
MARCH 6, 2006**

APPLICATIONS OF  
MONEY MANAGEMENT INTERNATIONAL, INC. D/B/A CONSUMER CREDIT COUNSELING SERVICE OF GREATER WASHINGTON

For authority to establish additional offices

**ORDER APPROVING ADDITIONAL OFFICES  
WITH AN ADMONITION**

ON A FORMER DAY, the Staff report-ed to the State Corporation Commission that Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington, ("Company") is licensed to engage in business as a credit counseling agency under Chapter 10.2 of Title 6.1 of the Code of Virginia; that the Company applied for authority to establish additional offices at the following locations: (1) 3927 Old Lee Highway, Suite 101-E, Fairfax, Virginia 22030; (2) 2971 Valley Avenue, Winchester, Virginia 22601; (3) 604 South King Street, Suite 7, Leesburg, Virginia 20175; (4) 801 North Pitt Street, Suite 117, Alexandria, Virginia 22314; (5) 10629 Crestwood Drive, Manassas, Virginia 20109; and (6) 12662-B Lake Ridge Drive, Woodbridge, Virginia 22192; that upon investigation of the applications it was found that the offices were established without the approval required by § 6.1-363.8(B) of the Code of Virginia but that otherwise the conditions in that statute for approval of the applications were met; and the Commissioner of Financial Institutions recommended that the applications be approved with an admonition. Upon consideration thereof,

IT IS ORDERED THAT:

- (1) The applications for authority to establish additional offices are approved; and
- (2) The company is admonished that further violations of § 6.1-363.8(B) of the Code of Virginia may result in the imposition of fines under § 6.1-363.23 of the Code of Virginia or other appropriate sanctions.

**CASE NO. BAN20060337  
JUNE 19, 2006**

APPLICATION OF  
CASH & GO, INC.

For authority to sell prepaid telephone cards from its payday lending office

**ORDER DENYING OTHER BUSINESS AUTHORITY**

Cash & Go, Inc. ("Company"), a licensed payday lender, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-413 of the Code of Virginia, for authority to sell prepaid telephone cards from its payday lending office. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

10 VAC 5-200-100 of the Virginia Administrative Code, which implements § 6.1-463 of the Code of Virginia, governs the conduct of other business in payday lending offices. As prescribed in 10 VAC 5-200-100 B, only those other businesses that are financial in nature will be approved by the Commission. A business is considered "financial in nature" if it primarily deals with the offering of debt, money or credit, or services directly related thereto.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Having considered the application and the report of the Bureau, the Commission finds that the business of selling prepaid telephone cards is not financial in nature because it does not primarily deal with the offering of debt, money or credit, or services directly related thereto.

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

**CASE NO. BAN20060515  
MARCH 15, 2006**

APPLICATION OF  
UNION BANKSHARES CORPORATION

To acquire Prosperity Bank & Trust Company

**ORDER OF APPROVAL**

Union 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 Prosperity Bank & Trust Company, a Virginia 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 Prosperity Bank & Trust Company by Union 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 NOS. BAN20060564 and BAN20060565  
APRIL 18, 2006**

APPLICATIONS OF  
SOUTHSIDE BANK

For a certificate of authority to do a banking and trust business following a merger with Hanover Bank and Bank of Northumberland, Incorporated and for authority to operate the authorized offices of the merging banks

**ORDER GRANTING AUTHORITY**

Southside Bank, a Virginia state-chartered bank with its main office at 307 Church Lane, Tappahannock, Essex County, Virginia, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-44 of the Code of Virginia, for a certificate of authority to do a banking and trust business following a merger with Hanover Bank and Bank of Northumberland, Incorporated. All of the foregoing banks are Virginia state-chartered banks and subsidiaries of Eastern Virginia Bankshares, Inc., a multi-bank holding company based in Tappahannock, Virginia. Southside Bank proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of the merging banks. It further intends to change its name to "EVB." The applications were investigated by the Bureau of Financial Institutions ("Bureau").

Having considered the applications and the report of the Bureau, the Commission finds that: (1) the provisions of law have been complied with; (2) the capital stock of the resulting bank will be \$10,193,000, and its surplus will be not less than \$55,844,000; (3) the public interest will be served by the banking facilities of the resulting bank in the communities where its offices will be located; (4) the oaths of all directors have been taken and filed in accordance with the provisions of § 6.1-48 of the Code of Virginia; (5) the resulting bank will conduct a legitimate banking business; (6) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the resulting bank are such as to command the confidence of the community; and (7) the deposits of the resulting bank will be insured by the Federal Deposit Insurance Corporation.

THEREFORE, a certificate of authority to do a banking and trust business is GRANTED to Southside Bank, effective upon the issuance by the Clerk of the Commission of a certificate of merger in the proposed transaction. The resulting bank is authorized to operate a main office at 307 Church Lane, Tappahannock, Essex County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices that have been operated by Hanover Bank and Bank of Northumberland, Incorporated. The offices operated by the merging banks are listed in Attachment A. Unless the merger is consummated within one (1) year of the date of this order, the authority granted herein shall expire unless extended by Commission order prior to that date.

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. BAN20060655  
JULY 6, 2006**

APPLICATION OF  
BUCKEYE CHECK CASHING OF VIRGINIA, INC. D/B/A CHECK\$MART

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**

Buckeye Check Cashing of Virginia, Inc. d/b/a Check\$mart ("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. BAN20060709  
MAY 8, 2006**

APPLICATION OF  
WOODCO ENTERPRISES LLC D/B/A PAYDAY EXPRESS

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Woodco Enterprises LLC d/b/a Payday Express, 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 793 West Main Street, Suite 7, Abingdon, Virginia 24210. 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. BAN20060797  
APRIL 18, 2006**

APPLICATION OF  
MONARCH FINANCIAL HOLDINGS, INC.

To acquire Monarch Bank

**ORDER OF APPROVAL**

Monarch Financial Holdings, Inc., a Virginia corporation, 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 Monarch 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 Monarch Bank by Monarch Financial Holdings, 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. BAN20060887  
AUGUST 23, 2006**

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

For authority to conduct tax preparation business in its payday lending office(s)

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

C M A Financial Services LLC d/b/a C M A Check Cashing and Payday Advance Loan ("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 tax preparation business in its payday lending office(s). 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 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 related to its tax preparation or check cashing services.
2. The Company shall not make, arrange, or broker a payday loan that is secured in part by an interest in a borrower's tax refund, or in whole or in part by (i) any other assignment of income payable to a borrower, or (ii) any assignment of an interest in a borrower's account at a depository institution. This condition shall not be construed to prohibit the Company from making a payday loan that is secured solely by a check payable to the Company.
3. The Company shall not engage in the business of accepting funds for transmission to the Internal Revenue Service or other governmental instrumentalities in a form negotiable by the Company unless licensed as a money transmitter or exempt from licensing under Chapter 12 of Title 6.1 of the Code of Virginia.
4. The Company 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 tax preparation business. The Company shall not make or cause to be made any misrepresentation as to its being licensed by the Commission or Bureau to conduct tax preparation, or as to the extent to which it is subject to supervision or regulation.
5. The Company shall comply with all federal and state laws and regulations applicable to the conduct of its tax preparation business.
6. The Company shall maintain books and records for its tax preparation and check cashing businesses 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.
7. The Company should maintain a copy of this Order at each location where it conducts tax preparation business.
8. Violation of any condition contained in this Order may result in revocation of the authority hereby conferred.

**CASE NO. BAN20060985  
JUNE 8, 2006**

APPLICATION OF  
ROCKINGHAM HERITAGE BANK

For a certificate of authority 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**

Rockingham Heritage Bank, a Virginia state-chartered bank with its main office at 101 University Boulevard, City of Harrisonburg, Virginia, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-44 of the Code of Virginia, for a certificate of authority to do a banking business following its merger with Albemarle First Bank, a Virginia state-chartered bank. Rockingham Heritage Bank proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of the merging banks. The application was investigated by the Bureau of Financial Institutions ("Bureau").

Having considered the application and the report of the Bureau, the Commission finds that: (1) the provisions of law have been complied with; (2) the capital stock of the resulting bank will be \$14,956,000, and its surplus will be not less than \$37,654,000; (3) the public interest will be served by the banking facilities of the resulting bank in the communities where its offices will be located; (4) the oaths of all directors have been taken and filed in accordance with the provisions of § 6.1-48 of the Code of Virginia; (5) the resulting bank will conduct a legitimate banking business; (6) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the resulting bank are such as to command the confidence of the community; and (7) the deposits of the resulting bank will be insured by the Federal Deposit Insurance Corporation.

THEREFORE, a certificate of authority to do a banking business is GRANTED to Rockingham Heritage Bank, effective upon the issuance by the Clerk of the Commission of a certificate of merger in the proposed transaction. The resulting bank is authorized to operate a main office at 101 University Boulevard, City of Harrisonburg, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices that have been operated by Albemarle First Bank. The offices operated by the merging banks are listed in Attachment A. Unless the merger is consummated within one (1) year of the date of this Order, the authority granted herein shall expire unless extended by Commission order prior to that date.

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. BAN20060986  
JUNE 8, 2006**

APPLICATION OF  
PREMIER COMMUNITY BANKSHARES, INC.

To acquire Albemarle First Bank

**ORDER OF APPROVAL**

Premier Community Bankshares, Inc., 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 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 Premier Community Bankshares, 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. BAN20061057  
MAY 18, 2006**

APPLICATION OF  
BB&T CORPORATION

To acquire First Citizens Bancorp

**ORDER OF APPROVAL**

BB&T Corporation ("BB&T"), an out-of-state bank holding company that controls a Virginia bank, filed with the State Corporation Commission ("Commission") the notice required by § 6.1-406 of the Code of Virginia of its proposed acquisition of First Citizens Bancorp, a Tennessee bank holding company. The Bureau of Financial Institutions ("Bureau") investigated the proposed transaction.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 BB&T.

THEREFORE, the proposed acquisition of First Citizens Bancorp by BB&T is APPROVED, provided the acquisition takes place within one (1) year from this date and BB&T notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20061117  
JUNE 15, 2006**

APPLICATION OF  
MERCANTILE BANKSHARES CORPORATION

To acquire James Monroe Bancorp, Inc.

**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 James Monroe Bancorp, Inc., a bank holding company located in Arlington, 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 James Monroe Bancorp, Inc. 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. BAN20061205  
SEPTEMBER 22, 2006**

APPLICATION OF  
GET MANAGEMENT GROUP, LLC D/B/A ACE CASH EXPRESS

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

GET Management Group, LLC d/b/a Ace Cash Express, a North Carolina 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) 1272 Concord Avenue, Richmond, Virginia 23228; and (2) 4 Dunlop Village, Colonial Heights, Virginia 23834. 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 APPROVED 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. BAN20061206  
OCTOBER 2, 2006**

APPLICATION OF  
GET MANAGEMENT GROUP, LLC D/B/A ACE CASH EXPRESS

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**

GET Management Group, LLC d/b/a Ace 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 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:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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. BAN20061375  
DECEMBER 15, 2006**

APPLICATION OF  
TWT PAYDAY LOANS, INC. D/B/A COLORTYME

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

TWT Payday Loans, Inc. d/b/a Colortyme, a Virginia corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 2323 Memorial Avenue, Suite 13, Lynchburg, Virginia 24558. 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. BAN20061406  
JUNE 20, 2006**

APPLICATION OF  
EASTERN SPECIALTY FINANCE, INC. D/B/A CHECK 'N GO

For a license to engage in business as a payday lender

**ORDER GRANTING A LICENSE**

Eastern Specialty Finance, Inc. d/b/a Check 'n Go, an Ohio corporation, has applied to the State Corporation Commission ("Commission") for a license to engage in the business of payday lending at 66 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.

**CASE NO. BAN20061420  
MAY 31, 2006**

APPLICATION OF  
CONSUMER CREDIT COUNSELING SERVICE OF SAN FRANCISCO

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE  
WITH AN ADMONITION**

ON A FORMER DAY, the Staff reported to the State Corporation Commission that Consumer Credit Counseling Service of San Francisco, ("Company") is licensed to engage in business as a credit counseling agency under Chapter 10.2 of Title 6.1 of the Code of Virginia; that the Company applied for authority to relocate an office from 150 Post Street, 5<sup>th</sup> Floor, San Francisco, California 94108 to 595 Market Street, Suite 1500, San Francisco, California 94105; that upon investigation of the application it was found that the office had been relocated without the approval required by § 6.1-363.8(B) of the Code of Virginia but that otherwise the conditions in that statute for approval of the application were met; and the Commissioner of Financial Institutions recommended that the application be approved with an admonition. Upon consideration thereof,

IT IS ORDERED THAT:

1. The application for authority to relocate the office is approved; and
2. The company is admonished that further violations of § 6.1-363.8(B) of the Code of Virginia may result in the imposition of fines under § 6.1-363.23 of the Code of Virginia or other appropriate sanctions.

**CASE NO. BAN20061557  
JULY 12, 2006**

APPLICATION OF  
CAPITAL ONE FINANCIAL CORPORATION

To acquire North Fork Bancorporation, Inc. and its bank subsidiaries

**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 North Fork Bancorporation, Inc., a New York bank holding company, and its bank subsidiaries, North Fork Bank and Superior Savings of New England, N.A. 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 North Fork Bancorporation, Inc. by Capital One is APPROVED, provided the acquisition takes place within one (1) year from this date and Capital One notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20061866  
AUGUST 16, 2006**

APPLICATION OF  
FIRST CAPITAL BANCORP, INC.

To acquire First Capital Bank

**ORDER OF APPROVAL**

First Capital Bancorp, Inc., a Virginia corporation, 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 First Capital 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 First Capital Bank by First Capital Bancorp, Inc. is APPROVED, provided the acquisition takes place within one (1) year from this date and the application notifies the Bureau of the effective date of the transaction within ten (10) days thereof.

**CASE NO. BAN20062066  
SEPTEMBER 11, 2006**

APPLICATION OF  
ACE ACQUISITION CORP.

To acquire 100 percent of the ownership of ACE Cash Express, Inc.

**ORDER OF APPROVAL**

ACE Acquisition Corp., a Delaware corporation, has applied to the State Corporation Commission ("Commission") to acquire 100 percent of the ownership of ACE Cash Express, Inc., 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 ACE Cash Express, Inc. by ACE Acquisition Corp. 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. BAN20062198  
OCTOBER 2, 2006**

APPLICATION OF  
FINANCIAL CONSULTING SERVICES, LLC D/B/A EZ CASH

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**

Financial Consulting Services, LLC d/b/a EZ Cash ("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 applications 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 respond 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 6 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. BAN20062199  
OCTOBER 2, 2006**

APPLICATION OF  
ADVANCE TIL PAYDAY, LLC (USED IN VA BY: ADVANCE, LLC)

For authority to conduct open-end credit business from its payday lending office(s)

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Advance Til Payday, LLC (Used in VA by: Advance, LLC) ("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 its payday lending office(s). The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the applications 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 applications is GRANTED subject to the following conditions:

1. The Licensee shall not make a payday loan to 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 its open-end credit business, including the rates, terms or conditions of its loans. The Licensee shall not make or cause to be made any misrepresentation as to its being licensed to conduct open-end credit business, or as to the extent to which it 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 its open-end credit business.
8. The Licensee shall maintain books and records for its open-end credit business 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.
9. The Licensee should maintain a copy of this Order at each location where it 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. BAN20062278  
NOVEMBER 13, 2006**

APPLICATION OF  
FINANCIAL PARTNERS CREDIT UNION

To conduct credit union business in Virginia

**ORDER OF APPROVAL**

Financial Partners Credit Union, a North Carolina state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-225.61 of the Code of Virginia, to conduct business as a credit union at 100 Railroad Avenue, Galax, Virginia 24333. The application was investigated by the 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 § 6.1-225.61 of the Code of Virginia.

THEREFORE, the application of Financial Partners Credit Union to conduct credit union business at 100 Railroad Avenue, Galax, Virginia 24333 is APPROVED.

**CASE NO. BAN20062316  
NOVEMBER 3, 2006**

APPLICATION OF  
BANK OF ROCKBRIDGE

For a certificate of authority to begin business as a bank at 744 North Lee Highway, Rockbridge County, Virginia

**ORDER GRANTING AUTHORITY**

Bank of Rockbridge, 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 744 North Lee Highway, Rockbridge County, 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 Rockbridge County, 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 Bank of Rockbridge 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 \$8,000,000 are paid in to the bank and allocated as follows: \$2,000,000 to capital stock and \$6,000,000 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 NOS. BAN20062539 and BAN20062540  
NOVEMBER 9, 2006**

APPLICATIONS OF  
CARTER BANK & TRUST

For a certificate of authority to begin business as a bank at 4 East Commonwealth Boulevard, City of Martinsville, Virginia following a merger with ten (10) banks and for authority to operate the authorized offices of the merging banks

**ORDER GRANTING AUTHORITY**

Carter Bank & Trust, 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 4 East commonwealth Boulevard, City of Martinsville, Virginia, following a merger with ten (10) Virginia headquartered national banks ("National Banks") (see attached list of the banks and their authorized offices). Carter Bank & Trust proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of the National Banks. Carter Bank & Trust was incorporated to facilitate the merger of the National Banks into a single state charter. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

Having considered the applications and the report of the Bureau, the Commission finds that: (1) all provisions of law have been complied with; (2) the stock of Carter Bank & Trust has been subscribed, and the capital of the resulting bank 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) Carter Bank & Trust will conduct a legitimate banking business; (5) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of Carter Bank & Trust 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 Carter Bank & Trust 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 Carter Bank & Trust, effective immediately prior to the issuance by the Clerk of the Commission of a certificate merging the National Banks into Carter Bank & Trust. The resulting bank, which will have its main office at 4 East Commonwealth Boulevard, City of Martinsville, Virginia, is authorized to maintain and operate branches at all of the office locations currently operated by the National Banks.

(2) The authority granted herein shall expire one (1) year from this date unless extended by Commission order prior to the expiration date.

NOTE: A copy of the Attachment entitled "The Merging Banks and Their Authorized Offices" 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. BAN20062690  
NOVEMBER 3, 2006**

APPLICATION OF  
TRANSCOMMUNITY FINANCIAL CORPORATION

To acquire Bank of Rockbridge

**ORDER OF APPROVAL**

TransCommunity 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 Bank of Rockbridge, a Virginia 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 Bank of Rockbridge by TransCommunity 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) day thereof.

**CASE NO. BAN20062830  
NOVEMBER 22, 2006**

APPLICATION OF  
TIDEWATER TELEPHONE EMPLOYEES CREDIT UNION, INCORPORATED

To merge with Fort Monroe Credit Union, Incorporated

**ORDER APPROVING A MERGER**

Tidewater Telephone Employees Credit Union, Incorporated, a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.1-225.27 of the Code of Virginia, to merge with Fort Monroe Credit Union, Incorporated, a Virginia state-chartered credit union. 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) the field of membership of the credit union which is proposed to result from the merger satisfies the requirements of § 6.1-225.23 B of the Code of Virginia; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Fort Monroe Credit Union, Incorporated and the board of directors of Tidewater Telephone Employees Credit Union, Incorporated have approved the plan of merger in accordance with applicable law.

THEREFORE, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, the merger of Fort Monroe Credit Union, Incorporated into Tidewater Telephone Employees Credit Union, Incorporated is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, Tidewater Telephone Employees Credit Union, Incorporated shall be authorized to operate as service facilities, in addition to its current service facilities, what are now the offices of Fort Monroe Credit Union, Incorporated at: (1) 108 West Mercury Boulevard, Hampton, Virginia 23669; and (2) Post Exchange Building, 102 Griffith Street, Fort Monroe, Virginia 23651. The authority granted herein shall expire one (1) year from this date unless extended by Commission order prior to the expiration date.

**CASE NO. BFI-2005-00012  
JANUARY 17, 2006**

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

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

**ORDER TO TAKE NOTICE**

On February 11, 2005, the State Corporation Commission ("Commission") entered an Order To Take Notice of proposed amendments to the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.* The Order and proposed amendments were published in the Virginia Register on March 7, 2005, posted on the Commission's website, and mailed to all licensees under the Mortgage Lender and Broker Act ("the Act"), § 6.1-408 *et seq.* of the Code of Virginia, and other interested persons. All interested persons were afforded an opportunity to file written comments and request a hearing.

Numerous written comments were filed but no request for a hearing was received. On April 25, 2005, the Commission entered an Order Directing Response to Comments, which required the Bureau of Financial Institutions ("Bureau") to file a response to the comments received on or before June 17, 2005. The Bureau duly filed its Response to Comments, which was delivered to all commenters. On July 12, 2005, the Commission entered an Order Permitting Further Responses, which authorized all commenters to file a reply to the Bureau's Response on or before August 26, 2005. Several of the commenters filed such a reply.

NOW THE COMMISSION, having considered the record, the proposed amended regulations, and all comments, responses and replies filed, finds that the proposed amended regulations should be modified in light of certain comments, responses, and replies received, and that licensed mortgage lenders and mortgage brokers and other interested parties should be afforded an opportunity to file written comments or request a hearing on the modified proposed amended regulations.

IT IS THEREFORE ORDERED THAT:

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

(2) Comments or requests for a hearing on the modified proposed amended 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 February 22, 2006. Comments should be limited to the modifications made to the proposed amended regulations and not reiterate comments that were previously filed in this case. 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) If no written request for a hearing on the modified proposed amended regulations is filed on or before February 22, 2006, the Commission, upon consideration of any comments submitted in support of or in opposition to the modifications, may adopt the modified proposed amended regulations effective May 1, 2006.

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

(5) AN ATTESTED COPY hereof, together with a copy of the modified proposed amended regulations, shall be sent to the Registrar of Regulations for publication in the Virginia Register.

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-2005-00012  
APRIL 24, 2006**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

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

**ORDER ADOPTING REGULATIONS**

By Order entered in this case on February 11, 2005, the State Corporation Commission ("Commission") directed that notice be given of the Bureau of Financial Institutions' proposal to amend the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 et seq. of the Virginia Administrative Code. The Order and proposed amendments were published in the Virginia Register on March 7, 2005, posted on the Commission's website, and mailed to all licensees under the Mortgage Lender and Broker Act ("the Act"), § 6.1-408 et seq. of the Code of Virginia, and other interested persons. All interested persons were afforded an opportunity to file written comments and request a hearing.

Numerous written comments were filed but no request for a hearing was received. On April 25, 2005, the Commission entered an Order Directing Response to Comments, which required the Bureau of Financial Institutions ("Bureau") to file a response to the comments received on or before June 17, 2005. The Bureau filed its Response to Comments, which was delivered to all commenters. On July 12, 2005, the Commission entered an Order Permitting Further Responses, which authorized all commenters to file a reply to the Bureau's Response on or before August 26, 2005. Several of the commenters filed such a reply.

On January 17, 2006, the Commission entered an Order to Take Notice of modified proposed amended regulations and offered all interested persons an opportunity to file written comments and request a hearing. The Order and modified proposed amended regulations were published in the Virginia Register on February 6, 2006, posted on the Commission's website, and mailed to all licensees under the Act. The Commission received eight comment letters addressing the modified proposed amended regulations but no requests for a hearing.

We have carefully considered the comments of interested persons and the Bureau. In response to such comments, we note that the final version of the regulations that we promulgate today, to be effective September 1, 2006, contains substantial and significant changes from the version initially proposed in the Order to Take Notice that was entered on February 11, 2005, many of which changes were in direct response to comments filed with the Commission.

NOW THE COMMISSION, having considered the record, the modified proposed amended regulations, and all of the comments, responses and replies filed in this case, concludes that the modified proposed amended regulations should be adopted with certain changes to 10 VAC 5-160-20. The Commission further concludes that the effective date of the regulations should be delayed in order to allow licensees a reasonable period of time to modify their practices to conform to the regulations.

THEREFORE, IT IS ORDERED THAT:

(1) The attached regulations, 10 VAC 5-160-10 et seq., are adopted effective September 1, 2006.

(2) The regulations 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 regulations, 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 cases.

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-2005-00027  
JUNE 6, 2006**

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

v.

AMERICAN FIDELITY, INC.,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Staff 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 timely file its annual report due March 1, 2005, in violation of § 6.1-418 of the Code of Virginia and failed, after being notified, to settle its liability for failure to timely file said annual report; that the Defendant failed to file its annual report due March 1, 2006, in violation of § 6.1-418 of the Code of Virginia; that the Commissioner of Financial Institutions, pursuant to delegated authority, gave written notice to the Defendant by certified mail on March 21, 2006, (1) of his intention to recommend revocation of its license unless the Defendant settled its liability for failure to timely file its 2004 annual report and file its 2005 annual report by April 21, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before April 11, 2006; and that no response or written request for hearing was received or filed.

Accordingly, the Commission finds that the Defendant has violated the provisions of Chapter 16 of Title 6.1 of the Code of Virginia, 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  
SEPTEMBER 11, 2006**

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

v.

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

**DISMISSAL ORDER**

On May 17, 2005, the State Corporation Commission ("Commission") entered a Settlement Order requiring United Capital, Inc. d/b/a United Capital Mortgage ("Defendant"), a licensed mortgage lender and mortgage broker under Chapter 16 of Title 6.1 of the Code of Virginia, to refund, 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 of Financial Institutions ("Bureau") as having been collected in violation of § 6.1-422 B 4 of the Code of Virginia, and provide the Bureau with copies of the cancelled checks or other written evidence demonstrating that the affected borrowers have received the refunds. Although the agreed schedule provided for refunds to be made by the Defendant through June 1, 2007, the Bureau has reported that the Defendant has already made all of the required refunds. Accordingly, the Bureau has recommended that the Commission dismiss this case.

THEREFORE, IT IS ORDERED THAT:

- (1) This case is dismissed.
- (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-2005-00098**  
**JUNE 6, 2006**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

NATIONWIDE FINANCIAL GROUP LLC,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Staff 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 timely file its annual report due March 1, 2005, in violation of § 6.1-418 of the Code of Virginia, and failed, after being notified, to settle its liability for failure to timely file said annual report; that the Defendant failed to file its annual report due March 1, 2006, in violation of § 6.1-418 of the Code of Virginia; that the Commissioner of Financial Institutions, pursuant to delegated authority, gave written notice to the Defendant by certified mail on March 21, 2006, (1) of his intention to recommend revocation of its license unless the Defendant settled its liability for failure to timely file its 2004 annual report and filed its 2005 annual report by April 21, 2006, and (2) that a written request for hearing was required to be filed in the office of the Clerk on or before April 11, 2006; and that no response or written request for hearing was received or filed.

Accordingly, the Commission finds that the Defendant has violated the provisions of Chapter 16 of Title 6.1 of the Code of Virginia, 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-2005-00115**  
**JANUARY 12, 2006**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

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

**ORDER ADOPTING A REGULATION**

By Order entered in this case on October 17, 2005, the State Corporation Commission ("Commission") directed that notice be given of the Bureau of Financial Institutions' proposal to amend 10 VAC 5-200-80 of the Virginia Administrative Code, which prescribes the contents of the pamphlet that persons licensed under Chapter 18 of Title 6.1 of the Code of Virginia ("Chapter 18") must furnish to borrowers before entering into a payday loan. The proposed amendments reflect certain requirements and prohibitions added by Chapter 295 of the 2004 Acts of Assembly and Chapter 571 of the 2005 Acts of Assembly. Notice of the proposed regulation was published in the Virginia Register on November 14, 2005, posted on the Commission's website, and sent by the Commissioner of Financial Institutions to all payday lenders licensed under Chapter 18. Interested parties were afforded an opportunity to file written comments or request a hearing on or before December 16, 2005. One comment letter was received. The Commission believes that the proposed changes to 10 VAC 5-200-80 are consistent with, if not identical to, the 2004 and 2005 amendments to Chapter 18.

NOW THE COMMISSION, having considered the record, the proposed regulation, and the comment letter received, concludes that the proposed regulation should be adopted as proposed with a delayed effective date in order to allow licensees a reasonable period of time to modify the contents of their pamphlets.

THEREFORE, IT IS ORDERED THAT:

(1) The proposed regulation, 10 VAC 5-200-80, attached hereto is adopted effective March 1, 2006.

(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 cases.

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-2005-00117  
JANUARY 31, 2006**

IN RE:  
APPLICATION OF THE WASHINGTON BANK

For a certificate of authority to engage in the banking business

**DISMISSAL ORDER**

On September 14, 2005, The Washington Bank, a Virginia corporation ("Applicant"), filed an application with the State Corporation Commission ("Commission") pursuant to § 6.1-13 of the Code of Virginia for a certificate of authority to engage in the banking business. On October 31, 2005, WashingtonFirst Bank, a District of Columbia bank ("Respondent"), filed a Notice of Participation as a Respondent in this case alleging, among other things, that the Applicant's name and logo are confusingly similar to Respondent's name and logo. On December 30, 2005, the Commission entered an Order Setting a Hearing which scheduled a hearing for February 16, 2006, limited to receipt of evidence and argument on the question of whether Applicant's name or logo so resembled the name or logo of Respondent as to likely cause confusion or mistake, or to deceive, within the meaning of § 59.1-92.3(6) of the Code of Virginia. That Order also directed the Applicant to file a response to Respondent's Notice of Participation and assigned the question to a Hearing Examiner.

On January 12, 2006, the parties filed a joint motion seeking cancellation of the scheduled hearing and suspension of the procedural schedule pending dismissal of this case, the Applicant having previously filed a motion in which it agreed to change its name and logo. On January 18, 2006, the Hearing Examiner filed his report ordering that the scheduled hearing be cancelled and recommending that the other relief requested in the joint motion be granted. On January 24, 2006, the parties filed another joint motion seeking dismissal of this case, the Applicant having changed its name to Security One Bank and amended its application to reflect the name change.

Upon consideration whereof, IT IS ORDERED THAT:

1. This case is dismissed from the Commission's docket of active matters.
2. The papers filed herein shall be placed among the ended causes.
3. The Bureau of Financial Institutions shall continue its investigation of the Applicant's application for a certificate of authority to engage in the banking business.

**CASE NO. BFI-2005-00122  
MARCH 1, 2006**

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

v.  
VIRIDIAN LENDING, LLC,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Viridian Lending, 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 November 12, 2005; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 11, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 11, 2006, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before February 1, 2006; and that no new bond or written request for a 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-2005-00125  
MARCH 2, 2006**

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

v.

AMSTAR MORTGAGE CORPORATION,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Amstar Mortgage Corporation ("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 March 14, 2005, the Commission's Bureau of Financial Institutions examined the Defendant and found that it had violated various laws 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 ten thousand dollars (\$10,000), 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-2006-00002  
MARCH 2, 2006**

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

v.

PROFESSIONAL MORTGAGE GROUP, INC.,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Professional Mortgage Group, 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 bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on December 26, 2005; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 9, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by February 9, 2006, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before January 30, 2006; and that no new bond or written request for a 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-2006-00005  
MARCH 1, 2006**

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

v.

BRIDGE CAPITAL CORPORATION,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Bridge Capital Corporation ("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 on July 26, 2005, the Commission's Bureau of Financial Institutions examined the Defendant and found that it had violated various laws 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 ten thousand dollars (\$10,000), 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 herein be placed in the file for ended causes.

**CASE NO. BFI-2006-00006  
MARCH 6, 2006**

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

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Cornerstone Mortgage, 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 on April 15, 2005, the Commission's Bureau of Financial Institutions examined the Defendant and found that it had violated various laws 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 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-2006-00011  
FEBRUARY 23, 2006**

COMMONWEALTH OF VIRGINIA, ex rel.  
v.  
BERKSHIRE HATHAWAY INC.,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Vanderbilt Mortgage and Finance, Inc. (the "Company"), is licensed to engage in business under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant, Berkshire Hathaway Inc., acquired 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, without admitting or denying the violation, offered to settle this case by payment of 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 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-2006-00014**  
**APRIL 27, 2006**

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

v.

123LOAN, LLC,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that 123Loan, LLC ("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 Commission's Bureau of Financial Institutions received complaints about the Defendant's mortgage loan solicitations and found that the Defendant had violated § 6.1-424 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-2006-00020**  
**JUNE 9, 2006**

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

v.

1ST MILLENNIUM 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 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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

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-2006-00036**  
**JUNE 9, 2006**

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

v.

FIDELITY FIRST 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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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-2006-00046  
JUNE 9, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
HOME EQUITY LOAN PRODUCTS, 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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

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-2006-00048  
JUNE 9, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
IMA, INC. D/B/A INTERNATIONAL MORTGAGE ASSOCIATION,  
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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

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-2006-00049  
JUNE 9, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
INTEGRUS 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 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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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-2006-00051  
JUNE 9, 2006**

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

v.

LIBERTY HOUSE FINANCIAL GROUP, L.L.C.,  
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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

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-2006-00056  
JUNE 9, 2006**

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

v.

MOUNTAIN VALLEY MORTGAGE CORPORATION,  
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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

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-2006-00059  
JUNE 9, 2006**

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

v.

NATIONSONE 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 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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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-2006-00064**  
**JUNE 9, 2006**

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

v.

PARK WEST 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 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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

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-2006-00071**  
**JUNE 9, 2006**

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

v.

SERVICE FIRST MORTGAGE, L.C.,  
 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, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

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-2006-00075**  
**JUNE 9, 2006**

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

v.

UNITED CALIFORNIA SYSTEMS INTERNATIONAL, 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 under Chapter 16 of Title 6.1 of the Code of Virginia; that the Defendant failed to file its annual report due March 1, 2006, 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 21, 2006, (1) of his intention to recommend revocation of its license unless the annual report was filed by May 17, 2006, and (2) that a written request for hearing was required to be filed in the Office of the Clerk on or before May 9, 2006; and that no annual report or written request for hearing was filed.

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-2006-00089  
DECEMBER 8, 2006**

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

v.

MORTGAGE LENDERS NETWORK USA, INC.,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Mortgage Lenders Network USA, Inc. ("Defendant") is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.1 of the Code of Virginia; that on May 25, 2005, the Commission's Bureau of Financial Institutions ("Bureau") examined the Defendant and found that it had violated various laws applicable to the conduct of its licensed business; that the Defendant addressed each item in the Bureau's examination report and communicated its responses to the Bureau; that 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) Provided the Defendant complies with the requirements in § 6.1-416 B of the Code of Virginia, the Bureau shall accept and process an application by the Defendant to relocate its office from 3600 Mansell Road, Suite 220, Alpharetta, Georgia 30022 to 3600 Mansell Road, 4th Floor, Alpharetta, Georgia 30022 without regard to the Bureau's findings from its May 25, 2005 examination.
- (3) This case is dismissed.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2006-00094  
JUNE 15, 2006**

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

v.

ATLANTIC BAY MORTGAGE GROUP, L.L.C.,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Atlantic Bay Mortgage Group, L.L.C. ("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 September 28, 2005, the Commission's Bureau of Financial Institutions examined the Defendant and found that it had violated various laws 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 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-2006-00101  
SEPTEMBER 18, 2006**

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

v.

ELEND 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 Elend 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 June 30, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 10, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by August 10, 2006, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before July 31, 2006; and that no new bond or written request for a 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-2006-00102  
SEPTEMBER 18, 2006**

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

v.

ARROW SERVICE CORPORATION,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Arrow Service Corporation ("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 June 30, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 10, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by August 10, 2006, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before July 31, 2006; and that no new bond or written request for a 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-2006-00115  
OCTOBER 31, 2006**

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

v.

HOME LENDING PARTNERS, L.L.C.,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Home Lending Partners, L.L.C. ("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 September 7, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 11, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by October 11, 2006, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 2, 2006; and that no new bond or written request for a 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-2006-00115  
NOVEMBER 13, 2006**

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

v.

HOME LENDING PARTNERS, L.L.C.,  
Defendant

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Revoking a License entered herein October 31, 2006, is hereby vacated.

**CASE NO. BFI-2006-00117  
DECEMBER 20, 2006**

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

v.

FIDELITY FINANCIAL MORTGAGE CORPORATION,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Fidelity Financial Mortgage Corporation ("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 repeatedly failed to respond to the Bureau of Financial Institutions' examination report dated January 24, 2006, in violation of 10 VAC 5-160-50; that the bond filed by the Defendant pursuant to § 6.1-413 of the Code of Virginia was cancelled on September 12, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 21, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by October 21, 2006, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 12, 2006; and that no new bond or written request for a 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 repeatedly violated 10 VAC 5-160-50, 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-2006-00122  
NOVEMBER 20, 2006**

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

v.

MORTGAGE PROS, INC. D/B/A MORTGAGE PROS USA,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that Mortgage Pros, Inc. d/b/a Mortgage Pros USA ("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 October 4, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 5, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 5, 2006, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 26, 2006; and that no new bond or written request for a 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-2006-00123  
NOVEMBER 20, 2006**

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

v.

J & H MORTGAGE CONSULTANTS, INC. D/B/A CREATIVE LENDING SOLUTIONS,  
Defendant

**ORDER REVOKING A LICENSE**

ON A FORMER DAY, the Commissioner of Financial Institutions ("Commissioner") reported to the State Corporation Commission ("Commission") that J & H Mortgage Consultants, Inc. d/b/a Creative Lending Solutions ("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 October 6, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 11, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 11, 2006, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before November 1, 2006; and that no new bond or written request for a 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-2006-00125  
DECEMBER 8, 2006**

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

v.

SOCIETY FUNDING 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 Society Funding Group, 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 October 15, 2006; that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 26, 2006, (1) of his intention to recommend revocation of its license unless a new bond was filed by November 26, 2006, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before November 16, 2006; and that no new bond or written request for a 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-2006-00126  
DECEMBER 20, 2006**

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

v.

PULTE MORTGAGE LLC,  
Defendant

**SETTLEMENT ORDER**

ON A FORMER DAY, the Staff reported to the State Corporation Commission ("Commission") that Pulte Mortgage LLC ("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 5, 2006, the Commission's Bureau of Financial Institutions examined the Defendant and found that it had violated various laws 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 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-2006-00127  
NOVEMBER 14, 2006**

IN THE MATTER OF  
THE NANSEMOND CREDIT UNION, INCORPORATED  
MERGER INTO  
ABNB FEDERAL CREDIT UNION

**ORDER APPROVING THE MERGER**

The Staff of the Bureau of Financial Institutions ("Bureau") has reported and represented to the State Corporation Commission ("Commission"):

- (1) The Nansemond Credit Union, Incorporated ("Nansemond"), a Virginia chartered credit union, has approximately \$2 million in assets and 1,829 members. The adjusted October 2006 financial statement of Nansemond discloses it to be insolvent with a negative net worth of \$22,575.
- (2) Nansemond has been experiencing ongoing financial difficulties, including numerous accounting and loan underwriting problems. These trends have reached a point where Nansemond is no longer viable as a separate entity. The trends are confirmed in a Bureau memorandum dated November 8, 2006, and attached exhibits.
- (3) An emergency exists, and it is in the best interests of the members of Nansemond to have Nansemond immediately merged into ABNB Federal Credit Union ("ABNB"), a federally chartered credit union.
- (4) In order for Nansemond to be merged into ABNB under § 6.1-225.10 of the Code of Virginia, the board of directors of both corporations must approve a plan of merger. The board of directors of both credit unions have approved a plan of merger that provides, among other things, that the remaining members of Nansemond will become members of ABNB.
- (5) ABNB's member accounts are insured by the National Credit Union Share Insurance Fund.

Having considered the report and the above representations of the Bureau, the Commission finds that Nansemond is insolvent, an emergency exists, the board of directors of both credit unions have approved the merger, and the merger is in the best interests of the members of Nansemond.

Accordingly, IT IS ORDERED THAT:

- (1) The merger of Nansemond into ABNB is hereby approved pursuant to § 6.1-225.10 of the Code of Virginia.
- (2) Pursuant to § 6.1-225.10 of the Code of Virginia, this Order shall take the place of the usual approval of the merger by the members of both credit unions. Nansemond shall promptly provide its members of record with notice of Nansemond's insolvency and its merger into ABNB for the purpose of providing such members an opportunity to challenge the finding that Nansemond is insolvent. Nansemond shall also preserve and make available to its members the relevant books and records for a period of thirty (30) days after such notice is sent.

**CASE NO. BFI-2006-00131  
DECEMBER 4, 2006**

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

Ex Parte: In re: annual fees for mortgage lenders and mortgage brokers

**ORDER TO TAKE NOTICE**

WHEREAS, § 6.1-420 of the Mortgage Lender and Broker Act (the "Act") requires licensed mortgage lenders and mortgage brokers to pay an annual fee calculated in accordance with a schedule set by the State Corporation Commission ("Commission");

WHEREAS, the Commission previously promulgated a regulation that set forth a schedule of annual fees to be paid by mortgage lenders and mortgage brokers; and

WHEREAS the Bureau of Financial Institutions has proposed to make certain technical changes to 10 VAC 5-160-40 that would round each annual fee down to the nearest whole dollar, update the annual report due date in order to conform to § 6.1-418 of the Act, and adjust the cutoff date for assessing mortgage lenders and mortgage brokers that are granted a license or additional authority on or after January 1 of the year of assessment;

IT IS THEREFORE ORDERED THAT:

- (1) The proposed regulation is appended hereto and made a part of the record herein.

*ANNUAL REPORT OF THE STATE CORPORATION COMMISSION*

(2) Comments 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 January 19, 2007. All correspondence shall contain a reference to Case No. BFI-2006-00131. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

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

AN ATTESTED COPY hereof, together with a copy of the proposed regulation, shall be sent to the Registrar of Regulations for publication in the Virginia Register.

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.

**CLERK'S OFFICE****CASE NO. CLK-2005-00008  
JANUARY 25, 2006**

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

**FINAL ORDER**

On July 5, 2005, Brookside Developer, L.L.C. f/k/a Brookside Development, LLC ("Brookside" or "Petitioner"), filed a Petition with the State Corporation Commission ("Commission"), pursuant to §§ 12.1-12 and 12.1-13 of the Code of Virginia ("Code") and Rule 5 VAC 5-20-100 B and Rule 5 VAC 5-20-100 C of the Commission's Rules of Practice and Procedure ("Rules"). The Petitioner alleges that Fauquier County Water and Sanitation Authority ("WSA") and Rees, Broome & Diaz, P.C. ("RBD") (collectively, "Defendants") wrongfully and unlawfully reserved the name "Brookside Development, LLC" in April 2005. The Petitioner seeks declaratory relief, including that the aforesaid reservation of the name "Brookside Development, LLC" by the Defendants be declared void *ab initio*. The Petition also alludes to ongoing litigation in the Circuit Court of Fauquier County among the Petitioner and other real estate development limited liability companies and the WSA.

On July 21, 2005, the Defendants filed their Answer and a Motion to Dismiss Petition ("Motion to Dismiss"). The Defendants denied most of the assertions in the Petition, alleged that such assertions were frivolous, and denied that the Commission has jurisdiction in this matter. The Defendants claimed that their reservation of the lapsed name of "Brookside Development, LLC" was legitimate and lawful. In addition, the Defendants raised other affirmative defenses and concluded by requesting that the Commission dismiss the Petition and award the Defendants attorneys' fees, costs and expenses pursuant to § 12.1-32 of the Code of Virginia.

On August 11, 2005, Brookside filed the Petitioner's Opposition to Respondents' Motion to Dismiss, Petitioner's Motion to Strike Affirmative Defenses, and Request for Hearings ("Motion to Strike"). Brookside argued that the Motion to Dismiss should be denied and moved to strike the affirmative defenses asserted by the Defendants.

On August 22, 2005, the Defendants filed a Reply to the Petitioner's Opposition in which, among other things, the Defendants argued that Brookside's pleading filed on August 11, 2005, should have been filed no later than August 4, 2005, and thus, should be struck as untimely. In addition, the Defendants asserted that the relief sought in the Petition is moot in that the Defendants' reservation of the name "Brookside Development, LLC" expired on August 12, 2005, and Brookside has now reserved the name for itself. Furthermore, the Defendants seek an award of reasonable costs and attorneys' fees.

On September 1, 2005, Brookside filed its reply concerning its Motion to Strike Affirmative Defenses. The Petitioner requests the Commission: (i) declare the reservation of the name "Brookside Development, LLC" void *ab initio*; (ii) expunge the Defendants' improper name reservation from the records of the Commission; (iii) order that the Petitioner's reinstatement of registration be deemed to have occurred under its former name; and (iv) award Petitioner its costs.

On September 26, 2005, the Commission issued its Preliminary Order in which it docketed the case and assigned this matter to a Hearing Examiner to conduct all further proceedings.

A Hearing Examiner's Ruling dated October 6, 2005, scheduled an oral argument on this matter for October 20, 2005. The oral argument was convened as scheduled on October 20, 2005. Joseph S. Luchini, Esquire, and Curtis G. Manchester, Esquire, appeared on behalf of Brookside. Stephen M. Sayers, Esquire, and Robert E. Scully, Jr., Esquire, appeared on behalf of the Defendants.

On November 30, 2005, the Hearing Examiner issued his Report. In his Report, he found that: (1) the WSA is a "person" pursuant to §§ 13.1-603 and -1002 that may reserve the name of a limited liability company; (2) Section 13.1-1013 A contains no required purpose in regards to the reservation of a name; and (3) the Defendants' reservation of the name was lawful. The Hearing Examiner recommended that the Commission enter an Order that adopts the findings of his Report and dismisses the case from the Commission's docket of active proceedings.

On December 21, 2005, counsel for the Petitioner filed comments on the Hearing Examiner's Report requesting, among other things, that the Commission decline to adopt the findings of the Report. On the same date, counsel for the Defendants filed comments in support of the Hearing Examiner's Report and requested that the Commission grant its request for costs and expenses, including attorneys' fees, pursuant to Va. Code Ann. § 12.1-32 and 5 VAC 5-20-20.

NOW THE COMMISSION, upon consideration of the pleadings, the applicable statutes, the Hearing Examiner's Report and the comments thereto, is of the opinion and finds that the findings and recommendations of the November 30, 2005, Hearing Examiner's Report should be adopted. We also find no basis to grant the Defendants' request for costs and expenses, including attorneys' fees.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the November 30, 2005, Hearing Examiner's report are hereby adopted.
- (2) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. CLK-2006-00003  
JUNE 22, 2006**

JEAN B. HUDSON,  
Petitioner,  
v.  
JOHNNY MACK BROWN,  
Defendant

**FINAL ORDER**

On January 9, 2006, the petitioner, Jean B. Hudson, an Assistant U.S. Attorney, filed a Petition with the State Corporation Commission ("Commission") seeking expungement from records in the Office of the Clerk of a Uniform Commercial Code financing statement filed by the Defendant as a putative secured party naming petitioner as debtor. Expungement of the financing statement was premised, as alleged in the Petition, upon the petitioner never having been indebted to the defendant and the false, fraudulent, and unauthorized character of the financing statement. By Preliminary Order dated February 17, 2006, the Commission, among other things, directed that the Defendant file an Answer with the Clerk within twenty-one (21) days after service of the Petition upon the Defendant.

On March 7, 2006, the Defendant filed a Motion (1) seeking an extension of time to file an Answer on the ground that he had not been sent the Petition, (2) requesting that counsel be appointed to represent him or that he be provided a copy of the Commission's Rules of Practice and Procedure, and (3) objecting to the petitioner being represented by the United States Attorney in this matter. By Order dated March 16, 2006, the Commission directed that a copy of the Petition and attached exhibits and the Commission's Rules of Practice and Procedure be sent to the Defendant, directed the Defendant to file his Answer within thirty (30) days after receipt of the Petition, denied Defendant's request for appointment of counsel, and granted the Defendant leave to renew his objection to petitioner's representation by the United States Attorney with citation of relevant authorities when Defendant filed his Answer.

The Defendant did not file an Answer as required, but on March 31, 2006, filed a Motion to Dismiss Petition for Lack of Evidence Thereof asserting that there has been no evidentiary hearing to determine the validity of the filed financing statement and that the Commission should defer acting upon the Petition until that issue is determined by another tribunal. Petitioner filed a response to this motion, and the motion was denied by Commission Order dated May 5, 2006. On May 22, 2006, petitioner filed Petitioner's Motion for Summary Judgment based upon Defendant's failure to file an Answer accompanied by petitioner's affidavit supporting the allegations in the Petition. On June 6, 2006, Defendant filed a response to this motion conceding that he filed the financing statement as alleged in the Petition and seeking to justify the filing on the basis that he claims to be unlawfully imprisoned as a result of actions taken by the petitioner in her role as his prosecutor.

While we reject the Defendant's effort to use his opportunity to respond to the motion for summary judgment to allege matters which should have been alleged in an answer, we must observe that the matters alleged in his response to the motion do not justify the UCC filing. Under § 8.9A-310 of the Code of Virginia, filing a financing statement is a method by which a secured party may perfect a security interest in certain collateral. The term "secured party" is defined in § 8.9A-102(72) of the Code of Virginia, and the Defendant alleges nothing in his response to the motion for summary judgment that brings him within that statutory definition.

Accordingly, IT IS ORDERED THAT:

- (1) Petitioner's motion for summary judgment is hereby granted.
- (2) The UCC financing statement numbered 050707 7136-7 filed by Defendant is hereby declared void ab initio.
- (3) The Clerk's Office shall immediately expunge from its records UCC financing statement numbered 050707 7136-7 filed by Defendant.
- (4) This case is dismissed from the Commission's docket of active cases.

**CASE NO. CLK-2006-00005  
JUNE 22, 2006**

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

In re: PERKINS & ASSOCIATES, LLC

**ORDER VACATING A CERTIFICATE**

On December 14, 2005, the State Corporation Commission ("Commission") issued a certificate of organization for a Virginia limited liability company named Michelle Perkins & Associates, LLC ("Michelle"). On December 21, 2005, the Commission issued a certificate of organization for a Virginia limited liability company named Perkins & Associates, LLC ("Perkins"). On June 7, 2006, a member of Perkins filed a Petition with the Commission alleging that the existence of Perkins was wrongfully terminated on May 15, 2006, as the result of the filing of a certificate of cancellation, pursuant to § 13.1-1050 of the Code of Virginia, by a person associated with Michelle but having no authority from Perkins to act for that company. The Petition requested that the wrongful termination of the existence of Perkins be nullified.

*ANNUAL REPORT OF THE STATE CORPORATION COMMISSION*

Upon consideration of the Petition and the Commission's records,

IT IS ORDERED THAT:

- (1) The May 15, 2006 termination of the existence of Perkins & Associates, LLC, is vacated effective on that date.
- (2) The existence of Perkins & Associates, LLC, a Virginia limited liability Company, is reinstated retroactive to May 15, 2006.
- (3) The Clerk of the Commission shall make such entries in the records in his office as may be necessary to reflect the relief afforded in this Order.

**BUREAU OF INSURANCE****CASE NO. INS-1997-00219  
OCTOBER 11, 2006**

PETITION OF  
WENDELL P. AND VANESSA C. TYLER

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 July 7, 1997, Wendell P. and Vanessa C. Tyler ("Petitioners") filed a Petition for Review ("Petition") with the Clerk of the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 4405612.

By Order dated July 30, 1997, 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 September 5, 1997.

On September 5, 1997, the Deputy Receiver filed a Motion for Summary Judgment. Pursuant to the ruling dated September 9, 1997, the Petitioners were directed to file any response to the Motion for Summary Judgment on or before September 29, 1997. The Petitioners did not file a response. By ruling dated December 9, 1997, the Deputy Receiver's Motion for Summary Judgment was granted in part, and the Deputy Receiver was directed to file an Answer to the Petition.

On January 6, 1998, the Deputy Receiver filed his Answer to the Petition. By ruling dated January 14, 1998, a telephonic hearing was scheduled and a procedural schedule was established.

The hearing was continued several times at the request of the parties. On January 21, 2000, the Petitioners requested a continuance due to continuing medical problems of Mr. Tyler. Accordingly, by ruling dated January 27, 2000, the matter was continued generally until further ruling by the Hearing Examiner.

No pleadings or other activity occurred with respect to this matter subsequent to the ruling of January 27, 2000. Thus, a Hearing Examiner's Ruling dated July 25, 2006, informed the parties, via certified mail, that this matter would be dismissed unless the parties showed good cause on or before August 10, 2006, why this matter should not be dismissed from the Commission's docket of active cases. On August 1, 2006, the Deputy Receiver advised that he did not oppose dismissal. On August 8, 2006, the rulings mailed to the Petitioners were returned to the Commission, indicating that the Petitioners' post office box had been closed. On August 10, 2006, the Deputy Receiver provided a possible street address for the Petitioners.

By ruling dated August 15, 2006, the Hearing Examiner extended until August 31, 2006, the deadline for the parties to provide good cause why the matter should not be dismissed and directed that the ruling be mailed to the possible street address for the Petitioners. The case file includes proof that the ruling was received by the Petitioners on August 19, 2006.

No responses have been filed by the Petitioners.

On September 13, 2006, the Hearing Examiner issued his Report in which he recommended that the Petition of Wendell P. and Vanessa C. Tyler should be dismissed with prejudice based upon their failure to respond.

Upon consideration of the record herein and the Report of the Hearing Examiner, 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 Wendell P. and Vanessa C. Tyler for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED WITH PREJUDICE;
2. The Determination of Appeal in Claim No. 4405612 issued by the Deputy Receiver on June 4, 1997, is hereby AFFIRMED; and
3. The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-1997-00249  
SEPTEMBER 26, 2006**

PETITION OF  
BRIGHTON HOMES d/b/a B-A HOMES, INC.

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 August 4, 1997, Brighton Homes d/b/a B-A Homes, Inc. ("Petitioner") filed a Petition for Review ("Petition") with the Clerk of the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. D1878.

By Order dated August 25, 1997, 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 October 17, 1997.

The Deputy Receiver filed timely an Answer to the Petition in which, among other things, he moved that the homeowners, Jim and Marla Van Wyk ("homeowners"), be made a party to the proceeding. By ruling dated December 1, 1997, the Deputy Receiver's motion was granted, the homeowners were joined in the proceeding, and a procedural schedule and telephonic hearing were established.

The hearing was continued several times at the request of the parties. On July 6, 1998, the Petitioner, by counsel, filed a motion for continuance stating that it had reached an agreement with the homeowners whereby the Petitioner agreed to make certain repairs to the homeowners' residence. Counsel for the Deputy Receiver had no objection to the requested continuance. Accordingly, by ruling dated July 6, 1998, the matter was continued generally until further ruling by the Hearing Examiner.

No pleadings or other activity occurred with respect to this matter subsequent to the ruling of July 6, 1998. Thus, a Hearing Examiner's Ruling dated July 25, 2006, informed the parties, via certified mail, that this matter would be dismissed unless the parties showed good cause on or before August 10, 2006, why this matter should not be dismissed from the Commission's docket of active cases. The case file includes proof that the ruling was received by the Petitioner and the Deputy Receiver on July 28, 2006. On July 31, 2006, the Deputy Receiver advised that he did not oppose dismissal. The Petitioner made no response.

On August 15, 2006, the Hearing Examiner issued his Report and made the following findings and recommendations:

1. No responses were filed in response to the Ruling dated July 25, 2006.
2. The Deputy Receiver's denial of Claim No. D1878 should be affirmed.
3. The Petition of Brighton Homes d/b/a B-A Homes, Inc. should be dismissed.

Upon consideration of the record herein and the Report of the Hearing Examiner, 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 Brighton Homes d/b/a B-A Homes, Inc. for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED;
2. The Determination of Appeal in Claim No. D1878 issued by the Deputy Receiver on July 9, 1997, is hereby AFFIRMED; and
3. The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2001-00065  
MARCH 15, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
TOWER NATIONAL INSURANCE COMPANY (FORMERLY NORTH AMERICAN LUMBER INSURANCE COMPANY),  
Defendant

**FINAL ORDER**

Tower National Insurance Company, a foreign corporation domiciled in the State of Massachusetts (formerly North American Lumber Insurance Company) ("Defendant"), initially was licensed to transact the business of insurance in the Commonwealth of Virginia on November 27, 1984.

By order entered herein April 19, 2001, the Defendant's license to transact the business of insurance in the Commonwealth of Virginia was suspended based on the Defendant's failure to file its 2000 Annual Statement with the Bureau of Insurance ("Bureau") on or before March 1, 2001, as well as the agreement of the Massachusetts Commissioner of Insurance, the Receiver of the Defendant.

On March 4, 2005, the Supreme Judicial Court for Suffolk County, Massachusetts entered an order approving the sale of the charter and licenses of the Defendant to the Tower Group, Inc., free from its liabilities. Immediately following the sale, the Defendant's name was changed from North American Lumber Insurance Company to Tower National Insurance Company.

The Quarterly Statement of the Defendant dated September 30, 2005, and timely filed with the Bureau reflects that the Defendant is in compliance with Virginia's minimum capital and surplus requirements as set forth in § 38.2-1028 of the Code of Virginia.

In light of the foregoing, the Bureau has recommended that the Order Suspending License entered by the Commission be vacated and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Order Suspending License entered by the Commission should be vacated.

THEREFORE, IT IS ORDERED THAT:

- (1) The Order Suspending License entered by the Commission should be, and it is hereby, VACATED;
- (2) This case be, and it is hereby, DISMISSED; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2002-01300  
AUGUST 22, 2006**

PETITION OF  
CENTENNIAL HOMES, INC. d/b/a TRENDMAKER HOMES

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 November 21, 2002, Centennial Homes, Inc., d/b/a Trendmaker Homes ("Centennial Homes" or "Petitioner") filed a Petition for Review ("Petition") with the Clerk of the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 3590958.

By Order dated November 27, 2002, 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 January 17, 2003.

On January 8, 2003, counsel for the Deputy Receiver and Centennial Homes filed a Joint Motion for Continuance ("Joint Motion"). In support of the Joint Motion, the parties stated that the Petition addressed issues substantively similar in the three petitions previously filed by the Petitioner and pending before the Commission (Case Nos. INS-2001-00081, INS-2001-00082, and INS-2002-00040, which were consolidated) at the time of filing. The Deputy Receiver and Centennial Homes were awaiting the Commission's decision with regard to the pending cases, and jointly moved for a general continuance of the captioned proceeding pending final disposition of the other petitions set forth above. By Hearing Examiner's Ruling dated January 15, 2003, the Joint Motion was granted.

On October 28, 2003, the Commission entered an Order in the above-mentioned consolidated cases, ruling that the Petitions be denied, the Determinations of Appeal issued respectively to each Petition be affirmed, and the cases be dismissed. On November 20, 2003, Centennial Homes filed an appeal with the Supreme Court of Virginia ("Court"). On March 30, 2004, the Court affirmed the Commission's Order of October 28, 2003.

The Petitioner has taken no action in this case since the decision by the Court.

By Hearing Examiner's Ruling dated May 22, 2006, the parties were advised that pursuant to § 8.01-335 of the Code of Virginia, the matter would be dismissed unless the parties showed good cause on or before June 7, 2006, why the matter should not be dismissed.

On July 18, 2006, Howard P. Anderson, Jr. issued his Report and made the following findings and recommendations:

1. No responses were filed in response to the Ruling dated May 22, 2006.
2. The Petition of Centennial Homes, Inc. d/b/a Trendmaker Homes should be dismissed with prejudice.

Upon consideration of the record herein and the Report of the Hearing Examiner, 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 Centennial Homes, Inc. d/b/a Trendmaker Homes for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED WITH PREJUDICE;
2. The Determination of Appeal in Claim No. 3590958 issued by the Deputy Receiver on October 25, 2002 is hereby AFFIRMED; and
3. The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2003-00158  
MARCH 21, 2006**

PETITION OF  
KENNETH R. PATTERSON

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, "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 July 18, 2003, Kenneth R. Patterson ("Petitioner") filed a Petition for Review with the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. CH03-135. By Order dated July 30, 2003, 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 29, 2003.

On August 20, 2003, the Deputy Receiver filed an Agreed Motion for Continuance. In support of the motion, the Deputy Receiver stated that the Petitioner and ROA were named defendants in three federal court class actions pending at the time of the motion. Since many of the issues relevant to the disposition of this Petition were also likely to be at issue in those pending federal and state court class actions, to promote judicial economy, the Deputy Receiver and the Petitioner jointly moved for a general continuance of this matter. The Chief Hearing Examiner granted the motion by Ruling dated August 21, 2003.

On November 29, 2005, the Deputy Receiver moved to lift the stay and resume the case. By ruling dated January 4, 2006, the motion was granted and the parties were directed to submit an agreed procedural schedule for consideration by January 18, 2006.

On January 18, 2006, the Deputy Receiver filed a Motion to Adopt Proposed Agreed Procedural Schedule. Counsel for the Petitioner was consulted and agreed to the proposed schedule. By ruling dated January 23, 2006, a procedural schedule was established and a hearing was set for June 21, 2006.

On February 10, 2006, the Deputy Receiver filed a Motion for Summary Judgment. The Chief Hearing Examiner's Ruling dated February 13, 2006, provided Petitioner with an opportunity to respond and the Deputy Receiver with an opportunity to reply. No response was filed.

On February 15, 2006, the Petitioner filed a Motion for Nonsuit to withdraw his Petition without a decision on the merits. The Petitioner requested this matter be dismissed without prejudice. The Deputy Receiver did not oppose that motion.

On March 9, 2006, the Chief Hearing Examiner issued her Report in which she made the following findings and recommendations:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

1. The Motion for Nonsuit should be granted, thereby rendering moot the Deputy Receiver's Motion for Summary Judgment;
2. The hearing scheduled for June 21, 2006, should be canceled;
3. The Commission should enter an order dismissing the Petition of Kenneth R. Patterson without prejudice; and
4. The matter should be stricken from the Commission's docket of active cases.

NOW THE COMMISSION, after consideration of the record herein, is of the opinion that the findings and recommendations of the Chief Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

1. The Petitioner's Motion for Nonsuit is hereby GRANTED;
2. The Petition of Kenneth R. Patterson for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED WITHOUT PREJUDICE; and
3. The papers herein are passed to the file for ended causes.

**CASE NO. INS-2003-00206  
OCTOBER 11, 2006**

PETITION OF  
FIRST VIRGINIA REINSURANCE, LTD.

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

**FINAL ORDER**

On September 26, 2003, First Virginia Reinsurance, Ltd. ("FVR"), by counsel, filed a Petition for Review ("Petition") contesting the Deputy Receiver of Reciprocal of America and The Reciprocal Group's (collectively "ROA") determination of appeal. On October 6, 2003, the State Corporation Commission ("Commission") entered an Order Docketing Case, Appointing Hearing Examiner, and Setting Date for Filing Answer, in which the Commission docketed the case, assigned it to a Hearing Examiner, and directed the Deputy Receiver to file an Answer or other responsive pleading on or before November 14, 2003.

On November 12, 2003, the Deputy Receiver filed a Notice of Temporary Restraining Order ("Notice"). Therein, the Deputy Receiver advised the Commission that the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division (the "Bankruptcy Court") entered a Temporary Restraining Order ("TRO") in the matter styled *Petition of Malcolm L. Butterfield and Michael W. Morrison as Joint Provisional Liquidators of First Virginia Reinsurance, Ltd.*, Case No. 03-40202 (DOT). According to the Notice, on October 10, 2003, FVR filed a Petition in the Supreme Court of Bermuda seeking, *inter alia*, an order from that court that FVR be wound up by the court under the provisions of the Bermuda Companies Act of 1981 and further requested the appointment of Joint Provisional Liquidators for FVR. The Notice also indicated that on October 13, 2003, the Supreme Court of Bermuda issued an Order granting the Petition filed by FVR and appointed Joint Provisional Liquidators for FVR.

Subsequent ancillary proceedings were initiated in the Bankruptcy Court, which issued its TRO on October 30, 2003. In the Notice, the Deputy Receiver requested that the Commission take notice of the TRO and stay the instant proceedings until the Bankruptcy Court issues are resolved.<sup>1</sup>

By Hearing Examiner's Ruling dated November 14, 2003, the Hearing Examiner continued this matter generally until such time as the TRO is dissolved, and/or the Bankruptcy Court issues are resolved.

On September 14, 2006, the Deputy Receiver filed an Application for Order Approving Settlement Agreement ("Application"). Therein, the Deputy Receiver provided the history of this litigation, as well as the corollary proceedings in Bermuda and the Bankruptcy Court. He also represented to the Commission that, "[d]ue to the cost and unpredictability of litigation, and the complexity of the overlapping federal, state, and foreign jurisdictions involved in this matter, it was determined that a settlement would help insure the maximum benefit to ROA's policyholders, other creditors, and the public."<sup>2</sup> The Deputy Receiver also provided the details of the settlement agreement ("Settlement") reached between the Deputy Receiver and the Joint Liquidators of FVR. The Deputy Receiver further represented that "the [Settlement] is fundamentally fair to all interested parties, and respectfully requests that the [Settlement] be approved and implemented."<sup>3</sup>

On September 20, 2006, the Deputy Receiver filed a Motion for Expedited Treatment of Application for Order Approving Settlement Agreement ("Motion") wherein he indicates that the Settlement between the Deputy Receiver and the Joint Liquidators of FVR must be entered by the respective courts on or before November 1, 2006, or the Settlement may be terminated pursuant to its terms. Accordingly, the Deputy Receiver requests that the Commission expedite its review of the Application, such that its approval may be granted prior to November 1, 2006.<sup>4</sup>

<sup>1</sup> See Notice at 2-3.

<sup>2</sup> See Application at 7.

<sup>3</sup> Id. at 8.

<sup>4</sup> See Motion at 2.

On September 21, 2006, the Hearing Examiner issued his Report. Therein, the Hearing Examiner discussed the procedural history of this case, the Application, and the terms of the Settlement, and he recommended that the Commission adopt the findings of his Report and approve the Settlement.

On September 27, 2006, the Special Deputy Receivers ("SDRs") for the Tennessee Reciprocal<sup>5</sup> filed Comments and Response of Special Deputy Receivers to Application for Order Approving Settlement Agreement and Hearing Examiner's Report ("Comments"). Therein, the SDRs contend that, while they are not parties to this proceeding, the trust funds that are in dispute between FVR and ROA were "established ostensibly as security for FVR's reinsurance obligations to ROA relating to claims under the policies of the RRGs and to maintain an account from which ROA could withdraw funds only to pay claims made under policies issued by the RRGs, even in the event of ROA's insolvency."<sup>6</sup> The SDRs also state that, while they neither object nor agree to approval of the Settlement, they request that any Order approving the Settlement incorporate conditions set forth in their comments.<sup>7</sup> The SDRs request that the Commission enter no orders in this matter to the prejudice of the SDRs' claims in Case No. INS-2003-00092,<sup>8</sup> ". . . with respect to disposition of the monies from the Trust Account to remain after the contemplated settlement payment is made to FVR."<sup>9</sup> The SDRs also request that any orders issued by the Commission approving the Settlement provide that such orders are without prejudice to the SDRs' claims in Case No. INS-2003-00092.

On September 28, 2006, the Commission entered a Scheduling Order, in which it provided an opportunity for the parties to respond to the Comments on or before October 6, 2006. The Scheduling Order also provided for notice to parties in a number of related ROA proceedings.<sup>10</sup>

On October 2, 2006, the Deputy Receiver filed the Response of the Deputy Receiver to Comments of Risk Retention Groups' Special Deputy Receivers ("Response to Comments"). The Deputy Receiver asserts that the Settlement requires a \$6 million payment by ROA to FVR, which will be made from the disputed trust funds.<sup>11</sup> The Deputy Receiver also contends that the SDRs are aware of, and do not object to, this payment.<sup>12</sup> The Deputy Receiver also argues that the payment pursuant to the Settlement does not violate his Fifth Directive,<sup>13</sup> because the payment effectively settles a secured claim, or because the payment pertains to assets which are not undisputed assets of ROA.<sup>14</sup> The Deputy Receiver further contends that the Settlement does not restrict in any way the ability of the SDRs to pursue their claims in Case No. INS-2003-00092, and he requests that the Commission approve the Settlement unconditionally, deeming the representation of the Deputy Receiver and the terms of the Settlement itself as sufficient assurance that the Settlement will not have an unjustified untoward effect on the claims of the SDRs in Case No. INS-2003-00092.<sup>15</sup>

NOW THE COMMISSION, having considered the record in this proceeding, including the Application, the Settlement, the Hearing Examiner's Report, and the applicable law finds that the findings of the Hearing Examiner should be adopted and that the Settlement between the Deputy Receiver and the Joint Liquidators of FVR should be approved. We have carefully reviewed the terms thereof, as well as the representation of the Deputy Receiver that approving the terms of the Settlement will be in the best interest of the receivership estate, the policyholders, other creditors, and the public.<sup>16</sup>

We have also reviewed the terms of our Order Cancelling Hearing in Case No. INS-2003-00092, which required that notice be provided to parties to that case before the Deputy Receiver could disburse funds from the estate. If an objection was filed prior to the proposed action of the Deputy Receiver, such action could not be taken absent further Order of the Commission. We find it unnecessary in this case to decide whether the disputed trust funds are funds of the receivership estate. The specific trust funds are claimed by several different parties, including the Deputy Receiver, the Joint Liquidators of FVR, and the SDRs. Since all of the aforementioned persons understand that the \$6 million payment under the Settlement will be made from the trust funds

<sup>5</sup> The "Tennessee Reciprocal" are Doctors Insurance Reciprocal, Risk Retention Group ("RRG"), American National Lawyers Insurance Reciprocal, RRG, and The Reciprocal Alliance, RRG. The Tennessee Reciprocal were placed in receivership in Tennessee soon after ROA entered receivership in Virginia.

<sup>6</sup> See Comments at 2.

<sup>7</sup> *Id.* at 3.

<sup>8</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.

<sup>9</sup> See Comments at 4.

<sup>10</sup> In addition to parties in this case and Case No. INS-2003-00092, the Scheduling Order was also mailed to all parties in *Commonwealth of Virginia, ex rel. State Corporation Commission, Applicants v. Reciprocal of America, In Receivership, The Reciprocal Group, In Receivership, Respondents*, Case No. INS-2003-00024, which is the general receivership case.

<sup>11</sup> According to the Application, on April 3, 2003, the Deputy Receiver seized approximately \$56.9 million from a trust account holding funds pursuant to a trust agreement between FVR and ROA. See Application at 1-2. While the Deputy Receiver contends that these funds were held for the sole benefit of ROA, as security for FVR's reinsurance obligations to ROA, the SDRs have asserted that these funds were held for the benefit of the Tennessee Reciprocal and their policyholders and claimants.

<sup>12</sup> Response to Comments at 2.

<sup>13</sup> Pursuant to the Deputy Receiver's Fifth Directive, the Deputy Receiver directed the discontinuance of almost all payments from the receivership estate, effective April 30, 2003.

<sup>14</sup> Response to Comments at 3.

<sup>15</sup> *Id.* at 4-5.

<sup>16</sup> See Application at 8.

at issue and either do not object or specifically support such payment, we find that such payment does not violate the terms of our previous Order Cancelling Hearing or the Deputy Receiver's Fifth Directive.<sup>17</sup> We have also provided notice of this proceeding to parties in other ROA-related cases.

Accordingly, IT IS ORDERED THAT:

- (1) The Application of the Deputy Receiver of ROA is APPROVED.
- (2) The Settlement between the Deputy Receiver and the Joint Liquidators of FVR is APPROVED.
- (3) This matter is closed and the papers herein be passed to the file for ended causes.

Commissioner Jagdmann did not participate in this matter.

<sup>17</sup> We noted in our Order Cancelling Hearing that such Order did not "constitute findings of fact or conclusions of law with regard to the Joint Petition for Expedited Review of Claims and Deputy Receiver's Determination of Appeal filed by the [SDRs] on April 25, 2003, or otherwise, and is without prejudice to claims and defenses of the parties." Order Cancelling Hearing at 3. By approving the Application herein, we also make no such findings of fact or conclusions of law with regard to the claims in Case No. INS-2003-00092.

**CASE NO. INS-2003-00268  
NOVEMBER 17, 2006**

PETITION OF  
ROBERT AND CYNTHIA TROCKI

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 December 24, 2003, Robert and Cynthia Trocki ("Petitioners") filed a Petition for Review ("Petition") with the Clerk of the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 3807295.

By Order dated December 31, 2003, 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 February 13, 2004.

On February 13, 2004, the Deputy Receiver filed his Answer to the Petition in which he argued that the Petitioners' allegations were insufficient to support a claim for major structural defect coverage because the defect claimed is specifically excluded under the HOW Insurance Warranty document.

By ruling dated March 17, 2004, the matter was scheduled for telephonic hearing and a procedural schedule was established.

On May 7, 2004, the Petitioners filed a letter with the Commission requesting a postponement of the scheduled hearing in order to allow them additional time to obtain legal representation. The Deputy Receiver did not oppose the request for postponement. Accordingly, by ruling dated May 12, 2004, the matter was continued generally until further ruling by the Hearing Examiner.

No pleadings or other activity occurred with respect to this matter subsequent to the ruling of May 12, 2004. Thus, a Hearing Examiner's Ruling dated July 26, 2006, informed the parties, via certified mail, that this matter would be dismissed unless the parties showed good cause on or before August 11, 2006, why the matter should not be dismissed from the Commission's docket of active cases. On August 1, 2006, the Deputy Receiver advised that he did not oppose dismissal. On August 11, 2006, Massachusetts counsel filed a response on behalf of the Petitioners seeking additional time to secure Virginia counsel. The matter was continued, and the parties were directed to advise the status of discussions in a Hearing Examiner's Ruling dated August 15, 2006.

On September 15, 2006, the Deputy Receiver filed a letter indicating that the parties had reached an agreement to resolve all issues of this matter. On September 20, 2006, the parties filed a Stipulation of Agreement and Agreed Motion for Dismissal of Petition. The Petitioners agreed to withdraw their Petition and execute a release in exchange for a payment of \$5,250. Neither party admitted liability or mistake.

On October 13, 2006, the Hearing Examiner issued his Report and made the following findings and recommendations:

1. The agreed resolution of this case is reasonable.
2. The Agreed Motion for Dismissal of Petition should be granted.

Upon consideration of the record herein and the Report of the Hearing Examiner, 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 Agreed Motion for Dismissal of Petition is hereby GRANTED;
2. The Petition of Robert and Cynthia Trocki for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED; and
3. The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2004-00112  
SEPTEMBER 11, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
MUTUAL BENEFITS CORPORATION,  
Defendant

**ORDER REVOKING LICENSE**

In an order entered herein September 14, 2004, Mutual Benefits Corporation, a Florida-domiciled viatical settlements provider ("Defendant"), licensed by the State Corporation Commission ("Commission") to transact the business of a viatical settlement provider in the Commonwealth of Virginia pursuant to Chapter 60 (§ 38.2-6000 et seq.) of Title 38.2 of the Code of Virginia was ordered to take notice that the Commission would enter an order subsequent to September 28, 2004, suspending the license of the Defendant unless on or before September 28, 2004, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed license suspension.

The order to take notice was entered upon the recommendation of the Commission's Bureau of Insurance ("Bureau") based on an Emergency Cease and Desist Order ("Florida Order"), entered on May 3, 2004, by the Florida Office of Insurance Regulation, the Defendant's domiciliary regulator ("Florida Office"), which suspended the Defendant's license to transact the business of a viatical settlement provider in Florida and ordered the Defendant to cease and desist immediately from acting as a viatical settlement provider in and from Florida.

In addition, on May 4, 2004, the United States District Court for the Southern District of Florida ("District Court"), in Securities and Exchange Commission v. Mutual Benefits Corp., Case Number 04-60573-CIV-MORENO, entered an Order Appointing Receiver, which appointed Roberto Martinez as the Receiver ("Receiver") for the Defendant and several of its affiliates. The District Court also entered an order designated as a Temporary Restraining Order and Other Emergency Relief against the Defendant, the Defendant's officers, and several of the Defendant's affiliates (the foregoing hereinafter sometimes are referred to collectively as "Defendants") upon a motion filed by the Securities and Exchange Commission ("SEC") requesting various orders to be entered against the Defendants based on the District Court's finding that the SEC had presented a prima facie case of securities laws violations by the Defendants and shown a reasonable likelihood that the Defendants would harm the investing public by continuing to violate the federal securities laws.

The Defendant filed a timely request with the Clerk of the Commission for a hearing with respect to the proposed suspension of the Defendant's license.

In an order entered herein September 30, 2004, this matter was assigned to the Chief Hearing Examiner to conduct all further proceedings in this case on behalf of the Commission and file a Report.

On February 24, 2005, an Order Granting Motion for Authorization was entered by the District Court, which granted the Receiver's Motion for Authorization to enter into consent orders for termination or revocation of the Defendant's licenses as well as to abandon or not renew licenses of the Defendant.

In addition, On March 29, 2005, the Defendant and the Florida Office entered into a Consent Order wherein the Defendant's viatical settlement provider license was revoked, based on information disclosed in the course of its investigation and the SEC's action against the Defendant.

The Receiver, by letter dated July 10, 2006, and filed with the Clerk of the Commission on July 13, 2006, withdrew its request for a hearing and voluntarily consented to the revocation of the Defendant's license to transact the business of a viatical settlement provider in the Commonwealth of Virginia.

On July 25, 2006, the Bureau filed a motion requesting that, given the foregoing, the Chief Hearing Examiner enter a ruling recommending that the Commission enter an order revoking the Defendant's license to transact the business of a viatical settlement provider in the Commonwealth of Virginia.

On July 31, 2006, the Chief Hearing Examiner filed her Report, which granted the Bureau's motion and recommended that the Commission enter an order revoking the Defendant's license to transact the business of a viatical settlement provider in the Commonwealth of Virginia and dismissing this case. The Report also provided that any comments to the Report must be filed in the Office of the Clerk of the Commission within twenty-one (21) days from the date of the Report. No comments to the Report have been filed.

IT IS THEREFORE ORDERED THAT:

- (1) Pursuant to § 38.2-6002 G of the Code of Virginia, the license of the Defendant to transact the business of a viatical settlement provider in the Commonwealth of Virginia is hereby, REVOKED;
- (2) The Defendant shall transact no further business in the Commonwealth of Virginia as a viatical settlement provider;

(3) The Defendant shall not apply to the Commission to be licensed as a viatical settlement provider in the Commonwealth of Virginia prior to five (5) years from the date of this Order;

(4) The Bureau of Insurance shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia;

(5) This case is hereby dismissed; and

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

**CASE NO. INS-2005-00048  
OCTOBER 24, 2006**

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

**FINAL ORDER**

Senior American Life Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania ("Defendant"), initially was licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia on September 29, 1988.

Section 38.2-1028 of the Code of Virginia requires that insurers licensed to transact the business of insurance in the Commonwealth of Virginia maintain minimum capital of \$1,000,000 and minimum surplus of \$3,000,000.

By order entered herein June 24, 2005, the Defendant's license to transact the business of insurance in the Commonwealth of Virginia was suspended due to the Defendant's failure to comply with such minimum surplus requirement and the Defendant's voluntary consent to the suspension.

The Quarterly Statement of the Defendant dated June 30, 2006, and the Defendant's 2005 Annual Audited Financial Statement, both timely filed with the Commission's Bureau of Insurance ("Bureau"), reflect that the Defendant is in compliance with Virginia's minimum capital and surplus requirements as set forth in § 38.2-1028.

In light of the foregoing, the Bureau has recommended that the Order Suspending License entered by the Commission be vacated, the Defendant's license be restored, and this case be closed.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Order Suspending License entered by the Commission should be vacated.

THEREFORE, IT IS ORDERED THAT:

(1) The Order Suspending License entered by the Commission is hereby VACATED;

(2) Defendant's license to transact the business of insurance in the Commonwealth of Virginia is hereby RESTORED;

(3) This case is hereby DISMISSED; and

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

**CASE NO. INS-2005-00049  
DECEMBER 18, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
PROVIDENCE WASHINGTON INSURANCE COMPANY OF NEW YORK,  
Defendant

**FINAL ORDER**

Providence Washington Insurance Company of New York, a New York-domiciled corporation ("Defendant"), initially was licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia on June 4, 1996.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

By Order entered herein July 12, 2005, the Defendant's license to transact the business of insurance in the Commonwealth of Virginia was suspended due to the Defendant's failure to comply with the minimum surplus requirement set forth in § 38.2-1028 of the Code of Virginia.

On October 17, 2006, documents were filed in the Office of the Clerk of the Commission reflecting that as of October 17, 2006, the Defendant was merged with and into Providence Washington Insurance Company, a Rhode Island-domiciled corporation licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia.

The Bureau of Insurance has recommended that this case be closed given that the suspension of the Defendant's license is moot due to the merger of the Defendant with and into another insurer.

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that this case should be closed;

THEREFORE, IT IS ORDERED THAT:

- (1) This case is hereby closed; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00073  
MARCH 17, 2006**

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

v.

VIRGINIA PHYSICIANS INSURANCE COMPANY,  
Defendant

**FINAL ORDER**

On September 14, 2005, the State Corporation Commission ("Commission") entered a Settlement Order ("Order") in this case. That Order, among other things, required the Defendant to:

- (1) Cease and desist from soliciting or issuing any new or renewal contracts of insurance in Virginia until such time as it obtained an insurance license and certificate of authority or received the prior approval of the Commission to issue surplus lines insurance pursuant to Chapter 48 of Title 38.2;
- (2) 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 ended; or (ii) the specific date that any replacement coverage secured by the insureds became effective;
- (3) Pay all covered claims by any Virginia insureds during any applicable period of coverage and 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) Refund to Virginia insureds all unearned premiums on a pro rata basis within thirty (30) days of the applicable date of cancellation;
- (5) Provide all insureds with a copy of the Order together with a notice of the effective date of expiration of their coverage within twenty (20) days of the date of the Order;
- (6) Provide evidence that each hospital requiring evidence of insurance coverage from the Defendant's insureds had been notified that the Defendant is not authorized to transact the business of insurance in Virginia; and
- (7) File an affidavit with the Bureau of Insurance on or before January 31, 2006, confirming that the Defendant had complied with the terms of the Order.

On February 10, 2006, the Defendant filed an affidavit with the Bureau indicating that it had complied with the terms of the Order. There being nothing further to be done herein, it is hereby ORDERED that this matter be dismissed from the Commission's docket of active cases and the papers filed herein be placed in the Commission's files for ended causes.

**CASE NO. INS-2005-00160  
AUGUST 21, 2006**

PETITION OF  
MISSISSIPPI INSURANCE GUARANTY ASSOCIATION

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

**FINAL 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, "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 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 Companies.

On July 19, 2005, the Mississippi Insurance Guaranty Association ("Petitioner" or "MIGA") filed a Petition for Review ("Petition") with the Commission contesting the Deputy Receiver's Determination of Appeal concerning Claim No. 00116125. The Petitioner is appealing the Deputy Receiver's decision to deny its claim for \$24,950, the amount MIGA paid in settlement of a claim brought by the Estate of Peggy Johnson against Forrest General Hospital ("FGH" or "Hospital").

According to the Petition, the claim arose when Johnson, who was a patient at the Hospital, died from injuries sustained when she fell and hit her head. Johnson's family subsequently filed suit against the Hospital. ROA insured the Hospital under both a general liability policy and a professional liability policy. Because ROA is in receivership, MIGA took over the case. MIGA, relying on information obtained during an investigation of the incident, settled the claim under the general liability policy, whereupon it submitted a proof of claim to the Deputy Receiver.

The Deputy Receiver denied the claim. He argues that based on the complaint filed against the Hospital, which alleged that the accident occurred because the bed rails were not in the proper position, the professional liability policy should have applied rather than the general liability policy. Consequently, because MIGA's request for reimbursement did not exceed the deductible applicable to the professional liability policy, the Deputy Receiver contends that he is not authorized to reimburse MIGA for the amount it paid to settle the claim.

By Order entered July 28, 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 September 14, 2005. An evidentiary hearing was convened on January 24, 2006. The parties filed post-hearing briefs on February 24, 2006.

On May 22, 2006, 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 findings and recommendations. The Hearing Examiner found that MIGA's Petition should be granted, the Deputy Receiver's determination reversed, and that MIGA should be reimbursed accordingly. The Hearing Examiner found that it was "entirely proper for MIGA to base its coverage determination on the investigation conducted at the time of the incident." He further noted that "[i]n Virginia, the receiver or statutory successor of an insolvent insurer is bound by settlements of covered claims by guaranty associations."<sup>1</sup> He concluded that "[t]he applicable statutes in Mississippi and Virginia both lead to the conclusion that MIGA acted within its authority and settled a covered claim, thereby entitling it to reimbursement of the settlement funds expended."<sup>2</sup>

The Deputy Receiver filed comments on the Report on June 12, 2006. Therein, the Deputy Receiver contends that the Hearing Examiner's Report does not reveal clearly whether the Hearing Examiner answered either of the two questions raised by this case. The Deputy Receiver contends that the first question is whether he has the ability to challenge what he believes in good faith to be an erroneous decision by a guaranty association with respect to whether a particular claim is a "covered claim." The second question that must be addressed, according to the Deputy Receiver, is "whether an incident report and investigation or the actual presentation of a claim is determinative of coverage under an insurance policy."<sup>3</sup>

The Deputy Receiver contends that the interests of the receivership and its creditors will be served best by making clear whether the Deputy Receiver may review the guaranty association's coverage determination to determine whether a claim is a "covered claim."<sup>4</sup> The Deputy Receiver continues by contending that he does have such ability to review guaranty associations' determinations of whether a claim is a "covered claim." He further asserts that, "based upon the allegations in the underlying complaint and the terms of the ROA coverage, this suit was clearly excluded from coverage under the [ROA General Liability] policy."<sup>5</sup> He claims that the actual claim presented, rather than any investigation by an insured, must govern the question of which policy is triggered and provides coverage. The Deputy Receiver contends that this is true under both Mississippi and Virginia law.<sup>6</sup> The Deputy Receiver concludes by arguing that the claim that MIGA settled was not a "covered claim" and, consequently, the Deputy Receiver was not required to reimburse

<sup>1</sup> Report at 4.

<sup>2</sup> Id.

<sup>3</sup> Deputy Receiver's Comments on the Report of Howard P. Anderson, Jr., Hearing Examiner ("Comments") at 2.

<sup>4</sup> Id. at 4-5.

<sup>5</sup> Id. at 8.

<sup>6</sup> Id. at 11, 13.

MIGA for that payment. He requests that the findings and recommendations of the Hearing Examiner be clarified or rejected and that the Deputy Receiver's Determination of Appeal be affirmed.<sup>7</sup>

On August 3, 2006, the National Conference of Insurance Guaranty Funds ("NCIGF") filed a Motion for Leave to File an Amicus Curiae Brief ("Motion"). Therein, the NCIGF requests that it be permitted to file an amicus curiae brief to the Commission before the Commission issues its final order if "the Commission addresses the [issue of whether the Deputy Receiver may second guess a guaranty fund's covered claim determination or whether guaranty funds have the authority under their statutes to make coverage determinations that are final and binding on the Deputy Receiver.]"<sup>8</sup> The NCIGF contends that allowing the Deputy Receiver to second guess covered claim determinations will "result in duplicate efforts and expense on the part of the receiver and the guaranty funds, will jeopardize the guaranty fund system's efficient and expert handling of claims, and will result in delayed payments of covered claims, undermining the legislatures' intent in creating state insurance guaranty funds."<sup>9</sup>

On August 9, 2006, the Deputy Receiver filed his Response in Opposition to the National Conference of Insurance Guaranty Funds' Motion for Leave to File Amicus Curiae Brief ("Response"). The Deputy Receiver contends that the Motion and the NCIGF's request come too late. He argues that the NCIGF has had ample notice of and opportunity to intervene in this proceeding, which began with MIGA filing its Petition over a year ago. The Deputy Receiver also argues that no "comments on comments" are permitted under current Rule 5 VAC 5-20-120, and previous Commission Rule 5:16(e) specifically prohibited such comments. He also claims that granting the Motion would be unfair to the Deputy Receiver given the NCIGF's obvious alignment with MIGA's interests and MIGA's failure to file any comments on the Report.<sup>10</sup> He concludes by requesting that the Commission deny the Motion or, alternatively, to permit the Deputy Receiver to respond to the NCIGF's brief if the Commission permits its filing.<sup>11</sup>

NOW THE COMMISSION, having considered the evidence and arguments of the parties, the pleadings, including the parties' post-hearing briefs, the Hearing Examiner's Report and the comments thereto, the Motion and the Response thereto, and the applicable law, finds as follows.

As to the handling of the underlying claim by MIGA, we decline to conduct a *de novo* review of MIGA's handling thereof. We find that MIGA's settlement was a reasonable compromise of a disputed claim. Thus, we make no substantive finding as to whether insurance coverage is triggered by the insured's investigation or by the "eight corners" of the complaint against the insured and the relevant policy. We recognize that, by virtue of our decision here and by directing the Deputy Receiver to reimburse MIGA, we are essentially determining, *de facto*, that the underlying claim was a "covered claim." Such determination is not intended to bind the Commission or the Deputy Receiver in future cases.

As to the issue that forms the backdrop to this proceeding, that is, whether the Commission or its Deputy Receiver may "second guess" a guaranty association's covered claim determination or whether guaranty associations have the authority under their statutes to make coverage determinations that are final and binding on the Commission or its Deputy Receiver, we think the law is unambiguous.

The disputed language is located in § 38.2-1609 B of the Code of Virginia. That section provides, in pertinent part, that "[t]he receiver, liquidator, or statutory successor of an insolvent insurer *shall be bound by settlements of covered claims* by the Association or a similar organization in another state." (emphasis added).<sup>12</sup> We think the use of the term "covered claims" is significant. The language used indicates that a receiver is bound by settlement of a claim that is "covered," and is not bound by a claim that is not a "covered claim." The definition of a "covered claim" is located in § 38.2-1603 of the Code of Virginia. Hence, the use of the word "covered" in § 38.2-1609 of the Code of Virginia cannot be construed as accidental.

While we were unable to find any authority that was directly on point on this question, we find support for our decision in *Colaiannia v. Aspen Indem. Corp.*,<sup>13</sup> a case that arose in a Colorado receivership proceeding. In *Colaiannia*, the Tennessee Insurance Guaranty Association ("TIGA") filed a motion for allowance of late filed proofs of claim in the liquidation proceedings of Aspen Indemnity Corp. TIGA's proof of claim was filed six months after the deadline established as the deadline for the filing of all proofs of claim against Aspen. The decision does not specify whether the underlying proof of claim involved a settlement or not, but the court specifically referred to a similar provision of Colorado law providing that receivers are "bound by 'covered claim' settlements made by guaranty associations. . ."<sup>14</sup> However, it is plain from the decision that the receiver denied the proof of claim and that the court affirmed such denial, primarily on the basis that the deadline for filing the proof of claim had passed.<sup>15</sup> In short, if the receiver had no authority to determine whether the claim was a "covered claim," the court would have had no occasion to address the question before it, because the receiver would have been "bound by the settlement of a covered claim." Accordingly, the decision provides at least some support for the proposition that a receiver cannot blindly disburse estate assets in a ministerial fashion when the guaranty association files its proof of claim.

<sup>7</sup> *Id.* at 17.

<sup>8</sup> Motion at 2.

<sup>9</sup> *Id.* at 3.

<sup>10</sup> Response at 3-5.

<sup>11</sup> *Id.* at 5-6.

<sup>12</sup> Mississippi law on this point is identical: "The receiver, liquidator, or statutory successor of an insolvent insurer shall be bound by settlements of covered claims by the association or a similar organization in another state." Miss. Code Ann. § 83-23-121(3).

<sup>13</sup> 885 P.2d 337 (Colo. Ct. App. 1994).

<sup>14</sup> 885 P.2d at 337-338.

<sup>15</sup> Under Colorado law, a claim filed with a guaranty fund after the final date set by the court for the filing of claims against the liquidator or receiver was not a "covered claim." 885 P.2d at 338 (construing Colorado law). Virginia has a similar provision in § 38.2-1606(A)(1)(b) of the Code of Virginia: "A covered claim shall not include any claim filed with the Association after the final date set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer."

While the Commission does not believe that a guaranty association in Virginia or any other state would willfully pay a non-covered claim, the Commission, as the receiver and guardian of the estate of the insolvent insurer, must necessarily be able to determine whether a claim is in fact "covered." Otherwise, the Commission would be reading the word "covered" out of the statute. Such reading would violate well-known principles of statutory construction. "[E]very provision in or part of a statute shall be given effect if possible." Gallagher v. Commonwealth, 205 Va. 666, 669 (1964) (citing Tilton v. Commonwealth, 196 Va. 774, 784 (1955)). "Every part of an act is presumed to be of some effect and is not to be treated as meaningless unless absolutely necessary." Raven Red Ash Coal Corp. v. Absher, 153 Va. 332, 335 (1929). We find that the use of the word "covered" is significant in the context of § 38.2-1609 of the Code of Virginia.

If the Commission is bound by settlements of "covered claims," then it is similarly not bound by settlements of claims that are not "covered." We do not believe that this issue should arise often, since we understand that guaranty associations are statutorily charged with and are carrying out their duty to only pay "covered claims."<sup>16</sup> However, in the rare case where it is disputed, this Commission has the authority to determine whether a claim settled by a guaranty association is in fact "covered."<sup>17</sup>

Notwithstanding the authority of the Commission and its Deputy Receiver to determine if a claim is a "covered claim," we think that the settlement obtained by MIGA was a reasonable one, and, accordingly, we decline the Deputy Receiver's invitation to second-guess MIGA's "covered claim" determination in this case. We find no evidence in the record of this proceeding indicating bad faith, collusion, or that the underlying settlement was unreasonable.

Accordingly, IT IS ORDERED THAT:

(1) The Petition of the Mississippi Insurance Guaranty Association for review of the Deputy Receiver's Determination of Appeal is hereby GRANTED.

(2) The Deputy Receiver's Determination of Appeal in Claim No. 00116125 is REVERSED.

(3) The NCIGF's Motion for Leave to File an Amicus Curiae Brief is DENIED.

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

Commissioner Jagdmann did not participate in this matter.

<sup>16</sup> We are mindful that the guaranty associations are vested with a "great deal of the responsibility for processing and satisfying the claims of insureds and claimants against insolvent insurers." Hirschbach Motor Lines, Inc. v. Missouri Ins. Guar. Ass'n, 782 S.W.2d 682, 684 (Mo. Ct. App. 1989). That same court noted, however, that the insurance guaranty association's obligation to claimants and insureds "is in no way dependent upon [the guaranty association's] ability to recoup its expenditures from the liquidator." Id.

<sup>17</sup> We do not anticipate that the Deputy Receiver will be litigating this issue on a routine basis; to the contrary, we expect such litigation to be rare. Disputes between the guaranty associations and the Deputy Receiver as to whether a claim is a "covered claim" should be confined to the situations where there is an important legal principle or where there will be a potentially huge impact on the receivership from the claim that is disputed. The "follow-the-fortunes" doctrine may be a closely analogous situation that may guide the Deputy Receiver in deciding whether to challenge the guaranty association's determination that a claim is a "covered claim." The "follow-the-fortunes" doctrine, employed in the reinsurance context and designed in part to encourage settlement, binds a reinsurer to accept the ceding insurer's "good faith decisions on all things concerning the underlying insurance terms and claims against the underlying insured: coverage, tactics, lawsuits, compromise, resistance or capitulation." British Int'l Ins. Co. Ltd. v. Seguros La Republica, S.A., 342 F.3d 78, 85 (2d Cir. 2003). Under this doctrine, a reinsurer cannot second guess the good faith liability determinations made by its reinsured. See also Travelers Cas. & Surety Co. v. Gerling Global Reinsurance Corp., 419 F.3d 181, 194 (2d Cir. 2005) (noting that "if a loss is covered by several policies, a good-faith, reasonable allocation among those policies cannot violate their terms."); Commercial Union Ins. Co. v. Swiss Reinsurance America Corp., 413 F.3d 121, 124, 127 (1st Cir. 2005) (one purpose of the doctrine is to give the ceding insurer reasonable latitude to settle claims against it by the primary insured and to bind the reinsurer (in some measure) from contesting the underlying settlement if it was reasonable and made in good faith). While we do not "bind" the Deputy Receiver or ourselves to the "good faith" determinations of the guaranty associations in assessing whether a claim is a "covered claim," we think the follow-the-fortunes doctrine is a useful analogy to guide the parties and to ensure that litigation over this issue is left for rare occasions.

**CASE NO. INS-2005-00195  
JUNE 5, 2006**

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

v.  
ROGER LEWIS SEAY,  
Defendant

**FINAL ORDER**

On September 9, 2005, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Roger Lewis Seay ("Defendant"), an individual licensed by the Commission to transact the business of insurance. The Rule alleged that the Defendant violated §§ 38.2-502, 38.2-512, and 38.2-1804 of the Code of Virginia by engaging in the following activities: (1) Misrepresenting to applicants the premium payment option and premiums to be paid for insurance policies; (2) Misrepresenting the payment option to applicants, then submitting applications to the insurer with payment options that were different from what was represented to applicants, thereby earning a higher commission; (3) Signing applications for insurance that were incomplete or blank and allowing applicants to sign forms that were incomplete or blank; (4) By engaging in the above actions, violated an order of the Commission (Settlement Order in Case No. INS-2000-00019) in which Defendant agreed to cease and desist from any conduct which constitutes a violation

of §§ 38.2-502 or 38.2-512 of the Code of Virginia; (5) Attempted to obtain a license from the state of Colorado through misrepresentation or fraud; (6) Intentionally misrepresented the terms of actual or proposed insurance contracts; and (7) By virtue of the above conduct, has used fraudulent, coercive, or dishonest practices and has demonstrated untrustworthiness in the conduct of the business of insurance.

The September 9, 2005, Rule assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for November 17, 2005, for the Defendant to appear and show cause why he should not, in addition to a penalty under § 38.2-218 of the Code, have his insurance agent license revoked.

On November 17 and 18, 2005, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. Counsel appearing were Charles W. Hundley, Esquire, for the Defendant and Donald C. Beatty, Esquire, for the Commission's Bureau of Insurance ("Bureau"). The Bureau presented testimony from Thomas E. MacKnight, John E. Rhein, Patrice A. Rhein, Grace L. Browne, Alida E. Miller, Frances R. Galvin, Gladys D. Gayle, George M. Williams, and Andy Marquez. The Defendant, Roger Seay, presented testimony from Beverly Beirne, Kenneth Beirne, Lewis David Fitzgerald, Michael Patrick O'Dwyer, Quinn Eagan, Jeremiah Gorman, Elmer Stoll, and Dorothy Rose Stoll. The Defendant also testified on his own behalf.

On April 11, 2006, the Hearing Examiner issued his Report. In his Report, he found that: (1) Between 2000 and the end of 2002, the Defendant on seven occasions signed and allowed the client to sign an enrollment form that was incomplete in violation of § 38.2-1804 of the Code of Virginia; (2) All other charges contained in the Rule to Show Cause are not supported by the evidence and should be dismissed; (3) The Defendant should be fined in the amount of \$100.00 for each of the seven violations of § 38.2-1804 of the Code of Virginia, and all fines should be suspended upon condition that the Defendant not violate any provision of Title 38.2 of the Code of Virginia for a period of five years from the date of the Final Order in this proceeding; and (4) The Defendant's license to sell insurance in Virginia should not be suspended or revoked.

On April 13, 2006, the Defendant, by counsel, filed comments in support of the Hearing Examiner's Report and requested that the Commission adopt the findings and recommendations of the Hearing Examiner.

On April 28, 2006, the Bureau filed comments on the Hearing Examiner's Report requesting that the Commission reconsider the Hearing Examiner's finding that the Bureau failed to meet the standard of proof required to show that the Defendant attempted to obtain a license from the state of Colorado through misrepresentation or fraud. The Bureau accepts the Hearing Examiner's finding that the Bureau did not establish fraud but states that the Examiner did not address the question of whether or not the Defendant attempted to obtain a license through misrepresentation. The Bureau states that the record shows that the Defendant did attempt to obtain a license from the state of Colorado through misrepresentation and therefore violated § 38.2-1831 of the Code of Virginia.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the Hearing Examiner's findings and recommendations are reasonable and should be adopted. We find insufficient evidence in the record to support the Bureau's contention that the Defendant attempted to obtain his Colorado license through misrepresentation.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the April 11, 2006, Hearing Examiner's Report are hereby adopted.
- (2) The Defendant is fined in the amount of \$100.00 for each of the seven violations of § 38.2-1804 of the Code of Virginia for a total of \$700.00, and all fines are hereby suspended upon the condition that the Defendant not violate any provision of Title 38.2 of the Code of Virginia for a period of five years from the date of this Final Order.
- (3) All other allegations contained in the Rule are hereby dismissed.
- (4) This case is dismissed.

**CASE NO. INS-2005-00202  
OCTOBER 3, 2006**

PETITION OF  
TROVER CLINIC FOUNDATION

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

**FINAL 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, "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 September 15, 2005, Trover Clinic Foundation ("Trover" or "Petitioner"), a hospital located in Madisonville, Kentucky, filed a Petition for Review with the Commission contesting the Deputy Receiver's Determination of Appeal concerning Claim No. P-3. ROA insured the Petitioner for hospital professional liability claims under a claims-made hospital professional liability policy issued on January 8, 2002, for a period of one year ending January 8, 2003. The Petitioner is appealing the Deputy Receiver's decision to deny insurance coverage for five claims that it submitted.

By Order entered September 21, 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 October 21, 2005.

On October 20, 2005, the Deputy Receiver filed an Answer to Petition for Review, in which he argued that the Petitioner's claims were barred by the terms of the policy for failure to provide timely notice. The policy required that claims be made to the company within the reporting period of the policy. The Deputy Receiver asserted that he never received timely notice of the five subject claims. Accordingly, he requested that the Commission affirm his Determination of Appeal and dismiss the Petition.

By Hearing Examiner's Ruling entered on January 6, 2006, a hearing was scheduled for April 4, 2006, to receive evidence on the Petition. At the request of the Petitioner, a procedural schedule was amended, and the hearing was rescheduled to June 6, 2006. Furthermore, on April 24, 2006, in response to a Motion in Limine filed by the Petitioner, the Hearing Examiner ruled that Virginia law, rather than Kentucky law, should be applied in the case.

A hearing was held on June 6, 2006. The Petitioner presented witnesses who testified regarding the standard procedures used to submit claims to ROA. The Petitioner's director of claims management testified that claim reports were submitted to ROA's third party administrator, Kentucky Hospital Service Company d/b/a Coverage Option Associates ("COA"), within 24 hours after the dates indicated on the reports. These reports were sent via facsimile, e-mail, or overnight mail. It was the Petitioner's practice to keep a copy of the e-mail transmittals to COA, but not facsimile transmittals. There was also testimony that the same generic transmittal cover sheet was used with each faxed claim submission. The witness testified that she had no formal confirmation that COA received any of the five subject claims; however, she had no reason to doubt that they were sent to COA because the same procedures were used to submit all claims and the subject claims were the only ones allegedly not received by ROA. Another employee, whose duty it was to submit claim reports to COA, testified that she was unsure whether she faxed or e-mailed the subject claims to COA. She speculated that because there was no e-mail transmittal in any of the five subject claim files, she might have faxed the reports to ROA.

The Deputy Receiver presented witnesses who testified about the policy's claim reporting requirements, the claims reporting process, TRG's database system, and the investigation of the subject claims. The claims supervisor for TRG testified that the policy issued to the Petitioner was a claims-made policy, and it required any claim to be reported while the policy was in force. She testified that TRG maintained a claims database, and any claims the Petitioner reported to ROA or COA prior to filing its Proof of Claim ("POC") should have been in the data system. When it was discovered that six claims listed in the Petitioner's POC, including the five subject claims, were not in the data system, an investigation was conducted. The Deputy Receiver ultimately found no evidence that ROA, TRG, or COA ever received any information regarding the five subject claims within the policy period.<sup>1</sup> Therefore, coverage for these claims was denied.

On July 14, 2006, the Hearing Examiner issued his report. The Examiner noted that in order for the Petitioner to prevail, it must prove by a preponderance of the evidence that it filed the subject claims with COA during the reporting period. The Examiner summarized the evidence presented by the Petitioner as follows: even though none of its witnesses recalled sending the five claim reports to COA, it must have occurred based on their having followed standard office procedures. The Examiner found this insufficient to satisfy the Petitioner's burden of proof. The Petitioner was unable to provide any documentary evidence that the five subject claims were submitted to, or received by, COA. The Examiner also rejected the estoppel and equity arguments made by the Petitioner.

Consequently, the Hearing Examiner made the following findings and recommendations:

1. Trover failed to establish by a preponderance of the evidence that COA or ROA timely received the subject claim reports;
2. The subject claims were not covered by Trover's claims-made hospital professional liability insurance policy with ROA;
3. ROA should not be estopped from denying the subject claims;
4. There was no evidentiary basis for the Commission to exercise its equity jurisdiction; and
5. The Commission should adopt the findings of the Report, affirm the Deputy Receiver's Determination of Appeal in Claim No. P-3, dismiss the Petition with prejudice, and pass the papers to the file for ended causes.

On August 17, 2006, the Petitioner submitted Comments to the Hearing Examiner's Report.

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 Determination of Appeal in Claim No. P-3 is hereby AFFIRMED;
2. The Petition of Trover Clinic Foundation for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED with prejudice; and
3. The papers herein are passed to the file for ended causes.

Commissioner Jagdmann did not participate in this matter.

<sup>1</sup> After conducting a more refined search of its database, the Deputy Receiver discovered that the sixth claim had been reported in a timely manner.

**CASE NO. INS-2005-00212  
APRIL 12, 2006**

PETITION OF  
MICHELLE VANCE

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

**FINAL 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, "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 September 23, 2005, Michelle Vance ("Petitioner"), by counsel, filed a Petition for Review with the Commission contesting the Deputy Receiver's Determination of Appeal concerning Claim No. CS474492. The Petitioner was seeking to delay action on her appeal until it was clear that her claim was being handled by Cannon Cochrane Management Services, Inc. ("Cannon") on behalf of the Petitioner's employer, Freeman Health System ("FHS"). Because the Petitioner has a pending claim before the Missouri Department of Labor and Industrial Relations Division of Workers' Compensation ("Missouri Workers' Compensation Division"), she was concerned that the Determination of Appeal could possibly foreclose her rights to payment on the claim. Therefore, she requested that the Determination of Appeal be delayed until such time as confirmation of claim payment could be made.

By Order dated September 29, 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 November 4, 2005.

On November 4, 2005, the Deputy Receiver filed a Motion to Dismiss and Answer to Petition for Review. In his Motion, the Deputy Receiver argued that the Petition should be dismissed because it was not filed in a timely manner according to the requirements set forth in the Amended Receivership Appeal Procedure.

By Ruling dated January 9, 2006, the Hearing Examiner found that the Petition should be accepted as timely filed. A procedural schedule was established and a hearing was scheduled for April 11, 2006. Pursuant to the procedural schedule, the Petitioner was directed to file her prefiled testimony and exhibits on or before January 31, 2006.

On February 8, 2006, the Deputy Receiver filed a Motion for Summary Judgment on the grounds that the Petitioner had failed to prefile or otherwise provide any evidence to support her Petition.

By Ruling dated February 14, 2006, the Petitioner was directed to file any response to the Deputy Receiver's Motion for Summary Judgment on or before February 22, 2006, and the Deputy Receiver was directed to file any reply by March 3, 2006.

On February 14, 2006, counsel for the Petitioner filed a Response and Notice of Withdrawal as Counsel. In her Response, the Petitioner did not dispute the facts set forth in the Motion for Summary Judgment. The Petitioner reiterated her desire to leave all avenues of recovery open until such time as her claim is settled with Cannon. The Petitioner also stated that she was unaware of any testimony or exhibits that would be relevant to her case other than the proof of claim already on file.

On March 7, 2006, the Hearing Examiner issued his Report, in which he made the following findings and recommendations:

1. The Petitioner has failed to file any testimony or exhibits upon which to base her claim; and
2. The Commission should enter an order that adopts the findings of this report and dismiss this case from the Commission's docket of active cases.

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 Petition of Michelle Vance for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED;
2. The Deputy Receiver's Determination of Appeal in Claim No. CS474492 is hereby AFFIRMED; and
3. The papers herein are passed to the file for ended causes.

**CASE NO. INS-2005-00215  
MARCH 17, 2006**

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

**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-220 of the Code of Virginia, the State Corporation Commission ("Commission") is authorized to issue temporary and permanent injunctions restraining acts that violate or attempt to violate any of the provisions of Title 38.2 of the Code.

Pursuant to 14 VAC 5-410-60, any violation of Chapter 410 (14 VAC 5-410-10 through 14 VAC 5-410-80) shall be punished as provided for in § 38.2-218 of the Code, and the provisions of §§ 38.2-219 through 38.2-222 of the Code shall apply to any multiple employer welfare arrangement that fails to comply with the provisions of Chapter 410.

Pursuant to 14 VAC 5-410-40 D, each fully insured multiple employer welfare arrangement shall file with the Commission on or before March 1 of each year (i) proof of coverage as set forth in subdivision B 5 of such section, and (ii) notice of any changes in its information as filed with the Commission.

Alphastaff, Inc. ("Defendant"), is a Florida multiple employer welfare arrangement that is duly registered with the Commission to operate as a fully insured multiple employer welfare arrangement in the Commonwealth of Virginia. The Defendant's corporate status, as listed in the Commission's Clerk's Office, is "Fee Delinquent."

The Defendant has failed to file with the Commission its 2005 annual proof of coverage and notice of any changes in information it previously filed with the Commission as required by 14 VAC 5-410-40 D.

The Commission's Bureau of Insurance ("Bureau") attempted to contact the Defendant numerous times over a period of six months by telephone, facsimile, e-mail, and multiple certified letters in connection with its failure to file. A member of the Bureau's staff spoke by telephone with a representative of the Defendant regarding the filing; however, despite assurances of the representative, no filing has been received by the Bureau, and the Defendant has not otherwise communicated with the Bureau. In addition, subsequent attempts by the Bureau's counsel to contact the Defendant resulted in no response from the Defendant.

The Bureau has recommended that, given the foregoing, the Defendant (i) be enjoined permanently from enrolling any new Virginia members in its health plan, from writing any renewal business, and from otherwise operating as a multiple employer welfare arrangement in this Commonwealth; and (ii) be ordered to wind down its current operations in this Commonwealth.

IT IS THEREFORE ORDERED that the Defendant TAKE NOTICE that the Commission shall enter a judgment order subsequent to March 31, 2006, (i) permanently enjoining the Defendant from enrolling any new Virginia members in its health plan, from writing any renewal business, and from otherwise operating as a multiple employer welfare arrangement in this Commonwealth; and (ii) ordering the Defendant to wind down its current operations in this Commonwealth unless on or before March 31, 2006, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a responsive pleading and a request for a hearing before the Commission with respect to the proposed judgment order.

**CASE NO. INS-2005-00215  
MAY 17, 2006**

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

**FINAL ORDER**

In an Order to Take Notice entered herein March 17, 2006, Alphastaff, Inc. ("Defendant"), a Florida multiple employer welfare arrangement duly registered with the State Corporation Commission ("Commission") to operate as a fully insured multiple employer welfare arrangement in the Commonwealth of Virginia, was alleged to have violated 14 VAC 5-410-40 D by failing to file with the Commission its annual proof of coverage due March 1, 2005. The Defendant was ordered to take notice that the Commission would enter a judgment order subsequent to March 31, 2006: (i) permanently enjoining the Defendant from enrolling any new Virginia members in its health plan, from writing any renewal business, and from otherwise operating as a multiple employer welfare arrangement in this Commonwealth; and (ii) ordering the Defendant to wind down its current operations in this Commonwealth for the reasons set forth therein, unless on or before March 31, 2006, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission with respect to the proposed judgment order.

By Response of Alphastaff, Inc. to Order to Take Notice and by Amended Response of Alphastaff, Inc. to Order to Take Notice, filed with the Commission by Jack L. Wuerker, attorney for the Defendant, on March 31, 2006, and April 3, 2006, the Defendant filed its required annual proof of

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coverage filings for 2006 and 2005, respectively. Both the Response and the Amended Response also included the Defendant's request for a hearing in connection with the proposed judgment order.

The Commission is authorized by §§ 38.2-218 and 38.2-219 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 violation.

On May 8, 2006, the Defendant made an offer of settlement to the Commission in connection with the alleged violation of 14 VAC 5-410-40 D of the Virginia Administrative Code wherein the Defendant withdrew its request for a hearing, tendered to the Commonwealth of Virginia the sum of one thousand hundred dollars (\$1,000), and agreed to the entry by the Commission of a cease and desist order.

In light of the foregoing, the Bureau has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia, that the Order to Take Notice entered by the Commission be dismissed, 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, the Order to Take Notice entered by the Commission should be dismissed, and this case should be closed.

THEREFORE, IT IS ORDERED THAT:

- (1) The Order to Take Notice entered by the Commission is hereby, DISMISSED;
- (2) The offer of the Defendant in settlement of the matters set forth herein is hereby accepted;
- (3) The Defendant shall cease and desist from any conduct which constitutes a violation of 14 VAC 5-410-40 D;
- (4) This case is hereby, closed; and
- (5) The papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2005-00216  
MARCH 17, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
FREEDOMWORKS, INC. (FORMERLY CITIZENS FOR A SOUND ECONOMY),  
Defendant

**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-220 of the Code of Virginia, the State Corporation Commission ("Commission") is authorized to issue temporary and permanent injunctions restraining acts that violate or attempt to violate any of the provisions of Title 38.2 of the Code.

Pursuant to 14 VAC 5-410-60, any violation of Chapter 410 (14 VAC 5-410-10 through 14 VAC 5-410-80) shall be punished as provided for in § 38.2-218 of the Code, and the provisions of §§ 38.2-219 through 38.2-222 of the Code shall apply to any multiple employer welfare arrangement that fails to comply with the provisions of Chapter 410.

Pursuant to 14 VAC 5-410-40 D, each fully insured multiple employer welfare arrangement shall file with the Commission on or before March 1 of each year (i) proof of coverage as set forth in subdivision B 5 of such section, and (ii) notice of any changes in its information as filed with the Commission.

FreedomWorks, Inc., formerly Citizens for a Sound Economy ("Defendant"), is a District of Columbia multiple employer welfare arrangement that is duly registered with the Commission to operate as a fully insured multiple employer welfare arrangement in the Commonwealth of Virginia. In August 2004, the Defendant changed its name from Citizens for a Sound Economy to FreedomWorks, Inc., and filed the appropriate name change with the Commission's Clerk's Office; however, the Defendant failed to notify the Commission's Bureau of Insurance ("Bureau") of the name change. The Defendant's corporate status, as listed in the Clerk's Office, is "Withdrawn."

The Defendant has failed to file with the Commission its 2005 annual proof of coverage and notice of any changes in information it previously filed with the Commission as required by 14 VAC 5-410-40 D.

The Bureau attempted to contact the Defendant numerous times over a period of six months by telephone, facsimile, and multiple certified letters in connection with its failure to file. A member of the Bureau's staff ultimately spoke by telephone with a representative of the Defendant regarding the filing; however, despite assurances of the representative, no filing has been received by the Bureau, and the Defendant has not otherwise communicated with the Bureau. In addition, subsequent attempts by the Bureau's counsel to contact the Defendant resulted in no response from the Defendant.

The Bureau has recommended that, given the foregoing, the Defendant (i) be enjoined permanently from enrolling any new Virginia members in its health plan, from writing any renewal business, and from otherwise operating as a multiple employer welfare arrangement in this Commonwealth; and (ii) be ordered to wind down its current operations in this Commonwealth.

IT IS THEREFORE ORDERED that the Defendant TAKE NOTICE that the Commission shall enter a judgment order subsequent to March 31, 2006, (i) permanently enjoining the Defendant from enrolling any new Virginia members in its health plan, from writing any renewal business, and from otherwise operating as a multiple employer welfare arrangement in this Commonwealth; and (ii) ordering the Defendant to wind down its current operations in this Commonwealth unless on or before March 31, 2006, the Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a responsive pleading and a request for a hearing before the Commission with respect to the proposed judgment order.

**CASE NO. INS-2005-00216  
APRIL 14, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

FREEDOMWORKS, INC. (FORMERLY CITIZENS FOR A SOUND ECONOMY),  
Defendant

**JUDGMENT ORDER**

In an order entered herein March 17, 2006, FreedomWorks, Inc., formerly Citizens for a Sound Economy ("Defendant"), was ordered to take notice that the State Corporation Commission ("Commission") would enter a judgment order subsequent to March 31, 2006: (i) permanently enjoining the Defendant from enrolling any new Virginia members in its health plan, from writing any renewal business, and from otherwise operating as a multiple employer welfare arrangement in this Commonwealth; (ii) ordering the Defendant to wind down its current operations in this Commonwealth; and (iii) ordering the Defendant to cease and desist from any further violations of 14 VAC 5-410, unless on or before March 31, 2006, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed judgment order.

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 judgment order.

THEREFORE, IT IS ORDERED THAT:

- (1) The Defendant is hereby PERMANENTLY ENJOINED from enrolling any new Virginia members in its health plan, from writing any renewal business, and from otherwise operating as a multiple employer welfare arrangement in the Commonwealth of Virginia;
- (2) The Defendant immediately shall wind down its current operations in the Commonwealth of Virginia; and
- (3) The Defendant shall cease and desist from any conduct that constitutes a violation of 14 VAC 5-410.

**CASE NO. INS-2005-00239  
FEBRUARY 1, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

MERIT 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, 38.2-510 A 2, 38.2-510 A 5, subsection 5 of § 38.2-606, subsection 8 of § 38.2-606, 38.2-1822 A, 38.2-3115 B, 38.2-3717 (2), 38.2-3725 A, 38.2-3735 C 2, 38.2-3737 A, 38.2-3737 B 2, and 38.2-3737 B 3 of the Code of Virginia, as well as 14 VAC 5-40-40 A 4, 14 VAC 5-40-40 A 5, 14 VAC 5-40-40 D 17, 14 VAC 5-40-40 F 3, 14 VAC 5-90-60 B 1, 14 VAC 5-90-60 C 2, 14 VAC 5-90-130 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, and 14 VAC 5-400-60 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 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 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-2005-00260  
MARCH 22, 2006**

PETITION OF  
LINDA KAY MOORE

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

**FINAL 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 Virginia Code. 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 October 28, 2005, Linda Kay Moore ("Petitioner") filed a Petition with the Commission for review of the Deputy Receiver's Determination of Appeal concerning Claim No. CS460832. The Petitioner stated that she was not attempting to receive payment from ROA at the present time. Rather, she was seeking to delay action on her appeal until it was clear that her claim was being handled by the Missouri Property and Casualty Insurance Guaranty Association ("Guaranty Association"). The Petitioner noted that the Guaranty Association had filed responsive pleadings on her behalf in the underlying Missouri workers' compensation action, but that it consisted of a general denial and failed to indicate whether the Guaranty Association would handle or pay the claim. The Petitioner was concerned that the Determination of Appeal could possibly foreclose her right to payment on the claim. Therefore, she requested that the Determination of Appeal be delayed until such time as confirmation of claim payment could be made.

By Order dated November 2, 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 December 16, 2005.

On December 15, 2005, the Deputy Receiver filed a Demurrer and Answer to Petition for Review, and a Memorandum in Support of Demurrer and Answer to Petition for Review. The Deputy Receiver acknowledged that certain aspects of the Petitioner's claims are in litigation before the Missouri Department of Labor and Industrial Relations Division of Workers' Compensation. The Deputy Receiver asserted that if the Petitioner prevails, to the extent any of the amount awarded is covered by her employer's ROA policy, those amounts would be paid by the Guaranty Association. The Guaranty Association would then be entitled to seek reimbursement from the ROA estate for any payments made to her. As a result, the Petitioner has no direct claim against ROA, which means there is no possibility the Determination of Appeal could foreclose her right to recovery on the claim.

On January 17, 2006, the Petitioner filed a Motion to Allow Response Out of Time and Response to Deputy Receiver's Motion to Dismiss. On January 18, 2006, the Deputy Receiver filed its Reply in Support of Demurrer and Answer to Petition for Review. Both parties reiterated arguments they had made in their earlier pleadings.

On February 10, 2006, the Hearing Examiner issued his Report, in which he made the following findings and recommendations:

1. The language of the responsive pleading filed by the Guaranty Association in the workers' compensation action contradicts the Petitioner's assertion that it gives no clear indication the Guaranty Association is handling the claim.
2. The handling of such claims by the Guaranty Association is consistent with the Commission's Order of Liquidation With a Finding of Insolvency and Directing the Cancellation of Direct Insurance Policies.
3. Because the Guaranty Association is handling the Petitioner's claim, the Petitioner has no claim against ROA.
4. The Petition therefore fails to assert a claim on which relief may be granted.
5. The Commission should enter an order that adopts the findings in this Report, grants the Deputy Receiver's Demurrer, dismisses this case from the Commission's docket of active cases, and passes the papers herein to the file for ended causes.

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 Linda Kay Moore for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED; and
3. The papers herein are passed to the file for ended causes.

**CASE NO. INS-2005-00275  
MARCH 29, 2006**

PETITION OF  
SUNNY ALBERGUCCI,

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

**FINAL 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, "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 November 10, 2005, Sunny Albergucci ("Petitioner"), by counsel, filed a Petition for Review with the Commission contesting the Deputy Receiver's Determination of Appeal concerning Claim No. CS370820. The Petitioner was seeking to delay action on her appeal until it was clear that her claim was being handled by Alternative Risk Solutions ("ARS") on behalf of Petitioner's employer, Freeman Health System ("FHS"). Because the Petitioner has a pending claim before the Missouri Department of Labor and Industrial Relations Division of Workers' Compensation ("Missouri Workers' Compensation Division"), she was concerned that the Determination of Appeal could possibly foreclose her rights to payment on the claim. Therefore, she requested that the Determination of Appeal be delayed until such time as confirmation of claim payment could be made.

By Order dated November 28, 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 January 6, 2006.

On December 30, 2005, the Deputy Receiver filed a Demurrer and Answer to Petition for Review, and a Memorandum in Support of Demurrer and Answer to Petition for Review. The Deputy Receiver acknowledged that the Petitioner's claim is in litigation before the Missouri Workers' Compensation Division. The Deputy Receiver asserted that if the Petitioner prevails, to the extent any of the amount awarded is covered by her employer's ROA policy, those amounts would be paid by ARS on behalf of FHS. FHS would then be entitled to seek reimbursement from the ROA estate for any payments made to her. As a result, the Petitioner has no direct claim against ROA, which means there is no possibility the Determination of Appeal could foreclose her right to recovery on this claim.

The Deputy Receiver requested that the Commission enter an Order: (1) affirming the Deputy Receiver's Determination of Appeal; (2) dismissing the Petition; and (3) granting such other and further relief to the Deputy Receiver as might be just and proper.

The Petitioner filed no response to the Deputy Receiver's Demurrer.

On February 9, 2006, the Hearing Examiner issued his Report, in which he made the following findings and recommendations:

1. FHS is the proper party to seek reimbursement from the ROA estate for any funds that it is legally obligated to pay to the Petitioner that are covered by FHS's insurance policy with ROA; and
2. The Commission should enter an order that adopts the findings of this report, grants the Deputy Receiver's Demurrer, affirms the Deputy Receiver's Determination of Appeal in Claim No. CS370820, dismisses the Petition, and passes the papers herein to the file for ended causes.

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 Deputy Receiver's Determination of Appeal in Claim No. CS370820 is hereby AFFIRMED;
3. The Petition of Sunny Albergucci for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED; and
4. The papers herein are passed to the file for ended causes.

**CASE NO. INS-2005-00276  
JUNE 22, 2006**

PETITION OF  
VIRGINIA R. WALKER,

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 November 15, 2005, Virginia R. Walker ("Petitioner") filed a Petition for Review with the Commission contesting the Deputy Receiver's Determination of Appeal in Claim No. 00025275. By Order dated November 28, 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 January 6, 2006.

On January 6, 2006, 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 the Petition for Review was not timely filed according to the requirements set forth in the Amended Receivership Appeal procedure ("ARAP"). In his Answer, the Deputy Receiver also stated that the Petition fails to state a claim for which the relief requested could be granted because pain and suffering are not compensable workers' compensation benefits in Virginia, and the two-year statute of limitations for changing indemnity benefits due to a change in condition has expired.

On May 18, 2006, the Petitioner filed a response to the Deputy Receiver's Demurrer stating that she suffers continuous pain and discomfort related to her back injury. She noted that although she was supposed to receive an Answer to her Petition for Review on or before January 6, 2006, she, in fact, did not receive this information until January 18, 2006.

On May 19, 2006, the Deputy Receiver filed his reply. The Deputy Receiver reiterated that the Petition for Review was not timely filed according to the ARAP. The ARAP provides that appeals of the Deputy Receiver's Determination of Appeal must be filed with the Clerk of the Commission by the thirtieth day following the date shown on the Determination of Appeal. The Determination of Appeal was dated October 14, 2005, thus any appeal should have been received by the Clerk of the Commission by November 14, 2005. The Petitioner's appeal was filed on November 15, 2005.

On May 25, 2006, the Hearing Examiner issued his Report in which he made the following findings and recommendations:

1. The Petitioner was required to file her Petition with the Commission on or before November 14, 2005.
2. The Petition was dated November 10, 2005, and mailed to the Clerk of the Commission. However, the Petition was not received by the Clerk of the Commission until November 15, 2005, one day late.
3. The Petitioner's claim is time-barred by the express terms of the ARAP; therefore, there is no need to address the issue of whether the Petition states a claim for which relief may be granted.
4. 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 Virginia R. Walker 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. 00025275 is AFFIRMED; and
4. The case is dismissed, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2005-00278  
JANUARY 4, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
LIFE INVESTORS INSURANCE COMPANY OF AMERICA,  
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 8 of § 38.2-606, §§ 38.2-610, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 D, 38.2-3115 B, subsection 1 of § 38.2-3717, 38.2-3720 D, 38.2-3729 A, 38.2-3729 C, 38.2-3729 H 1, 38.2-3729 H 2, 38.2-3734, 38.2-3735 A 2, 38.2-3735 C 2, 38.2-3737 B 1, and 38.2-3737 B 3 of the Code of Virginia, as well as 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, and 14 VAC 5-400-60 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 twenty-nine thousand dollars (\$29,000) 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-2005-00280  
MARCH 10, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
ERIC R. JOHNSON,  
Defendant

**FINAL ORDER**

On April 6, 2005, the Defendant applied for an insurance agent license with the Bureau of Insurance ("Bureau"). In the course of an investigation, the Bureau determined that the Defendant was not of good character and did not have a good reputation for honesty. As a result, the Bureau denied the Defendant's application, whereupon the Defendant requested a hearing.

On December 7, 2005, the State Corporation Commission ("Commission") entered an Order Scheduling Hearing ("Order") in which the Defendant was given the opportunity to appear before the Commission on January 4, 2006, and contest the Bureau's denial of his insurance agent license application. The hearing date was rescheduled by mutual consent of the parties to February 7, 2006, and was rescheduled again by mutual consent to March 21, 2006. In addition, the Commission issued an Amended Order on January 23, 2006, in response to the Bureau's Motion to Amend filed on January 18, 2006. The Bureau requested that the Order be amended to add allegations it had learned of during interviews with witnesses in preparation for the hearing.

On February 27, 2006, the Defendant withdrew his request for a hearing.

On February 28, 2006, the Hearing Examiner issued his Report in which he recommended that this case be dismissed with no further action required of the Commission.

THE COMMISSION, having considered the pleadings and the Hearing Examiner's Report, is of the opinion that this matter should be dismissed.

IT IS THEREFORE ORDERED THAT:

- (1) This case is hereby, DISMISSED; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00282  
NOVEMBER 30, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

WILLIAM L. YOUNG

and

THE YOUNG INSURANCE AGENCY GROUP, INC.,  
Defendants

**FINAL ORDER**

Based on allegations of the Bureau of Insurance ("Bureau"), on December 7, 2005, the State Corporation Commission ("Commission") issued a Rule to Show Cause against William L. Young ("Young") and The Young Insurance Agency Group, Inc. ("Defendants"). Subsequently, on April 7, 2006, the Commission issued an Amended Rule to Show Cause against the Defendants. Therein, the Bureau alleged that Young, acting on behalf of the licensed insurance agency he has operated in Virginia since 1973, violated §§ 38.2-512, 38.2-1809, and 38.2-1813 of the Code of Virginia ("Code") and committed acts as described in § 38.2-1831(10) of the Code by: (i) failing to hold in a separate account premiums and other funds required to be held in a fiduciary capacity; (ii) failing to return to insureds returned premiums or other funds owed on insured accounts; (iii) failing to account for the status of funds listed as credits on insured accounts; (iv) failing to pay premiums owed to surplus lines brokers in the ordinary course of business; (v) failing to procure insurance for customers after receiving the down payment from them; (vi) making false or fraudulent statements by falsifying certificates of insurance; (vii) failing to correct or withdraw certificates of insurance when coverage was denied; and (viii) failing to retain all records relative to insurance transactions for the three previous calendar years and failing to make such records available promptly upon request by the Bureau.

An evidentiary hearing was conducted from June 13, 2006 through June 15, 2006. The Defendants appeared and, being represented by counsel, fully participated in the hearing. The Bureau appeared by counsel. On October 3, 2006, the Hearing Examiner filed his report ("Report"), which thoroughly summarized the factual and procedural history of this case, the evidence and arguments presented at the hearing, and the post-hearing briefs filed by the Defendants and the Bureau. Additionally, the Hearing Examiner made a number of findings and recommendations in the Report. Specifically, the Hearing Examiner made the following findings:

(i) The Bureau proved by clear and convincing evidence that the Defendants utilized a single operating account until February 2004, in violation of § 38.2-1813 A and B of the Code, and the Hearing Examiner recommended a monetary sanction of \$1,000;

(ii) 1. The Bureau proved by clear and convincing evidence that the Defendants used the operating account to pay for personal expenses prior to February 2004 in violation of § 38.2-1813 B of the Code, and the Hearing Examiner recommended a monetary sanction of \$5,000;

2. The Bureau proved by clear and convincing evidence that subsequent to February 2004, the Defendants have commingled premium funds with other business and personal funds in violation of § 38.2-1813 B of the Code, and the Hearing Examiner recommended a monetary sanction of \$1,000;

(iii) The Bureau proved by clear and convincing evidence that the Defendants failed to return premiums owed to insureds and failed to account for premiums or other funds in violation of § 38.2-1813 A of the Code, and the Hearing Examiner recommended a monetary sanction of \$14,000;

(iv) The Bureau proved by clear and convincing evidence that the Defendants failed to pay premiums owed to CoverX in the ordinary course of business in violation of § 38.2-1813 A of the Code, and the Hearing Examiner recommended a monetary sanction of \$5,000;

(v) 1. In regard to Verification Services, the Bureau proved by clear and convincing evidence that the Defendants violated § 38.2-1831(10) of the Code, and the Hearing Examiner recommended a monetary sanction of \$2,000;

2. In regard to Creasy Investigative Services, the Bureau proved by clear and convincing evidence that the Defendants violated § 38.2-1831(10) of the Code, and the Hearing Examiner recommended a monetary sanction of \$2,000; and

3. In regard to Security Services Unlimited, the Bureau proved by clear and convincing evidence that the Defendants violated § 38.2-1831(10) of the Code, and the Hearing Examiner recommended a monetary sanction of \$1,000.

The Hearing Examiner recommended a total monetary penalty of \$31,000 based on the foregoing and also recommended that the Commission:

1. Permanently enjoin the Defendants from any further violations of Title 38.2 of the Code;
2. Permanently enjoin the Defendants from charging any personal expenses on the agency's credit cards and from paying for personal expenses directly from any of the agency's accounts; and
3. Order the Defendants to pay all insurance companies in accordance with the terms of any agreement or contract, or in accordance with the terms of the invoice.

The Hearing Examiner concluded by recommending that the Commission enter an Order that adopts his findings and dismisses this case from the Commission's docket of active cases.<sup>1</sup>

On October 23, 2006, the Defendants filed Comments on the Report, wherein the Defendants "urge the Commission to adopt the findings and recommendations of the Hearing Officer as set forth in his report."

On October 24, 2006, the Bureau filed Comments on the Report, wherein the Bureau did not take issue with most of the Hearing Examiner's findings and recommendations. The Bureau asserted, however, that "license revocation is the only appropriate remedy for the Defendants."<sup>2</sup>

NOW THE COMMISSION, having considered the entire record in this proceeding, including the Report and the comments thereto, adopts the Hearing Examiner's findings of fact as to the violations of law but modifies the recommendations concerning the sanctions to be imposed. We believe that the Report itself provides sufficient justification for revoking the licenses of the Defendants. Indeed, the Hearing Examiner states that: (i) "revocation of the Defendants' licenses would be consistent with the [foregoing] findings of violations;" (ii) "Young's failure to accept full responsibility for the mishandling of premium funds suggests that such problems are likely to occur again in the future;"<sup>3</sup> (iii) "Young left the impression that his business practices fell far short of the fiduciary standards required of a licensed agent;" and (iv) ". . . my assessment of the record as to the truthfulness of [Young] makes it difficult for me to recommend that [Young] be permitted to retain his license."<sup>4</sup> Nor did the Defendants challenge any of these conclusions in their comments.

The Hearing Examiner determined that the foregoing "considerations are offset by consideration of Young's long service as an agent and by the reforms he has instituted to address most of the problems that have been the subject of this proceeding."<sup>5</sup>

We nevertheless believe that it is appropriate in light of the foregoing to revoke the Defendants' licenses but to suspend such revocation conditioned on the Defendants not violating any insurance laws, complying with the other terms of this Order, and reporting to the Bureau on a regular basis, at least once a year for the next three (3) years, on their compliance with the terms hereof and promptly providing such information to the Bureau as the Bureau deems necessary and appropriate.<sup>6</sup>

We believe that such suspended license revocation should continue for a period of three (3) years to ensure that the Defendants are complying with the terms of this Order and the insurance laws of this Commonwealth, and that the public and those who come in contact with the Defendants are protected. It is our sincere hope that the Defendants' lengthy service as agents, as well as the suspended license revocation, will provide sufficient incentive for the Defendants to avoid repeating the serious violations that they committed in this case.

ACCORDINGLY, IT IS ORDERED THAT:

(1) The licenses of the Defendants to transact the business of insurance in Virginia as an insurance agent be, and the same are hereby, REVOKED, for the violations of the insurance laws as detailed in the Report and herein. The foregoing revocations are SUSPENDED for a period of three (3) years from the date of this Order.

(2) The Defendants are penalized in the amount of \$31,000, such payment to be made immediately.

(3) The Defendants are permanently ENJOINED from any further violations of Title 38.2 of the Code.

(4) The Defendants are permanently ENJOINED from charging any personal expenses on the agency's credit cards and from paying for personal expenses directly from any of the agency's accounts.

(5) The Defendants shall pay all insurance companies in accordance with the terms of any agreement or contract, or in accordance with the terms of the invoice.

(6) The Defendants shall report to the Bureau on a regular basis, at least once a year for the next three (3) years, as the Bureau directs, on their compliance with the terms hereof and shall promptly provide such information to the Bureau as the Bureau deems necessary and appropriate.

(7) If the Defendants comply with all conditions herein, the status of the Defendants' licenses shall be considered fully restored at the end of the three-year period.

<sup>1</sup> Report at 37-38.

<sup>2</sup> Comments to the Hearing Examiner's Report at 3.

<sup>3</sup> The Hearing Examiner also stated that his impression that Young was unwilling to accept full responsibility for his actions lessened "his comfort that [Young] will institute and maintain practices and procedures that will guarantee the timely payment of premium funds and the return of insureds' credits in the future." Report at 37.

<sup>4</sup> Report at 36-37.

<sup>5</sup> Report at 37.

<sup>6</sup> While not included in his enumerated findings and recommendations, the Hearing Examiner recommended "that the Bureau conduct further investigations of the Defendants to ensure compliance with the directives of the Commission." Id.

(8) The Bureau shall move the Commission to revoke this suspension if, during the next three (3) years, the Defendants fail to satisfy any of the foregoing conditions or the Bureau determines that the Defendants have violated any other insurance laws or regulations.

(9) This matter is continued in order for the Defendants to report to the Bureau as indicated herein.

**CASE NO. INS-2005-00283  
FEBRUARY 7, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

AMERICAN TRANSINSURANCE GROUP,

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 § 38.2-1024 A 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 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 advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to pay any and all current and future claims that arise out of the agency's activities during October 1, 2001 through December 31, 2003.

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 A of the Code of Virginia; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00292  
JANUARY 25, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

COMMONWEALTH LAND TITLE INSURANCE COMPANY,

TRANSNATION TITLE INSURANCE COMPANY,

and

LAWYER'S TITLE INSURANCE CORPORATION,

Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1300 C, 38.2-1329 C, and 38.2-4614 of the Code of Virginia by failing to file annual statements in accordance with the appropriate annual statement instructions and the accounting practices and procedures manuals adopted by the NAIC, by failing to file registration statements in accordance with regulations and registration forms adopted or approved by the Commission, and by paying a kickback, rebate, or other payment pursuant to an agreement that business incident to the issuance of title insurance be referred to the Defendants. Additionally, Defendant Lawyer's Title Insurance Corporation violated § 38.2-4608 of the Code of Virginia by failing to adhere to its published title insurance rates.

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 three hundred thousand dollars (\$300,000), 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 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;
- (2) The Defendants cease and desist from any conduct which constitutes a violation of §§ 38.2-1300 C, 38.2-1329 C, or 38.2-4614 of the Code of Virginia, and Defendant Lawyer's Title Insurance Corporation cease and desist from any conduct which constitutes a violation of § 38.2-4608 of the Code of Virginia; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00293  
AUGUST 1, 2006**

COMMONWEALTH OF VIRGINIA  
 At the relation of the  
 STATE CORPORATION COMMISSION  
 v.  
 CHICAGO TITLE INSURANCE COMPANY  
 and  
 FIDELITY NATIONAL TITLE INSURANCE COMPANY,  
 Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-1300 C and 38.2-4614 of the Code of Virginia by: (i) failing to file annual statements in accordance with the appropriate annual statement instructions and the accounting practices and procedures manuals adopted by the National Association of Insurance Commissioners; and (ii) paying a kickback, rebate, thing of value or other payment pursuant to an agreement that business incident to the issuance of title insurance be referred to the Defendants in connection with the placement of reinsurance with affiliated reinsurers of certain lenders.

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 fifty thousand dollars (\$50,000), 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 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;
- (2) The Defendants cease and desist from the activities alleged in this matter to have given rise to a violation of § 38.2-4614 of the Code of Virginia; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2005-00295  
JANUARY 10, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

HYMAN J. DRESS

and

HYDRESS INSURANCE AGENCY, INC.,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, 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 Defendants in a fiduciary capacity, and by knowingly permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 five thousand dollars (\$5,000), 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 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;
- (2) The Defendants 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
- (3) The papers herein are placed in the file for ended causes.

**CASE NO. INS-2006-00002  
JANUARY 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

LISA SUE MIZE,  
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 subsection 1 of § 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 letter dated November 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 her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 subsection 1 of § 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-2006-00003  
JANUARY 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
RICHARD THOMAS ULLMAN,  
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 December 1, 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-2006-00004  
JANUARY 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
HOLLY J. PORTREY,  
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 December 1, 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-2006-00005  
FEBRUARY 10, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
MINNESOTA 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

§§ 38.2-316 A, 38.2-316 B, 38.2-316 C 1, 38.2-316 C 2, subsection 1 of 5 38.2-502, 38.2-503, 38.2-610 A, 38.2-1812 A, 38.2-1822 A, 38.2-1834 D, subsection 1 of 5 38.2-3717, subsection 2 of 5 38.2-3717, 38.2-3724 A, 38.2-3724 G, 38.2-3725 A, 38.2-3734, and 38.2-3737 A of the Code of Virginia, as well as 14 VAC 5-40-40 A 5, 14 VAC 5-40-40 E 2, 14 VAC 5-90-60 A 1,14 VAC 5-90-60 C 2,14 VAC 5-90-90 C, 14 VAC 5-400-50 A, and 14 VAC 5-400-60 B.

The Commission is authorized by §5 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 eighteen thousand dollars (\$18,000) 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-2006-00006  
JANUARY 23, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
UNITED SERVICES AUTOMOBILE ASSOCIATION,  
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 14 VAC 5-400-40 A and 14 VAC 5-400-70 D by knowingly concealing from claimants benefits, coverages or other policy provisions that were pertinent to their claims, and by failing to offer to claimants an amount which was fair and reasonable in cases where there was no dispute as to coverage or liability.

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-2006-00008  
FEBRUARY 17, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

RESOURCE 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, 38.2-604, subsection 8 of § 38.2-606, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 D, 38.2-3115 B, 38.2-3724 B 5, 38.2-3728, 38.2-3729 A, 38.2-3732, 38.2-3734, 38.2-3735 A, and 38.2-3735 A 2 of the Code of Virginia, as well as 14 VAC 5-40-40 A 4, 14 VAC 5-40-40 D 17, 14 VAC 5-40-60 B, 14 VAC 5-90-60 B 1, 14 VAC 5-90-130 A, 14 VAC 5-90-170 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, and 14 VAC 5-400-60 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 eighteen thousand dollars (\$18,000) 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-2006-00012  
FEBRUARY 9, 2006**

LIBERTY LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Settlement Agreement between Liberty Life Insurance Company and the Director of Insurance for the State of South Carolina, 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 AGREEMENT**

ON THIS DAY came the Bureau of Insurance ("the Bureau"), by counsel, and requested (i) Commission approval and acceptance of a Settlement Agreement dated December 20, 2005 ("the Agreement"), a copy of which is attached hereto and made a part hereof, by and between the Director of Insurance for the State of South Carolina and Liberty Life Insurance Company ("the Company"), a foreign insurer domiciled in the State of South 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 "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-2006-00013  
JUNE 13, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

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

**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-3730 B of the Code of Virginia, the Commission is required to conduct a hearing for the purpose of receiving comments from interested parties with respect to proposed adjusted prima facie rates for credit life insurance and credit accident and sickness insurance to be effective for the triennium commencing January 1, 2007.

The adjusted prima facie rates have been calculated and proposed on behalf of and by the Bureau of Insurance in accordance with the provisions of Chapter 37.1 of Title 38.2 of the Code of Virginia (§§ 38.2-3717 et seq.), and are attached hereto.

THEREFORE, IT IS ORDERED THAT:

(1) The adjusted prima facie rates that have been calculated and proposed on behalf of and by the Bureau of Insurance in accordance with the provisions of Chapter 37.1 of Title 38.2 of the Code of Virginia (§§ 38.2-3717 et seq.), are attached hereto and made a part hereof.

(2) Pursuant to § 38.2-3730 B of the Code of Virginia, the Commission shall conduct a hearing on July 20, 2006, at 10:00 a.m., in its courtroom, Tyler Building, 2nd Floor, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving comments from interested persons with respect to proposed adjusted prima facie rates for credit life insurance and credit accident and sickness insurance to be effective for the triennium commencing January 1, 2007.

(3) On or before June 23, 2006, the Bureau of Insurance shall prefile any written reports or other data in support of the proposed adjusted prima facie rates with the Clerk of the Commission and shall refer to Case No. INS-2006-00013.

(4) All interested persons who desire to file written comments in support of or in opposition to the proposed adjusted prima facie rates shall file such comments on or before July 12, 2006, 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-2006-00013.

(5) Any interested persons desiring to appear before the Commission to present comments in the form of oral testimony shall file a notice of appearance, along with a summary of such testimony on or before July 12, 2006, 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-2006-00013.

(6) 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 shall cause a copy hereof to be sent to every insurance company licensed by the Bureau of Insurance to transact the business of credit life and credit accident and sickness insurance in the Commonwealth of Virginia and to all other interested persons and who shall file in the record of this proceeding an affidavit evidencing notice compliance with this Order.

(7) On or before June 16, 2006, the Commission's Division of Information Resources shall make available this Order and the attached adjusted rates on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

NOTE: A copy of Attachment A entitled "Proposed Adjusted Prima Facie Credit Life and Credit Accident and Sickness Insurance Rates" 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-2006-00013  
JULY 21, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

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

**ORDER ADOPTING ADJUSTED PRIMA FACIE RATES  
FOR THE TRIENNIUM COMMENCING JANUARY 1, 2007**

Pursuant to an order entered June 13, 2006, after notice to all insurers licensed by the Bureau of Insurance (the "Bureau") to transact the business of credit life and credit accident and sickness insurance in the Commonwealth of Virginia, the State Corporation Commission (the "Commission") conducted a hearing on July 20, 2006, for the purpose of considering any public or other comment on the adoption of adjusted prima facie rates for credit life insurance and credit accident and sickness insurance proposed by the Bureau pursuant to Chapter 37.1 of Title 38.2 of the Code of Virginia and the Credit Insurance Experience Exhibits filed by licensed insurers for the reporting years 2003, 2004 and 2005. Represented by its counsel, the Bureau, by its witness, appeared

before the Commission in support of the proposed adjusted prima facie rates. No public witnesses appeared before the Commission, and no written comments were filed.

AND THE COMMISSION, having considered the record herein, the recommendations of the Bureau and the law applicable to these issues, is of the opinion, finds and ORDERS that the adjusted prima facie rates for credit life and credit accident and sickness insurance, as proposed by the Bureau, which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED pursuant to the provisions of Chapter 37.1 of Title 38.2 of the Code of Virginia and shall be effective for the triennium commencing January 1, 2007.

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 (i) shall cause a copy hereof together with attachments, as and for the notice to insurers required by Code of Virginia § 38.2-3725, to be sent to every insurance company licensed by the Bureau of Insurance to transact the business of credit life and credit accident and sickness insurance in the Commonwealth of Virginia; and (ii) who shall file in the record of this proceeding an affidavit evidencing notice compliance with this order.

On or before July 28, 2006, the Commission's Division of Information Resources shall make available this Order and the attached adjusted rates on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

NOTE: A copy of Attachment A entitled "Adjusted Prima Facie Credit Life and Credit Accident and Sickness Insurance Rates" 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-2006-00015  
MARCH 23, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
THE SETTLEMENT GROUP, 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 § 6.1-2.23 C of the Code of Virginia by retaining interest received on funds deposited in connection with an escrow settlement, or closing.

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 also 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 twenty-three thousand five hundred dollars (\$23,500) 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-2006-00017  
FEBRUARY 16, 2006**

UNITED FAMILY LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Settlement Agreement between United Family Life Insurance Company and the Commissioner of Insurance for the State of Georgia, 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 AGREEMENT**

ON THIS DAY came the Bureau of Insurance ("the Bureau"), by counsel, and requested (i) Commission approval and acceptance of a Regulatory Settlement Agreement dated December 19, 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 Georgia and United Family Life Insurance Company ("the Company"), a foreign insurer domiciled in the State of Georgia, 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 "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-2006-00058  
AUGUST 22, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

LARON DEFERRIS SHANNON, III,  
Defendant

**FINAL ORDER**

On February 24, 2006, the State Corporation Commission ("Commission") entered a Rule to Show Cause against Defendant, alleging violations of §§ 38.2-502, 38.2-503, 38.2-1838, and 38.2-1809 of the Code of Virginia.

On August 16, 2006, the Bureau of Insurance filed a Motion to Dismiss the above proceeding based on Defendant's offer of settlement to the Commission on terms acceptable to the Bureau. Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has, at the request of the Bureau, tendered payment to certain clients and has agreed to be permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia.

By Ruling entered August 17, 2006, the Hearing Examiner granted the Bureau's Motion to Dismiss and recommended that the Commission accept Defendant's offer of settlement.

THE COMMISSION, having considered the Bureau's Motion to Dismiss and the recommendation of its Hearing Examiner, is of the opinion that the Defendant's offer should be accepted, and that the matter should be dismissed;

IT IS THEREFORE ORDERED THAT:

- (1) The Rule to Show Cause entered herein be, and it is hereby, DISMISSED;
- (2) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;
- (3) Defendant is permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia; and
- (4) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00065  
MARCH 23, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

STONEBRIDGE 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 §§ 38.2-233 and 38.2-2006.1 of the Code of Virginia by failing to file rates for its Credit Involuntary Unemployment Insurance program, and by failing to obtain approval for forms in the program prior to using them.

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) waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in the Defendant's letter of January 25, 2006.

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-2006-00067  
APRIL 3, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

GREGORY D. BORN,  
and  
JEFFREY E. BORN,  
Defendants

**CONSENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants violated §§ 38.2-512, 38.2-1802, and 38.2-1831 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, by selling, soliciting, or negotiating contracts of insurance in this Commonwealth on behalf of an insurer not licensed to transact the business of insurance in this Commonwealth, and by using fraudulent, coercive, or dishonest practices, or demonstrating incompetence or untrustworthiness in the conduct of business in the Commonwealth.

The State Corporation Commission ("Commission") is authorized by § 38.2-220 of the Code of Virginia to issue temporary or permanent injunctions in order to restrain acts which violate the provisions of Title 38.2- of the Code of Virginia.

The Defendants, having been advised of their right to a hearing in this matter, have voluntarily agreed to the issuance of an order permanently enjoining them from transacting the business of insurance in Virginia.

IT IS THEREFORE ORDERED THAT the Defendants are permanently enjoined from transacting the business of insurance in the Commonwealth of Virginia.

**CASE NO. INS-2006-00068  
APRIL 20, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
PAUL SCOTT LEDOUX,  
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 Commonwealth of Massachusetts.

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 letters dated January 19, 2006 and March 24, 2006, 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 Commonwealth of Massachusetts.

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-2006-00069  
JUNE 1, 2006**

PETITION OF  
MARY ELIZABETH WILLIAMS,

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

**FINAL 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, "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 February 3, 2006, the Petitioner filed a Petition for Review with the Commission contesting the Deputy Receiver's Determination of Appeal concerning Claim No. MPU05159. The Petitioner is appealing the Deputy Receiver's decision to deny her claim for payment of \$7.5 million dollars for a workers' compensation injury that the Petitioner stated occurred in November 1999.<sup>1</sup>

By Order entered March 8, 2006, 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 March 31, 2006.

On March 31, 2006, the Deputy Receiver filed a Demurrer and Answer to Petition for Review, and a Memorandum in Support of Demurrer and Answer to Petition for Review. The Deputy Receiver admits that the Petitioner suffered a work-related knee injury for which she had surgery on or about December 31, 1998. However, the Deputy Receiver states that she was paid all benefits owed under the workers' compensation insurance policy provided to her employer, Grenada Lake Medical Center. The claim was handled, paid, and closed after filing all of the appropriate forms with the Mississippi Workers' Compensation Commission in 1999. In addition, the Deputy Receiver argued that the Petitioner failed to state a cause of action based on the following: (1) the claim is barred by the statute of limitations; and (2) the Petitioner is not entitled to compensation for her pain and suffering since these are not compensable benefits in Mississippi.

On April 10, 2006, the Petitioner filed a Reply in Opposition to the Demurrer.

On April 19, 2006, the Hearing Examiner issued his Report, in which he made the following findings and recommendations:

1. The ROA receivership estate has no contractual or legal obligation to pay any workers' compensation benefits until the employer for whom ROA provides workers' compensation insurance coverage is first found responsible for the payment of such benefits;

2. The Petitioner failed to allege that the Mississippi Workers' Compensation Commission has made an award of additional workers' compensation benefits against the Petitioner's former employer for the injuries the Petitioner allegedly suffered as a result of a workplace injury that occurred on November 2, 1998;

3. The Petitioner therefore failed to state a claim for which relief may be granted; and

4. The Commission should enter an order that adopts the findings of this report, grants the Deputy Receiver's Demurrer, affirms the Deputy Receiver's Determination of Appeal in Claim No. MPU05159, dismisses the Petition, and passes the papers herein to the file for ended causes.

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 Deputy Receiver's Determination of Appeal in Claim No. MPU05159 is hereby AFFIRMED;

3. The Petition of Mary Elizabeth Williams for review of the Deputy Receiver's Determination of Appeal is hereby DISMISSED; and

4. The papers herein are passed to the file for ended causes.

<sup>1</sup> The Petitioner's injury occurred on November 2, 1998, when she was employed by Grenada Lake Medical Center. Petition at 7.

**CASE NO. INS-2006-00073  
MARCH 15, 2006**

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 2005 Annual Statement of the Defendant, dated as of December 31, 2005 ("Annual Statement"), and filed with the Commission's Bureau of Insurance, indicates capital of \$12,628,200 and surplus of \$4,544,127. Note 1 A on page 19 of the Annual Statement reflects an investment in the common stock of Financial Industries Corporation ("FIC") in the amount of \$4,030,380 and furniture and equipment of \$10,488, such amounts totaling \$4,040,868.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

By Affidavit of Gregory D. Walker, Supervisor of the Financial Analysis Section of the Financial Regulation Division of the Bureau of Insurance, dated March 13, 2006, and filed in the Office of the Clerk of the Commission on March 13, 2006, Mr. Walker states that under Virginia law, specifically § 38.2-1300 of the Code of Virginia (which incorporates by reference the National Association of Insurance Commissioners Accounting Practices and Procedures Manual, Volume 1) and Statement of Statutory Accounting Principle No. 88 of the National Association of Insurance Commissioners Accounting Practices and Procedures Manual, Volume 1, an insurer is not permitted to record its investment in FIC common stock on such a basis. Therefore, the Defendant's reported surplus must be adjusted by the amount of \$4,030,380.

Mr. Walker also states in his Affidavit that under Virginia law, specifically Section 38.2-1300 of the Code (which incorporates by reference the National Association of Insurance Commissioners Accounting Practices and Procedures Manual, Volume 1) and Statement of Statutory Accounting Principles No. 4 and No. 19 of the National Association of Insurance Commissioners Accounting Practices and Procedures Manual, Volume 1, an insurer is not permitted to include furniture and equipment as an admitted asset in the calculation of its surplus. Therefore, the Defendant's reported surplus also must be adjusted by the amount of \$10,488.

Collectively, per Mr. Walker's Affidavit, the Defendant's reported surplus must be adjusted by the amount of \$4,040,868, which results in an adjusted surplus of \$503,259. The foregoing surplus adjustment results in an impairment of the Defendant's surplus of \$2,496,741.

THEREFORE, IT IS ORDERED THAT, on or before June 15, 2006, the 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 the Defendant's president or other authorized officer.

IT IS FURTHER ORDERED THAT the Defendant shall issue no 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.

**CASE NO. INS-2006-00073  
JUNE 30, 2006**

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 March 15, 2006, 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 15, 2006.

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 affidavit of the Defendant's President dated June 21, 2006, and filed with the Clerk of the Commission on June 27, 2006, the Commission was advised that, as of March 31, 2006, the Defendant has eliminated the impairment in its surplus as reported in its Annual Statement dated as of December 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-2006-00074  
APRIL 4, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

AMERICAN GENERAL ASSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on a target 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, 38.2-510 A 2, 38.2-510 A 5, 38.2-510 A 10, 38.2-511, 38.2-1834 D, 38.2-3115 B, subsection 1 of § 38.2-3717, 38.2-3725 A, 38.2-3728 B, 38.2-3729 A, 38.2-3729 H 2, subsection 1 of § 38.2-3732, subsection 2 of § 38.2-3732, 38.2-3735 A 2, 38.2-3735 C 2, 38.2-3737 A, and 38.2-3737 B 3 of the Code of Virginia, as well as 14 VAC 5-40-40 D 2, 14 VAC 5-40-40 E 2, 14 VAC 5-40-60 B, 14 VAC 5-90-170 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, and 14 VAC 5-400-70 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 twenty-two thousand dollars (\$22,000) 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-2006-00075  
MARCH 17, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

VESTA FIRE INSURANCE CORPORATION,  
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.

Vesta Fire Insurance Corporation, a foreign corporation domiciled in the State of Illinois ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on November 5, 1986.

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 March 29, 2006, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 29, 2006, 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-2006-00076  
MARCH 17, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
SHELBY CASUALTY 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.

Shelby Casualty Insurance Company, a foreign corporation domiciled in the State of Illinois ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on May 26, 1974.

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 March 29, 2006, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 29, 2006, 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-2006-00077  
MARCH 17, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
THE SHELBY 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.

The Shelby Insurance Company, a foreign corporation domiciled in the State of Illinois ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on January 7, 1987.

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 March 29, 2006, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 29, 2006, 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-2006-00078  
MARCH 17, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

FLORIDA SELECT 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.

Florida Select Insurance Company, a foreign corporation domiciled in the State of Florida ("Defendant"), initially was licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia on October 2, 2001.

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 March 29, 2006, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before March 29, 2006, 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-2006-00080  
MARCH 15, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

RAPPAHANNOCK HOME MUTUAL FIRE INSURANCE COMPANY,  
Defendant

**ORDER SUSPENDING LICENSE**

Rappahannock Home Mutual Fire Insurance Company ("Defendant") is a Virginia-domiciled mutual assessment property and casualty insurer licensed by the State Corporation Commission ("Commission") pursuant to Chapter 25 (§ 38.2-2500 *et seq.*) of Title 38.2 of the Code of Virginia.

Section 38.2-2515 of the Code provides, *inter alia*, that every mutual assessment property and casualty insurer shall maintain a membership of at least 100 persons at all times, and that if the number falls below 100, the insurer shall notify the Commission immediately. Upon its receipt of such notification, the Commission may revoke the insurer's license or issue an order requiring the insurer to cure the deficiency in the number of its members.

By letter dated February 15, 2006, the Defendant notified the Commission's Bureau of Insurance ("Bureau") that its membership had fallen below 100 members.

After discussions with the Bureau, the President of the Defendant, by letter dated February 22, 2006, and filed in the Office of the Clerk of the Commission on March 10, 2006, voluntarily consented to the suspension of the Defendant's license to transact the business of insurance in the Commonwealth of Virginia due to the decrease in its membership below the required level.

It is the understanding of the Bureau and the Defendant that this Suspension Order shall remain in place until such time as the Defendant's business operations cease, whether as a result of dissolution or merger.

THEREFORE, IT IS ORDERED THAT:

- (1) Pursuant to the Defendant's voluntary consent and §§ 38.2-1040 and 38.2-2515 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**;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(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-2006-00081  
MAY 10, 2006**

APPLICATION OF  
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

For revisions of advisory loss costs and assigned risk workers' compensation insurance rates

**ORDER**

On March 16, 2006, the National Council on Compensation Insurance, Inc. ("NCCI"), filed with the State Corporation Commission ("Commission") on behalf of its members, comprising all the insurance companies licensed to write workers' compensation insurance in the Commonwealth of Virginia, revisions to certain approved loss costs and assigned risk rates that became effective on April 1, 2005. NCCI has proposed the revisions based on its determination that the historical payrolls it used to establish the advisory loss costs and assigned risk rates for 25 classification codes were understated. NCCI has also requested that the revisions be made retroactive to the original effective date for the loss costs and assigned risk rates in order to allow insurance companies to issue refunds to affected policyholders or adjust the premium of affected policies upon final audit.

On May 9, 2006, the Bureau of Insurance ("Bureau") filed a memorandum in which it states that its consulting actuary has reviewed the application and determined that the revised loss costs and assigned risk rates are actuarially acceptable and would not result in premiums that are excessive, inadequate, or unfairly discriminatory. Accordingly, the Bureau recommends that the Commission approve the revised loss costs and assigned risk rates. In a letter filed on May 10, 2006, the Division of Consumer Counsel, Office of Attorney General states that it is satisfied that NCCI's filing and proposal, as well as the Bureau's recommendation, are appropriate under the circumstances.

NOW the Commission, having considered the application, the recommendation of the Bureau, and the comments of the Division of Consumer Counsel, Office of Attorney General, is of the opinion and finds that the proposed revisions to the voluntary loss costs and assigned risk rates that have been filed by NCCI in the proceeding on behalf of its members and subscribers should be, and they are hereby, APPROVED, applicable to new and renewal policies effective April 1, 2005, to March 31, 2006.

**CASE NO. INS-2006-00082  
MAY 10, 2006**

APPLICATION OF  
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

For revisions of advisory loss costs and assigned risk workers' compensation insurance rates

**ORDER**

On March 16, 2006, the National Council on Compensation Insurance, Inc. ("NCCI"), filed on behalf of its members, comprising all the insurance companies licensed to write workers' compensation insurance in the Commonwealth of Virginia, revisions to certain approved loss costs and assigned risk rates that became effective on April 1, 2004. NCCI has proposed the revisions based on its determination that the historical payrolls it used to establish the advisory loss costs and assigned risk rates for 29 classification codes were understated. NCCI has also requested that the revisions be made retroactive to the original effective date for the loss costs and assigned risk rates in order to allow insurance companies to issue refunds to affected policyholders or adjust the premium of affected policies upon final audit.

On May 9, 2006, the Bureau of Insurance ("Bureau") filed a memorandum in which it states that its consulting actuary has reviewed the application and determined that the revised loss costs and assigned risk rates are actuarially acceptable and would not result in premiums that are excessive, inadequate, or unfairly discriminatory. Accordingly, the Bureau recommends that the Commission approve the revised loss costs and assigned risk rates. In a letter filed on May 10, 2006, the Division of Consumer Counsel, Office of Attorney General states that it is satisfied that NCCI's filing and proposal, as well as the Bureau's recommendation, are appropriate under the circumstances.

NOW the Commission, having considered the application, the recommendation of the Bureau, and the comments of the Division of Consumer Counsel, Office of Attorney General, is of the opinion and finds that the proposed revisions to the voluntary loss costs and assigned risk rates that have been filed by NCCI in the proceeding on behalf of its members and subscribers should be, and they are hereby, APPROVED, applicable to new and renewal policies effective April 1, 2004, to March 31, 2005.

**CASE NO. INS-2006-00083  
MAY 10, 2006**

APPLICATION OF  
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

For revisions of advisory loss costs and assigned risk workers' compensation insurance rates

**ORDER**

On March 16, 2006, the National Council on Compensation Insurance, Inc. ("NCCI"), filed on behalf of its members, comprising all the insurance companies licensed to write workers' compensation insurance in the Commonwealth of Virginia, revisions to certain approved loss costs and assigned risk rates that became effective on April 1, 2003. NCCI has proposed the revisions based on its determination that the historical payrolls it used to establish the advisory loss costs and assigned risk rates for 32 classification codes were understated. NCCI has also requested that the revisions be made retroactive to the original effective date for the loss costs and assigned risk rates in order to allow insurance companies to issue refunds to affected policyholders or adjust the premium of affected policies upon final audit.

On May 9, 2006, the Bureau of Insurance ("Bureau") filed a memorandum in which it states that its consulting actuary has reviewed the application and determined that the revised loss costs and assigned risk rates are actuarially acceptable and would not result in premiums that are excessive, inadequate, or unfairly discriminatory. Accordingly, the Bureau recommends that the Commission approve the revised loss costs and assigned risk rates. In a letter filed on May 10, 2006, the Division of Consumer Counsel, Office of Attorney General states that it is satisfied that NCCI's filing and proposal, as well as the Bureau's recommendation, are appropriate under the circumstances.

NOW the Commission, having considered the application, the recommendation of the Bureau, and the comments of the Division of Consumer Counsel, Office of Attorney General, is of the opinion and finds that the proposed revisions to the voluntary loss costs and assigned risk rates that have been filed by NCCI in the proceeding on behalf of its members and subscribers should be, and they are hereby, APPROVED, applicable to new and renewal policies effective April 1, 2003, to March 31, 2004.

**CASE NO. INS-2006-00084  
JULY 21, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
HENRY C. ROBERSON, III,  
Defendant

**FINAL ORDER**

On March 17, 2006, a Rule to Show Cause was entered by the State Corporation Commission ("Commission") against the Defendant, alleging violations of §§ 38.2-1826 A and 38.2-1826 B of the Code of Virginia.

On July 17, 2006, the Bureau of Insurance ("Bureau") filed a Motion to Dismiss the above proceeding based on the Defendant's offer of settlement to the Commission on terms acceptable to the Bureau.

The Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered payment to the Commonwealth of Virginia in the sum of ten thousand dollars (\$10,000) and has agreed not to contest the revocation of his license if, after notice and opportunity to be heard, it is found that he has been convicted of a felony or is found to have violated any section of Title 38.2 of the Code of Virginia.

By Ruling entered July 18, 2006, the Commission's Hearing Examiner granted the Bureau's Motion to Dismiss and recommended that the Commission accept the Defendant's offer of settlement.

THE COMMISSION, having considered the Bureau's Motion to Dismiss and the recommendation of its Hearing Examiner, is of the opinion that the Defendant's offer should be accepted and that the matter should be dismissed.

IT IS THEREFORE ORDERED THAT:

- (1) The Rule to Show Cause entered herein be, and it is hereby, DISMISSED;
- (2) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00085  
MARCH 21, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
MARLON DEAN WORWELL,  
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 Pennsylvania.

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 February 14, 2006, 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 Pennsylvania.

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-2006-00099  
APRIL 20, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
GREAT AMERICAN INSURANCE COMPANY,  
GREAT AMERICAN INSURANCE COMPANY OF NEW YORK,  
GREAT AMERICAN ASSURANCE COMPANY,  
and  
GREAT AMERICAN ALLIANCE INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 A of the Code of Virginia by failing to file with the Commission all rates and supplementary rate information and all changes and amendments to the rates and supplementary rate information made by it for use in the Commonwealth on or before the date they became effective.

## 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 seven thousand two hundred dollars (\$7,200), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated December 7, 2005.

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-2006-00100  
APRIL 12, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

NATIONWIDE MUTUAL INSURANCE COMPANY,  
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY,  
NATIONWIDE GENERAL INSURANCE COMPANY,  
and  
NATIONWIDE ASSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-317 A and 38.2-510 A 10 of the Code of Virginia; 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, and 14 VAC 5-400-70 D; and a Cease and Desist Order entered by the Commission in Case No. INS-2003-00012.

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 forty-five thousand dollars (\$45,000), waived their right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan outlined in their responses to the market conduct examination report. The Defendants have also agreed that a local representative of the companies will meet with the Bureau on a quarterly basis for one (1) year and report on the progress they have made in correcting the problems identified in this and previous exams.

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;
- (2) The Defendants cease and desist from any conduct which constitutes a violation of §§ 38.2-317 A or 38.2-510 A 10 of the Code of Virginia, or 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, or 14 VAC 5-400-70 D; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00102**  
**JUNE 13, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
AMERICAN PIONEER 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 §§ 38.2-502 and 38.2-503 of the Code of Virginia by misrepresenting the benefits, advantages, conditions or terms of an insurance policy, and 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.

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-2006-00102**  
**JUNE 23, 2006**

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

**CORRECTING ORDER**

In the Settlement Order entered herein June 13, 2006, the first paragraph set forth on page 1 of the Order, provides in part as follows: "Based on a market conduct examination performed by the Bureau of Insurance..." The correct language, however, should read "Based on an inquiry performed by the Bureau of Insurance..."

THEREFORE, IT IS ORDERED THAT:

- (1) The first paragraph set forth on page 1 of the Settlement Order entered on June 13, 2006, shall be deleted in its entirety, and the following language shall be inserted in its place and corrected to read:

Based on an inquiry 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 §§ 38.2-502 and 38.2-503 of the Code of Virginia by misrepresenting the benefits, advantages, conditions or terms of an insurance policy, and 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.

- (2) All other provisions of the Settlement Order entered June 13, 2006, shall remain in full force and effect.

**CASE NO. INS-2006-00104  
MAY 22, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

NATIONAL GRANGE MUTUAL INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), 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 C, 38.2-604.1, 38.2-1906 D, 38.2-2114, 38.2-2126 A 2, 38.2-2126 B, 38.2-2208, 38.2-2234 A 1, and 38.2-2234 B of the Code of Virginia, as well as 14 VAC 5-400-80 D.

The Commission is also 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 fifty-nine thousand dollars (\$59,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated March 21, 2006.

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 §§ 38.2-305, 38.2-510 C, 38.2-604.1, 38.2-1906 D, 38.2-2114, 38.2-2126 A 2, 38.2-2126 B, 38.2-2208, 38.2-2234 A 1 or 38.2-2234 B of the Code of Virginia, or 14 VAC 5-400-80 D; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00105  
APRIL 20, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

GREAT AMERICAN INSURANCE COMPANY,  
GREAT AMERICAN INSURANCE COMPANY OF NEW YORK,  
GREAT AMERICAN ASSURANCE COMPANY,  
and  
GREAT AMERICAN ALLIANCE INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 A of the Code of Virginia by failing to file with the Commission all rates and supplementary rate information and all changes and amendments to the rates and supplementary rate information made by it for use in the Commonwealth on or before the date they became effective.

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 seven thousand two hundred dollars (\$7,200), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated March 22, 2006.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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-2006-00112  
JULY 31, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA,  
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 §§ 38.2-233 E, 38.2-305 B, 38.2-1812, 38.2-1822, and 38.2-2014 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 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-five thousand dollars (\$45,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its correspondence to the Bureau of Insurance dated March 17, 2006, and March 21, 2006, which included refunds to all insureds adversely affected by the Defendant's failure to comply with the above-mentioned laws.

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-2006-00113  
MAY 4, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

EMPLOYERS INSURANCE COMPANY OF WAUSAU,  
WAUSAU BUSINESS INSURANCE COMPANY,  
and  
WAUSAU UNDERWRITERS INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-231, 38.2-304, 38.2-305, 38.2-1812, 38.2-1833, 38.2-1906 D, and 38.2-2220 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 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 nineteen thousand two hundred fifty dollars (\$19,250), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated January 20, 2006.

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-2006-00118  
JUNE 1, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

HARTFORD INSURANCE COMPANY OF THE MIDWEST,  
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, 38.2-606, 38.2 1906 D, 38.2-2208, and 38.2-2212 of the Code of Virginia, as well as 14 VAC 5-400-30, 14 VAC 5-400-40, 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 forty-two thousand eight hundred dollars (\$42,800), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its responses to the Market Conduct Examination Report.

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-2006-00119  
JUNE 1, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
BRISTOL WEST 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 B, 38.2-510 A 10, 38.2-610 A, 38.2-1812, 38.2-1833, 38.2-1905 A, 38.2-1906 D, 38.2-2214, and 38.2-2220 of the Code of Virginia, as well as 14 VAC 5-400-40 A, 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 twenty thousand dollars (\$20,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their responses to the Market Conduct Examination Report.

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-2006-00120  
JUNE 1, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
KEYSTONE INSURANCE COMPANY  
and  
AAA MID-ATLANTIC INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated §§ 38.2-305 A, 38.2-510 A 10, 38.2-604 A, 38.2-1906 D, 38.2-2113, 38.2-2114, 38.2-2208, 38.2-2212, 38.2-2220, and 38.2-2223 of the Code of Virginia, as well as 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, and 14 VAC 5-400-70 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 Defendant's 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 thirty-three thousand four hundred dollars (\$33,400), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their responses to the Market Conduct Examination Report.

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-2006-00121  
JUNE 13, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

UNIVERSAL UNDERWRITERS LIFE INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on a target 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 §§ 38.2-610, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 D, 38.2-3720 A 1, 38.2-3724 F, 38.2-3725, 38.2-3729 A, 38.2-3729 G, 38.2-3729 H 1, 38.2-3729 H 2, 38.2-3731 A, subsection 1 of § 38.2-3732, subsection 2 of § 38.2-3732, subsection 4 of § 38.2-3732, 38.2-3734, 38.2-3735 A, 38.2-3735 A 2, 38.2-3735 C 2, 38.2-3737 A, 38.2-3737 B 1, and 38.2-3737 B 2 of the Code of Virginia, as well as 14 VAC 5-40-40 A 5, 14 VAC 5-40-40 D 3, 14 VAC 5-40-40 F 1, 14 VAC 5-90-160, 14 VAC 5-100-50 1, 14 VAC 5-100-50 3, and 14 VAC 5-400-70 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 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-four thousand dollars (\$24,000) 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-2006-00125  
MAY 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
FREDRIC DARRYL RAMEY,  
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 Maryland.

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 13, 2006, 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 Maryland.

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-2006-00125  
MAY 25, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
FREDRIC DARRYL RAMEY,  
Defendant

**CORRECTING ORDER**

In the Settlement Order entered herein May 19, 2006, Ordering Paragraph (4), set forth on page 2 of the Order, reads as follows: "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." The correct language, however, should read "The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order."

THEREFORE, IT IS ORDERED THAT:

- (1) The language in Ordering Paragraph (4), set forth on page 2 of the Settlement Order entered on May 19, 2006, shall be deleted in its entirety, and the following language shall be inserted in its place and stead:

"The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to one (1) year from the date of this Order.";

- (2) All other provisions of the Settlement Order entered May 19, 2006, shall remain in full force and effect.

**CASE NO. INS-2006-00128  
JUNE 5, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting Revisions to the Rules Governing Life Insurance Replacements

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code 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 ("Bureau") has submitted to the Commission a proposal to revise and amend the "Rules Governing Life Insurance Replacements," which are set out at 14 VAC 5-30-10 through 14 VAC 5-30-100.

The revised and amended Rules adds annuities to the products under the Rules governing replacement and is consistent with the most recent National Association of Insurance Commissioners (NAIC) "Life Insurance and Annuities Replacement Model Regulation." The procedural requirements for insurers and agents have been amended so that they are consistent with the NAIC Model. Sections 50 and 100 are being repealed, and Sections 51 and 55 are being added. New forms are also attached to the Rules.

The Commission is of the opinion that the revised and amended Rules submitted by the Bureau of Insurance should be considered for adoption.

THEREFORE, IT IS ORDERED THAT:

(1) The revised and amended Rules entitled "Rules Governing Life Insurance and Annuity Replacements," which are set out at 14 VAC 5-30-10 through 14 VAC 5-30-100, be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or to request a hearing to oppose the adoption of the revised and amended Rules shall file such comments or hearing request on or before September 1, 2006, 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-2006-00128.

(3) The Bureau shall hold at least one meeting during the comment period, in order for interested parties to address questions about the Rules to the Bureau. The first meeting shall be held on July 11, 2006 at 9:00 a.m. in the Training Room located on the 3<sup>rd</sup> Floor of the State Corporation Commission, 1300 East Main Street, Richmond, Virginia, with subsequent meetings to be scheduled as necessary.

(4) If no request for a hearing on the adoption of the revised and amended Rules is filed on or before September 1, 2006, the Commission, upon consideration of any comments submitted in support of or in opposition to the revised and amended Rules, may adopt the Rules as revised and amended by the Bureau of Insurance.

(5) AN ATTESTED COPY hereof, together with a copy of the revised and amended Rules, 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 adoption of the revised and amended Rules by mailing a copy of this Order, together with the revised and amended Rules, to all companies licensed by the Commission to write life insurance, variable life insurance, annuities, or variable annuities in Virginia.

(6) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the revised and amended Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(7) On or before June 9, 2006, the Commission's Division of Information Resources shall make available this Order and the attached revised and amended Rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(8) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (5) above.

NOTE: A copy of Attachment A entitled "Rules Governing Life Insurance Replacements" 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-2006-00128  
SEPTEMBER 27, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Life Insurance Replacements

**ORDER ADOPTING REVISIONS TO RULES**

By Order entered herein June 5, 2006, all interested persons were ordered to take notice that subsequent to September 1, 2006, the State Corporation Commission ("Commission") would consider the entry of an Order adopting revisions proposed by the Bureau of Insurance ("Bureau") to the Commission's Rules Governing Life Insurance *and Annuity* Replacements ("Rules"), set forth in Chapter 30 of Title 14 of the Virginia Administrative Code, unless on or before September 1, 2006, any person objecting to the adoption of the proposed revisions filed a request for hearing with the Clerk of the Commission ("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 September 1, 2006.

Northwestern Mutual ("NM") filed comments to the proposed revisions with the Clerk on July 25, 2006. Northwestern Mutual did not request a hearing.

The American Council of Life Insurers ("ACLI") sent comments electronically to the Bureau, but did not file them with the Clerk and did not request a hearing.

The purpose of the revisions to the Rules is to add annuities to the products under the Rules governing replacement and for consistency with the most recent National Association of Insurance Commissioners ("NAIC") "Life Insurance and Annuities Replacement Model Regulation."

The Bureau has reviewed the comments and recommends that the proposed Rules be modified at 14 VAC 5-30-20 in the definitions of "agent," "illustration," and "marketing communications," and at 14 VAC 5-30-30 in the Exemptions section. In addition, the Bureau recommends modification to Forms 30-A and 30-C. There are a few editorial revisions recommended by the Registrar as well.

The Bureau filed its Statements of Position in response to the comments filed by NM, as well as the comments sent by the ACLI, on September 21, 2006.

THE COMMISSION, having considered the proposed revisions, the filed comments, and the Bureau's response to and recommendation regarding the 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 30 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Life Insurance *and Annuity* Replacements," amended at 14 VAC 5-30-10 through 14 VAC 5-30-100 and attached Forms, which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective January 1, 2007.

(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 Commission to write life insurance, variable life insurance, annuities or variable annuities 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>.

(4) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements in Ordering Paragraph (2) of this Order.

NOTE: A copy of Attachment A entitled "Rules Governing Life Insurance Replacements" 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-2006-00128  
OCTOBER 10, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Life Insurance Replacements

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Adopting Revisions to Rules entered on September 27, 2006, on this matter is hereby vacated.

A COPY hereof shall be filed with the Clerk of the Commission and thereby placed in Case No. INS-2006-00128.

**CASE NO. INS-2006-00128  
OCTOBER 10, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Life Insurance Replacements

**ORDER TO TAKE NOTICE OF REVISED PROPOSED RULES**

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

In an Order to Take Notice dated June 5, 2006, the Bureau of Insurance ("Bureau") submitted to the Commission a proposal to revise and amend the "Rules Governing Life Insurance Replacements," which are set out at 14 VAC 5-30-10 through 14 VAC 5-30-100. Pursuant to an Order entered by the Commission in this matter dated October 10, 2006, the Commission has vacated its Order Adopting Revisions to these Rules, and is allowing the Bureau to submit Revised Proposed Rules for an additional comment period.

The purpose of the revised proposed Rules is to add annuities to the products under the rules governing replacement, and for consistency with the most recent National Association of Insurance Commissioners (NAIC) "Life Insurance and Annuities Replacement Model Regulation."

In light of comments that the Bureau previously received, the revised proposed rules are also modified at 14 VAC 5-30-20 in the definitions of "agent," "illustration," and "marketing communications," and at 14 VAC 5-30-30 in the Exemptions section. In addition, the Bureau recommends modification to Forms 30-A and 30-C.

The Commission is of the opinion that the revised proposed Rules submitted by the Bureau of Insurance should be considered for adoption.

THEREFORE, IT IS ORDERED THAT:

(1) The revised proposed Rules entitled "Rules Governing Life Insurance *and* Annuity Replacements," which are set out at 14 VAC 5-30-10 through 14 VAC 5-30-100, be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or to request a hearing to oppose the adoption of the revised proposed Rules shall file such comments or hearing request on or before November 30, 2006, 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-2006-00128.

(3) If no request for a hearing on the adoption of the revised proposed Rules is filed on or before November 30, 2006, the Commission, upon consideration of any comments submitted in support of or in opposition to the revised proposed Rules, may adopt the Rules as submitted by the Bureau of Insurance.

(4) AN ATTESTED COPY hereof, together with a copy of the revised proposed Rules, 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 adoption of the revised proposed Rules by mailing a copy of this Order, together with the revised proposed Rules, to all companies licensed by the Commission to write life insurance, variable life insurance, annuities, or variable annuities in Virginia.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the revised proposed Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(6) The Commission's Division of Information Resources shall also make available this Order and the attached revised proposed Rules on the Commission's website, <http://www.scc.virginia.gov/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 Life Insurance Replacements" 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-2006-00128  
DECEMBER 12, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Life Insurance Replacements

**ORDER ADOPTING REVISIONS TO RULES**

By order entered herein June 5, 2006, all interested persons were ordered to take notice that subsequent to September 1, 2006, the State Corporation Commission ("Commission") would consider the entry of an Order adopting revisions proposed by the Bureau of Insurance ("Bureau") to the Commission's Rules Governing Life Insurance *and Annuity* Replacements ("Rules"), set forth in Chapter 30 of Title 14 of the Virginia Administrative Code, unless on or before September 1, 2006, any person objecting to the adoption of the proposed revisions filed a request for hearing with the Clerk of the Commission ("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 September 1, 2006.

Northwestern Mutual ("NM") filed comments to the proposed revisions with the Clerk on July 25, 2006. Northwestern Mutual did not request a hearing.

The American Council of Life Insurers ("ACLI") sent comments electronically to the Bureau, but did not file them with the Clerk and did not request a hearing.

The Bureau filed its Statements of Position in response to the comments filed by NM, as well as the comments sent by the ACLI, on September 21, 2006.

Subsequently, the Bureau revised the proposed Rules, and by Order entered herein October 10, 2006, all interested persons were again provided with the opportunity for comment, or to request a hearing by filed request with the Clerk on or before November 30, 2006. No comments and no requests for hearing were timely filed with the Clerk.

The Bureau recommends that the proposed revised Rules be modified at 14 VAC 5-30-20 in the definition of "financed purchase," to delete the reference to "contract." This revision is in conformity with the most recent National Association of Insurance Commissioners "Life Insurance and Annuities Replacement Model Regulation."

THE COMMISSION, having considered the proposed revisions, the filed comments, and the Bureau's response to and recommendation regarding the 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 30 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Life Insurance *and Annuity* Replacements," amended at 14 VAC 5-30-10 through 14 VAC 5-30-100 and attached Forms, which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective April 1, 2007.

(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 Commission to write life insurance, variable life insurance, annuities or variable annuities 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>.

(4) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements in paragraph (2) of this Order.

NOTE: A copy of Attachment A entitled "Rules Governing Life Insurance and Annuity Replacements" 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-2006-00129  
JUNE 2, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting New Rules Governing Suitability in Annuity Transactions

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code 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 ("Bureau") has submitted to the Commission a proposal to adopt new "Rules Governing Suitability in Annuity Transactions" which are recommended to be set out at 14 VAC 5-45-10 through 14 VAC 5-45-50.

The proposed new Rules closely follow the National Association of Insurance Commissioners (NAIC) Model Regulation on the same subject. The proposed Rules are as a result of increasing reports of inappropriate sales of annuities to consumers of all ages.

The Commission is of the opinion that the proposed new Rules submitted by the Bureau of Insurance should be considered for adoption.

THEREFORE, IT IS ORDERED THAT:

(1) The proposed new Rules entitled "Rules Governing Suitability in Annuity Transactions," which are recommended to be set out at 14 VAC 5-45-10 through 14 VAC 5-45-50, be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or to request a hearing to oppose the adoption of the proposed new Rules shall file such comments or hearing request on or before September 1, 2006, 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-2006-00129.

(3) The Bureau shall hold at least one meeting during the comment period, in order for interested parties to address questions about the Rules to the Bureau. The first meeting shall be held on July 11, 2006 at 9:00 a.m. in the Training Room located on the 3<sup>rd</sup> Floor of the State Corporation Commission, 1300 East Main Street, Richmond, Virginia, with subsequent meetings to be scheduled as necessary.

(4) If no request for a hearing on the adoption of the proposed new Rules is filed on or before September 1, 2006, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed new Rules, may adopt the Rules as proposed by the Bureau of Insurance.

(5) AN ATTESTED COPY hereof, together with a copy of the proposed new Rules, shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham, who forthwith shall give further notice of the adoption of the proposed new Rules by mailing a copy of this Order, together with the proposed new Rules, to all companies licensed by the Commission to sell annuities or variable annuities in Virginia.

(6) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed new Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(7) On or before June 9, 2006, the Commission's Division of Information Resources shall make available this Order and the attached proposed new Rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(8) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (5) above.

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

**CASE NO. INS-2006-00129  
SEPTEMBER 27, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting New Rules Governing Suitability in Annuity Transactions

**ORDER ADOPTING RULES**

By Order entered herein June 2, 2006, all interested persons were ordered to take notice that subsequent to September 1, 2006, the State Corporation Commission ("Commission") would consider the entry of an Order adopting new rules proposed by the Bureau of Insurance ("Bureau") entitled Rules Governing Suitability in Annuity Transactions ("Rules"), set forth in Chapter 45 of Title 14 of the Virginia Administrative Code, unless on or before September 1, 2006, any person objecting to the adoption of the proposed new Rules filed a request for hearing with the Clerk of the Commission ("Clerk").

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed new Rules on or before September 1, 2006.

No comments and no requests for hearing were filed with the Clerk on or before September 1, 2006.

The American Council of Life Insurers ("ACLI") sent comments electronically to the Bureau, to which the Bureau provided a response in the form of a Statement of Position filed with the Clerk on September 21, 2006.

The Bureau recommends that the proposed new Rules be revised at 14 VAC 5-45-20, in the definition of "agent".

THE COMMISSION, having considered the proposed revision, the comments, and the Bureau's response to and recommendation regarding the comments, is of the opinion that the attached Rules should be adopted.

THEREFORE IT IS ORDERED THAT:

(1) The new Rules at Chapter 45 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Suitability in Annuity Transactions," which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective January 1, 2007.

(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, and Brian P. Gaudiose, Deputy Commissioner, Bureau of Insurance, State Corporation Commission, who forthwith shall give further notice of the adoption of the Rules by mailing a copy of this Order, including a clean copy of the attached final Rules, to all insurance companies licensed by the Commission to sell annuities and variable annuities 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 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>.

(4) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements in Ordering Paragraph (2) of this Order.

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

**CASE NO. INS-2006-00129  
OCTOBER 10, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting New Rules Governing Suitability in Annuity Transactions

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Adopting Rules entered on September 27, 2006, on this matter is hereby vacated.

A COPY hereof shall be filed with the Clerk of the Commission and thereby placed in Case No. INS-2006-00129.

**CASE NO. INS-2006-00129  
OCTOBER 10, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting New Rules Governing Suitability in Annuity Transactions

**ORDER TO TAKE NOTICE OF REVISED PROPOSED RULES**

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

In an Order to Take Notice dated June 2, 2006, The Bureau of Insurance ("Bureau") submitted to the Commission a proposal to adopt new "Rules Governing Suitability in Annuity Transactions" which are recommended to be set out at 14 VAC 5-45-10 through 14 VAC 5-45-50. Pursuant to an Order entered by the Commission in this matter dated October 10, 2006, the Commission has vacated its Order adopting these Rules, and is allowing the Bureau to submit Revised Proposed Rules for an additional comment period.

The revised proposed Rules closely follow the National Association of Insurance Commissioners (NAIC) Model Regulation on the same subject. The revised proposed Rules are as a result of increasing reports of inappropriate sales of annuities to consumers of all ages. In light of comments that the Bureau previously received, the revised proposed Rules are also modified at 14 VAC 5-45-20, in the definition of "agent".

The Commission is of the opinion that the revised proposed Rules submitted by the Bureau of Insurance should be considered for adoption.

THEREFORE, IT IS ORDERED THAT:

(1) The revised proposed Rules entitled "Rules Governing Suitability in Annuity Transactions," which are recommended to be set out at 14 VAC 5-45-10 through 14 VAC 5-45-50, be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or to request a hearing to oppose the adoption of the revised proposed Rules shall file such comments or hearing request on or before November 30, 2006, 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-2006-00129.

(3) If no request for a hearing on the adoption of the revised proposed Rules is filed on or before November 30, 2006, the Commission, upon consideration of any comments submitted in support of or in opposition to the revised proposed Rules, may adopt the Rules as proposed by the Bureau of Insurance.

(4) AN ATTESTED COPY hereof, together with a copy of the revised proposed Rules, 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 adoption of the revised proposed Rules by mailing a copy of this Order, together with the revised proposed Rules, to all companies licensed by the Commission to sell annuities or variable annuities in Virginia.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the revised proposed Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(6) The Commission's Division of Information Resources shall also make available this Order and the attached revised proposed Rules on the Commission's website, <http://www.scc.virginia.gov/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 Suitability in Annuity Transactions" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2006-00129  
DECEMBER 12, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting New Rules Governing Suitability in Annuity Transactions

**ORDER ADOPTING RULES**

By order entered herein June 2, 2006, all interested persons were ordered to take notice that subsequent to September 1, 2006, the State Corporation Commission ("Commission") would consider the entry of an Order adopting new rules, proposed by the Bureau of Insurance ("Bureau") entitled Rules Governing Suitability in Annuity Transactions ("Rules"), set forth in Chapter 45 of Title 14 of the Virginia Administrative Code, unless on or before September 1, 2006, any person objecting to the adoption of the proposed new Rules filed a request for hearing with the Clerk of the Commission ("Clerk").

The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed new Rules on or before September 1, 2006. No comments and no requests for hearing were timely filed with the Clerk.

The American Council of Life Insurers ("ACLI") sent comments electronically to the Bureau, to which the Bureau provided a response in the form of a Statement of Position filed with the Clerk on September 21, 2006.

Subsequently, the Bureau revised the proposed new Rules, and by Order entered herein October 10, 2006, all interested persons were again provided with the opportunity for comment, or to request a hearing by filed request with the Clerk on or before November 30, 2006. No comments and no requests for hearing were timely filed with the Clerk.

The Bureau does not recommend any further changes to the revised proposed new Rules.

THE COMMISSION, having considered the previously proposed revisions, the comments, and the Bureau's response to and recommendation regarding the comments, is of the opinion that the attached revised new Rules should be adopted.

THEREFORE IT IS ORDERED THAT:

(1) The revised new Rules at Chapter 45 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Suitability in Annuity Transactions," which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED to be effective April 1, 2007.

(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, and Brian P. Gaudiose, Deputy Commissioner, Bureau of Insurance, State Corporation Commission who forthwith shall give further notice of the adoption of the revised new Rules by mailing a copy of this Order, including a clean copy of the attached revised new Rules, to all insurance companies licensed by the Commission to sell annuities and variable annuities 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 new 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 new Rules available on the Commission's website, <http://www.state.va.us/scc/caseinfo.htm>.

(4) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements in paragraph (2) of this Order.

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

**CASE NO. INS-2006-00132  
MAY 22, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
SHERYL LYNN TRUAX,  
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 Oklahoma.

## 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 her right to a hearing before the Commission in this matter by certified letter dated April 18, 2006, 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 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 one (1) year 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-2006-00133  
JUNE 15, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

UNITEDHEALTHCARE OF THE MID-ATLANTIC, 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 a health maintenance organization in the Commonwealth of Virginia, in a certain instance, has violated § 38.2-3542 C of the Code of Virginia by failing to provide adequate notice of termination of coverage, and by failing to make reimbursement on all valid claims during the period of insufficient notice.

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 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-2006-00135  
JUNE 6, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ACE AMERICAN REINSURANCE COMPANY,  
Defendant

**IMPAIRMENT ORDER**

ACE American Reinsurance Company, a foreign corporation domiciled in 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 2005 Annual Statement of the Defendant, dated as of December 31, 2005 ("Annual Statement"), and filed with the Commission's Bureau of Insurance, indicates capital of \$8,500,000 and surplus of \$114,794,362. Page 14 of the Annual Statement reflects a nontabular discount on asbestos and environmental impairment loss and loss expense reserves in the amount of \$42,450,000 and a nontabular discount on retroactive reinsurance ceded of \$33,288,000.

By Affidavit of Gregory D. Walker, Supervisor of the Financial Analysis Section of the Financial Regulation Division of the Bureau of Insurance, dated May 26, 2006, and filed in the Office of the Clerk of the Commission on May 26, 2006, Mr. Walker states that under §§ 38.2-1300 and 38.2-1314 of the Code of Virginia and the Statement of Statutory Accounting Principles Nos. 62 and 65 of the National Association of Insurance Commissioner Accounting Practices and Procedures Manual, Volume 1, an insurer is not permitted to discount on a nontabular basis asbestos and environmental impairment loss and loss expense reserves, and retroactive reinsurance ceded. Therefore, the Defendant's reported surplus must be decreased by \$42,450,000, the amount of the nontabular discount on asbestos and environmental impairment loss and loss expense reserves, and increased by \$33,288,000, the amount of the nontabular discount on retroactive reinsurance ceded.

Page 36 of the Annual Statement reflects a credit for reinsurance ceded to Century International Reinsurance Company Ltd., a Bermuda-domiciled corporation, of \$242,515,000.

Mr. Walker states in his Affidavit that under Virginia law, specifically §§ 38.2-1300 and 38.2-1316.3 of the Code of Virginia, and 14 VAC 5-300-90, Century International Reinsurance Company Ltd. is considered an unauthorized reinsurer. Therefore, the Defendant's reported surplus must be decreased by \$242,515,000, the amount of the credit claimed for reinsurance ceded to Century International Reinsurance Company Ltd.

Collectively, per Mr. Walker's Affidavit, the Defendant's reported surplus must be adjusted by a total amount of \$251,677,000, which results in an adjusted surplus of negative \$136,882,638, and in an impairment of the Defendant's surplus of \$139,882,638.

THEREFORE, IT IS ORDERED THAT, on or before September 1, 2006, the 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 the Defendant's president or other authorized officer.

IT IS FURTHER ORDERED THAT the Defendant shall issue no 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.

**CASE NO. INS-2006-00135  
JULY 25, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ACE AMERICAN REINSURANCE COMPANY,  
Defendant

**FINAL ORDER**

ACE American Reinsurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania ("Defendant"), initially was licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia on May 12, 1972.

By impairment order entered herein June 6, 2006, 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 1, 2006.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 Pamela S. Sellers-Hoelsken, Treasurer of the Defendant, dated July 19, 2006, 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 July 20, 2006.

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-2006-00136  
JUNE 6, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

INSURANCE COMPANY OF NORTH AMERICA,

Defendant

**IMPAIRMENT ORDER**

Insurance Company of North America, a foreign corporation domiciled in 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 2005 Annual Statement of the Defendant, dated as of December 31, 2005 ("Annual Statement"), and filed with the Commission's Bureau of Insurance, indicates capital of \$11,357,109 and surplus of \$75,880,973. Page 14 of the Annual Statement reflects a nontabular discount on workers' compensation reserves of \$16,057,000.

By Affidavit of Gregory D. Walker, Supervisor of the Financial Analysis Section of the Financial Regulation Division of the Bureau of Insurance, dated May 26, 2006, and filed in the Office of the Clerk of the Commission on May 26, 2006, Mr. Walker states that under §§ 38.2-1300 and 38.2-1314 of the Code of Virginia and the Statement of Statutory Accounting Principles No. 65 of the National Association of Insurance Commissioners Accounting Practices and Procedures Manual, Volume 1, an insurer is not permitted to discount on a nontabular basis workers' compensation reserves. Therefore, the Defendant's reported surplus must be decreased by \$16,057,000, the amount of the nontabular discount on workers' compensation reserves.

Page 36 of the Annual Statement reflects credits for reinsurance ceded to Century Indemnity Company, a Pennsylvania-domiciled corporation, of \$194,424,000.

Mr. Walker states in his Affidavit that under Virginia law, specifically §§ 38.2-1300 and 38.2-1316.3 of the Code of Virginia, and 14 VAC 5-300-90, Century Indemnity Company is considered an unauthorized reinsurer. Century Indemnity Company's license to transact an insurance business in the Commonwealth of Virginia has been suspended since March 31, 2004. Therefore, the Defendant's reported surplus must be decreased by \$194,424,000, the amount of the credit claimed for reinsurance ceded to Century Indemnity Company.

Collectively, per Mr. Walker's Affidavit, the Defendant's reported surplus must be adjusted by a total amount of \$210,481,000, which results in an adjusted surplus of negative \$134,600,027, and in an impairment of the Defendant's surplus of \$137,600,027.

THEREFORE, IT IS ORDERED THAT, on or before September 1, 2006, the 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 the Defendant's president or other authorized officer.

IT IS FURTHER ORDERED THAT the Defendant shall issue no 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.

**CASE NO. INS-2006-00136  
SEPTEMBER 13, 2006**

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

Insurance Company of North America, a foreign corporation domiciled in Pennsylvania ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia.

By order entered herein June 6, 2006, 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 1, 2006.

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

IT IS THEREFORE ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to September 25, 2006, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before September 25, 2006, 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-2006-00136  
DECEMBER 13, 2006**

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

**FINAL ORDER**

In an order entered herein September 13, 2006, Insurance Company of North America ("Defendant"), a foreign corporation domiciled in Pennsylvania 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 September 25, 2006, suspending the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia due to the Defendant's failure to cure the impairment in its surplus, unless on or before September 25, 2006, 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.

The Defendant failed to timely cure the impairment in its surplus; however, the Defendant timely filed a request for a hearing with the Clerk of the Commission. In addition, the Defendant notified the Bureau of Insurance ("Bureau") that it would be taking steps to alleviate the Bureau's concerns and address the surplus impairment.

By letter and attached affidavit of Gregory Stern, the Defendant's Vice President, dated November 2, 2006, and filed with the Clerk of the Commission on November 3, 2006, the Commission was advised that the Defendant wished to withdraw its hearing request and that as of June 30, 2006, the Defendant, by the issuance of an Irrevocable Standby Letter of Credit as further described in the affidavit, had eliminated the impairment in its surplus as reported in its Annual Statement dated as of December 31, 2005.

In light of the foregoing, the Bureau has recommended that the Impairment Order entered by the Commission be dismissed 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 dismissed.

THEREFORE, IT IS ORDERED THAT:

- (1) The Impairment Order entered by the Commission is hereby DISMISSED;

- (2) This case is hereby closed; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00137  
AUGUST 11, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
MICHAEL JOEL SPILLERT,  
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 and subsection 1 of § 38.2-1831 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 states of California, New Jersey, Wisconsin, North Carolina and Kentucky, and by providing materially incorrect, misleading, incomplete or untrue information in his license application filed with the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code 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 July 5, 2006, 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 and subsection 1 of § 38.2-1831 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 states of California, New Jersey, Wisconsin, North Carolina and Kentucky, and 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 one (1) year 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-2006-00139  
SEPTEMBER 25, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
SUK-KU LIM,  
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 §§ 38.2-1812.2 and 38.2-1813 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 commingling business or personal funds with funds required to be maintained in a separate fiduciary account.

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 obtain a signed consent form from all insureds who were previously charged fees in addition to their premiums. For those insureds who inform the Defendant that they did not consent to the fees, the Defendant has agreed to return these fees to the insureds within ninety (90) days of the date of this 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; and
- (2) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00144  
DECEMBER 1, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ALAN J. ZUCCARI, 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 § 38.2-1839 A of the Code of Virginia by failing to enter into written contracts with clients prior to any act as a consultant.

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 eight thousand seven hundred fifty dollars (\$8,750) 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-2006-00148  
AUGUST 11, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

BROWN & BROWN INSURANCE AGENCY OF 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 in the Commonwealth of Virginia, violated §§ 38.2-1809 B, 38.2-1812.2, and 38.2-1839 A of the Code of Virginia by failing to retain all records relative to insurance transactions for the three (3) previous calendar years, by failing to obtain a signed consent form from an applicant or policyholder who has been charged an administrative fee in addition to the premium, and by failing to enter into written contracts with clients prior to any act as a consultant.

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-2006-00150  
AUGUST 11, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

THE CIMA COMPANIES, 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 B and 38.2-1839 A of the Code of Virginia by failing to retain all records relative to insurance transactions for the three (3) previous calendar years, and by failing to enter into written contracts with clients prior to any act as a consultant.

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-2006-00150  
AUGUST 16, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
THE CIMA COMPANIES, INC.,  
Defendant

**CORRECTING ORDER**

In the Settlement Order entered herein August 11, 2006, paragraph 3, set forth on page 1 of the order, reads as follows: "... 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 correct language, however, should read "... wherein the Defendant has tendered to the Commonwealth of Virginia the sum of twelve thousand five hundred dollars (\$12,500) and waived its right to a hearing."

THEREFORE, IT IS ORDERED THAT:

- (1) The language in paragraph 3, set forth on page 1 of the Settlement Order entered on August 11, 2006, shall be deleted in its entirety, and the following language shall be inserted in its place and stead:

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 twelve thousand five hundred dollars (\$12,500) and waived its right to a hearing.

- (2) All other provisions of the Settlement Order entered August 11, 2006, shall remain in full force and effect.

**CASE NO. INS-2006-00152  
SEPTEMBER 5, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
HILB, ROGAL & HOBBS OF 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 in the Commonwealth of Virginia, violated § 38.2-1839 A of the Code of Virginia by failing to enter into written contracts with clients prior to any act as a consultant.

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 seventeen thousand seven hundred fifty dollars (\$17,750) and waived its right to a hearing.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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-2006-00153  
DECEMBER 1, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JAMES A. SCOTT & SON, 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, prior to performing any act as a consultant, unintentionally failed to enter into written contracts with clients containing the provisions required by § 38.2-1839 A 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 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 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-2006-00167  
JUNE 20, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Insurance Holding Companies

**ORDER TO TAKE NOTICE**

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed revisions to the rules set forth in Chapter 260 of Title 14 of the Virginia Administrative Code, entitled "Rules Governing Insurance Holding Companies," which amend the rules at 14 VAC 5-260-10, 14 VAC 5-260-30 through 14 VAC 5-260-60, 14 VAC 5-260-80, and 14 VAC 5-260-90; repeal the rule at 14 VAC 5-260-20; and propose a new rule at 14 VAC 5-260-110.

The proposed revisions to the rules amend references to certain sections of the Code of Virginia and add language that requires the Bureau to be notified regarding investments by an insurer in any one corporation under certain circumstances and the declaration of dividends or other distributions. The proposed revisions result from the passage of Senate Bill 546 during the 2006 General Assembly Session, effective July 1, 2006, which amends §§ 38.2-1329 and 38.2-1330, and adds a new provision, § 38.2-1330.1, of the Code of Virginia.

In addition, it is proposed that the section entitled "Severability clause" be relocated, which requires the rule at 14 VAC 5-260-20 to be repealed and replaced with a new rule at 14 VAC 5-260-110.

There also are proposed nonsubstantive and "clean-up" revisions to various sections.

The Commission is of the opinion that the proposed revisions submitted by the Bureau should be considered for adoption with an effective date of October 2, 2006.

## IT IS THEREFORE ORDERED THAT:

(1) The proposed revised rules entitled "Rules Governing Insurance Holding Companies," which amend the rules at 14 VAC 5-260-10, 14 VAC 5-260-30 through 14 VAC 5-260-60, 14 VAC 5-260-80, and 14 VAC 5-260-90; repeal the rule at 14 VAC 5-260-20; and propose a new rule at 14 VAC 5-260-110, be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or to request a hearing to oppose the adoption of, the proposed revised rules shall file such comments or hearing request on or before August 25, 2006, 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-2006-00167.

(3) If no written request for a hearing on the proposed revised rules is filed on or before August 25, 2006, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed revised rules, may adopt the proposed revised rules as submitted by the Bureau.

(4) AN ATTESTED COPY hereof, together with a copy of the proposed revised rules, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Douglas C. Stolte, who forthwith shall give further notice of the proposed adoption of the revised rules by mailing a copy of this Order, together with the proposed revised rules, to all insurers, burial societies, fraternal benefit societies, and health maintenance organizations licensed or authorized by the Commission pursuant to Title 38.2 of the Code of Virginia, and certain interested parties designated by the Bureau.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed revised rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations and shall make available this Order and the attached proposed revised rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(6) The Bureau 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 Insurance Holding Companies" 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-2006-00167  
SEPTEMBER 11, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Insurance Holding Companies

**ORDER ADOPTING REVISIONS TO RULES**

By Order to Take Notice entered herein June 20, 2006, all interested persons were ordered to take notice that subsequent to August 25, 2006, the State Corporation Commission ("Commission") would consider the entry of an order adopting revisions proposed by the Bureau of Insurance ("Bureau") to the Commission's Rules Governing Insurance Holding Companies, set forth in Chapter 260 of Title 14 of the Virginia Administrative Code, effective October 2, 2006, unless on or before August 25, 2006, any person objecting to the adoption of the proposed revisions filed a request for a hearing with the Clerk of the Commission. 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 August 25, 2006.

The proposed revisions amend references to certain sections of the Code of Virginia and add language that requires the Bureau to be notified regarding certain investments by an insurer and the declaration of dividends or other distributions. They result from the passage of Senate Bill 546 during the 2006 General Assembly Session, which amends §§ 38.2-1329 and 38.2-1330, and adds a new provision, § 38.2-1330.1, of the Code of Virginia. In addition, the section entitled "Severability clause" is being relocated, requiring the rule at 14 VAC 5-260-20 to be repealed and replaced with a new rule at 14 VAC 5-260-110. There also are several additional non-substantive revisions to various sections.

As of the date of this Order, no request for a hearing has been filed and no comments have been filed with the Clerk of the Commission.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau, therefore, has recommended that the proposed revisions as submitted by the Bureau be adopted by the Commission, effective October 2, 2006.

THE COMMISSION, having considered the proposed revisions and the Bureau's recommendation, is of the opinion that the proposed revisions should be adopted.

## THEREFORE, IT IS ORDERED THAT:

(1) The proposed revisions to Chapter 260 of Title 14 of the Virginia Administrative Code, entitled "Rules Governing Insurance Holding Companies," which amend the rules at 14 VAC 5-260-10, 14 VAC 5-260-30 through 14 VAC 5-260-60, 14 VAC 5-260-80, and 14 VAC 5-260-90; repeal the rule at 14 VAC 5-260-20; and add a new rule at 14 VAC 5-260-110; and which are reflected in the revised rules attached hereto and made a part hereof, are hereby ADOPTED, to be effective October 2, 2006.

(2) AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Douglas C. Stolte, who forthwith shall give further notice of the adoption of the revisions by mailing a copy of this Order, including a copy of the attached revised rules, to all insurers, burial societies, fraternal benefit societies, and health maintenance organizations licensed or authorized by the Commission pursuant to Title 38.2 of the Code 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 available this Order and the attached revised rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(4) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (2) above.

NOTE: A copy of Attachment A entitled "Rules Governing Insurance Holding Companies" 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-2006-00167  
SEPTEMBER 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Insurance Holding Companies

**CORRECTING ORDER**

In the Order Adopting Revisions to Rules entered herein September 11, 2006, page 5 and page 11 of the rules attached thereto were not the correct versions of such pages. Although there were no substantive changes made from the proposed revisions attached to the Order to Take Notice entered herein June 20, 2006, there is one grammatical change that should be reflected, and there are two typographical errors that should be corrected; therefore, it is necessary to correct page 5 and page 11 attached to the Order Adopting Revisions to Rules.

## IT IS THEREFORE ORDERED THAT:

(1) Page 5 of the rules attached to the Order Adopting Revisions to Rules entered herein September 11, 2006, shall be deleted in its entirety, and the page 5 attached hereto, shall be, and it is hereby, adopted in its place and stead.

(2) Page 11 of the rules attached to the Order Adopting Revisions to Rules entered herein September 11, 2006, shall be deleted in its entirety, and the page 11 attached hereto, shall be, and it is hereby, adopted in its place and stead.

(3) All provisions of the Order Adopting Revisions to Rules entered September 11, 2006, shall remain in full force and effect.

(4) AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Douglas C. Stolte, who forthwith shall give further notice of entry of this Order by mailing a copy of this Order, including a copy of the attached corrected pages 5 and 11 of the rules, to all insurers, burial societies, fraternal benefit societies, and health maintenance organizations licensed or authorized by the Commission pursuant to Title 38.2 of the Code of Virginia, and certain interested parties designated by the Bureau of Insurance.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, including a copy of the attached corrected pages 5 and 11 of the rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations and shall make available this Order and the attached corrected pages 5 and 11 of the rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(6) 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 "Page 5 and Page 11" 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-2006-00168  
AUGUST 29, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
THOMAS RUTHERFOORD, 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 § 38.2-1839 A of the Code of Virginia by failing to enter into written contracts with clients prior to any act as a consultant.

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 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 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-2006-00171  
JULY 5, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
PROGRESSIVE HALCYON INSURANCE COMPANY,  
PROGRESSIVE MAX INSURANCE COMPANY,  
PROGRESSIVE PREFERRED INSURANCE COMPANY,  
PROGRESSIVE MOUNTAIN INSURANCE COMPANY,  
and  
UNITED FINANCIAL CASUALTY COMPANY,  
Defendants

**SETTLEMENT ORDER**

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

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code 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 waived their right to a hearing and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated April 5, 2006.

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-2006-00172  
JUNE 19, 2006**

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

**IMPAIRMENT ORDER**

Sterling Investors Life Insurance Company ("Defendant"), a foreign corporation domiciled in the State of Georgia 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 Financial Statement of the Defendant, dated March 31, 2006, and filed with the Commission's Bureau of Insurance, indicates capital of \$2,500,000, and surplus of \$2,748,576.

THEREFORE, IT IS ORDERED THAT, on or before September 18, 2006, the 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 the Defendant's president or other authorized officer.

IT IS FURTHER ORDERED THAT the Defendant shall issue no 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.

**CASE NO. INS-2006-00172  
JUNE 30, 2006**

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

**FINAL ORDER**

Sterling Investors Life Insurance Company, a foreign corporation domiciled in the State of Georgia ("Defendant"), initially was licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia on June 16, 1983.

By impairment order entered herein June 19, 2006, 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 18, 2006.

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 affidavit of the Defendant's President dated June 22, 2006, and filed with the Clerk of the Commission on June 27, 2006, the Commission was advised that, as of June 22, 2006, the Defendant has eliminated the impairment in its surplus as reported in its Quarterly Statement dated as of March 31, 2006.

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-2006-00174  
JULY 11, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
TRITON 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 § 38.2-2003 of the Code of Virginia by issuing policies of credit involuntary unemployment insurance using rates that are not in compliance with the mandatory loss ratio requirements set forth in subsection E of the statute.

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 waived its right to a hearing and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau dated November 1, 2005.

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-2006-00175  
JUNE 30, 2006**

AMERICAN-AMICABLE LIFE INSURANCE COMPANY OF TEXAS  
PIONEER AMERICAN INSURANCE COMPANY  
PIONEER SECURITY LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between American-Amicable Life Insurance Company of Texas, Pioneer American Insurance Company, Pioneer Security Life Insurance Company and the Georgia and Texas Departments of Insurance, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the affected States and the District of Columbia

**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 Multi-State Regulatory Settlement Agreement dated June 8, 2006 ("the Agreement"), a copy of which is attached hereto and made a part hereof, by and between the Commissioners of Insurance for the States of Georgia and Texas, and American-Amicable Life Insurance Company of Texas, Pioneer American Insurance Company, and Pioneer Security Life Insurance Company (collectively, the "Company"), foreign insurers domiciled in the State of Texas and licensed to transact the business of insurance in the Commonwealth of Virginia, and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement;

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 "Multi-State Regulatory Settlement Agreement" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2006-00176  
JULY 28, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

GUIDEONE MUTUAL INSURANCE COMPANY

and

GUIDEONE SPECIALTY MUTUAL INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

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

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code 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 violation.

The Defendants have been advised of their right to a hearing in this matter, whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have waived their right to a hearing and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau of Insurance dated June 14, 2006.

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-2006-00179  
OCTOBER 4, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

PENN TREATY NETWORK AMERICA INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on a target 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, 38.2-510 A 2, 38.2-510 A 5, 38.2-510 A 14, 38.2-511, subsection 6 of § 38.2-606, subsection 7 b 1 of § 38.2-606, subsection 8 of § 38.2-606, 38.2-610 A 2, 38.2-3407.1 B, 38.2-3407.4 A of the Code of Virginia, as well as, 14 VAC 5-90-50 A, 14 VAC 5-90-50 B, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 B 1, 14 VAC 5-90-60 C 1, 14 VAC 5-90-90 A, 14 VAC 5-90-90 C, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-200-65 A 3, 14 VAC 5-200-160 A, 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-50 B, 14 VAC 5-400-50 C, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, and 14 VAC 5-400-70 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 thirty-seven thousand dollars (\$37,000) 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-2006-00184  
DECEMBER 13, 2006**

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

**SETTLEMENT ORDER**

Based on a target 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 §§ 38.2-510 A 2, 38.2-510 A 5, 38.2-510 A 10, subsection 8 of § 38.2-606, 38.2-610 A, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 D, 38.2-3724 A, 38.2-3728, 38.2-3729 A, 38.2-3729 H 1, 38.2-3729 H 2, 38.2-3732, 38.2-3734, 38.2-3735 A, 38.2-3735 A 2, 38.2-3735 C 2, and 38.2-3737 B 3 of the Code of Virginia, as well as 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, and 14 VAC 5-400-60 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 twenty-two thousand dollars (\$22,000) 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-2006-00185**  
**JULY 31, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

AMERICAN RELIABLE 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 §§ 38.2-233 E, 38.2-233 G, 38.2-305 B, 38.2-1812, 38.2-1822, and 38.2-2014 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 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-five thousand dollars (\$45,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its correspondence to the Bureau of Insurance dated March 17, 2006, and March 21, 2006, which included refunds to all insureds adversely affected by the Defendant's failure to comply with the above-mentioned laws.

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-2006-00186**  
**JULY 31, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

AMERICAN SECURITY 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 §§ 38.2-1812, 38.2-1822, and 38.2-2014 of the Code of Virginia by paying a commission for services as an agent to a person who was not properly licensed and appointed, by knowingly permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission, and by failing to use rate 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 forty-five thousand dollars (\$45,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its correspondence to the Bureau of Insurance dated March 17, 2006, and March 21, 2006, which included refunds to all insureds adversely affected by the Defendant's failure to comply with the above-mentioned laws.

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-2006-00187  
JULY 31, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
STANDARD GUARANTY 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 §§ 38.2-1812, 38.2-1822, and 38.2-2014 of the Code of Virginia by paying a commission for services as an agent to a person who was not properly licensed and appointed, by knowingly permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission, and by failing to use rate 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 forty-five thousand dollars (\$45,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its e-mails to the Bureau of Insurance dated March 17, 2006, and March 21, 2006, which included refunds to all insureds adversely affected by the Defendant's failure to comply with the above-mentioned laws.

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-2006-00188  
AUGUST 30, 2006**

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

**SETTLEMENT ORDER**

Based on a target 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 §§ 38.2-610, 38.2-1812 A, 38.2-1822 A, 38.2-1834 D, 38.2-3115 B, 38.2-3729 A, 38.2-3729 H 1, 38.2-3729 H 2, 38.2-3731 A, 38.2-3735 A, and 38.2-3735 A 2 of the Code of Virginia.

## 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 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 eighteen thousand dollars (\$18,000) 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-2006-00190  
AUGUST 1, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

GOVERNMENT EMPLOYEES INSURANCE COMPANY

and

GEICO GENERAL INSURANCE COMPANY,

Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendants, duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-2220 of the Code of Virginia 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 the Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violation.

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 ten thousand dollars (\$10,000), waived their right to a hearing, and agreed to comply with the Corrective Action Plan set forth in their letter to the Bureau of Insurance dated June 15, 2006.

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-2006-00194  
JULY 17, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
MARSH USA, INCORPORATED,  
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 B, 38.2-1813 A, and 38.2-1839 A of the Code of Virginia, by failing to retain all records relative to insurance transactions for the three (3) previous calendar years, by failing to pay funds to insureds in the ordinary course of business, and by failing to enter into written contracts with clients prior to any act as a consultant.

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 one hundred fifty thousand dollars (\$150,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order in connection with §§ 38.2-1809 B and 38.2-1813 A of the Code of Virginia.

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 §§ 38.2-1809 B or 38.2-1813 A of the Code of Virginia;  
and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00196  
JULY 27, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
FRANCHISE INSURANCE AGENCY, 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 § 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 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 its right to a hearing before the Commission in this matter by certified letter dated June 22, 2006, 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.

## 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 it 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 one (1) year 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-2006-00196  
AUGUST 9, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
FRANCHISE INSURANCE AGENCY, INC.,  
Defendant

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Revoking License entered herein July 27, 2006, is hereby vacated.

**CASE NO. INS-2006-00197  
NOVEMBER 17, 2006**

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 2, 2006. 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 pre-filed testimony and rebuttal testimony, the joint pre-trial motion to stipulate the witnesses' testimony, the Bureau's motion for leave to supplement testimony, and the evidence and exhibits presented at the hearing.

Accordingly, IT IS ORDERED THAT:

- (1) NCCI shall revise its proposed voluntary loss costs and assigned risk rates as follows: (i) an increase of 9.7% in the surface coal mines voluntary loss costs; (ii) a decrease of 13.8% in the underground coal mines voluntary loss costs; (iii) an increase of 6.9% in the surface coal mines assigned risk rates; and (iv) a decrease of 17.4% in the underground coal mines assigned risk rates.
- (2) 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 policies effective on or after April 1, 2007.
- (3) NCCI, the Bureau, OAG, and the Respondents in this proceeding, shall endeavor to recommend jointly to the Commission on or before June 1, 2007, a proposed schedule for any year 2007 voluntary loss costs/assigned risk rate revision proceeding before the Commission. The proposed schedule shall address: (i) "pre-filing" of any discovery requests by the Bureau, 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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

pre-file its discovery requests; (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.

(4) No changes shall be made to the Virginia Contracting Classification Premium Adjustment Program. However, the working group should continue to explore and consider issues relating to the administration of the Program as addressed in this proceeding, including studies conducted by other states, and make such recommendations to the Commission as it deems appropriate.

(5) NCCI and any other persons participating in future voluntary loss costs and assigned risk rate application proceedings before the Commission, when proposing methodologies or data sources that are different from the methodologies or data sources upon which then current voluntary loss costs and/or assigned risk rate or rating values are based, shall be required to disclose the impact on voluntary loss costs and/or assigned risk rate or rating values of the change employing both the methodology it proposes to replace as well as the newly proposed methodology.

**CASE NO. INS-2006-00205  
AUGUST 16, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.  
HANEEF Q. MAJIED,  
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 A and 38.2-512 B 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 his right to a hearing before the Commission in this matter by certified letter dated July 5, 2006, 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 §§ 38.2-512 A and 38.2-512 B 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 one (1) year 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-2006-00206  
AUGUST 16, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

GRAIN DEALERS MUTUAL 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 §§ 38.2-317 A and 38.2-1906 D of the Code of Virginia by delivering or issuing for delivery insurance policies or endorsements without having filed such policies or endorsements with the Commission at least thirty days prior to their effective date, and by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code 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 comply with the Corrective Action Plan set forth in its letter to the Bureau of Insurance dated June 28, 2006.

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-2006-00211  
SEPTEMBER 26, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

WBB SETTLEMENT SERVICES, 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 § 6.1-2.26 of the Code of Virginia by providing escrow, closing or settlement services in the Commonwealth of Virginia without being properly registered as a settlement agent with the Virginia State Bar.

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 also 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 its right to a hearing before the Commission in this matter by certified letter dated August 29, 2006, 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.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 § 6.1-2.26 of the Code of Virginia by providing escrow, closing or settlement services in the Commonwealth of Virginia without being properly registered as a settlement agent with the Virginia State Bar.

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 one (1) year 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-2006-00214  
SEPTEMBER 5, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
PINNACLE TITLE CORPORATION,  
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 §§ 6.1-2.21 and 6.1-2.23 of the Code of Virginia by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account, and by retaining interest received on funds deposited in connection with an escrow, settlement, or closing.

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 also 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 twelve thousand dollars (\$12,000) 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-2006-00215  
SEPTEMBER 5, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ONE CALL LENDER SERVICES, 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 §§ 6.1-2.21 and 6.1-2.23 of the Code of Virginia, as well as 14 VAC 5-395-60, by failing to timely provide the Commission with a copy of the Defendant's analysis or audit report of its escrow account, by retaining interest received on funds deposited in connection with an escrow, settlement, or closing, and by failing to maintain a separate fiduciary account for the purpose of handling settlement funds involving real estate located in Virginia.

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 also 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 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-2006-00221  
AUGUST 11, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ELEASAR FRAGA,  
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 Pennsylvania.

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 30, 2006, 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 Pennsylvania.

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 one (1) year 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-2006-00222  
OCTOBER 12, 2006**

COMMONWEALTH OF VIRGINIA  
 At the relation of the  
 STATE CORPORATION COMMISSION  
 v.  
 GENERAL AMERICAN LIFE 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 a certain instance, has violated § 38.2-610 of the Code of Virginia by failing to give to an applicant 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 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 ten thousand dollars (\$10,000) 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-2006-00223  
SEPTEMBER 13, 2006**

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

**SETTLEMENT ORDER**

Based on a target 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 §§ 38.2-503, 38.2-512, 38.2-610, 38.2-1812 A, 38.2-1822 A, 38.2-1822 B, 38.2-1833 A 1, 38.2-1834 D, 38.2-3115 B, 38.2-3721 A, 38.2-3728 B, 38.2-3729 A, 38.2-3729 B, 38.2-3729 C, 38.2-3731 A, subsection 1 of § 38.2-3732, subsection 2 of § 38.2-3732, 38.2-3734, 38.2-3735 A, 38.2-3735 A 2, 38.2-3735 C 2, and 38.2-3737 B 1 of the Code of Virginia, as well as 14 VAC 5-40-40 E 2, 14 VAC 5-40-60 B, 14 VAC 5-90-60 A 1, 14 VAC 5-90-130 A, 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 twenty-two thousand dollars (\$22,000) 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-2006-00230  
SEPTEMBER 26, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JASON RICHARD ADAMS,  
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 subsection 1 of § 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 violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated August 23, 2006, 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 subsection 1 of § 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 one (1) year 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-2006-00231  
AUGUST 29, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
METCHELL LYN DEGUZMAN,  
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 Mississippi.

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 July 6, 2006 and August 1, 2006, 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 Mississippi.

## 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 one (1) year 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-2006-00232  
AUGUST 29, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

MANUEL ALFREDO SALCIDO,  
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 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 his right to a hearing before the Commission in this matter by certified letter dated August 1, 2006, 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 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 one (1) year 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-2006-00234  
SEPTEMBER 21, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

KNIGHTS OF PETER CLAVER, 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 a fraternal benefits society in the Commonwealth of Virginia, in a certain instance, violated § 38.2-1300 of the Code of Virginia by failing to file timely with the Commission its 2005 annual statement of financial condition.

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.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth 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.

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 § 38.2-1300 of the Code of Virginia; and
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2006-00243  
SEPTEMBER 18, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
HAKIMA HELEN ROBINSON-RASHAD,  
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 Hawaii.

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 August 14, 2006, 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 Hawaii.

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 one (1) year 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-2006-00244  
OCTOBER 4, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

GENWORTH LIFE AND ANNUITY INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on a target 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 B, 38.2-316 C, subsection 1 of § 38.2-502, 38.2-503, 38.2-511, 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 5-30-50 2, 14 VAC 5-30-60 1, 14 VAC 5-40-40 A 3, 14 VAC 5-40-40 F 4, 14 VAC 5-40-60 B, and 14 VAC 5-80-60.

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 twelve thousand dollars (\$12,000) 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-2006-00250  
OCTOBER 4, 2006**

APPLICATION OF  
VIRGINIA MUTUAL INSURANCE COMPANY  
and  
ALFA CORPORATION

For approval of a plan of conversion and merger pursuant to §§ 38.2-1005.1 and 13.1-898.1 of the Code of Virginia

**ORDER APPROVING APPLICATION**

On September 12, 2006, Virginia Mutual Insurance Company, a Virginia nonstock corporation and mutual insurer licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia ("VMIC"), and Alfa Corporation, a Delaware stock corporation ("Alfa"), filed with the State Corporation Commission ("Commission") an application for approval ("Application") of a Plan of Conversion ("Plan") dated September 7, 2006. The Plan provides for VMIC to demutualize, converting from a mutual insurer to a stock insurer, and be acquired by Alfa by means of a statutory merger pursuant to §§ 38.2-1005.1 and 13.1-898.1 of the Code of Virginia.

The Plan provides specifically that VMIC will convert from a Virginia mutual insurer to a Virginia stock insurer. VMIC will merge with Alfa Merger Sub, Inc., a newly formed Virginia stock corporation and Alfa subsidiary, with VMIC, a stock corporation and wholly owned subsidiary of Alfa, being the survivor of the merger. Following the merger, VMIC will change its name to Alfa Alliance Insurance Corporation; it will continue to be a Virginia-domiciled insurer.

Exhibit E to the Plan is the Financial Analysis and Valuation Report of The Financial Valuation Group of Florida, Inc. ("Financial Valuation Group"), retained by VMIC, which provides a valuation of VMIC as of December 31, 2005, in part to determine the amount to be paid to each VMIC policyholder upon the conversion of VMIC from a mutual insurer to a stock insurer.

Pursuant to the request of VMIC, an Order Scheduling Hearing was entered herein on September 12, 2006, setting this case for a hearing before the Commission at 10:00 a.m. on October 3, 2006, in the Commission's courtroom, located in the Tyler Building, Second Floor, 1300 East Main Street, Richmond, Virginia 23219, in order to provide the public and interested persons with an opportunity to comment regarding the Plan.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Order Scheduling Hearing required VMIC and Alfa to cause a notice of the hearing to be published in the non-classified sections of newspapers of general circulation in certain cities located in Virginia and North Carolina, the two states in which VMIC has insurance policies in force, once a week, for two consecutive weeks, beginning the week of September 18, 2006.

The Order Scheduling Hearing required any person wishing to appear at the hearing as a respondent to file with the Clerk of the Commission a notice of participation as set forth therein on or before September 29, 2006. No notices of participation were filed with the Clerk of the Commission.

The Bureau retained Mercer Oliver Wyman Actuarial Consulting, Inc. to review the Valuation Report prepared by the Financial Valuation Group and to provide to the Bureau a Report of its findings ("Mercer Report"). On September 27, 2006, the Mercer Report was filed with the Clerk of the Commission.

On October 3, 2006, a hearing was held before the Commission wherein testimony was received from VMIC, Alfa, and the Bureau on whether the Plan satisfies the statutory requirements set forth in §§ 38.2-1005.1 and 13.1-898.1 of the Code of Virginia, including whether the Plan is fair and equitable to the policyholders of VMIC.

Douglas Joyce, President of VMIC, and Alfred Schellhorn, Senior Vice President of Alfa, testified as to the Plan's compliance with the above-referenced sections of the Code. Michael Mard, President of the Financial Valuation Group, testified as to the Report filed as Exhibit E to the Plan with the Application.

Douglas Stolte, Deputy Commissioner of the Bureau of Insurance, testified as to the Bureau's regulation of VMIC. Mr. Stolte also testified that having reviewed the Application, including the Plan (and specifically the Report of the Financial Valuation Group), and the Mercer Report, it is the Bureau's opinion that the Plan satisfies the foregoing statutory requirements, and it is the Bureau's recommendation that the Application be approved.

THE COMMISSION, having considered the Application, the testimony at the hearing on October 3, 2006, and the law applicable hereto, is of the opinion that the Application should be approved.

THEREFORE, IT IS ORDERED THAT the application of Virginia Mutual Insurance Company and Alfa Corporation for approval of the Plan of Conversion, pursuant to §§ 38.2-1005.1 and 13.1-898.1 of the Code of Virginia be, and it is hereby, APPROVED.

**CASE NO. INS-2006-00255  
OCTOBER 11, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the  
STATE CORPORATION COMMISSION

v.

LIFE INSURANCE COMPANY OF THE SOUTHWEST,  
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 § 38.2-610 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 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-2006-00256  
SEPTEMBER 25, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
NANCY GAVOR NAVAL,  
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 Georgia.

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 August 29, 2006, 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 Georgia.

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 one (1) year 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-2006-00257  
OCTOBER 24, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
PROPERTY & CASUALTY INSURANCE COMPANY OF HARTFORD,  
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 § 38.2-2220 of the Code of Virginia 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 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 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), waived its right to a hearing, and agreed to comply with the Corrective Action Plan set forth in its letter to the Bureau of Insurance dated September 11, 2006.

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-2006-00259  
SEPTEMBER 29, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
AARON ROGERS MUGUERZA,  
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 Georgia.

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 29, 2006, 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 Georgia.

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 one (1) year 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-2006-00262  
OCTOBER 11, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
VIRGINIA BENTLEY SHANAHAN,  
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 Utah.

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 5, 2006, 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 Utah.

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 one (1) year 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-2006-00269  
OCTOBER 11, 2006**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance, it is alleged that the Defendant violated § 38.2-4614 of the Code of Virginia by paying kickbacks, rebates, or other payments pursuant to an agreement that business incident to the issuance of title insurance be referred to the Defendant.

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.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth 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-2006-00270  
OCTOBER 4, 2006**

APPLICATION OF  
RAPPAHANNOCK HOME MUTUAL FIRE INSURANCE COMPANY

For approval to distribute the assets of the company pursuant to § 38.2-216 of the Code of Virginia

**ORDER APPROVING APPLICATION**

Rappahannock Home Mutual Fire Insurance Company ("Rappahannock") is a Virginia-domiciled mutual assessment property and casualty insurer licensed by the State Corporation Commission ("Commission") pursuant to Chapter 25 (§ 38.2-2500 et seq.) of Title 38.2 of the Code of Virginia.

By Order entered herein on March 15, 2006, in Case No. INS-2006-00080, Rappahannock's license to transact the business of insurance in the Commonwealth of Virginia was suspended based on the voluntary consent of Rappahannock's President and Rappahannock's failure to maintain a membership of at least 100 persons at all times as required pursuant to § 38.2-2515 of the Code of Virginia.

On May 8, 2006, Rappahannock filed its Articles of Dissolution with the Clerk of the Commission, reflecting that a Plan of Dissolution was approved by the membership of Rappahannock on April 29, 2006.

The Plan of Dissolution provided that after all liabilities and obligations of Rappahannock were paid, satisfied, and discharged, or adequate provisions made therefor, the remaining assets of Rappahannock would be distributed pursuant to an established and agreed upon formula to those members of Rappahannock who owned Rappahannock policies during the years 2004, 2005, and 2006. The Plan of Distribution also provided that all insurance coverage would end on July 1, 2006, and any claims under such coverage must be submitted to Rappahannock on or before August 15, 2006.

Rappahannock filed with the Commission's Bureau of Insurance on August 29, 2006, and with the Clerk of the Commission on October 4, 2006, an application requesting the Commission's approval to distribute immediately \$492,327.00, which represents approximately fifty percent (50%) of the current assets of Rappahannock, to its members on a pro-rata basis based on each member's premium payments during the above-stated years and to wind down operations as a mutual assessment property and casualty insurer. Rappahannock represented in its application that no claims had been submitted pursuant to the Plan of Dissolution.

The application provided that approximately six (6) months following the initial distribution Rappahannock shall seek the Commission's approval to distribute the remaining fifty percent (50%) of Rappahannock's assets, requesting however, that at such time Rappahannock be allowed to retain a reasonable reserve of assets with which to defend any claims that may be brought against its directors for a two-year period. At the end of such two-year period, Rappahannock shall make a final distribution to its members of all remaining funds.

The Bureau of Insurance has reviewed the application and the method for distributing Rappahannock's assets and has determined that the distributions treat all members fairly and equitably.

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:

- (1) The application of Rappahannock be, and it is hereby, APPROVED;
- (2) Rappahannock shall promptly distribute \$492,327.00, which represents approximately fifty percent (50%) of the current assets of Rappahannock, to its members and shall file an affidavit of compliance with the Bureau of Insurance upon the completion thereof;
- (3) Rappahannock shall take no action with regard to its remaining assets until further order of the Commission; and
- (4) Upon completion of the distribution of all of its assets pursuant to such subsequent order or orders of the Commission, Rappahannock shall surrender its license to transact the business of insurance as a mutual assessment property and casualty insurer to the Bureau of Insurance.

**CASE NO. INS-2006-00272  
DECEMBER 1, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
DIRECT SETTLEMENT SERVICES, LP,  
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 of the Code of Virginia by retaining interest received on funds deposited in connection with an escrow, settlement, or closing.

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 also 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 sixteen thousand dollars (\$16,000) 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-2006-00273  
OCTOBER 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
AON RISK SERVICES, INC. OF CENTRAL CALIFORNIA,  
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") at the time of the alleged violation to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2005 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 its right to a hearing before the Commission in this matter by certified letter dated September 12, 2006, 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 the Defendant's license 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 § 38.2-4807 A of the Code of Virginia by failing to file timely a 2005 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia is hereby REVOKED;
- (2) All appointments issued under said insurance agent license are hereby VOID;
- (3) The Defendant shall 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 or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year 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-2006-00274  
OCTOBER 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
BENJAMIN W. SEARS,  
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") at the time of the alleged violation to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2005 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 September 12, 2006, 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 the Defendant's license 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 § 38.2-4807 A of the Code of Virginia by failing to file timely a 2005 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth of Virginia is hereby REVOKED;
- (2) All appointments issued under said insurance agent license are hereby VOID;
- (3) The Defendant shall 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 or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year 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-2006-00274  
NOVEMBER 7, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

BENJAMIN W. SEARS,  
Defendant

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Revoking License entered herein October 19, 2006, is hereby vacated.

**CASE NO. INS-2006-00275  
OCTOBER 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

RICHARD WARREN SEARS, 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") at the time of the alleged violation to transact the business of insurance as an insurance agent and as a surplus lines broker in the Commonwealth of Virginia, in a certain instance, violated § 38.2-4807 A of the Code of Virginia by failing to file timely with the Commission a 2005 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 September 12, 2006, 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 the Defendant's license 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 § 38.2-4807 A of the Code of Virginia by failing to file timely a 2005 Annual Gross Premiums Tax Report.

IT IS THEREFORE ORDERED THAT:

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

(2) All appointments issued under said insurance agent license are hereby VOID;

(3) The Defendant shall 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 or as a surplus lines broker in the Commonwealth of Virginia prior to one (1) year 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-2006-00275  
NOVEMBER 7, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
RICHARD WARREN SEARS, JR.,  
Defendant

**VACATING ORDER**

GOOD CAUSE having been shown, the Order Revoking License entered herein October 19, 2006, is hereby vacated.

**CASE NO. INS-2006-00281  
OCTOBER 24, 2006**

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

**CEASE AND DESIST ORDER**

By consent agreement dated October 12, 2006 and filed with the Bureau of Insurance (the "Bureau"), a copy of which is attached hereto, Nationwide Life Insurance Company, (the Defendant, hereafter referred to as "Nationwide"), a foreign corporation domiciled in the State of Ohio and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, consented in accordance with the terms of the agreement, to the issuance of an Order in which Nationwide agrees, effective immediately, that it will cease issuing certificates from group policies issued to entities located in the Commonwealth of Virginia that included benefits for which a Managed Care Health Insurance Plan (MCHIP) authorization is required in accordance with the Code of Virginia § 38.2-5800 et seq. Nationwide does not hold MCHIP authorization issued by the Bureau.

Nationwide acknowledges that it is entitled to a hearing in this matter and waives its right to such a hearing.

THEREFORE, IT IS ORDERED THAT:

- (1) The consent agreement signed by Tom DeNoma, Associate Vice-President of Nationwide and dated October 12, 2006, which is attached, be incorporated into this Order;
- (2) Nationwide shall immediately cease issuing certificates from group policies issued to entities located in the Commonwealth of Virginia that include benefits for which an MCHIP authorization is required in accordance with the Code of Virginia § 38.2-5800 et seq.;
- (3) Nationwide will take necessary steps to obtain proper MCHIP authorization to offer policies containing benefits for which MCHIP authorization is required; and
- (4) This Cease and Desist Order shall remain in effect until such time as Nationwide has obtained the necessary MCHIP authorization, subject to review and approval by the Bureau.

**CASE NO. INS-2006-00284  
OCTOBER 24, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
A-1 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 timely 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.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is also 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 letters dated July 24, 2006 and September 21, 2006, 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 timely 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 one (1) year 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-2006-00286  
OCTOBER 31, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
FRED AMOS DREWERY, 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 Delaware.

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 21, 2006, 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 Delaware.

## 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 one (1) year 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-2006-00287  
DECEMBER 7, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
XL LIFE INSURANCE AND ANNUITY 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 §§ 38.2-510 A 5, 38.2-610 A 1, 38.2-3115 B, 38.2-3724 B, 38.2-3729 A, 38.2-3729 H 1, 38.2-3729 H 2, subsection 1 of § 38.2-3729 I, and subsection 2 of § 38.2-3732 of the Code of Virginia, as well as 14 VAC 5-100-50 2, 14 VAC 5-400-40 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 ten thousand dollars (\$10,000) 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-2006-00289  
NOVEMBER 21, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
LYNN ERGENBRIGHT STONE,  
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 of the Code of Virginia by failing to make records available promptly upon request for examination by the Commission or its employees.

## 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 her right to a hearing before the Commission in this matter by certified letter dated August 23, 2006, 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 § 38.2-1809 of the Code of Virginia 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 one (1) year 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-2006-00290  
NOVEMBER 21, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

v.

ROBERT LEE HOWARD,  
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, 38.2-1809, 38.2-1812.2, and 38.2-1813 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 notified of his right to a hearing before the Commission in this matter by certified letter dated September 6, 2006, 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 §§ 38.2-512, 38.2-1809, 38.2-1812.2, and 38.2-1813 of the Code of Virginia.

## 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 one (1) year 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-2006-00291  
NOVEMBER 2, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to Rules Governing Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code 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 ("Bureau") has submitted to the Commission proposed revisions to the rules set forth in Chapter 321 of Title 14 of the Virginia Administrative Code and entitled "Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits," which amend the rules at 14 VAC 5-321-10 through 14 VAC 5-321-30 and set forth a new rule at 14 VAC 5-321-70.

The proposed revisions to the rules amend references to certain sections of the Code of Virginia and Chapter 319 of Title 14 of the Virginia Administrative Code. The proposed revisions are necessary to reflect the applicability of a new mortality table set forth in the proposed new Chapter 322 of Title 14 of the Virginia Administrative Code entitled "Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities," the proposed adoption of which is the subject of Commission Case No. INS-2006-00292.

In addition, it is proposed that a section entitled "Severability clause" be added as a new rule at 14 VAC 5-321-70.

The Commission is of the opinion that the proposed revisions submitted by the Bureau should be considered for adoption with an effective date of January 1, 2007.

**IT IS THEREFORE ORDERED THAT:**

- (1) The proposed revised rules entitled "Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits," which amend the rules at 14 VAC 5-321-10 through 14 VAC 5-321-30 and set forth a new rule at 14 VAC 5-321-70, be attached hereto and made a part hereof.
- (2) All interested persons who desire to comment in support of or in opposition to, or to request a hearing to oppose the adoption of, the proposed revised rules shall file such comments or hearing request on or before December 7, 2006, 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-2006-00291.
- (3) If no written request for a hearing on the proposed revised rules is filed on or before December 7, 2006, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed revised rules, may adopt the proposed revised rules as submitted by the Bureau.
- (4) AN ATTESTED COPY hereof, together with a copy of the proposed revised rules, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Douglas C. Stolte, who forthwith shall give further notice of the proposed adoption of the revised rules by mailing a copy of this Order, together with the proposed revised rules, to all life insurers and all other persons licensed or authorized by the Commission pursuant to Title 38.2 of the Code of Virginia to write or reinsure any form of life insurance, and certain interested parties designated by the Bureau.
- (5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed revised rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations and shall make available this Order and the attached proposed revised rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.
- (6) The Bureau 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 "Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits" 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-2006-00291  
DECEMBER 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to Rules Governing Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits

**ORDER ADOPTING REVISIONS TO RULES**

By Order to Take Notice entered herein November 2, 2006, all interested persons were ordered to take notice that subsequent to December 7, 2006, the State Corporation Commission ("Commission") would consider the entry of an order adopting revisions proposed by the Bureau of Insurance ("Bureau") to the rules entitled "Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits," set forth in Chapter 321 of Title 14 of the Virginia Administrative Code, which amend the rules at 14 VAC 5-321-10 through 14 VAC 5-321-30 and set forth a new rule at 14 VAC 5-321-70, unless on or before December 7, 2006, any person objecting to the adoption of the proposed revisions filed a request for a hearing with the Clerk of the Commission. 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 December 7, 2006.

The proposed revisions amend references to certain sections of the Code of Virginia and Chapter 319 of Title 14 of the Virginia Administrative Code and reflect the applicability of a new mortality table set forth in the proposed new Chapter 322 of Title 14 of the Virginia Administrative Code entitled "Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities," the proposed adoption of which is the subject of Commission Case No. INS-2006-00292. In addition, the proposed revisions add a new section entitled "Severability clause" at 14 VAC 5-321-70.

As of the date of this Order, no request for a hearing has been filed, and no comments have been filed with the Clerk of the Commission.

The Bureau, therefore, has recommended that the revisions to the rules as submitted by the Bureau be adopted by the Commission, effective January 1, 2007.

THE COMMISSION, having considered the revisions and the Bureau's recommendation, is of the opinion that the revisions to the rules as submitted by the Bureau should be adopted.

THEREFORE, IT IS ORDERED THAT:

(1) The revisions to the rules entitled "Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits," which amend the rules at 14 VAC 5-321-10 through 14 VAC 5-321-30 and set forth a new rule at 14 VAC 5-321-70, and which are attached hereto and made a part hereof, are hereby ADOPTED, to be effective January 1, 2007.

(2) AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Douglas C. Stolte, who forthwith shall give further notice of the adoption of the revisions to the rules by mailing a copy of this Order, including a copy of the attached revised rules, to all life insurers and to all persons licensed or authorized by the Commission pursuant to Title 38.2 of the Code of Virginia to write or reinsure any form of life insurance, and certain interested parties designated by the Bureau.

(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 available this Order and the attached revised rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(4) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (2) above.

NOTE: A copy of Attachment A entitled "Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits" 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-2006-00292  
NOVEMBER 2, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Rules Governing Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code 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 ("Bureau") has submitted to the Commission proposed rules to be designated as Chapter 322 of Title 14 of the Virginia Administrative Code and entitled "Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities," which set forth new rules at 14 VAC 5-322-10 through 14 VAC 5-322-50.

The proposed rules create a new chapter (14 VAC 5-322) that authorizes life insurers to use the 2001 Commissioners Standard Ordinary (CSO) Preferred Class Structure Mortality Table in determining reserve liabilities for certain life insurance policies. This new chapter is based on a model regulation adopted in September 2006 by the National Association of Insurance Commissioners ("NAIC"). The NAIC model reflects differences in mortality in determining the minimum liabilities for certain life insurance products and is considered to be an interim step toward a principles-based reserving system.

The Commission is of the opinion that the proposed rules submitted by the Bureau should be considered for adoption with an effective date of January 1, 2007.

IT IS THEREFORE ORDERED THAT:

(1) The proposed rules designated as Chapter 322 of Title 14 of the Virginia Administrative Code and entitled "Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities," which set forth new rules at 14 VAC 5-322-10 through 14 VAC 5-321-50, be attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or to request a hearing to oppose the adoption of, the proposed rules shall file such comments or hearing request on or before December 7, 2006, 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-2006-00292.

(3) If no written request for a hearing on the proposed rules is filed on or before December 7, 2006, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposed rules, may adopt the rules proposed by the Bureau.

(4) AN ATTESTED COPY hereof, together with a copy of the proposed rules, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Douglas C. Stolte, who forthwith shall give further notice of the proposed adoption of the rules by mailing a copy of this Order, together with the proposed rules, to all life insurers and all persons licensed or authorized by the Commission pursuant to Title 38.2 of the Code of Virginia to write or reinsure any form of life insurance, and certain interested parties designated by the Bureau.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations and shall make available this Order and the attached proposed rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(6) The Bureau 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 "Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities" 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-2006-00292  
DECEMBER 19, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Rules Governing Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities

**ORDER ADOPTING RULES**

By Order to Take Notice entered herein November 2, 2006, all interested persons were ordered to take notice that subsequent to December 7, 2006, the State Corporation Commission ("Commission") would consider the entry of an order adopting rules proposed by the Bureau of Insurance ("Bureau") entitled "Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities," to be designated as Chapter 322 of Title 14 of the Virginia Administrative Code, and which set forth new rules at 14 VAC 5-322-10 through 14 VAC 5-322-50, unless on or before December 7, 2006, any person objecting to the adoption of the proposed rules filed a request for a hearing on the proposed rules with the Clerk of the Commission. The Order to Take Notice also required all interested persons to file their comments in support of or in opposition to the proposed rules on or before December 7, 2006.

The proposed rules create a new chapter in the Virginia Administrative Code (14 VAC 5-322) that authorizes life insurers to use the 2001 Commissioners Standard Ordinary (CSO) Preferred Class Structure Mortality Table in determining reserve liabilities for certain life insurance policies. This new chapter is based on a model regulation adopted in September 2006 by the National Association of Insurance Commissioners ("NAIC").

No request for a hearing was filed; however, the American Council of Life Insurers ("ACLI") filed comments on the proposed rules with the Clerk of the Commission on December 13, 2006. The ACLI notes in its letter that the definition of "2001 CSO Preferred Class Structure Mortality Table" in the proposed rule located at 14 VAC 5-322-20 differs from the definition in the NAIC model and recommends that the proposed rule be revised to track the NAIC model language to prevent confusion as to the exact table being referenced. The ACLI points out that 14 VAC 5-322-40 C provides for the annual filing of statistical reports with "a statistical agent designated by the NAIC and acceptable to the commission," whereas the NAIC model provides for more options, and recommends that the proposed rules be revised to track the NAIC model language. The ACLI also notes that the word "basis" in 14 VAC 5-322-40 B 1 should be "basic," that the NAIC has corrected this language in its model and recommends that the proposed rules be so revised. Finally, the ACLI requests that the Bureau "provide insurers with exemption procedures from the reporting requirements so they can begin to use the mortality tables for policies written on or after January 1, 2007."

The Bureau reviewed the ACLI's comments and recommendations and filed its Response with the Clerk of the Commission on December 13, 2006. The Bureau recommends that the proposed rules be revised at 14 VAC 5-322-20 and 14 VAC 5-322-40 B 1 in accordance with the ACLI's comments. The Bureau recommends that the proposed rules not be revised at 14 VAC 5-322-40 C in accordance with the ACLI's comments, because it would provide options that the Bureau does not intend to use in administering the provisions of Chapter 322. The Bureau responds to the ACLI's request regarding insurer exemption procedures by noting that it already has the authority to grant an insurer such an exemption pursuant to 14 VAC 5-322-40 C, making the ACLI's request unnecessary.

THE COMMISSION, having considered the proposed rules, the ACLI's comments, and the Bureau's response to and recommendations regarding the ACLI's comments, is of the opinion that the attached rules, which reflect the recommendations of the Bureau, should be adopted.

THEREFORE, IT IS ORDERED THAT:

(1) The rules entitled "Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities," to be designated as Chapter 322 of Title 14 of the Virginia Administrative Code, which set forth new rules at 14 VAC 5-322-10 through 14 VAC 5-322-50, and which are attached hereto and made a part hereof, are hereby ADOPTED, to be effective January 1, 2007.

(2) AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Douglas C. Stolte, who forthwith shall give further notice of the adoption of the rules by mailing a copy of this Order, including a copy of the attached rules, to all life insurers and all persons licensed or authorized by the Commission pursuant to Title 38.2 of the Code of Virginia to write or reinsure any form of life insurance, and certain interested parties designated by the Bureau.

(3) 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 available this Order and the attached rules on the Commission's website, <http://www.scc.virginia.gov/caseinfo.htm>.

(4) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (2) above.

NOTE: A copy of Attachment A entitled "Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities" 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-2006-00300  
NOVEMBER 16, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ANNA SPARROW EVANS,  
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 Georgia.

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 October 5, 2006, 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 Georgia.

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 one (1) year 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-2006-00301  
NOVEMBER 15, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
SALVATORE VINCENT BOTTIERI,  
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 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.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated October 10, 2006, 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 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 one (1) year 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-2006-00302  
NOVEMBER 21, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
JOAN M. McDEVITT,  
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, 6.1-2.23, 6.1-2.24, and 38.2-1813 of the Code of Virginia.

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 also 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 October 18, 2006, 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 §§ 6.1-2.21, 6.1-2.23, 6.1-2.24, and 38.2-1813 of the Code of Virginia.

## 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;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (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 one (1) year 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-2006-00303  
DECEMBER 1, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of Adopting Revisions to the Rules Governing Long-Term Care Insurance

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code 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 ("Bureau") has submitted to the Commission proposed revisions to Chapter 200 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Long-Term Care Insurance," which amend the Rules at 14 VAC 5-200-30 through 14 VAC 5-200-60, 14 VAC 5-200-70 through 14 VAC 5-200-90, 14 VAC 5-200-110, 14 VAC 5-200-120, 14 VAC 5-200-153, 14 VAC 5-200-170, 14 VAC 5-200-175, 14 VAC 5-200-185, 14 VAC 5-200-187, and 14 VAC 5-200-200. In addition, 14 VAC 5-200-20 is recommended to be repealed, and new proposed Rules are recommended at 14 VAC 5-200-181, 14 VAC 5-200-183, 14 VAC 5-200-201 and 14 VAC 5-200-205. Forms C and F have also been amended, and new proposed forms E and G have been recommended.

The proposed revisions to the Rules are necessary as a result of the passage of the Deficit Reduction Act of 2005 (Pub.L. 109-171), which allows states to implement "Long-term Care Partnerships" in order to make the purchase of long-term care insurance more attractive to consumers, and the requirements of Code of Virginia § 32.1-325, as amended in 2006, providing for the establishment of a public-private long-term care partnership program between the Commonwealth of Virginia and private insurance companies. In accordance with these federal and State requirements, these Rules must also be in conformity to the National Association of Insurance Commissioners model act and model regulation on the same subject. These Rules are amended to achieve those goals.

The Commission is of the opinion that the proposed revisions to Ch. 200 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 Long-Term Care Insurance," which amend the Rules at 14 VAC 5-200-30 through 14 VAC 5-200-60, 14 VAC 5-200-70 through 14 VAC 5-200-90, 14 VAC 5-200-110, 14 VAC 5-200-120, 14 VAC 5-200-153, 14 VAC 5-200-170, 14 VAC 5-200-175, 14 VAC 5-200-185, 14 VAC 5-200-187, and 14 VAC 5-200-200; repeal 14 VAC 5-200-20; add new proposed Rules at 14 VAC 5-200-181, 14 VAC 5-200-183, 14 VAC 5-200-201 and 14 VAC 5-200-205; amend Forms C and F; and add new proposed forms E and G, 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 February 1, 2007, 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-2006-00303.

(3) The Bureau shall hold at least one meeting during the comment period, in order for interested parties to address questions about the Rules to the Bureau. The first meeting shall be held on January 10, 2007 at 9:00 a.m. in the 5<sup>th</sup> Floor Conference Room of the State Corporation Commission, 1300 East Main Street, Richmond, Virginia, with subsequent meetings to be scheduled if necessary.

(4) If no written request for a hearing on the proposed revisions is filed on or before February 1, 2007, 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.

(5) 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, including all fraternal benefit societies, health maintenance organizations, and health services plans licensed in Virginia, as well as all interested parties.

(6) 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.

(7) 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>.

(8) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (5) above.

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

**CASE NO. INS-2006-00309  
DECEMBER 4, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
ALLISON D. REYNOLDS,  
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 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 her right to a hearing before the Commission in this matter by certified letter dated October 10, 2006, 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 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 one (1) year 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-2006-00312  
DECEMBER 7, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
APEX TITLE SERVICES, 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 timely 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 also 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 October 3, 2006, 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 timely 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 one (1) year 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-2006-00320  
DECEMBER 7, 2006**

COMMONWEALTH OF VIRGINIA  
At the relation of the  
STATE CORPORATION COMMISSION  
v.  
SHOAIB S. MUHAMMAD,  
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.

## 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 November 14, 2006, 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 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 one (1) year 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-2006-00338  
DECEMBER 20, 2006**

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

D.A.M. INSURANCE AGENCY, 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 § 38.2-1809 of the Code of Virginia 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 violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated December 5, 2006, 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 § 38.2-809 of the Code of Virginia 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 an appointment to act as an insurance agent in the Commonwealth of Virginia; and
- (6) The papers herein be placed in the file for ended causes.

## DIVISION OF PUBLIC SERVICE TAXATION

### CASE NO. PST-2003-00065 OCTOBER 11, 2006

#### APPLICATION OF HOPEWELL COGENERATION LIMITED PARTNERSHIP

Application for review and correction of assessment of the value of property subject to local taxation - Tax Year 2003

#### FINAL ORDER

Before the State Corporation Commission ("Commission") is the application of Hopewell Cogeneration Limited Partnership ("Hopewell Cogeneration" or "Company") for review and correction of the tax year 2003 assessment of the value of its property subject to local taxation. The Report of Deborah V. Ellenberg, Chief Hearing Examiner, was filed on September 1, 2006 ("Report"). The Hearing Examiner recommended that Hopewell Cogeneration's application be denied and that our assessments of value for 2003 remain in effect.<sup>1</sup> Hopewell Cogeneration did not file a response to the Report. The Commission Staff filed a response to the Report on September 14, 2006, supporting the findings and recommendations of the Hearing Examiner.

The Commission has considered the Report, the briefs filed by Hopewell Cogeneration and Staff, the Staff's response to the Hearing Examiner's Report, and the extensive record developed at the hearing. We conclude, as did Hearing Examiner Ellenberg, that Hopewell Cogeneration did not meet its burden of proof by demonstrating that the Commission's assessment of its property was erroneous.

The Hopewell Cogeneration facility is a qualifying facility ("QF") that was developed in response to the Public Utility Regulatory Policies Act of 1978 ("PURPA").<sup>2</sup> The facility is a 365 megawatt ("MW") gas-fired combined cycle cogeneration plant that generates power exclusively for sale to Virginia Electric and Power Company ("Virginia Power"). The power is sold to Virginia Power pursuant to a long-term Power Purchase and Operating Agreement. Steam from the facility is sold to Aqualon, Inc., for its manufacturing operations and space heating.

The Commission's equalized assessed value of Hopewell Cogeneration's real and tangible personal property for tax year 2003 was \$152,758,319. Hopewell Cogeneration presented an appraisal conducted by Michael J. Remsha, a Vice President and Principal of American Appraisal Associates, in support of the Company's claim that our assessment exceeded the fair market value of the Company's property for tax year 2003. Mr. Remsha found the fair market value of Hopewell Cogeneration's real and tangible personal property was \$25 million as of January 1, 2003. Mr. Remsha's appraisal allocated \$23,971,000 to the Company's generating equipment, \$411,000 to pollution control equipment, and \$618,000 to real property.

It is settled law that the burden is upon the property owner to show that the value fixed by the Commission is excessive.<sup>3</sup> We find that Hopewell Cogeneration failed to meet its burden of proof in this case. The fundamental problem with Mr. Remsha's appraisal is his failure to value the Hopewell Cogeneration facility at its highest and best use as a combined cycle cogeneration facility selling energy and capacity to Virginia Power pursuant to a long-term power purchase agreement.<sup>4</sup> Instead of valuing the Hopewell Cogeneration facility at its highest and best use, Mr. Remsha consistently values the Hopewell Cogeneration facility as a simple cycle power plant. However, simple cycle power plants are fundamentally different in terms of their original cost, operating characteristics, and the amount of income they generate. Mr. Remsha's failure to value the Hopewell Cogeneration facility at its highest and best use as a qualifying combined cycle cogeneration plant caused him to underestimate substantially the fair market value of the Hopewell Cogeneration facility.

In his comparable sales approach, for example, Mr. Remsha ignored recent sales of partial interests in the Hopewell Cogeneration facility and sales of combined cycle cogeneration plants occurring in the marketplace. Instead, Mr. Remsha examined the sales of two simple cycle power plants to arrive at his estimated fair market value of the Company's generating facility. However, the simple cycle power plants used in his comparable sales approach are not comparable property to Hopewell Cogeneration's highly efficient combined cycle cogeneration plant.

Mr. Remsha also ignored the actual income generated by Hopewell Cogeneration as a qualifying cogeneration facility under his income approach, and instead determined the fair market value of the Hopewell Cogeneration facility based upon a hypothetical simple cycle power plant selling energy and capacity in the PJM wholesale power market.<sup>5</sup> While Mr. Remsha gave minimal weight to his income approach because it produced a negative fair market value for the Hopewell Cogeneration facility, his income approach suffers from the same shortcoming as his comparable sales approach. It fails to value the Hopewell Cogeneration facility at its highest and best use as a qualifying combined cycle cogeneration facility.

Finally, Mr. Remsha's reproduction cost approach also produced an unreasonably low fair market value for the Hopewell Cogeneration facility. His adjustment to reproduction cost for functional obsolescence improperly applies the substitution principle because simple cycle and combined cycle

<sup>1</sup> Report at 21.

<sup>2</sup> Publ. L. No. 95-617, 92 Stat. 3117 (1978) (codified at 16 U.S.C. § 2601 *et seq.*, *inter alia*).

<sup>3</sup> *Norfolk & Western Ry. v. Commonwealth*, 211 Va. 692, 695 (1971); *Winchester & Western Railroad Co. v. State Corporation Commission*, 236 Va. 473, 476 (1988); *Board of Supervisors of Fairfax County, et al. v. Telecommunications Industries, Inc.*, 246 Va. 472, 475 (1993).

<sup>4</sup> *Norfolk & Western Ry.*, 211 Va. at 699; *Shoosmith Bros., Inc. v. County of Chesterfield*, 268 Va. 241, 246 (2004).

<sup>5</sup> PJM Interconnection ("PJM") is a regional transmission organization that operates a wholesale power market in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia.

power plants do not have equal utility. The plants are fundamentally different. A simple cycle power plant would need to install additional equipment costing millions of dollars to operate as a QF under PURPA. Simply put, we find Hopewell Cogeneration's appraisal produces a fair market value for the Hopewell Cogeneration facility that is unreliable and unreasonably low.

The Overland Consulting ("Overland") appraisal, in contrast, demonstrates that our equalized assessed value of \$152.8 million for the Hopewell Cogeneration facility did not exceed the property's fair market value for the 2003 tax year. Overland was commissioned by the Staff to conduct an independent appraisal of the fair market value of the facility and to verify whether the Commission's equalized assessed value based upon the original cost less depreciation method produced a reasonable fair market value for the facility. Overland found the fair market value of the Hopewell Cogeneration facility was \$200 million as of January 1, 2003. Overland arrived at this fair market value by analyzing two recent sales of partial interests in the Hopewell Cogeneration facility, and recent sales of comparable combined cycle cogeneration plants that occurred in the marketplace. Overland also used other recognized appraisal methods to determine the fair market value of the facility, including the cost less depreciation approach, the stock and debt method, the direct capitalization approach, and the yield capitalization method.

Based on the record in this case, we find that Overland reasonably applied accepted methods to arrive at an appraised value of \$200 million for the Hopewell Cogeneration facility as of January 1, 2003. As the Supreme Court of Virginia has found, appraisal of the value of property is not an exact science, and appraisers may reasonably differ when estimating the fair market value of property.<sup>6</sup> The Overland appraisal is consistent with our equalized assessed value of \$152.8 million for the Hopewell Cogeneration facility for tax year 2003. The Commission therefore concludes the application must be denied.

Accordingly, IT IS ORDERED THAT:

(1) The application of Hopewell Cogeneration for review and correction of the assessment of the value of its property for tax year 2003 be denied.

(2) Case No. PST-2003-00065 be dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

<sup>6</sup> Richmond, Fredericksburg & Potomac R.R. v. State Corp. Commission, 219 Va. 301, 313 (1978); City of Richmond v. Gordon, 224 Va. 103, 112 (1982).

**CASE NOS. PST-2004-00044 and PST-2005-00023  
APRIL 7, 2006**

APPLICATION OF  
COMMONWEALTH CHESAPEAKE COMPANY, LLC

For review and correction of assessment of value of property subject to local taxation – Tax Year 2004

APPLICATION OF  
COMMONWEALTH CHESAPEAKE COMPANY, LLC

For review and correction of assessment of value of property subject to local taxation – Tax Year 2005

**FINAL ORDER**

On December 15, 2004, Commonwealth Chesapeake Company, LLC ("Commonwealth Chesapeake" or "Company"), filed an Application with the State Corporation Commission ("Commission") pursuant to § 58.1-2670 of the Code of Virginia for review and correction of the Commission's assessment of the value of the Company's property subject to local taxation for tax year 2004. By Orders dated February 11, 2005, and November 22, 2005, the Commission, among other things, docketed the Application as Case No. PST-2004-00044; assigned the case to a Hearing Examiner; directed Commonwealth Chesapeake to provide public notice of its Application; scheduled a hearing on the Application; and established a procedural schedule for the filing of notices of participation and prefiled testimony and exhibits. On March 21, 2005, Accomack County, Virginia, filed its notice of participation as a respondent.

On November 29, 2005, Commonwealth Chesapeake filed an Application with the Commission pursuant to § 58.1-2670 of the Code of Virginia for review and correction of the Commission's assessment of value of the Company's property subject to local taxation for tax year 2005. By Order dated December 15, 2005, the Commission, among other things, docketed the Application as Case No. PST-2005-00023; assigned the case to a Hearing Examiner; directed the Company to provide notice of its Application; and established a procedural schedule for the filing of notices of participation. The Order further directed that Case Nos. PST-2004-00044 and PST-2005-00023 be coordinated to promote efficiency in the disposition of both applications. On January 10, 2006, Accomack County filed its notice of participation as a respondent.

On April 3, 2006, counsel for the Company, the Commission's Division of Public Service Taxation ("Division"), and Accomack County filed a Joint Motion for Approval of Stipulation and Dismissal of Applications. A proposed Stipulation designed to resolve all outstanding and disputed issues in the above-captioned Applications was attached to the Joint Motion.

Under the terms and conditions of the Stipulation, the Company, Accomack County, and Division agreed that the Commission's equalized assessed value of the Company's property should be corrected and reduced to \$89,000,000 for tax years 2004 and 2005. The equalized assessed value proposed in the Stipulation represents the purchase price paid for a 100% ownership interest in the Company in March of 2005. The sales price was derived through arm's length negotiations between the parties, and the parties and Division agree that the \$89,000,000 sales price is an appropriate equalized assessed value for Commonwealth's property for tax years 2004 and 2005.

On April 4, 2006, the Hearing Examiner filed a Report recommending that the Commission enter an Order accepting the Stipulation and dismissing the Applications from the Commission's docket of active cases. The Report further noted there was no need to allow an opportunity for comments to the Report since all parties and the Division jointly filed the Joint Motion requesting acceptance of the Stipulation.

NOW THE COMMISSION, having considered the Hearing Examiner's Report and the record herein, is of the opinion, and finds, that the findings and recommendations of the Hearing Examiner should be adopted; that Commonwealth Chesapeake's Applications for review and correction of the value of the Company's property subject to local taxation for tax years 2004 and 2005 should be granted; and that the equalized assessed value of the Company's property should be corrected and reduced to \$89,000,000 for tax years 2004 and 2005.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner are hereby adopted by the Commission.
- (2) The Application of Commonwealth Chesapeake for review and correction of the assessed value of the Company's property for tax year 2004 is granted.
- (3) The equalized assessed value of the Company's property for tax year 2004 is corrected and reduced to \$89,000,000.
- (4) The Application of Commonwealth Chesapeake for review and correction of the assessed value of the Company's property for tax year 2005 is granted.
- (5) The equalized assessed value of the Company's property for tax year 2005 is corrected and reduced to \$89,000,000.
- (6) The Commission's Division of Public Service Taxation shall mail an attested copy of this Order to the commissioner of revenue of Accomack County, Virginia.
- (7) The cases be dismissed from the Commission's docket of active cases.

**CASE NO. PST-2005-00024  
AUGUST 22, 2006**

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 2005

**DISMISSAL ORDER**

On December 16, 2005, 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 2005. 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 March 30, 2006, the Commission issued an Order for Notice that, among other things, docketed the application; directed Comcast to provide public notice of its application; established a procedural schedule for the filing of notices of participation by Respondents; and assigned the case to a Hearing Examiner to conduct all further proceedings on behalf of the Commission.

On June 7, 2006, the Commission's Hearing Examiner entered a Ruling scheduling a hearing in the application to commence on October 24, 2006, and establishing dates for the filing of testimony and exhibits by Comcast, Respondents, and the Commission Staff.

On July 25, 2006, 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 July 27, 2006, a Report was issued by the Commission's Hearing Examiner canceling the October 24, 2006 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 Hearing Examiner's Report, is of the opinion and finds that the findings and recommendations of the 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 Hearing Examiner's Report issued on July 27, 2006, 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.

**CASE NO. PST-2005-00028  
MAY 23, 2006**

APPLICATION OF  
NEXTEL COMMUNICATIONS OF THE MID-ATLANTIC, INC.

For review and correction of assessments of the value of property subject to local taxation - Tax Year 2005

**DISMISSAL ORDER**

Before the State Corporation Commission ("Commission") is the Report of Alexander F. Skirpan, Jr., Hearing Examiner, of May 18, 2006. The hearing examiner recommended that we dismiss the application of Nextel Communications of the Mid-Atlantic, Inc. ("Nextel" or "Company"), for review and correction of the Commission's assessment of the value of its property for tax year 2005. Hearing Examiner Skirpan reported that Nextel had moved to withdraw its application and that neither the respondents nor the Commission Staff opposed.

Upon consideration of the Report of May 18, 2006, the Commission will adopt the recommendation to dismiss the application.

Accordingly, IT IS ORDERED THAT:

- (1) The application of Nextel for review and correction of the Commission's assessment of the value of its property subject to local taxation for tax year 2005 be dismissed.
- (2) Case No. PST-2005-00028 be placed in closed status in the records maintained by the Commission Clerk and that Case No. PST-2005-00028 be dismissed from the Commission's docket.

**DIVISION OF PUBLIC UTILITY ACCOUNTING****CASE NO. PUA-1998-00020  
JULY 11, 2006**

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

Ex Parte: In the matter of adopting rules governing the filing of applications for approval pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER OF DISMISSAL**

On July 21, 1998, the State Corporation Commission ("Commission") established this rulemaking proceeding to consider adopting rules governing applications filed pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Affiliate Rules").<sup>1</sup> After notice was given to interested persons and the public, comments and requests for hearing were filed, and on June 20, 2000, an Order Setting Hearing was issued.<sup>2</sup>

Following the pre-filing of testimony by all parties and Commission Staff ("Staff"), a hearing was convened on October 2, 2000. The Commission received testimony by which the parties addressed a general objection to formalizing requirements for the filing of affiliate applications.<sup>3</sup> Following the hearing, briefs were filed by all participants to the hearing.

The Commission, on its own motion, now takes judicial notice of two matters that persuade us that the Affiliate Rules are not necessary at this time for the Commission's regulation of affiliated interests under Chapter 4 of Title 56 of the Code. The Commission takes judicial notice of Staff's establishment of updated guidelines for filing applications under Chapter 4 of Title 56 of the Code of Virginia.<sup>4</sup> The Commission also takes judicial notice of the issuance on December 8, 2005, by the Federal Energy Regulatory Commission ("FERC") of FERC's Final Rule (18 CFR Parts 365 and 366) amending FERC's regulations to implement the repeal of the Public Utility Holding Company Act of 1935 and the enactment of the Public Utility Holding Company Act of 2005 ("Order No. 665").<sup>5</sup>

The Commission finds that the applications filed under Chapter 4 of Title 56 of the Code of Virginia (since Staff's updating of its guidelines) generally respond to the information elicited in the Staff's guidelines. This has permitted the Commission to fully review each application in a timely manner. The Commission is also persuaded that FERC's Order 665 will assist this Commission in obtaining access to the books and records of holding companies and affiliates within holding company systems that are subject to our jurisdiction. Accordingly, the Commission does not believe the Affiliate Rules are necessary at this time, and we will not review the extensive record developed in this rulemaking proceeding.

NOW THE COMMISSION is of the opinion and finds that this case should be dismissed and that the Affiliate Rules should be withdrawn from further consideration at this time.

Accordingly, **IT IS ORDERED THAT** this case is hereby dismissed and the papers placed in the files for ended causes.

<sup>1</sup> The proposed Affiliate Rules are found in Attachment A to the Commission's Order of July 21, 1998.

<sup>2</sup> The commenters are listed in the Order Setting Hearing. Supplemental comments were also received pursuant to Order issued September 25, 2000.

<sup>3</sup> Other concerns over the Affiliate Rules raised in the hearing included exemptions from the filing and prior approval requirements of Chapter 4 of Title 56 of the Code of Virginia, asymmetrical pricing, reporting requirements, competition and market considerations, general allocation factor limitations, "incidental and related to" restrictions, and the audit of unregulated affiliates' books and records.

<sup>4</sup> The guidelines may be found on the Commission's website under the Division of Public Utility Accounting at <http://www.scc.virginia.gov/division/pua/filech4ch5.htm>.

<sup>5</sup> FERC Docket No. RM05-32-000, Order No. 665, 113 FERC ¶ 61, 248, issued December 8, 2005. In compliance with the Energy Policy Act of 2005, P.L. No. 109-58, 119 Stat. 594 (2005), Order No. 665 became effective February 8, 2006.

**DIVISION OF COMMUNICATIONS****CASE NO. PUC-1997-00051  
SEPTEMBER 15, 2006**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
AMERICAN PCS COMMUNICATIONS, L.L.C. d/b/a APC

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Orders entered July 24, 1997 and October 23, 2002, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement and amendment, respectfully, between the parties named in the caption. Verizon Virginia Inc., f/k/a Bell Atlantic-Virginia, Inc. ("Verizon Virginia"), has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with American PCS Communications, L.L.C., pursuant to terms contained in the agreement. A review of Commission records reveals that American PCS Communications, L.L.C., has never obtained a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth, and thus is not authorized to provide such services in Virginia.

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 ORDERED THAT Case No. PUC-1997-00051 is hereby closed.

**CASE NO. PUC-1998-00018  
SEPTEMBER 15, 2006**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
NUSTAR COMMUNICATIONS CORPORATION

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered May 15, 1998, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. f/k/a Bell Atlantic-Virginia, Inc. ("Verizon Virginia"), has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with NuStar Communications Corporation pursuant to terms contained in the agreement. A review of Commission records reveals that NuStar Communications Corporation has never obtained a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth, and thus is not authorized to provide such services in Virginia.

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 ORDERED THAT Case No. PUC-1998-00018 is hereby closed.

**CASE NO. PUC-1998-00095  
MARCH 15, 2006**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
JERRY LAQUIERE, a sole proprietorship

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered September 18, 1998, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. By letter dated June 15, 2005, Verizon Virginia Inc., f/k/a Bell Atlantic-Virginia, Inc. ("Verizon Virginia"), submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with "Jerry LaQuiere,

a sole proprietorship," pursuant to terms contained in the agreement. A review of Commission records reveals that "Jerry LaQuiere, a sole proprietorship" has never obtained a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth, and thus is not authorized to provide such services in Virginia.

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 ORDERED THAT Case No. PUC-1998-00095 is hereby closed.

**CASE NOS. PUC-1998-00139 and PUC-1998-00138  
MARCH 15, 2006**

APPLICATIONS OF  
UNITED TELEPHONE-SOUTHEAST, INC.  
and  
EZ TALK COMMUNICATIONS, L.L.C.

CENTRAL TELEPHONE COMPANY OF VIRGINIA  
and  
EZ TALK COMMUNICATIONS, L.L.C.

For approvals of interconnection agreement

**ORDER CLOSING CASES**

By Orders entered November 24, 1998, in the referenced cases, the State Corporation Commission ("Commission") approved interconnection agreements entered into between United Telephone-Southeast Inc., and Central Telephone Company of Virginia and EZ Talk Communications, L.L.C. ("EZ Talk"). By Order entered March 14, 2006, in Case No. PUC-2006-00036, the Commission cancelled the certificate of public convenience and necessity issued to EZ Talk at the company's request. As a result, EZ Talk is no longer authorized to transact business in the Commonwealth of Virginia.

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-1998-00138 and PUC-1998-00139 are hereby closed.

**CASE NO. PUC-1998-00191  
MARCH 23, 2006**

APPLICATION OF  
GTE SOUTH INCORPORATED  
and  
RCN TELECOM SERVICES OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered May 7, 2004, in Case No. PUC-2004-00062, the State Corporation Commission ("Commission") granted an application filed by RCN Telecom Services of Virginia, Inc. ("RCN"), requesting authority to discontinue telecommunications services and cancellation of its certificates of public convenience and necessity. As a result of the foregoing, RCN 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-1998-00191 is hereby closed.

**CASE NO. PUC-1999-00040  
FEBRUARY 17, 2006**

APPLICATION OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
AX TELECOMMUNICATIONS, INC.

For approval of an interconnection agreement under § 252 (e) of the Telecommunications Act of 1996

**ORDER CLOSING CASE**

By Order dated June 7, 1999, in Case No. PUC-1999-00040, the State Corporation Commission ("Commission") approved an interconnection agreement between Bell Atlantic-Virginia, Inc., now known as Verizon Virginia Inc. ("Verizon Virginia"), and Ax Telecommunications, Inc. ("Ax"), under §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252.

By letter application filed on October 31, 2005, Ax requested that the Commission cancel its local certificate of public convenience and necessity ("certificate") because Ax was ceasing operations in Virginia and grant it authority to discontinue service to its remaining Virginia customers on December 20, 2005. By Order dated December 14, 2005, the Commission cancelled Ax's certificate and authorized Ax to cease service to its remaining Virginia customers.

On January 12, 2006, 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. Verizon Virginia indicated that by letter dated October 13, 2005, Ax had requested termination of the interconnection agreement.

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-1999-00040 is hereby closed.

**CASE NO. PUC-1999-00054  
FEBRUARY 17, 2006**

APPLICATION OF  
GTE SOUTH INCORPORATED  
and  
AX TELECOMMUNICATIONS, INC.

For approval of an interconnection agreement under § 252 (e) of the Telecommunications Act of 1996

**ORDER CLOSING CASE**

By Order dated July 2, 1999, in Case No. PUC-1999-00054, the State Corporation Commission ("Commission") approved an interconnection agreement between GTE South Incorporated, now known as Verizon South Inc. ("Verizon South"), and Ax Telecommunications, Inc. ("Ax"), under §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252.

By letter application filed on October 31, 2005, Ax requested that the Commission cancel its local certificate of public convenience and necessity ("certificate") because Ax was ceasing operations in Virginia and grant it authority to discontinue service to its remaining Virginia customers on December 20, 2005. By Order dated December 14, 2005, the Commission cancelled Ax's certificate and authorized Ax to cease service to its remaining Virginia customers.

On January 12, 2006, 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 U.S.C. §§ 251 and 252. Verizon South indicated that by letter dated October 13, 2005, Ax had requested termination of the interconnection agreement.

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-1999-00054 is hereby closed.

**CASE NO. PUC-1999-00136  
SEPTEMBER 22, 2006**

IN THE MATTER OF  
GTE SOUTH INCORPORATED  
and  
TOPP COMM, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered October 12, 1999, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon South Inc., f/k/a GTE South Incorporated ("Verizon South") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon South had terminated its agreement with Topp Comm, Inc., pursuant to terms contained in the agreement. A review of Commission records reveals that Topp Comm, Inc., has never obtained a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth, and thus is not authorized to provide such services in Virginia.

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 ORDERED THAT Case No. PUC-1999-00136 is hereby closed.

**CASE NOS. PUC-1999-00197 and PUC-1999-00198  
MARCH 17, 2006**

APPLICATIONS OF  
CENTRAL TELEPHONE COMPANY OF VIRGINIA  
and  
CHOCTAW COMMUNICATIONS OF VIRGINIA, INC., d/b/a SMOKE SIGNAL COMMUNICATIONS

For approvals of interconnection agreement

UNITED TELEPHONE-SOUTHEAST, INC.  
and  
CHOCTAW COMMUNICATIONS OF VIRGINIA, INC., d/b/a SMOKE SIGNAL COMMUNICATIONS

**ORDER CLOSING CASES**

By Orders entered January 20, 2000, in the referenced cases, the State Corporation Commission ("Commission") approved interconnection agreements entered into between United Telephone-Southeast Inc., and Central Telephone Company of Virginia and Choctaw Communications of Virginia, Inc. d/b/a Smoke Signal Communications ("Choctaw"). By Order entered March 15, 2006, in Case No. PUC-2006-00035, the Commission cancelled the certificate of public convenience and necessity issued to Choctaw, for Choctaw's failure to change its registered agent/office in a proper manner. As a result, Choctaw is no longer authorized to transact business in the Commonwealth of Virginia.

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-1999-00197 and PUC-1999-00198 are hereby closed.

**CASE NO. PUC-1999-00227  
SEPTEMBER 22, 2006**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
THE FURST GROUP INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered February 29, 2000, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc., f/k/a Bell Atlantic-Virginia, Inc. ("Verizon Virginia"), has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with The Furst Group Inc., pursuant to terms contained in the agreement. A review of Commission records reveals that The Furst Group Inc., has never obtained a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth, and thus is not authorized to provide such services in Virginia.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 ORDERED THAT Case No. PUC-1999-00227 is hereby closed.

**CASE NO. PUC-1999-00228  
MARCH 17, 2006**

IN THE MATTER OF  
VERIZON SOUTH INC. f/k/a GTE SOUTH INCORPORATED  
and  
CHOCTAW COMMUNICATIONS OF VIRGINIA, INC., d/b/a SMOKE SIGNAL COMMUNICATIONS

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered March 15, 2006, in Case No. PUC-2006-00035 the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to Choctaw Communications of Virginia d/b/a Smoke Signal Communications ("Choctaw") for its failure to change its registered agent/office properly. As a result, the Company is no longer authorized to transact business in 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-1999-00228 is hereby closed.

**CASE NO. PUC-1999-00242  
SEPTEMBER 15, 2006**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
PHONE-LINK, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered March 1, 2000, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. f/k/a Bell Atlantic-Virginia, Inc. ("Verizon Virginia"), has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with Phone-Link, Inc., pursuant to terms contained in the agreement. A review of Commission records reveals that Phone-Link, Inc., has never obtained a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth, and thus is not authorized to provide such services in Virginia.

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 ORDERED THAT Case No. PUC-1999-00242 is hereby closed.

**CASE NO. PUC-2000-00124  
SEPTEMBER 21, 2006**

IN THE MATTER OF  
BELL ATLANTIC-VIRGINIA, INC.  
and  
WE CONNECT COMMUNICATIONS OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered July 17, 2000, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. f/k/a Bell Atlantic-Virginia, Inc. ("Verizon Virginia"), has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with We Connect Communications of Virginia, Inc., pursuant to terms contained in the agreement. A review of Commission records reveals that We Connect Communications of Virginia, Inc., has never

obtained a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth, and thus is not authorized to provide such services in Virginia.

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 ORDERED THAT Case No. PUC-2000-00124 is hereby closed.

**CASE NO. PUC-2000-00126  
SEPTEMBER 25, 2006**

IN THE MATTER OF  
VERIZON VIRGINIA INC.  
and  
TRANSBEAM, INC. f/k/a MEDIA LOG, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered July 19, 2000, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. ("Verizon Virginia") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with Transbeam, Inc., pursuant to terms contained in the agreement. A review of Commission records reveals that Transbeam, Inc., has never obtained a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth, and thus is not authorized to provide such services in Virginia.

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 ORDERED THAT Case No. PUC-2000-00126 is hereby closed.

**CASE NO. PUC-2000-00298  
MARCH 17, 2006**

IN THE MATTER OF  
VERIZON VIRGINIA INC.  
and  
CHOCTAW COMMUNICATIONS OF VIRGINIA, INC., d/b/a SMOKE SIGNAL COMMUNICATIONS

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered March 15, 2006, in Case No. PUC-2006-00035 the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to Choctaw Communications of Virginia d/b/a Smoke Signal Communications ("Choctaw") for its failure to change its registered agent/office properly. As a result, the Company is no longer authorized to transact business in 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-2000-00298 is hereby closed.

**CASE NO. PUC-2000-00302  
SEPTEMBER 21, 2006**

IN THE MATTER OF  
VERIZON SOUTH INC. f/k/a GTE SOUTH INCORPORATED  
and  
METRO TELECONNECT, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered December 9, 2005, in Case No. PUC-2005-00166, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to Metro Teleconnect, Inc. ("Metro" or "the Company"), at Metro's request. As a result, the Company is no longer authorized to provide local exchange telecommunications services in 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-2000-00302 is hereby closed.

**CASE NO. PUC-2000-00322  
SEPTEMBER 21, 2006**

IN THE MATTER OF  
VERIZON VIRGINIA INC.  
and  
HJN TELECOM OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered February 23, 2001, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. ("Verizon Virginia") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with HJN Telecom of Virginia, Inc., pursuant to terms contained in the agreement. HJN Telecom of Virginia, Inc., confirmed by later communication with the Division of Communications that it did not contest the termination of the referenced 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 ORDERED THAT Case No. PUC-2000-00322 is hereby closed.

**CASE NO. PUC-2001-00108  
SEPTEMBER 22, 2006**

IN THE MATTER OF  
VERIZON VIRGINIA INC.  
and  
SINGLE SOURCE OF VIRGINIA, INCORPORATED

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered June 22, 2001, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. ("Verizon Virginia") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with Single Source of Virginia, Incorporated ("Single Source"), pursuant to terms contained in the agreement. Single Source confirmed by later communication with the Division of Communications that it did not contest the termination of the referenced 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 ORDERED THAT Case No. PUC-2001-00108 is hereby closed.

**CASE NO. PUC-2001-00120  
MARCH 10, 2006**

APPLICATION OF  
VERIZON SOUTH INC.  
and  
CYRIS, LLC

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered March 10, 2006, in Case No. PUC-2006-00034, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity, No. T-438 and No. TT-66A, previously issued to Cyris, LLC ("Cyris" or "Company"), upon the Company's request. As a result of the foregoing, Cyris 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 amendment to the interconnection agreement between the parties named in the caption, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00120 is hereby closed.

**CASE NO. PUC-2001-00226  
JUNE 1, 2006**

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

Ex Parte: Establishment of a Performance Assurance Plan for Verizon Virginia Inc.

**ORDER DISCONTINUING STAFF REPLICATION**

On May 8, 2006, the Commission issued an Order Inviting Comments ("May 8, 2006, Order") on whether the Commission's Staff should continue its replication efforts on Verizon's monthly performance reporting.<sup>1</sup> The Staff has played a major role in evaluating Verizon's performance under the Performance Assurance Plan ("PAP") by replicating Verizon's performance reports to assure that the data in the reports accurately reflects the service quality provided to the competitive local exchange carriers ("CLECs"). Comments were received by Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon") and Cavalier Telephone, LLC ("Cavalier") on May 22, 2006.

Verizon states in its comments "that it would be appropriate to discontinue the Staff's replication of Verizon's monthly performance results" at this time. Verizon identifies three reasons to support its recommendation. First, Verizon states that, to its knowledge, no competitor or CLEC has complained that the data in the PAP reports "do not accurately reflect the service quality being provided to it." Secondly, Verizon believes that the wholesale market is much more stable than it was when the Commission adopted the PAP. Also, at the time the PAP was adopted, the Commission did not have experience with how Verizon would report the large amount of data required under the PAP, but now "the wholesale metric performance issues are minor." These factors, according to Verizon, show that there should be less concern that Verizon will have inaccurate reports. Finally, Verizon claims it has demonstrated that it provides accurate and complete wholesale performance results, as evidenced by the most recent PAP audit conducted by The Liberty Consulting Group ("Liberty").

In its comments, Cavalier states that some form of continued replications is still necessary. Cavalier states that continuing the replications by Staff has several quantifiable benefits, including: a reduced number of disputes about the accuracy of Verizon's reported results; a "public good" that is better suited for one government agency to perform than multiple private entities attempting to replicate the results themselves; and as an impetus for competition (bringing to the market lower prices and innovative services). Cavalier also points out that the fact that the PAP payments have decreased could be interpreted differently than the Commission did in its May 8, 2006, Order, which preliminarily viewed the costs of Staff's replications as outweighing the benefits. Cavalier states that in the past the PAP was heavily weighted towards the unbundled network element-platform ("UNE-P"), which didn't involve provisioning of physical facilities and ended after March 11, 2006. Cavalier notes that with the end of UNE-P, PAP payments may increase again as the provisioning of loops ("UNE-L's") becomes more prevalent.

Moreover, Cavalier states that the purpose of Staff's replications was to monitor the accuracy of the performance results and that absent any monitoring or replications Verizon's PAP payments may decrease to zero even if the actual performance "did not warrant such a result". Cavalier posits that Liberty's recent audit report had no significant findings on the replication of metrics due in part to the Commission Staff's monthly replication efforts. Furthermore, Cavalier asserts that the recent changes in the marketplace, e.g., the mergers of AT&T with SBC and Verizon with MCI, have taken away two major competitors that might have otherwise participated in this docket. As such, there will not be any substantive check on Verizon's results if the Staff discontinues replications.

Cavalier, therefore, requests that the Commission continue replicating Verizon's results. In the alternative, Cavalier recommends that the Commission require Verizon to continue providing its monthly results and all supporting data to the Commission Staff. Also, Cavalier requests that if a competitor wants to replicate Verizon's results, then upon written request Verizon should be required to provide the supporting data to the competitor, either for the entire population or, at a minimum, the requesting competitor's own information.

<sup>1</sup> See Section K.4 of Verizon's initial Performance Assurance Plan ("PAP"), approved July 18, 2002, which was also quoted in the May 8, 2006, Order.

NOW THE COMMISSION, upon reviewing the comments filed in response to our May 8, 2006, Order, finds as follows. We will discontinue monthly replications by our Staff at this time. While it is true that there have been significant marketplace changes, i.e., the elimination of UNE-P and mergers in the industry, the record before us suggests that Verizon is providing accurate performance results and the costs of Staff continuing the replications outweighs the benefits at this time.

However, we will require Verizon to continue providing access to the monthly performance results and all supporting documentation to our Staff. Such information may be of great assistance if a CLEC believes that the monthly results have become inaccurate. Also, Verizon should continue to provide to a CLEC, upon written request, the data specific to that CLEC. This data should not include other CLEC or Verizon's retail information.

Accordingly, IT IS ORDERED THAT:

- (1) Staff is hereby directed to discontinue its replication of Verizon's monthly reporting.
- (2) Verizon is hereby directed to continue providing access to the monthly performance results and supporting data to Staff as previously ordered.
- (3) Verizon is hereby directed to provide a CLEC, upon written request, the monthly performance data specific to the requesting CLEC, consistent with the findings above.
- (4) This case shall be continued.

**CASE NO. PUC-2001-00226  
JUNE 29, 2006**

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

Ex Parte: Establishment of a Performance Assurance Plan for Verizon Virginia Inc.

**ORDER ON SECOND REPORT ON THE  
REVIEW OF PERFORMANCE METRICS AND THE  
ASSOCIATED PERFORMANCE ASSURANCE PLAN**

On May 10, 2006, the State Corporation Commission ("Commission") issued an Order Receiving Final Report on the Review of Verizon's Performance Metrics and Associated Performance Assurance Plan ("Second VA PAP Audit Report") and Inviting Comments ("May 10, 2006 Order"). The Second VA PAP Audit Report was performed by the Liberty Consulting Group ("Liberty") and received by the Commission.<sup>1</sup> The May 10, 2006 Order invited comments addressing the appropriateness of the scope of the audit and any of the audit findings contained in the Second VA PAP Audit Report. On June 9, 2006, Comments were filed by Verizon Virginia Inc. and Verizon South Inc. ("Verizon") and Cavalier Telephone, LLC ("Cavalier").

The Comments (including Attachments 1 and 2) of Verizon responded to the 18 new findings identified by Liberty in the Second VA PAP Audit Report and suggest that: the issues raised in 16 of the findings be referred to the multi-state Joint Sub-Committee; one finding, concerning certain minor PAP documentation issues, should be addressed in the revised VA PAP that shall be filed later this year; and that Finding 18 (on Attachment 2), involving a Virginia-specific definitional issue, be addressed in the next VA Guidelines compliance filing.<sup>2</sup>

The Comments of Cavalier note that both of Liberty's audits have only addressed Verizon's internal data processing and calculations under the VA PAP. Cavalier recognizes that this is indeed the scope of Liberty's audit, but questions the validity of Verizon's underlying data and suggests that a comparison be made with comparable competitive local exchange carrier ("CLEC") data. Cavalier seeks to challenge Verizon's underlying data by suggesting, "that the next logical step from the Second Report is for the Commission to engage Liberty to conduct an audit of the underlying Verizon data in comparison to CLEC data." Cavalier further recommends that a Virginia-specific forum should be created for CLECs to discuss any issues with Verizon concerning Verizon's performance metrics and PAP, or the underlying data for the performance metrics and PAP. Cavalier requests an auditor from Liberty or the Commission's Staff to resolve issues in this proposed Virginia-specific forum, as opposed to referring issues to the Joint Steering Committee.

NOW THE COMMISSION, upon consideration of Liberty's Second VA PAP Audit Report and comments filed thereon, finds that the Second VA PAP Audit Report findings should be accepted. We decline to explore further the validity of Verizon's underlying data by commissioning a further audit by Liberty as proposed by Cavalier.

Furthermore, the Virginia-specific forum that Cavalier seeks is provided in the Virginia Collaborative Committee, established by the Commission and chaired by the Director of the Division of Telecommunications. We reiterate our recommendation made when concluding Liberty's first audit report:

To the extent that a party believes any issues remain unresolved . . . these may be directed to the Virginia Collaborative Committee. However, the Commission strongly encourages the Virginia Collaborative

<sup>1</sup> On March 21, 2005, the Commission concluded Liberty's first audit in this case. See Order on the Report on the Review of the Performance Metrics and the Associated Performance Assurance Plan ("Order on First Report").

<sup>2</sup> Verizon notes that the next VA Guidelines Compliance filing should occur this summer after the New York Commission adopts the most recent consensus changes.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Committee to make every effort to reach consensus before bringing any issues to the Commission for changes to the Carrier-to-Carrier Guidelines or the VA PAP.

(Order on First Report, p. 4)

Accordingly, IT IS ORDERED THAT:

(1) The Second VA PAP Audit Report conducted by Liberty as required by Section K 4 of the VA PAP is hereby concluded and the findings contained therein accepted.

(2) This case shall be continued.

**CASE NO. PUC-2001-00233  
MARCH 10, 2006**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
CYRIS, LLC

For approval of interconnection agreement

**ORDER CLOSING CASE**

By Order entered March 10, 2006, in Case No. PUC-2006-00034, the State Corporation Commission ("Commission") cancelled the certificates of public convenience and necessity, No. T-438 and No. TT-66A, previously issued to Cyris, LLC ("Cyris" or "Company"), upon the Company's request. As a result of the foregoing, Cyris 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 amendment to the interconnection agreement between the parties named in the caption, and that the case should be closed.

Accordingly, IT IS ORDERED THAT Case No. PUC-2001-00233 is hereby closed.

**CASE NO. PUC-2002-00077  
DECEMBER 27, 2006**

IN THE MATTER OF  
VERIZON SOUTH INC.  
and  
CHESAPEAKE TELECOMMUNICATIONS CORPORATION

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered March 1, 2005, in Case No. PUC-2005-00026, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to Chesapeake Telecommunications Corporation ("Chesapeake" or "Company") at Chesapeake's request. As a result, the Company is no longer authorized to transact business in 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-2002-00077 is hereby closed.

**CASE NO. PUC-2002-00134  
SEPTEMBER 22, 2006**

IN THE MATTER OF  
VERIZON VIRGINIA INC.  
and  
CLARICOM NETWORKS, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered August 21, 2002, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. ("Verizon Virginia") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with Claricom Networks, Inc., pursuant to terms contained in the agreement. A review of Commission records reveals that Claricom Networks, Inc., has never obtained a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth, and thus is not authorized to provide such services in Virginia.

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 ORDERED THAT Case No. PUC-2002-00134 is hereby closed.

**CASE NO. PUC-2002-00222  
SEPTEMBER 22, 2006**

IN THE MATTER OF  
VERIZON VIRGINIA INC.  
and  
COMM SOUTH COMPANIES OF VIRGINIA, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered February 10, 2003, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. ("Verizon Virginia") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with Comm South Companies of Virginia, Inc. ("Comm South"), pursuant to terms contained in the agreement. By Order entered February 22, 2006, in Case No. PUC-2006-00022, the Commission cancelled Certificate No. T-461, permitting the provision of local exchange telecommunications services by Comm South at its request and thus Comm South is no longer authorized to provide such services in Virginia.

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 ORDERED THAT Case No. PUC-2002-00222 is hereby closed.

**CASE NO. PUC-2003-00019  
JANUARY 23, 2006**

PETITION OF  
METRO TELECONNECT, INC.

For Injunction Against Verizon Virginia, Inc. and Other Relief and Request for Emergency Expedited Relief

**ORDER**

The above-captioned Petition by Metro Teleconnect, Inc. ("Metro") was docketed by the State Corporation Commission ("Commission") pursuant to a Preliminary Order issued February 25, 2003. Following numerous pleadings by Metro and Verizon Virginia, Inc. ("Verizon Virginia"), a Procedural Order was issued on May 2, 2005, to allow the parties a further round of pleadings to close the issues in this case.

The Commission now takes judicial notice of its Order, issued December 9, 2005, in Case No. PUC-2005-00166, which granted Metro's request to discontinue service in Virginia and cancelled Metro's Certificate No. T-477, effective December 15, 2005.

NOW THE COMMISSION, having noted Metro is no longer certificated in Virginia, is of the opinion that Metro's Petition appears to be moot and that this case should be dismissed, accordingly. Metro is given twenty-one (21) days from the date of this Order to show cause, if any, why this case should not be dismissed. In the event that no cause is shown, this case will be dismissed by final order after twenty-one (21) days.

Accordingly, IT IS ORDERED THAT this case will be dismissed after twenty-one (21) days from the date of this Order if no cause is shown why the Commission should do otherwise.

**CASE NO. PUC-2003-00019  
FEBRUARY 22, 2006**

PETITION OF  
METRO TELECONNECT, INC.

For Injunction Against Verizon Virginia Inc. and Other Relief and Request for Emergency Expedited Relief

**ORDER OF DISMISSAL**

The above-captioned Petition by Metro Teleconnect, Inc. ("Metro"), was docketed by the State Corporation Commission ("Commission") pursuant to a Preliminary Order issued February 25, 2003. Following numerous pleadings by Metro and Verizon Virginia Inc. ("Verizon Virginia"), a Procedural Order was issued on May 2, 2005, to allow the parties a further round of pleadings to close the issues in this case.

On January 23, 2006, the Commission issued an Order finding that this case appears moot because Metro was granted its request to discontinue service in Virginia and its certificates had been cancelled. Metro was granted twenty-one (21) days to show cause why this case should not be dismissed. Metro has indicated through its counsel that no cause will be shown. Therefore, the Commission finds that this case should be dismissed without prejudice.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed without prejudice.

**CASE NO. PUC-2003-00034  
SEPTEMBER 22, 2006**

IN THE MATTER OF  
VERIZON VIRGINIA INC.  
and  
METRO TELECONNECT, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered December 9, 2005, in Case No. PUC-2005-00166, the State Corporation Commission ("Commission") cancelled the certificate of public convenience and necessity previously issued to Metro Teleconnect, Inc. ("Metro" or "the Company"), at Metro's request. As a result, the Company is no longer authorized to provide local exchange telecommunications services in 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-2003-00034 is hereby closed.

**CASE NO. PUC-2003-00078  
DECEMBER 27, 2006**

IN THE MATTER OF  
VERIZON SOUTH INC.  
AND  
CAT COMMUNICATIONS INTERNATIONAL, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered June 24, 2003, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon South Inc. ("Verizon South") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon South had terminated its agreement with CAT Communications International, Inc., pursuant to terms contained in the 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 ORDERED THAT Case No. PUC-2003-00078 is hereby closed.

**CASE NO. PUC-2003-00079  
DECEMBER 27, 2006**

IN THE MATTER OF  
VERIZON VIRGINIA INC.  
and  
CAT COMMUNICATIONS INTERNATIONAL, INC.

For approval of interconnection agreement

**ORDER CLOSING CASE**

By order entered June 24, 2003, in this matter, the State Corporation Commission ("Commission") approved an interconnection agreement between the parties named in the caption. Verizon Virginia Inc. ("Verizon Virginia") has submitted a "Notification of Termination of Interconnection Agreement," advising that Verizon Virginia had terminated its agreement with CAT Communications International, Inc., pursuant to terms contained in the 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 ORDERED THAT Case No. PUC-2003-00079 is hereby closed.

**CASE NO. PUC-2004-00067  
JANUARY 10, 2006**

PETITION OF  
GLOBAL NAPS SOUTH, INC.

For Order Against Verizon Virginia Inc. Awarding Relief for Breach of Contract in Failing to Make Reciprocal Compensation Payments

**DISMISSAL ORDER**

On May 18, 2004, Global NAPS South, Inc. ("Global"), filed its petition ("Petition") against Verizon Virginia Inc. ("Verizon"), seeking relief for Verizon's alleged breach of contract in failing to make reciprocal compensation payments for dial-up traffic, which was delivered from originating Verizon customers to Internet service providers ("ISPs") who were customers of Global.

The Petition arises from the interconnection agreement between Global and Verizon that was ultimately approved by the Commission on December 2, 2003, in Case No. PUC-2003-00010. That agreement was approved under the criteria for negotiated agreements set out in 47 U.S.C. § 252(e) following an order from the Federal Communications Commission ("FCC") that authorized Global to opt into a Rhode Island agreement pursuant to the terms of the Bell Atlantic-GTE *Merger Order*.<sup>1</sup>

The Petition traces the emergence of Global's original interconnection agreement in Rhode Island, where a Global affiliate entered into an agreement with Verizon's Rhode Island affiliate. Under the terms of the agreement, as interpreted by the Rhode Island Public Utility Commission ("RIPUC"), Verizon's affiliate has paid Global's affiliate reciprocal compensation for ISP-bound traffic in Rhode Island.<sup>2</sup>

Following the Bell Atlantic-GTE merger, Global invoked the provisions of Paragraph 32 of the FCC's *Merger Order* to seek the adoption of the Rhode Island agreement in Virginia. Global filed a complaint with the FCC, alleging in part that Paragraph 32 of the *Merger Order* allowed it to opt into § 5.7.2.3 of the Rhode Island agreement, the provision which the RIPUC had interpreted to require reciprocal compensation. Global prevailed in this matter. The FCC concluded that the language of the *Merger Order* was "...best read as requiring Verizon to make available for adoption in other states the entire Rhode Island Agreement, including § 5.7.2.3, or any discrete provision thereof."<sup>3</sup> Global's Petition concludes with a Prayer for Relief seeking an order requiring Verizon to pay accrued invoices (attached as Exhibit 4 and totaling \$7,569,121.97 from February 2000 to April 2004) and requiring Verizon to comply with ongoing reciprocal compensation obligations under the Agreement.

On June 8, 2004, Verizon filed its Motion to Dismiss, Answer, and Affirmative Defenses ("Motion to Dismiss"). Verizon submitted three broad arguments for the dismissal of the Petition: (i) that the Petition seeks resolution of a contractual dispute, which the Commission has held it will not resolve; (ii) that the Commission has recognized that it does not have the authority to award monetary damages, the relief sought by Global; and (iii) that the Rhode Island Agreement does not require reciprocal compensation for ISP-bound traffic originating in Virginia.

<sup>1</sup> The FCC Memorandum Opinion and Order, File No. EB-01-MD-010 (issued February 21, 2002), approved adoption of the entire Rhode Island agreement by Global in Virginia, in accordance with a condition of the FCC's approval of the merger application of Bell Atlantic Corp. and GTE Corp. See *Application of GTE Corp., Transferor, and Bell Atlantic Corp., Transferee, for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, Memorandum Opinion and Order, 15 FCC Rcd 14032, 14171-75, ¶¶ 300-05, 14310-11, App. D at ¶ 32 (2000) ("*Merger Order*").

<sup>2</sup> *Complaint of Global Naps, Inc. Against Bell Atlantic-Rhode Island Regarding Reciprocal Compensation*, Rhode Island Public Utility Commission Docket No. 2967, Order Number 16056 (November 16, 1999).

<sup>3</sup> *Global NAPS Inc. v. Verizon Communications*, File No. EB-01-MD-101, Memorandum Opinion and Order, FCC 02-59 (released February 28, 2002).

On June 21, 2004, Global filed its Response to Verizon's Motion to Dismiss, and also included a Motion for Summary Judgment. This pleading states that Verizon owes reciprocal compensation from December 22, 2000, through June 15, 2001, which is a shorter span of time than the invoices listed in Exhibit 4 of Global's Petition, noted above. Global asserts that the Commission does delve into the enforcement of contracts, citing to the *Cavalier v. Verizon* petition involving Verizon's obligations in provisioning DS-1 UNE loops, Case No. PUC-2002-00088. Global also lists various provisions of Title 56 of the Code that grant the Commission authority over the actions and operations of public utilities.

Global urges the Commission to construe the terms of the contract and confirm that Verizon is obligated by § 5.7.2.3 of the Rhode Island Agreement to pay compensation during the time that the FCC had permitted states to treat ISP-bound traffic as if it were local traffic. Global also asserts that the decision of the RIPUC binds Virginia and other states by virtue of the Full Faith & Credit Clause of the U.S. Constitution<sup>4</sup> not only as to the enforceability of the dispute between the two Rhode Island litigants, but also as to the legal issues involved in the interpretation of the underlying contract in other states. Global appears to concede<sup>5</sup> that the FCC made an ultimate resolution of the nature of ISP-bound traffic on June 15, 2001, the effective date of the FCC's *Order on Remand*.<sup>6</sup>

Verizon replied on July 6, 2004, asserting that the awarding of monetary damages must be performed by Virginia's courts of general jurisdiction, not by the Commission. Verizon also argues that the findings of the FCC in its *Internet Traffic Order* establish that ISP-bound traffic is not local traffic. Verizon contends that the parties had agreed to be bound by the first interpretation to appear, which was the FCC's, even though the order announcing it was later vacated by the D.C. Circuit and the FCC's *Order on Remand* was itself reversed and remanded by that Court.<sup>7</sup>

Verizon then argues that the Full Faith and Credit Clause of the U. S. Constitution does not require this Commission to be bound by the decision of the RIPUC. Just as the RIPUC had no authority to interpret the interconnection agreements approved in other states, those states are free to interpret their interconnection agreements in accordance with local law without reference to Rhode Island law.

NOW THE COMMISSION, upon review of the pleadings herein and the applicable law, is of the opinion and finds that the Petition should be dismissed for failure to state a claim upon which relief can be granted. This decision does not preclude the parties from seeking relief or enforcement from the FCC or courts of general jurisdiction.

Global's Petition differs from previous controversies involving reciprocal compensation for ISP-bound traffic in several respects, but not enough to warrant a different outcome. Global actually seeks an award of monetary damages, wherein previous complaints had merely sought an interpretation and enforcement of the reciprocal compensation provisions of the parties' interconnection agreements. See *Cox v. Bell Atlantic-Va. supra*. It is settled law in Virginia that this Commission is not the proper forum to award monetary damages for a breach of contract. See *Norfolk & Western Ry. v. Commonwealth*, 143 Va. 106, 129 S.E. 324 (1925) and *Appalachian Power Co. v. Walker*, 214 Va. 524, 201 S.E.2d 758 (1974).

If we were to disregard the portion of Global's Petition which seeks actual monetary damages, this matter would closely resemble prior complaints that asked the Commission to treat ISP-bound traffic as if it were local and compensable during the time-frame contemplated by ¶ 26 of the FCC's *Internet Traffic Order*. In prior cases,<sup>8</sup> the Commission has not accepted the FCC's invitation to act outside our jurisdiction. We have not contested the FCC's ruling that ISP-bound traffic is not local. We are not persuaded that Global's ISP-bound traffic should be treated any differently from that of the CLECs in our prior decisions.

This matter also differs from our prior reciprocal compensation decisions in that Global asserts that we are bound by the Full Faith and Credit clause of the U.S. Constitution to reach the same conclusion as the RIPUC reached in the Rhode Island decision. We do not agree with this interpretation of this clause. Virginia extends full faith and credit ". . . to the public acts, records, and judicial proceedings" of Rhode Island, but just as we have no authority to resolve disputes and litigation in Rhode Island, Rhode Island does not assert, and to our knowledge never has asserted, authority to resolve such matters in Virginia. The RIPUC's conclusion regarding ISP-bound traffic does not persuade us to deviate from our own prior decisions.

Finally, as noted in the prior cases cited above, this determination does not preclude the parties from seeking relief or enforcement from the FCC or courts of general jurisdiction.

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<sup>4</sup> U.S. Const., Art. IV, Section 1.

<sup>5</sup> Response at 10 n.8.

<sup>6</sup> Order on Remand and Report and Order, *Implementation of the Local Competition provisions in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-Bound Traffic*, 16 FCC Rcd 9151 (2001) ("*Order on Remand*"), remanded, *WorldCom, Inc. v. FCC*, 288 F.3d 429 (D.C. Cir. 2002), cert. denied, 123 S. Ct. 1927 (2003).

<sup>7</sup> The Commission has delayed this decision in anticipation of the FCC's acting upon the remand announced in *WorldCom Inc. v. FCC*, 288 F.3d 429 (D.C. Cir. 2002). Such a decision on remand could have established, once and for all, the nature and treatment of ISP-bound traffic. However, as explained in *Petition of Core Communications, Inc. for Forbearance Under 47 U.S.C. § 160(e) from Application of the ISP Remand Order*, FCC 04-241, WC Docket No. 03-171, Order released October 18, 2004, at footnote 49, the FCC has deferred the remand in order to consider the treatment of ISP-bound traffic as a part of its comprehensive reform of intercarrier compensation. See *In the Matter of Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, FCC 05-33, Further NPRM released March 3, 2005. As yet, the FCC has made no indication that it is close to resolving this intercarrier compensation docket.

<sup>8</sup> See *Petition of Starpower Communications, LLC, For Declaratory Judgment Interpreting Interconnection Agreement with GTE South, Inc., and Petition of Cox Virginia Telcom, Inc., v. GTE South, Inc., For Enforcement of Interconnection Agreement for Reciprocal Compensation for the Termination of Local Calls to Internet Service Providers*, 2000 SCC Ann. Rept. 263 (Final Order January 24, 2000, Case Nos. PUC-1999-00023 and PUC-1999-00046); *Petition of US LEC of Virginia, LLC*, 2001 SCC Ann. Rept. 351 (Oct. 24, 2001), Case No. PUC-2001-00194 and *Petition of KMC Telecom of Virginia, Inc.*, 2001 SCC Ann Rept. 355 (Dec. 20, 2001), Case No. PUC-2001-00239.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition of Global NAPs South, Inc., is dismissed without prejudice.
- (2) The Motion for Summary Judgment of Global NAPs South, Inc., is denied.
- (3) There being nothing further to come before the Commission, the papers filed herein shall be sent to the file for ended causes.

**CASE NO. PUC-2004-00146  
DECEMBER 20, 2006**

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

**DISMISSAL ORDER**

By Commission Order dated April 13, 2005, 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") were granted approval to consummate certain transactions to allow for the transfer of control of Cypress Operating from Cypress Holding to THC conditioned upon approval by the Federal Communications Commission, the Committee on Foreign Investment in the United States, the United States Department of Justice, and the United States Department of Homeland Security. The Petitioners were required to file with the Commission proof of such approvals. The required report providing such proof was filed with the Commission on July 8, 2005. On consideration whereby,

IT IS ORDERED THAT there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

**CASE NO. PUC-2004-00162  
FEBRUARY 21, 2006**

APPLICATION OF  
VIRGINIA TELECOMMUNICATIONS INDUSTRY ASSOCIATION

For modifications to rules governing disconnection of local exchange telephone service, 20 VAC 5-413-10 *et seq.*

**FINAL ORDER**

On December 17, 2004, the Virginia Telecommunications Industry Association ("VTIA" or "Applicant") filed an Application with the State Corporation Commission ("Commission") requesting modification of the rules governing local exchange telephone service disconnection for non-payment, 20 VAC 5-413-10 *et seq.* ("DNP Rules"). The Applicant requested that the DNP Rules be revised to allow toll blocking for non-payment of long distance services, to exempt bundles or packages of services from the DNP Rules, and to permit disconnection of bundled services for failure to pay certain surcharges and fees associated with those services. On March 15, 2005, the VTIA filed a Motion to Clarify Proposed DNP Rules ("Motion").

By orders dated February 5 and March 25, 2005, the Commission docketed this proceeding, required the VTIA to give notice of its Application, provided interested persons an opportunity to comment on the Application, directed the Commission's Staff ("Staff") to submit a report in this matter, and granted the VTIA's Motion.

The following submitted comments in this proceeding: Cox Virginia Telcom, Inc. ("Cox"); Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"); Virginia Citizens Consumer Council ("VCCC"); and Cavalier Telephone, LLC ("Cavalier").<sup>1</sup> Cox and Cavalier supported the Application. Consumer Counsel and VCCC opposed the Application. On June 15, 2005, the Commission's Staff ("Staff") filed a report in this matter. The Staff concluded that the VTIA's proposed DNP Rules could potentially harm consumers.

On June 28, August 31, and October 5, 2005, the VTIA filed motions requesting that the Commission extend the procedural schedule to permit settlement discussions among the VTIA, Staff, Consumer Counsel, VCCC, Cox, and Cavalier. By orders dated July 13, September 12, and October 12, 2005, the Commission granted extensions in this proceeding.

<sup>1</sup> Cavalier simultaneously filed a motion requesting that the Commission accept its comments one day out of time. No objection was filed to such motion, and we accepted Cavalier's late comments in our December 22, 2005, Order Scheduling Oral Argument.

On November 16, 2005, the Applicant filed a response to the comments and to the Staff report.<sup>2</sup> In its response, the VTIA submits new proposals for DNP Rules regarding: (1) disconnection for non-payment of telecommunications bundles; (2) disconnection for non-payment of long distance toll charges; and (3) disconnection for non-payment of the Subscriber Line Charge ("SLC"), the Universal Service Fund ("USF") charge, and the Telecommunications Relay Service ("TRS") fee. The VTIA asserts that the participants in this case do not oppose the VTIA's new proposals regarding (1) and (2), above, "in the event the Commission determines that the VTIA is correct that changes to the DNP Rules are warranted."<sup>3</sup> The Applicant further explains that "[n]o compromise agreement has yet been reached as to disconnection for non-payment of the SLC, USF or TRS fees and surcharges associated with the telecommunications bundles or local service."<sup>4</sup> Finally, the VTIA requests that the Commission direct the Staff, with assistance from VTIA and others in this case, to draft proposed amendments to the DNP Rules as requested by the VTIA, and, "[t]hereafter, the Commission would formally issue proposed regulations and give notice of them."<sup>5</sup>

On December 22, 2005, the Commission issued an Order Scheduling Oral Argument that, among other things, scheduled oral argument on the issues raised in this proceeding and directed the Applicant to provide published notice of the oral argument. On February 16, 2006, the Commission heard oral argument as scheduled. Richard D. Gary, Esquire, appeared on behalf of the Applicant. Ashley C. Beuttel, Esquire, appeared on behalf of Consumer Counsel. Robert M. Gillespie, Esquire, appeared on behalf of the Staff.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Application shall be granted in part, and denied in part, as set forth below.

#### Bundled Services

We find that the VTIA's request to modify the DNP Rules regarding bundled services may be warranted at this time. As a result, we subsequently will initiate a rulemaking proceeding on the DNP Rules.

#### Toll Blocking

We find that the VTIA's request to implement global toll blocking, including 1010XXX toll blocking, is not warranted at this time. The VTIA proposes to allow the local exchange carrier ("LEC"), at the LEC's option, to block access to all long distance carriers if the customer fails to pay undisputed long distance bills from two interexchange carriers ("IXCs") within a twelve-month period. The VTIA also proposes to allow the LEC, at the LEC's option, to block access to 1010XXX service if the customer fails to pay 1010XXX charges to three long distance access providers within a twelve-month period.

To the extent that the Applicant proposes these rules to protect IXCs: (1) no IXC separately filed comments supporting these changes; (2) if a customer fails to pay undisputed charges to its current IXC, the Commission's existing rules (20 VAC 5-413-30) allow a LEC billing on behalf of an IXC, together with the IXC, to block the customer's access to that IXC (*i.e.*, selective toll blocking); (3) IXCs are not prohibited from investigating a potential customer's credit history prior to agreeing to provide service; (4) IXCs are not prohibited from requiring deposits or advance payments prior to providing service to customers; and (5) IXCs are not guaranteed protection under the VTIA's proposal, which allows the LEC to initiate global toll blocking at the LEC's sole discretion.

The proposed changes also are intended to protect the LEC. For example, the VTIA's proposal allows an IXC to serve the non-paying customer if the IXC agrees to bill that customer directly. To the extent that the Applicant proposes these rules to protect LECs: (1) a LEC is not required to serve as a billing agent for an IXC; (2) a LEC can negotiate the terms upon which it will serve as a billing agent for an IXC; and (3) if a customer does not pay the LEC for long distance services provided by the LEC (either intraLATA or interLATA), the Commission's current rules permit the LEC to implement selective toll blocking on that customer.

#### Proposed Regulations

We direct the Staff to prepare, within 45 days from the date of this Final Order, proposed regulations to replace 20 VAC 5-413-10 *et seq.* In preparing such, the Staff may consult with the participants in this proceeding. After the Staff has prepared proposed regulations, we will issue the proposed regulations and initiate a rulemaking proceeding to determine whether, and how, the existing DNP Rules should be modified.

We have not determined whether any particular modification to the DNP Rules will be adopted. However, based on our findings in the instant case, the Staff should prepare proposed regulations that:

- (i) do not include global toll blocking;
- (ii) include a provision for selective toll blocking;<sup>6</sup>
- (iii) include a provision permitting disconnection for non-payment of the "basic bundle;"<sup>7</sup>

<sup>2</sup> The VTIA simultaneously filed a motion requesting that the Commission accept such response two days' late. No objection was filed to such motion, and we accepted the VTIA's late response in our December 22, 2005, Order Scheduling Oral Argument.

<sup>3</sup> VTIA's November 16, 2005, Response at 2.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 8.

<sup>6</sup> *See id.* at 5.

<sup>7</sup> *See id.* at 3. The Applicant uses the term "telecommunications bundle" to describe what we refer to herein as the "basic bundle."

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- (iv) define "basic bundle" to include
  - a) local exchange service,
  - b) interexchange service provided by any Commission-regulated carrier or an affiliate of a Commission-regulated carrier,
  - c) vertical and ancillary services, which should be limited and more explicitly defined than as proposed by the VTIA, and
  - d) any SLC, USF, and TRS fees associated with the bundled service and separately stated on the customer's bill;
- (v) include a requirement that, in order for the LEC to disconnect for non-payment of the basic bundle, the LEC must have an up-to-date tariff on file with the Commission that designates each service in the basic bundle and the LEC must provide written notice to the Division of Communications of the rates for any SLC, USF, and TRS included therein;
- (vi) include a provision permitting disconnection for non-payment of any SLC, USF, and TRS if the LEC has provided written notice to the Division of Communications of the rates for any SLC, USF, and TRS;
- (vii) include a ten-day written customer notice provision prior to the termination of local exchange service or the basic bundle;
- (viii) retain portions of the current DNP Rules that are not inconsistent with our findings herein; and
- (ix) include additional definitions and rules that the Staff believes are warranted.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Application is granted in part, and denied in part, as set forth herein.
- (2) This matter is dismissed.

Commissioner Jagdmann did not participate in this proceeding.

Commissioner Shannon participated in this proceeding pursuant to Va. Code § 12.1-11.1.

**CASE NO. PUC-2005-00002  
JANUARY 23, 2006**

APPLICATION OF  
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

**ORDER GRANTING APPROVAL**

On January 4, 2005, New Access Communications, LLC ("New Access"), Jasper Holdings LLC ("Jasper"), and North Central Equity LLC ("North Central") (collectively, the "Applicants") filed an application pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval to transfer ownership of New Access from Jasper to North Central through the transfer of 100% ownership of New Access from Jasper. The application was deemed complete on August 8, 2005.

Jasper is a Minnesota limited liability company. New Access is a Minnesota limited liability company that is certificated to provide telecommunications services in Virginia and is wholly owned by Jasper. North Central also is a Minnesota limited liability company. Jasper, New Access, and North Central do not currently provide any services and have no customers in the Commonwealth of Virginia.

The Applicants propose to consummate a transaction whereby North Central will acquire control of New Access from Jasper. Pursuant to a Unit Purchase Agreement entered on or about December 16, 2004, by the Applicants, North Central will acquire 100% of the membership interests in New Access from Jasper. The Applicants state that after the proposed transaction, New Access will continue to operate as it has in the past, using the same name, tariff, and operating authority. North Central intends to keep all key personnel from New Access, including senior management.

The Applicants represent that the proposed transfer is in the public interest. They state that the transaction would allow New Access to reorganize current minority interests in an effort to access the financial resources it needs to introduce new products and services and to respond to competition in the telecommunications environment. The Applicants also represent that the proposed transfer would allow New Access to benefit from economies of scale that would enable New Access to operate more efficiently and thus compete more effectively. The Applicants state that 53.5% of the ultimate individual owners of Jasper own substantially more than a majority of North Central directly, and, therefore, a majority of the ultimate ownership of New Access will remain unchanged.

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.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants are hereby granted authority for the transfer of control of New Access Communications, LLC, to North Central Equity LLC under the terms and conditions and for the purpose as described herein.
- 2) The Applicants shall file a report of the action taken pursuant to the authority 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-2005-00054  
FEBRUARY 13, 2006**

PETITIONS OF  
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

**FINAL ORDER**

On April 21, 2005, the Bland County Economic Development Authority filed with the State Corporation Commission ("Commission") valid petitions from telephone customers in United Telephone-Southeast, Inc.'s ("United") Bland Exchange and Verizon South Inc.'s ("Verizon South") Rocky Gap Exchange, requesting extended local service ("ELS") between the two exchanges, pursuant to the provisions of § 56-484.2 of the Code of Virginia.

On June 23, 2005, the Commission issued an Order directing United and Verizon South to prepare cost studies and to poll, if necessary, the customers of the Bland and Rocky Gap exchanges to determine whether a majority of those customers would be willing to pay an increase in rates for local calling to the additional exchange. The Order further directed United and Verizon South to file the results of its polls with the Commission no later than January 13, 2006.

United submitted its cost study to the Commission Staff on September 2, 2005, and filed the results of its poll on December 21, 2005. United noted that 1,879 ballots were mailed on November 1, 2005, to its Bland Exchange customers and that 488 (26 percent) were returned. Of those returned 321 (65.7 percent) voted "yes," and 167 (34 percent) voted "no." Verizon South submitted the results of its cost study on September 29, 2005, and submitted the results of its poll on December 12, 2005. Verizon South noted that 946 ballots were mailed to its Rocky Gap Exchange customers. Of those returned 224 (68.5 percent) voted "yes," and 103 (31.5 percent) voted "no."

The Staff filed a Report on January 17, 2006, which stated that the poll results met the requirements of § 56-484.2 of the Code for passage. The Staff recommended that the Commission approve ELS between United's Bland Exchange and Verizon South's Rocky Gap Exchange.

NOW THE COMMISSION, having considered this matter and applicable law, is of the opinion and finds that because a majority of the customers responding voted for ELS between the Bland and Rocky Gap exchanges, the petition should be approved. As Verizon South is required to obtain a waiver from the Federal Communications Commission ("FCC") before it may implement interlata ELS, Verizon South will be so directed to obtain such waiver. Upon receipt of waiver from the FCC by Verizon South, Verizon South and United shall implement local service between the Rocky Gap and Bland exchanges.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed extension of local service between Verizon South's Rocky Gap Exchange and United's Bland Exchange shall be implemented.
- (2) Verizon South is directed to file an application and obtain a waiver from the FCC in order to implement interlata ELS from its Rocky Gap Exchange to United's Bland Exchange.
- (3) United and Verizon South shall file the tariff revisions necessary for the proposed ELS and coordinate the implementation of ELS between the two exchanges.
- (4) Verizon South shall file with the Commission notice of receipt of the FCC's waiver permitting implementation of the proposed interlata ELS.
- (5) Verizon South and United shall each file with the Commission notice of the successful implementation of ELS between the two exchanges.
- (6) This matter is continued pending further order of the Commission.

**CASE NOS. PUC-2005-00058 and PUC-2006-00024  
FEBRUARY 13, 2006**

APPLICATION OF  
MCIMETRO ACCESS TRANSMISSION SERVICE OF VIRGINIA, INC.

For a waiver of the customer deposit escrow account rule

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

Ex Parte, In Re: Partial waiver of the customer deposit escrow account rule

**ORDER GRANTING PARTIAL WAIVER**

On April 29, 2005, MCImetro Access Transmission Services of Virginia, Inc. ("MCImetro"), filed an Application with the State Corporation Commission ("Commission") requesting a partial waiver of the following customer deposit escrow account rule:

A *new entrant* shall, prior to collecting any customer deposits, establish and maintain an escrow account for such funds, held in a *Virginia office* of a duly chartered state or national bank, savings and loan association, savings bank, or credit union, which is unaffiliated with the applicant. The Division of Economics and Finance shall be notified of this arrangement at its inception and any subsequent change to the arrangement. Any escrow arrangement established pursuant to this requirement shall be maintained until such time as the staff or commission determines it is no longer necessary.<sup>1</sup>

MCImetro requests that the Commission waive the "Virginia office" requirement in the above rule, such that MCImetro may maintain its Virginia customer deposits in a non-Virginia office of any duly chartered state or national bank, savings and loan association, savings bank, or credit union, which is unaffiliated with MCImetro.

On July 15, 2005, the Commission issued an Order Prescribing Notice and Inviting Comments and Requests for Hearing that, among other things: (1) required MCImetro to provide public notice of its Application; (2) provided interested persons an opportunity to comment and/or to request a hearing; (3) directed the Commission's Staff ("Staff") to file comments on the reasonableness of the Application; and (4) permitted MCImetro to file a response.

On August 31, 2005, MCImetro filed proofs of publication of its public notice as required. No comments or requests for hearing were filed with the Commission.

On October 6, 2005, the Staff filed comments opposing the Application ("Staff Comments"). Among other things, the Staff states that when the escrow rule was adopted, the Commission heard arguments that the "Virginia office" requirement was burdensome. The Staff concluded that "[s]ince a 'burdensome' argument did not prevail at that time, it alone should not constitute good cause for a waiver of the rule after its adoption."<sup>2</sup>

On November 4, 2005, MCImetro filed a response to the Staff Comments ("MCImetro Response"). MCImetro asserts that "[g]ranteeing the requested limited waiver, while requiring MCImetro to comply with the other provisions of 20 VAC 5-417-30 (F), will not harm customers, nor will it result in lesser protection for the relatively few customers who are required to provide security deposits."<sup>3</sup>

NOW UPON CONSIDERATION of this matter, the Commission is of the opinion and finds that all new entrants, including MCImetro, shall be granted a partial waiver of 20 VAC 5-417-30 F as set forth herein.

In accordance with 20 VAC 5-417-30 F and 20 VAC 5-417-80, the Commission may grant a partial waiver of 20 VAC 5-417-30 F. We find that the safety and security of customer deposits will continue to be reasonably maintained if we eliminate the "Virginia office" requirement of the rule, while maintaining the remaining provisions thereof. This finding is applicable to all new entrants, not just MCImetro. As a result, we initiate a separate docket and grant all new entrants waiver of the "Virginia office" requirement in 20 VAC 5-417-30 F, such that new entrants may maintain Virginia customer deposits in a non-Virginia office "of a duly chartered state or national bank, savings and loan association, savings bank, or credit union, which is unaffiliated with the applicant." This partial waiver does not modify any other portion of 20 VAC 5-417-30 F.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) MCImetro's Application is granted as set forth herein.
- (2) Case No. PUC-2006-00024 is docketed to consider a partial waiver of 20 VAC 5-417-30 F for all new entrants.<sup>4</sup>

<sup>1</sup> 20 VAC 5-417-30 F (emphases added). For purposes of this rule and the above-captioned dockets, a "new entrant" is a competitive local exchange carrier or a municipal local exchange carrier, as those terms are defined in 20 VAC 5-417-10.

<sup>2</sup> Staff Comments at 2-3.

<sup>3</sup> MCImetro Response at 9.

<sup>4</sup> See footnote 1, *supra*.

- (3) All new entrants are granted a partial waiver of 20 VAC 5-417-30 F as set forth herein.
- (4) These matters are dismissed.

**CASE NO. PUC-2005-00071  
MAY 17, 2006**

ALTERNATIVE DISPUTE RESOLUTION  
PETITION OF:  
XO COMMUNICATIONS SERVICES, INC.

For alternative dispute resolution of interconnection agreement with Verizon Virginia, Inc.

**FINAL ORDER**

On June 13, 2005, XO Communications Services, Inc. ("XO"), filed a notice of intention to file an Alternative Dispute Resolution Petition with the State Corporation Commission ("Commission") regarding its Interconnection Agreement with Verizon Virginia Inc. ("Verizon").

On February 17, 2006, XO filed an Alternative Dispute Resolution Petition, or in the alternative, a Petition for Arbitration, seeking resolution of issues related to an amendment to the Interconnection Agreement with Verizon concerning the commingling of unbundled network elements ("UNE") with other wholesale services ("Amendment No. 6"). Also on February 17, 2006, the Hearing Examiner issued a ruling scheduling a prehearing conference in accordance with 20 VAC 5-405-60 of the Commission's Rules for Alternative Dispute Resolution Process, 20 VAC 5-405-10 *et seq.* ("ADR Rules"), for February 21, 2006, to determine whether the Petition qualified for the Alternative Dispute Resolution Process ("ADRP").

On February 21, 2006, Verizon filed a response questioning whether the matter qualified for the ADRP and indicating that the dispute should be resolved under the arbitration process provided by § 252 of the Telecommunications Act of 1996, 47 U.S.C. § 251. During the prehearing conference, Verizon's opposition to the use of the ADRP was discussed, as well as the need for Verizon to provide further answers if the matter proceeded. Both Verizon and XO agreed to provide a single document reflecting language proposed by each party.

On February 24, 2006, XO filed a letter in response to Verizon's opposition to use of the ADRP to resolve this matter.

On February 27, 2006, Verizon filed a reply regarding the appropriateness of using the ADRP to resolve XO's Petition.

The Hearing Examiner entered a ruling on March 2, 2006, finding that the issues of the instant proceeding could be resolved on an expedited basis pursuant to the ADRP and established a procedural schedule.

On March 13, 2006, XO and Verizon each filed proposed language for Amendment No. 6 to their Interconnection Agreement and comments in support thereof.

Oral argument was held on March 17, 2006. The Hearing Examiner entered a ruling on March 20, 2006, permitting XO and Verizon to file final proposed contract language and extending the ADRP completion deadline.

On March 24, 2006, XO and Verizon filed draft amendment language that reflected a narrowing of the issues based on the discussions that occurred during oral argument. XO and Verizon filed updated draft amendment language on March 28, 2006.

On March 31, 2006, the Hearing Examiner issued his Report. With regard to the proposed language for Section 2.3 and Section 5.7.3 of the Interconnection Agreement, found under the General Conditions and Definitions sections, respectively, the Hearing Examiner found that Verizon's proposed language should be used with one minor modification, such that "and/or" and "or" be changed to "and" to make such language consistent with language used in other sections of the Interconnection Agreement. The Hearing Examiner found that XO's proposed language for Section 3.1.2.7 of the Interconnection Agreement, which describes the compliance audit, should be adopted. For the Pricing Attachment to the Interconnection Agreement, the Hearing Examiner found that Verizon's proposed language should be adopted for Sections 1.2 and 1.3. The Hearing Examiner's Report includes the specific recommended language for Amendment No. 6 to the Interconnection Agreement and Pricing Attachment. The Hearing Examiner recommended the Commission adopt his findings and dismiss the case and provided that any exceptions to the Report must be filed in accordance with 20 VAC 5-405-110 of the ADR Rules.

No exceptions or reply exceptions were filed by either XO or Verizon.

On April 25, 2006, in Case No. PUC-2000-00315, Application of Verizon Virginia Inc. and NEXTLINK Virginia, L.L.C., For approval of an interconnection agreement under § 252 (e) of the Telecommunications Act of 1996,<sup>1</sup> Verizon filed Amendment No. 6 to the Interconnection Agreement between XO and Verizon for Commission approval pursuant to § 252(e) of the Telecommunications Act of 1996, 47 U.S.C. § 252(e).

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that, the findings and recommendations of the Hearing Examiner should be adopted. We note that Verizon's April 25, 2006, filing in Case No. PUC-2000-00315 reflected the Hearing Examiner's findings and recommendations with regard to Amendment No. 6 of the Interconnection Agreement.

Accordingly, IT IS ORDERED THAT:

- (1) The March 31, 2006, findings and recommendations of the Hearing Examiner are hereby adopted.

<sup>1</sup> XO was formerly known as NEXTLINK Virginia, L.L.C.

(2) 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 cases.

**CASE NO. PUC-2005-00091  
JANUARY 12, 2006**

APPLICATION OF  
MOBILEPRO CORP.  
and  
AMERICAN FIBER NETWORK OF VIRGINIA, INC.

For authority to transfer control of an authorized carrier

**ORDER GRANTING AUTHORITY**

On July 20, 2005, Mobilepro Corp. ("Mobilepro") and American Fiber Network of Virginia, Inc. ("AFN") (collectively, the "Applicants"), filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for authority to transfer control of AFN to Mobilepro. Specifically, Mobilepro and AFN have entered into an agreement whereby AFN will become a direct, wholly owned subsidiary of Mobilepro.<sup>1</sup>

Mobilepro is a corporation created under the laws of Delaware with business offices located in Bethesda, Maryland. Mobilepro is a publicly held company that provides telecommunications services through its three wholly owned subsidiaries: CloseCall America, Inc. ("CloseCall"), Davel Communications, Inc. ("Davel"), and Affinity Telecom, Inc. ("Affinity"). CloseCall provides resold local and interexchange telecommunications services in approximately nine states. Affinity provides local and interexchange telecommunications services in Michigan and Ohio. Davel provides payphone services in 45 states. Mobilepro is also the parent company of newly created, wholly owned AFN Acquisition Corporation ("AFNAC").

AFN is a Virginia Corporation with business offices in Overland Park, Kansas. Douglas Bethell is currently the sole owner of AFN. AFN provides resold and facilities-based long distance operator services, voicemail, and other standard voice features, and DS1 services. In Virginia, AFN is authorized to provide resold and facilities-based local and long distance services pursuant to certificate of public convenience and necessity No. T-493, issued on June 23, 2000, in Case No. PUC-1999-00221. AFN represents that it provides service to approximately 431 lines in Virginia. Of those lines, 53 of them are business lines and the remaining 378 are to residential customers. The total number of Virginia customers is 360.

As described in the application, the Applicants have entered into an agreement dated as of June 30, 2005, under the terms of which, AFN will be merged with and into AFNAC. AFNAC will be the surviving company and will then change its name to American Fiber Network of Virginia, Inc., in Virginia. Douglas Bethell, who currently owns 100% of the equity in AFN, will receive a combination of cash and Mobilepro stock as part of the transaction and will continue to oversee the day-to-day operation of AFN.

The Applicants represent that the transfer is in the public interest by promoting competition among telecommunications providers. In addition, the Applicants represent that the proposed transaction will allow Mobilepro and AFN to combine strengths and allow the companies to more effectively compete against larger carriers that have substantial resources and can offer a wide range of facilities-based service offerings. The Applicants further represent that the transaction will have no effect on the services, terms and conditions, and rates for AFN's customers and will not cause an interruption in service or the day-to-day operations in Virginia. The Applicants represent that the transaction will be transparent to AFN customers in terms of the services that those customers receive.

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.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants are hereby granted authority for the transfer of control of American Fiber Network of Virginia, Inc., to Mobilepro Corp. under the terms and conditions and for the purpose as described herein.
- 2) The Applicants shall file a report of the action taken pursuant to the authority 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.

<sup>1</sup> Although the application states that AFN is owned directly by Douglas Bethell, when AFN obtained its certificate of public convenience and necessity, AFN was a wholly owned subsidiary of American Fiber Network, Inc. Representations made informally by AFN indicate that relationship has not changed.

**CASE NO. PUC-2005-00092  
JANUARY 10, 2006**

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

v.

JUANA Y. ROSSI, INDIVIDUALLY, AND T/A ALL IN ONE COMPANY,  
and  
ELMER M. ROSSI, INDIVIDUALLY, AND T/A ALL IN ONE COMPANY,  
Defendants

**ORDER OF SETTLEMENT**

Pursuant to Chapter 16.3 (§ 56-508-15 *et seq.*) of Title 56 of the Code of Virginia ("Pay Telephone Registration Act") and the Rules for Payphone Service and Instruments, 20 VAC 5-407-10 *et seq.* ("Payphone Rules"), the Division of Communications ("Division") of the State Corporation Commission ("Commission") conducted an investigation of the payphones registered to Juana Y. Rossi, individually, and t/a All in One Company, and Elmer M. Rossi, individually, and t/a All in One Company (collectively, the "Defendants" or "PSP"). As a result of its investigation, the Division made allegations against the Defendants of certain violations of the payphone instrument, service, and housing card requirements in the Payphone Rules.

On August 3, 2005, the Commission entered a Rule to Show Cause outlining the specific allegations against the Defendants and scheduling a hearing to take evidence thereon.<sup>1</sup> The following allegations were included therein:

(1) The Defendants are a PSP registered with the Commission and subject to the Payphone Rules. The Defendants' address on file with the Commission as part of their PSP registration is 5800 Oakview Gardens Drive, Suite 312, Falls Church, Virginia 22041.

(2) On November 3, 2004, the Division performed an audit of the Defendants' payphone (703) 534-9758 located at 6198 Arlington Boulevard, Falls Church, Virginia ("Falls Church Payphone"). The payphone audit revealed the Defendants to be in violation of certain provisions of 20 VAC 5-407-50 and 20 VAC 5-407-60 of the Payphone Rules, which govern the payphone instrument, service, and housing card requirements.<sup>2</sup>

(3) On November 8, 2004, the Division sent a copy of the audit work sheet to the Defendants, along with a request for the Defendants to submit a written report on the correction of the violations by November 29, 2004, pursuant to 20 VAC 5-407-20 of the Payphone Rules. The Defendants failed to respond by the required deadline in violation of 20 VAC 5-407-20 of the Payphone Rules.

(4) On December 9, 2004, the Division sent a letter to the Defendants indicating that a response had not yet been received. The Defendants again failed to respond by the required deadline in violation of 20 VAC 5-407-20 of the Payphone Rules.

(5) On January 6, 2005, the Division performed a second audit of the Falls Church Payphone and this audit revealed that the Defendants continued to be in violation of certain requirements of 20 VAC 5-407-50 and 20 VAC 5-407-60 of the Payphone Rules.

(6) On January 12, 2005, the Division sent a copy of the second audit work sheet to the Defendants along with another request for the Defendants to submit a written report on the correction of the violations by February 2, 2005, pursuant to 20 VAC 5-407-20 of the Payphone Rules. The Defendants again failed to respond by the required deadline in violation of 20 VAC 5-407-20 of the Payphone Rules.

(7) On March 8, 2005, the Division sent a letter to the Defendants indicating that a response had again not yet been received. The Defendants failed to respond by the required deadline in violation of 20 VAC 5-407-20 of the Payphone Rules.

(8) On April 27, 2005, the Commission's Office of General Counsel sent a letter via certified mail indicating that the Division had made repeated attempts to work with the Defendants, but that the violations remain uncorrected, and noting that, should the Defendants continue to fail to respond, the Commission may engage in the appropriate enforcement action. The certified letter was returned unclaimed. A copy was mailed via regular U.S. mail.

(9) On May 6, 2005, the Division performed an audit of the Defendants' payphone located at 3411 B Payne Street, Arlington, Virginia ("Arlington Payphone"). The payphone audit revealed the Defendants to be in violation of certain requirements of 20 VAC 5-407-50 and 20 VAC 5-407-60 of the Payphone Rules.<sup>3</sup>

(10) On May 9, 2005, the Division sent a copy of the audit work sheet to the Defendants, along with a request for the Defendants to submit a written report on the correction of the violations by May 16, 2005, pursuant to 20 VAC 5-407-20 of the Payphone Rules. The Defendants failed to respond by the required deadline in violation of 20 VAC 5-407-20 of the Payphone Rules.

The Defendants appeared at the October 18, 2005, hearing scheduled before the Chief Hearing Examiner on this matter indicating that they wished to settle this matter. The Chief Hearing Examiner granted the Staff counsel's request for a general continuance. On November 7, 2005, Staff counsel filed a Motion for Settlement stating that the Defendants had requested cancellation of their payphone service provider certificate and had executed an Admission and Consent.

<sup>1</sup> An Amended Rule to Show Cause was entered on September 7, 2005. The Amended Rule contained the same allegations but provided for alternative service.

<sup>2</sup> The payphone audit worksheet attached as Exhibit A of the August 3, 2005, Rule describes in detail the alleged violations found with regard to the Falls Church Payphone.

<sup>3</sup> The payphone audit worksheet attached as Exhibit F of the August 3, 2005, Rule describes in detail the alleged violations found with regard to the Arlington Payphone.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As evidenced in the attached Admission and Consent, found at Exhibit A to this Order, the Defendants neither admit nor deny the allegations made by the Division in this matter, but admit the Commission's jurisdiction and authority to enter this Order of Settlement. As an offer to settle all matters before the Commission arising from the allegations in the captioned matter, the Defendants agree to the following terms and conditions:

(1) The Defendants agree to cancel their PSP registration certificate. The Defendants have signed a letter, dated October 18, 2005, found as Exhibit B to this Order, requesting the Commission cancel their payphone certificates on file with the Division.

(2) Within thirty (30) days of the date of entry of this Order, the Defendants agree to remove the Falls Church Payphone and all other equipment associated with the instrument from its location. The Defendants shall contact the local exchange carrier to whom the Defendants subscribe for access line service to disconnect the access line associated with the Falls Church Payphone.

(3) Within thirty (30) days of the date of entry of this Order, the Defendants agree to remove the Arlington Payphone and all other equipment associated with the instrument from its location. The Defendants shall contact the local exchange carrier to whom the Defendants subscribe for access line service to disconnect the access line associated with the Arlington Payphone.

(4) Should the Defendants decide to reinstall a payphone in either location or provide payphone service and instruments elsewhere in the Commonwealth, the Defendants shall register as a PSP and register the payphone with the Commission prior to installation. The PSP shall contact the Division for an audit of the payphone within three (3) days of the payphone being placed in service. The PSP shall provide payphone service and maintain the payphone instrument in accordance and compliance with the Payphone Rules. The PSP shall respond to future payphone audit reports or other inquiries with regard to the PSP's payphone instrument and provision of payphone service as well as requests for corrective actions in compliance with the Payphone Rules.

(5) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding or taking such other action as the Commission deems appropriate, on account of the Defendants' failure to comply with the terms of this Order.

On November 8, 2005, the Chief Hearing Examiner filed her Report finding that the Motion for Settlement should be granted and recommending that the Commission enter an order adopting the findings of the Report and entering the proposed Order of Settlement.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order of Settlement, finds that the findings of the Chief Hearing Examiner's Report should be adopted and that the offer and terms and conditions of settlement delineated herein should be accepted.

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 and terms and conditions of settlement delineated herein are hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and conditions of settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding or taking such other action as the Commission deems appropriate, on the account of the Defendants' failure to comply with the terms of this Settlement Order.

**CASE NO. PUC-2005-00118  
JANUARY 31, 2006**

PETITION OF  
SPRINT NEXTEL CORPORATION  
and  
LTD HOLDING COMPANY

For approval of the transfer of control of Central Telephone Company of Virginia, United Telephone-Southeast, Inc., and Sprint Payphone Services of Virginia, Inc., from Sprint Nextel Corporation to LTD Holding Company

**ORDER**

On August 31, 2005, Sprint Nextel Corporation ("Sprint") filed a 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") for the transfer of control of Central Telephone Company of Virginia ("Centel Virginia") and United Telephone Company-Southeast, Inc. ("United Virginia"), from Sprint to LTD Holding Company ("LTD") (Sprint and LTD are hereinafter referred to as "Petitioners").<sup>1</sup>

Centel Virginia and United Virginia are wholly owned subsidiaries of Sprint, are certificated by the Commission, and provide telecommunications services in the Commonwealth as incumbent local exchange carriers ("ILECs"). Sprint plans to separate its wireline local service operations, including Centel Virginia and United Virginia, into an independent stand-alone operation. LTD, a Delaware corporation, was created to become the ultimate corporate parent of Centel Virginia and United Virginia, along with SPSI and LTD Long Distance (a reseller of Sprint long distance telecommunications services).

<sup>1</sup> Petitioners also list Sprint Payphone Services, Inc. ("SPSI"), as an entity whose control is being transferred to LTD. SPSI, however, is not certificated by the Commission and is not subject to the Transfers Act.

Petitioners assert that United Virginia and Centel Virginia, as well as the other companies affiliated under LTD, will continue to have the required managerial, technical, and financial capability to provide service. Petitioners cite the changing telecommunications industry and Sprint's increasing focus on wireless telecommunications services as support for separation of the wireline services provided by Centel Virginia and United Virginia. Petitioners also assert that the transfer of control is in the public interest.

Upon completion of the transfer of control, Centel Virginia and United Virginia will remain certificated ILECs regulated by the Commission and will continue to provide telecommunications services subject to the same rules, regulations, and applicable tariffs as at present. Petitioners assert that Transition Service Agreements will be used to allow Centel Virginia, United Virginia, and LTD to continue to receive needed services from Sprint and its affiliates during a period of transition.

Petitioners also state that all equipment, buildings, systems, software licenses, and other assets owned by Centel Virginia and United Virginia will remain assets of Centel Virginia and United Virginia. Petitioners explain that assets held by any other Sprint entity and jointly used by Centel Virginia and United Virginia and one or more other Sprint entities are in the process of being reviewed to determine the shared assets that should be transferred to LTD or one of its subsidiaries.

On September 19, 2005, a Memorandum of Completeness/Incompleteness was filed by the Commission's Staff ("Staff"). The Staff determined that the Petition was incomplete. In support thereof, the Staff cited the failure of Petitioners to include (1) the verified signatures of a secretary or assistant secretary of LTD, and (2) the verified signatures of the president or vice president and secretary or assistant secretary of United Virginia and Centel Virginia.

On September 26, 2005, Petitioners filed the verified signatures for each of the officers listed on the Staff's Memorandum of Completeness/Incompleteness. Petitioners also asserted that August 31, 2005, should be deemed the date of completion, arguing that the Staff's Memorandum of Completeness/Incompleteness was untimely filed under Commission Rule 20 VAC 5-120-60.

On September 30, 2005, the Staff filed a response asserting that Rule 20 VAC 5-120-60 could not be read so as to allow the Commission to treat the Petition as being complete before the statutory requirements for such a petition are met. The Staff argued that § 56-90 of the Code requires the filing of officer signatures by the Petitioners, that the Petitioners failed to file the signature of LTD's secretary with the initial Petition, and that no officer signatures for United Virginia or Centel Virginia were filed with the initial Petition. Accordingly, the Staff asserted that September 26, 2005, is the date the Petition should be deemed complete.

On October 7, 2005, Sprint filed a reply asserting that the Petition was complete when filed on August 31, 2005. Sprint stated that it is the Petitioner in this proceeding and that the required signatures of Sprint officers were filed with the Petition. Sprint also argued that the officer signatures for United Virginia and Centel Virginia are not required for the matter to be complete under § 56-90 of the Code.

On October 13, 2005, the Commission issued an Order for Notice, Comments, and Requests for Hearing that, among other things, required Petitioners to provide public notice of the Petition, provided interested persons an opportunity to comment and/or to request a hearing, and directed the Staff to file a report detailing the results of its review of the Petition. In addition, the Commission deemed the Petition complete as of September 26, 2005, and extended the review period for this docket by sixty (60) days (*i.e.*, through January 24, 2006).<sup>2</sup>

Public comments were timely filed by Mr. Gregory A. Liddle of Galax. Mr. Liddle asserts that the proposed transaction cannot be good for the rural customers of Sprint, because the debt load that will be placed on the new local telephone company will have to affect the quality and upgrading of service to Sprint's rural customers.

On November 22, 2005, the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), filed comments.<sup>3</sup> Consumer Counsel discusses "two issues [that] may affect whether the proposed transaction would jeopardize adequate service to the public at just and reasonable rates."<sup>4</sup> First, Consumer Counsel states that "in August, 2005, Sprint Nextel announced that LTD would have approximately \$7.25 billion in debt at the time it is spun off which is considerably more debt than previously attributed by Sprint to its wireline operations. In Sprint's SEC Form 10-Ks for calendar years ending December 31, 2002 and 2003, Sprint attributed considerably less debt to its FON group. In 2002, Sprint attributed \$3.98 billion in debt to its FON group and in 2003, [\$]1.745 billion. After 2003, Sprint no longer publicly reported debt separately for the PCS and FON groups."<sup>5</sup> Consumer Counsel explains that the "second issue is the proposed methodology to determine whether certain currently shared assets will remain with Sprint Nextel or be transferred. The [Petition] states that all assets owned by the Virginia subsidiaries will remain in their names, but that with respect to shared assets, Sprint Nextel will employ a 'fact-based decision making process' described in detail in the affidavit of Kent W. Dickerson. . . . Depending on the outcome of this decision-making process, LTD Holding or the local wire line companies may have to reacquire assets. Furthermore, the [Petition] states that LTD Holding's operating costs may increase initially."<sup>6</sup>

On December 19, 2005, the Staff filed a Motion to Extend Procedural Schedule. On December 22, 2005, the Commission issued an Order on Motion, which: (1) directed the Staff to file its report on or before January 6, 2006; (2) permitted the Petitioners to file any response on or before January 17, 2006; and (3) extended the review period for this docket by an additional thirty (30) days (*i.e.*, through February 23, 2006).

<sup>2</sup> The Commission explained that LTD, as the proposed company acquiring control of United Virginia and Centel Virginia, must obtain prior approval from the Commission pursuant to §§ 56-88.1 and 56-90 of the Code. As a result, the verified signature of LTD's secretary was required in order for the Petition to be complete under § 56-90.

<sup>3</sup> On November 15, 2005, Consumer Counsel timely filed notice of its intent to participate in this case.

<sup>4</sup> Consumer Counsel's November 22, 2005, Comments at 2.

<sup>5</sup> *Id.* at 1-2 (footnote omitted).

<sup>6</sup> *Id.* at 2.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On January 6, 2006, the Staff filed its report on the Petition ("Staff Report").<sup>7</sup> The Staff states that it "is not convinced that the Petitioners' proposed transaction, as presently structured, provides the Commission with sufficient assurance for it to be satisfied, pursuant to Va. Code § 56-90, that United Virginia's and Centel Virginia's ability to provide adequate service to the public at just and reasonable rates will not be impaired or jeopardized. Therefore, the Commission should consider two alternative approaches."<sup>8</sup> The Staff explains that the Commission could deny the Petition, which could, "at least initially, result in United Virginia and Centel Virginia staying with Sprint Nextel if the spin-off otherwise proceeds in other states that approved the transfer of control or lacked the authority to review the transaction."<sup>9</sup> The Staff asserts that "[s]econd, and alternatively, the Commission could approve the Petition subject to appropriate conditions that are intended to ensure adequate service to the public at just and reasonable rates will not be impaired or jeopardized."<sup>10</sup> In this regard, the Staff recommends that "if the Commission considers approving this Petition, it should be subject to, at minimum, the following conditions:"

- [1] United Virginia and Centel Virginia shall not assume responsibility for the liabilities of LTD Holding Company directly or indirectly as guarantor, endorser, surety, or otherwise with respect to the securities of LTD Holding Company.
- [2] United Virginia and Centel Virginia shall maintain a per books equity to total capitalization ratio of no less than 60 percent, unless otherwise allowed by the Commission.
- [3] United Virginia and Centel Virginia shall provide the Staff with at least 30 days advance notice of the prospective amount and date of any dividend payment to LTD or its successor.
- [4] United Virginia and Centel Virginia shall invest any excess cash externally only, unless either company is expressly authorized by the Commission to invest such funds with an affiliate after the transaction is consummated.
- [5] United Virginia and Centel Virginia shall not transfer to LTD Holding Company any assets without prior Commission approval.
- [6] A copy of any new services agreement between LTD Management Company and Centel Virginia and United Virginia shall be submitted to the Commission's Director of Public Utility Accounting for Staff review thirty days prior to entering into the agreement.
- [7] Any cash management agreements or arrangements between the new holding company, LTD, and Centel Virginia and United Virginia should require prior Commission approval under the Affiliates Act.
- [8] A copy of the initial Transition Service Agreement(s) ('TSA') between Sprint Nextel, LTD Holding Company, and United Virginia and Centel Virginia shall be provided to the Staff within ninety (90) days from completion of the transaction.
- [9] Sprint Nextel and LTD shall include in their TSAs with United Virginia and Centel Virginia up to a twelve month extension (to equal, at minimum, a two year period), at the option of LTD, at the same initial contract rates.
- [10] United Virginia and Centel Virginia shall each submit a report annually to the Division of Communications detailing their forecasted and actual capital expenditures and maintenance expenditures. These reports shall include budgeted capital expenditures and maintenance for the current and succeeding year; and actual capital expenditures and maintenance for the preceding year.
- [11] Long distance customers of Sprint Virginia who are transferred to LTD Long Distance as a result of this separation (other than those obtaining long distance service through bundled offerings in conjunction with United Virginia or Centel Virginia) shall not be charged a Primary Interexchange Carrier ('PIC') charge by choosing another carrier within ninety (90) days of the initial transfer if they are not satisfied with the service provided by LTD Long Distance.
- [12] United Virginia and Centel Virginia shall maintain the documentation necessary to determine the financial effects of the transaction on both companies for a period of at least three years after completion of the transaction. A report detailing the amounts for the previous year, by company, shall be submitted to the Commission's Division of Communications by April 1 of the following year.
- [13] United Virginia and Centel Virginia shall both submit annually financial statements for a period of at least five years following the completion of the transaction. These statements shall include balance sheet, income statement, cash flow statement, rate of return statement and capital structure.<sup>11</sup>

In addition, the Staff states that "review of this petition highlights the existence of United Virginia's and Centel Virginia's unreasonably high access rates. As a result, the Commission should, at a minimum, initiate a proceeding to address the reasonableness of the intrastate access charges of both United Virginia and Centel Virginia and United Virginia and Centel Virginia should be required to restructure their fixed current intrastate Carrier Common Line ('CCL') amount to a per line amount."<sup>12</sup>

<sup>7</sup> On January 9 and 12, 2006, the Staff filed corrections to the Staff Report.

<sup>8</sup> Staff Report at ii.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at ii-iv.

<sup>12</sup> *Id.* at iv.

On January 17, 2006, Petitioners filed a response to the Staff Report ("Response"). Petitioners state that "Staff's Report is essentially devoid of facts and fails to support any significant concern with LTD's financial viability. To the contrary, the facts show a financially healthy company that will continue to enable United Virginia and Centel Virginia to provide quality service at just and reasonable rates. Despite Staff's rhetoric, there has simply been no showing to the contrary."<sup>13</sup> Petitioners further assert that "[a]s shown in the Petition (and the affidavits attached thereto) and as discussed in this [Response], the proposed separation clearly meets the standard of review in the statute. Virginia Code Section 56-90 limits the Commission's review of this transaction to whether United Virginia's and Centel Virginia's provision of adequate service to the public at just and reasonable rates will be impaired or jeopardized by granting the Petition. Nothing in the Staff Report proves that there will be such negative impacts."<sup>14</sup> Petitioners also contend that "a number of the proposed conditions are inconsistent with Virginia and federal law, and would subject United Virginia and Centel Virginia to disproportionate regulation relative to their peers and competitors, in contravention of an express statutory mandate. The proposed conditions also would hamstring United Virginia's and Centel Virginia's ability to compete and go far beyond the Commission-approved conditions in similar transactions."<sup>15</sup>

In discussing the Staff's proposed conditions, Petitioners further state that: (1) "many [of the conditions] are unprecedented, discriminatory, [and] conflict with existing law;" (2) "these conditions would require United Virginia and Centel Virginia to restrict certain activities, undertake others, and/or submit to Commission approval in certain cases, even though the current law requires no such actions – and in many cases expressly exempts United Virginia and Centel Virginia from such requirements;" (3) "[i]t appears that Staff is attempting through these conditions and this proceeding to modify existing law and the Commission's approved [alternative regulatory plan] for United Virginia and Centel Virginia – which is not proper procedurally nor supported by the facts and law;" and (4) the conditions violate the "local exchange telephone service competition policy" set forth in § 56-235.5:1 of the Code.<sup>16</sup> Petitioners conclude that "none of the [Staff's proposed] conditions are necessary. This is particularly true for Conditions 1, 2, 4, 5, and 13, which are neither necessary nor appropriate under any circumstance for the approval of the separation and should be rejected outright. Most of these conditions are proposed by the Division of Economics and Finance, and are based on faulty financial analysis that is unsupported by the facts."<sup>17</sup> However, Petitioners also state that "[a]lthough no conditions are justified, if the Commission believes that additional reporting is warranted to ensure the provision of adequate service to the public at just and reasonable rates, without waiving any existing rights or exemptions, United Virginia and Centel Virginia would not object to modified conditions 3, 6-12 discussed above [in Petitioners' Response]."<sup>18</sup>

Finally, Petitioners did not request an evidentiary hearing in this matter. Rather, Petitioners state that "to the extent that the Commission believes it would be beneficial to its weighing of the evidence in this proceeding, Petitioners will offer a panel of subject matter experts for this transaction to be available to respond to Commissioners' questions. Such a panel could serve to expedite the Commission's review and resolution of the Petition on a timely basis."<sup>19</sup>

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds as follows. First, we are not satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Petition as filed. Second, we find that the proposed transaction satisfies the applicable statutory requirements if Petitioners agree to be bound by specific commitments set forth below.

#### Transfers Act

Petitioners request approval of the proposed transaction 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 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 Petition, the support therefor, the objections thereto, and the requirements proposed by the Staff according to these statutory criteria. Based on the pleadings presented in this case, we are not satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Petition as filed.

We have serious concerns about the financial risks that the proposed transaction imparts directly to LTD and, thus, indirectly to the Virginia local operating companies. LTD will have approximately \$7.25 billion in outstanding debt after the transaction. LTD's calculation of its debt to total capitalization ratio is based on Petitioners' fair value estimate of LTD's assets, which relies upon numerous assumptions that may or may not hold true. Moreover, as noted by the Staff, "the valuation that is driving the amount of debt to be incurred by LTD is hardly based on arms length negotiations."<sup>20</sup> Consumer Counsel further states that LTD's "debt at the time it is spun off . . . is considerably more debt than previously attributed by Sprint to its wireline

<sup>13</sup> Response at 3.

<sup>14</sup> *Id.* (footnote omitted).

<sup>15</sup> *Id.* at 3-4. In addition, Petitioners claim that "Staff's requests for an investigation of Centel Virginia's and United Virginia's intrastate access charges and requested restructure of their current intrastate CCL amount are not only inappropriate in this proceeding before the Commission but also inconsistent with, and a collateral attack on the Commission-approved settlement (regarding intrastate access charges)." *Id.* at 4 (footnote omitted).

<sup>16</sup> *Id.* at 26-27, 31, 33-34.

<sup>17</sup> *Id.* at 44.

<sup>18</sup> *Id.*

<sup>19</sup> *Id.* at 50.

<sup>20</sup> Staff Report at 16.

operations."<sup>21</sup> For example, Consumer Counsel explains that Sprint attributed \$1.745 billion in debt to its FON group in 2003 – compared to the approximately \$7.25 billion referenced above.<sup>22</sup> Petitioners' pro forma opening balance sheet reflects a similar comparison.<sup>23</sup>

In addition, the fair value estimate has been presented by "a leading investment banking firm,"<sup>24</sup> hired by Petitioners, that Petitioners have not established as independent from this transaction. Indeed, the investment banking firm's report, by its own terms, does not provide a fully independent analysis:

We have relied upon and assumed, without independent verification, that the Projections have been reasonably prepared. . . .

We have not independently verified the accuracy and completeness of the information supplied to us with respect to the Company and do not assume any responsibility with respect to it. . . .

We have not made any physical inspection or independent appraisal of any of the properties or assets of the Company. . . .

Notwithstanding the use of the defined term 'fair value,' we have not been engaged to identify prospective purchasers or to ascertain the actual prices at which and terms on which the Company or the Company's assets can currently be sold. . . .

This Report is furnished solely for the benefit of Sprint Nextel Corporation. . . .<sup>25</sup>

The cautionary disclaimers expressed by Petitioners' experts also cause this Commission to be hesitant to rely on such experts' report to determine that the proposed transfer meets the relevant statutory standards required for approval. In contrast to Petitioners' valuation, the Staff provides an estimated debt to total capitalization ratio based on book value, which results in a significantly greater debt leverage.<sup>26</sup> Moreover, the Staff's comparison of projected income and dividends, based on Petitioners' own projections through 2010, further increases our concerns regarding the financial viability of LTD in the years ahead.<sup>27</sup>

United Virginia and Centel Virginia will serve as a cash flow source for LTD to make its debt payments. We agree with the Staff that "[s]ome of the steps to make up for less than projected cash flows may include reductions in capital investments and operating and maintenance expenditures, along with increased dividends from local operating companies such as Centel Virginia and United Virginia."<sup>28</sup> In addition, LTD will be responsible for raising any external capital required to support jurisdictional operations for both Virginia local operating companies.<sup>29</sup> If LTD is required to take the above steps to remain solvent, or if LTD's access to capital on reasonable terms and conditions is significantly diminished, the ability of the Virginia local operating companies to provide adequate service to the public at just and reasonable rates may be impaired or jeopardized.

Our concerns are reinforced by the uncertainty reflected in the pleadings. For example, we do not have proposed payment schedules for LTD's new debt. We do not know the interest rate on the variable rate debt. We do not know the details of any protection against rising interest rates that LTD may undertake. We do not know the value of the stock to be issued by LTD or the number of shares. We do not have a reliable comparison of the debt load to the market capitalization of LTD. We do not have financial projections for the Virginia operating companies – such as projected cash flow statements, income statements, balance sheets, and operation and maintenance expenses. In addition, the current credit ratings obtained from rating agencies are only indicative, and the actual ratings at the time of spin-off could be materially different.<sup>30</sup>

Petitioners have not established that the proposed transaction, with its concomitant debt load, will not impair or jeopardize adequate service to the public at just and reasonable rates. We cannot, however, unilaterally change LTD's debt structure in order to be satisfied that the Transfers Act criteria are met. Rather, as discussed later in this Order, we find that adequate service to the public at just and reasonable rates will not be impaired or jeopardized if Petitioners commit to certain additional protections and reporting requirements.

<sup>21</sup> Consumer Counsel's November 22, 2005, Comments at 1-2.

<sup>22</sup> *Id.* Consumer Counsel states that, after 2003, Sprint no longer publicly reported debt separately for its FON group.

<sup>23</sup> Petition, Affidavit of Kevin P. Collins, Exh. KPC-2 at 17.

<sup>24</sup> *Id.*, Exh. KPC-1 at 1.

<sup>25</sup> *Id.*, Exh. KPC-2 at 5.

<sup>26</sup> Staff Report at 11. Petitioners, however, do not believe that the book value of equity is relevant for this purpose. Petition, Affidavit of Kevin P. Collins at 7.

<sup>27</sup> Staff Report at 13-15. *See also* Petition, Affidavit of Kevin P. Collins, Exh. KPC-2 at 14-15.

<sup>28</sup> Staff Report at 16-17. Although this explanation is designated as confidential by the Staff, we find that such analysis does not disclose confidential information.

<sup>29</sup> *Id.* at 12; Petition at 14.

<sup>30</sup> *See, e.g.*, Staff Report at 15 and Attachment; Petition at 15.

Public Interest

Petitioners also assert the proposed transaction should be approved because various aspects of the transfer are in the public interest.<sup>31</sup> Such arguments ignore, and are contrary to, recent Commission precedent. Specifically, as noted by the Staff,<sup>32</sup> the Commission recently held that the General Assembly has not given the Commission authority to apply a public interest criterion in implementing the Transfers Act.<sup>33</sup> 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.

Section 56-235.5:1 of the Code

In addition, Petitioners repeatedly contend that the Commission must apply § 56-235.5:1 of the Code in evaluating its Petition in this proceeding, and that adoption of the Staff's proposed conditions would violate that statute.<sup>34</sup> Again, such contention inexplicably ignores, and is contrary to, recent Commission precedent. In *Verizon-MCI*, we held 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>35</sup>

Commitments

We find that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Petition if the Petitioners agree to be bound by the specific commitments set forth below.<sup>36</sup>

*Guarantor*

The Staff recommends that the Commission prohibit United Virginia and Centel Virginia from assuming "responsibility for the liabilities of LTD Holding Company directly or indirectly as guarantor, endorser, surety, or otherwise with respect to the securities of LTD Holding Company."<sup>37</sup> Petitioners, however, contend that "there is no basis – legal or otherwise – for requiring this condition which has the effect of, in the future, unnecessarily limiting the financial flexibility of LTD."<sup>38</sup> Petitioners also assert that the Staff's proposal "would completely prohibit or bar activity that United Virginia and Centel Virginia can undertake today, *without* Commission approval."<sup>39</sup> Further in this regard, Petitioners state that "[a]lthough some classes of public service companies must obtain prior approval in order to undertake these actions, Virginia law expressly exempts United Virginia and Centel Virginia and other utilities that are subject to alternative forms of regulation from such a requirement."<sup>40</sup>

We have discussed above our concerns regarding the financial risks of the proposed transaction and the debt to be undertaken by LTD. As a result, we are not satisfied that the Transfers Act criteria are met if United Virginia and Centel Virginia may freely assume responsibility for the liabilities of LTD with respect to LTD's securities. Petitioners, however, have repeatedly assured this Commission that no Virginia operating company assets will be used to secure the debt of LTD, which will be unsecured.<sup>41</sup> This assurance is critical to our review of the proposed transaction.

We also recognize that circumstances may change and that Petitioners may reasonably seek to have United Virginia and Centel Virginia assume some type of direct or indirect responsibility for LTD's liabilities. Therefore, the Virginia operating companies may seek approval to assume responsibility for LTD's liabilities. We find that the following commitment is 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 Petition:

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<sup>31</sup> See, e.g., Response at 5, 7, 9.

<sup>32</sup> Staff Report at 41.

<sup>33</sup> *Joint Petition of Verizon Communications Inc., and MCI, Inc., For approval of agreement and plan of merger*, Case No. PUC-2005-00051, Order Granting Approval at 13-14 (Oct. 6, 2005) ("*Verizon-MCI*").

<sup>34</sup> See, e.g., Response at 3-4, 26, 31, 33-34.

<sup>35</sup> *Verizon-MCI* at 15-16. In addition, even if § 56-235.5:1 of the Code was applicable to this case, the commitments discussed below do not violate that statute. Rather, our action herein is based upon and supported by the particular facts of this proceeding and, thus, does not violate § 56-235.5:1's requirement "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."

<sup>36</sup> Conversely, we find that any recommendations by the Staff, which are not addressed below, are not necessary for us to be satisfied that the Transfers Act criteria are met.

<sup>37</sup> Staff Report at 17.

<sup>38</sup> Response at 28.

<sup>39</sup> *Id.* (emphasis in original).

<sup>40</sup> *Id.* at 28-29 (citing Va. Code § 56-57 B).

<sup>41</sup> See, e.g., *id.* at 12 ("no ILEC assets are used to secure this debt") and 28 ("it is important to note that the Petitioners have explicitly stated in their application that no ILEC assets will be used to secure the debt of LTD"); Petition, Affidavit of Kent W. Dickerson at 12 ("issuance of unsecured debt").

United Virginia and Centel Virginia will not assume responsibility for the liabilities of LTD directly or indirectly as guarantor, endorser, surety, or otherwise with respect to the securities of LTD without prior Commission approval.

Finally, we note that Petitioners claim exemption from various parts of Title 56 of the Code. Contrary to Petitioners' assertions, existing statutory or case law does not preclude the Commission from finding – based on the circumstances of this particular proceeding – that specific requirements or commitments are necessary in order for us to conclude that the Transfers Act criteria are met.<sup>42</sup>

#### *Transfer of Utility Assets*

Petitioners oppose the Staff's request for United Virginia and Centel Virginia to seek Commission approval prior to transferring any assets to LTD. Petitioners assert that "as a legal matter, United Virginia and Centel Virginia are exempt from the affiliate transaction requirements of Section 56-77(A), which requires in relevant part that contracts for the purchase, sale, lease or exchange of any property, right or thing, shall be approved by the Commission. Accordingly, under existing law the companies should not be required to obtain approval for the transfer of assets to the parent company."<sup>43</sup> In addition, Petitioners state that, "[a]s a practical matter, the imposition of such a requirement would prohibit the companies from being able to allocate their assets among corporate affiliates in the most efficient manner and would impede them from executing business decisions quickly."<sup>44</sup>

Consistent with the concerns discussed above, we are not satisfied that the Transfers Act criteria are met if the utility assets of United Virginia and Centel Virginia may be freely transferred to LTD or another affiliate after the transaction. Petitioners, however, have repeatedly assured this Commission that the assets owned by United Virginia and Centel Virginia will remain with these companies after the transaction.<sup>45</sup> This assurance is critical to our review of the proposed transaction. We also recognize that circumstances may change and that Petitioners may reasonably seek to transfer assets of United Virginia and Centel Virginia to LTD or another affiliate. As a result, the Virginia operating companies must seek approval, above a defined minimum amount, to effect such a transfer. We find that the following commitment is 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 Petition:

United Virginia and Centel Virginia will not effect a transfer of any assets or group of assets valued at more than \$500,000 to LTD or to any affiliate without prior Commission approval.

Contrary to Petitioners' claim, such a commitment is not a prohibition from allocating assets among corporate affiliates. Rather, such a commitment requires that assets – which Petitioners have assured this Commission will remain with the Virginia operating companies after the transaction – may not, above a certain defined amount, be so allocated or transferred without prior Commission approval. Moreover, Petitioners may subsequently petition the Commission for waiver of this commitment if Petitioners believe that circumstances have changed justifying such waiver.

#### *Notification of Dividend Payment*

Petitioners state "if the Commission were to decide that the imposition of such a requirement were needed to preserve adequate service, at just and reasonable rates, United Virginia and Centel Virginia . . . without waiving any existing rights and exemptions, would agree to the following modified condition:"

United Virginia and Centel Virginia shall notify Staff through December 31, 2007, of the amount and date of any dividend payment from United Virginia or Centel Virginia to LTD or its successor 30 days after the amount of such dividend payment is finalized.<sup>46</sup>

We find that the above commitment, as modified below, is 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 Petition. First, our concerns regarding the financial risks and potential impact on the Virginia operating companies is not limited to the first several years following spin-off. Thus, we find that the above commitment should not include an end date at this time. Second, we find that such notification needs to be provided within two (2) business days from when the dividend is declared.<sup>47</sup> Finally, Petitioners may subsequently petition the Commission for waiver of this commitment if Petitioners believe that circumstances have changed justifying such waiver.

<sup>42</sup> This likewise applies to the additional commitments set forth below. See, e.g., *Verizon-MCI* at 26, 29.

<sup>43</sup> Response at 37. Petitioners again claim that such exemption is provided for in § 56-57 B of the Code.

<sup>44</sup> *Id.*

<sup>45</sup> See, e.g., Petition at 10 ("Centel Virginia [and] United Virginia . . . will continue to have the same technical capabilities after the separation that they possess today. All equipment, buildings, systems, software licenses and other assets owned by Centel Virginia and United Virginia will remain assets of Centel Virginia and United Virginia."); Petition, Affidavit of Thomas W. Sokol at 6-7 ("All equipment, buildings, systems, software licenses and other assets owned by United Virginia and Centel Virginia will remain assets of United Virginia and Centel Virginia. There will be no transfers or assignments of assets owned by United Virginia and Centel Virginia as a result of the separation."); Response at 37 ("As an initial matter, the proposed separation transaction does not involve a transfer of assets. . .").

<sup>46</sup> Response at 34-35.

<sup>47</sup> Pursuant to § 56-83 of the Code, the Commission has the authority to prohibit the payment of any dividend from United Virginia and Centel Virginia to an affiliated interest.

*Management Services Agreement*

Petitioners state "if the Commission were to decide that the imposition of such a requirement were necessary to preserve adequate service, at just and reasonable rates, without waiving any existing rights and exemptions, the Petitioners would not object to the following modified condition:"

United Virginia and Centel Virginia will provide a copy of the executed initial management services agreement between LTD Management Company and Centel Virginia and United Virginia within 90 days of completion of the separation transaction and will provide an explanation of the material changes, if any, between the current (pre-separation) cash management process and the initial cash management process established upon separation.<sup>48</sup>

We find that the above commitment, as modified below, is 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 Petition. Specifically, the Virginia operating companies also must provide a copy of any material changes to the management services agreement.

*Initial Transition Service Agreement*

Petitioners state "if the Commission were to decide that the imposition of such a requirement were needed to preserve adequate service, at just and reasonable rates, without waiving any existing rights and exemptions, United Virginia and Centel Virginia would not object to the imposition of the following condition, as modified:"

Centel Virginia and United Virginia will provide Staff with a copy of the initial Transition Service Agreement ('TSA') between Sprint Nextel and LTD within 90 days following completion of the separation transaction in Case No. PUC-2005-00118.<sup>49</sup>

We find that the above commitment is 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 Petition.

*Extension of Transition Service Agreement*

Petitioners state "if the Commission were to decide that the imposition of such a requirement were needed to preserve adequate service, at just and reasonable rates, Petitioners would not object to [the following], without waiving any existing rights and exemptions:"

Sprint Nextel or its successor and its subsidiaries agree to extend any TSAs with United Virginia, Centel Virginia, or LTD (on behalf of United Virginia or Centel Virginia) with a term of 18 months or less, for a period of up to an additional 180 days at the current contract costs (to equal at a maximum, a two year period). Extensions shall be at the option of LTD, United Virginia, or Centel Virginia.<sup>50</sup>

We find that the above commitment is 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 Petition.

*Capital and Maintenance Expenditures*

Petitioners state if "the Commission finds that the imposition of such a condition were necessary to ensure the provision of adequate service to the public at just and reasonable rates, . . . without waiving any existing rights or exemptions, Petitioners would not object to the following condition:"

United Virginia and Centel Virginia will submit, for a period of three years following the completion of the separation transaction on a confidential basis to the Division of Communications, an annual report that includes: (a) budgeted capital expenditures and regional maintenance expenses that include Virginia for the current and succeeding year; (b) actual capital expenditures and maintenance for preceding year; and (c) identification and description of proposed capital investment projects exceeding \$100,000 for the current year.<sup>51</sup>

We find that the above commitment, as modified below, is 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 Petition. Our concerns regarding the financial risks and potential impact on the Virginia operating companies is not limited to the first several years following spin-off. Thus, we find that the above commitment should not include an end date at this time. In addition, we reject Petitioners' request to limit the above report to "regional" maintenance expenses; Virginia-specific information is necessary for this commitment to serve its required purpose. Petitioners may subsequently petition the Commission for waiver of this commitment if Petitioners believe that circumstances have changed justifying such waiver.

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<sup>48</sup> Response at 39.

<sup>49</sup> *Id.* at 39-40.

<sup>50</sup> *Id.* at 40.

<sup>51</sup> *Id.* at 41.

*Current Sprint Long Distance Customers*

Petitioners state if "the Commission finds that the imposition of such a condition is necessary to ensure the provision of adequate service to the public at just and reasonable rates, . . . without waiving any existing rights and exemptions, Petitioners would not object to the imposition of the following condition:"

Long distance customers of Sprint Communications Company L.P. who are transferred to LTD Long Distance as a result of this separation (other than those obtaining long distance service through bundled offerings in conjunction with United Virginia or Centel Virginia) shall not be charged a Primary Interexchange Carrier ('PIC') charge by choosing another carrier within sixty (60) days of the initial transfer if they are not satisfied with the service provided by LTD Long Distance.<sup>52</sup>

We find that the above commitment – modified to give such long distance customers ninety (90) days as opposed to sixty (60) – is 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 Petition.

*Operating Expenses*

Petitioners explain that United Virginia and Centel Virginia currently receive certain centralized services from a management subsidiary of Sprint and that "[t]hese include human resources, finance, tax, communications, legal, planning, general support and information services."<sup>53</sup> After separation, "Centel Virginia and United Virginia will continue to receive similar management services from a new affiliated management company of LTD Holding Company."<sup>54</sup> Petitioners assert that "[i]nitially, operating expenses may increase . . . [by] an amount which is not significant to Centel Virginia, United Virginia, or LTD Holding Company."<sup>55</sup> The Staff, however, discusses the uncertainty over the possible amount of such increase and the length of time associated with the same.<sup>56</sup> Depending upon the size and timeframe of the increased operating costs, such increases (along with any possible inclusion in future rates) could impair or jeopardize adequate service to the public at just and reasonable rates. Accordingly, we find that the following commitment is necessary for us to be satisfied that the Transfers Act criteria are met:

United Virginia and Centel Virginia will maintain information necessary to account for payments to LTD or other affiliate for services obtained therefrom and will provide such information to the Staff for review upon request.

Petitioners may subsequently petition the Commission for waiver of this commitment if Petitioners believe that circumstances have changed justifying such waiver.

*Annual Financial Statements*

Petitioners oppose the Staff's request to submit annual financial statements, for a period of at least five years following the completion of the transaction, which include balance sheet, income statement, cash flow statement, rate of return statement, and capital structure. Petitioners argue that "no condition is necessary on this issue," because United Virginia and Centel Virginia already "submit such financial statements annually in accordance with their [alternative regulatory plan and the] companies will continue to abide by this practice and requirement, unless and until the requirement is modified."<sup>57</sup> However, the assertion that the companies already provide such information pursuant to a separate obligation makes the requirement no less relevant to the current proceeding. We find that such annual financial statements, which will evidence the ongoing financial condition of the Virginia operating companies subsequent to the proposed transaction, must be provided in order for us to conclude that the Transfers Act criteria are met.

In addition, as noted above, our concerns regarding the financial risks and potential impact on the Virginia operating companies is not limited to the first several years following spin-off. Thus, we find that this commitment should not include an end date at this time. Petitioners may petition the Commission for waiver of this commitment if Petitioners believe that circumstances have changed justifying such waiver. We find that the following commitment is 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 Petition:

United Virginia and Centel Virginia shall submit to the Staff annually financial statements that include balance sheet, income statement, cash flow statement, rate of return statement, and capital structure.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, we are not satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Petition as filed.

<sup>52</sup> *Id.* at 42-43.

<sup>53</sup> Petition, Affidavit of Kent W. Dickerson at 7.

<sup>54</sup> *Id.* at 7-8.

<sup>55</sup> *Id.*

<sup>56</sup> Staff Report at 28-30.

<sup>57</sup> Response at 44.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, we find that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Petition if the Petitioners agree to be bound by the following commitments:

(a) LTD shall not permit United Virginia and Centel Virginia to assume responsibility for the liabilities of LTD directly or indirectly as guarantor, endorser, surety, or otherwise with respect to the securities of LTD without prior Commission approval.

(b) LTD shall not permit United Virginia and Centel Virginia to effect a transfer of any assets or group of assets valued at more than \$500,000 to LTD or to any affiliate without prior Commission approval.

(c) LTD shall cause United Virginia and Centel Virginia to notify the Staff of any dividend payment from United Virginia or Centel Virginia to LTD or its successor within two (2) business days from when the dividend is declared.

(d) LTD shall cause United Virginia and Centel Virginia to provide the Staff with a copy of the executed initial management services agreement between LTD Management Company and Centel Virginia and United Virginia within ninety (90) days of completion of the separation transaction, an explanation of the material changes, if any, between the current (pre-separation) cash management process and the initial cash management process established upon separation, and with a copy of any material changes to the management services agreement within thirty (30) days of such changes.

(e) LTD shall cause Centel Virginia and United Virginia to provide the Staff with a copy of the initial Transition Service Agreements between Sprint and LTD within ninety (90) days following completion of the separation transaction in Case No. PUC-2005-00118.

(f) Sprint or its successor and its subsidiaries shall extend any Transition Service Agreements with United Virginia, Centel Virginia, or LTD (on behalf of United Virginia or Centel Virginia) with a term of 18 months or less, for a period of up to an additional 180 days at the current contract costs (to equal at a maximum, a two-year period). Extensions shall be at the option of LTD, United Virginia, or Centel Virginia.

(g) LTD shall cause United Virginia and Centel Virginia to submit on a confidential basis to the Commission's Division of Communications an annual report that includes: (i) budgeted capital expenditures and maintenance expenses for the current and succeeding year; (ii) actual capital expenditures and maintenance expenses for the preceding year; and (iii) identification and description of proposed capital investment projects exceeding \$100,000 for the current year.

(h) LTD shall ensure the following: long distance customers of Sprint Communications Company L.P., who are transferred to LTD Long Distance as a result of this separation (other than those obtaining long distance service through bundled offerings in conjunction with United Virginia or Centel Virginia) will not be charged a Primary Interexchange Carrier charge by choosing another carrier within ninety (90) days of the initial transfer if they are not satisfied with the service provided by LTD Long Distance.

(i) LTD shall cause United Virginia and Centel Virginia to maintain information necessary to account for payments to LTD or other affiliate for services obtained therefrom, and to provide such information to the Staff for review upon request.

(j) LTD shall cause United Virginia and Centel Virginia to submit to the Staff annually financial statements that include balance sheet, income statement, cash flow statement, rate of return statement, and capital structure.

(3) The following applies if Petitioners agree to be bound by all of the commitments listed in Ordering Paragraph (2), above.

(a) On or before fourteen (14) calendar days from the date of this Order, Petitioners shall file a response with the Clerk of the Commission stating that Petitioners agree to be bound by all of the commitments listed in Ordering Paragraph (2), above.

(b) The response shall include a certification that the endorser(s) thereof have the authority to bind Petitioners to such commitments.

(c) The Commission may accept and rely on the commitments made in the response, enter a Final Order granting the requested Transfers Act approval, and order that Petitioners comply with their respective commitments.

(d) In agreeing to be bound by such commitments, Petitioners shall understand that violation of any order requiring compliance with such commitments may result in civil penalty sanctions imposed by the Commission.

(4) The period of review shall be extended pursuant to § 56-88.1 of the Code of Virginia for an additional thirty (30) days, or through March 25,

2006.

(5) This matter is continued pending further order of the Commission.

**CASE NO. PUC-2005-00118  
FEBRUARY 17, 2006**

PETITION OF  
SPRINT NEXTEL CORPORATION  
and  
LTD HOLDING COMPANY

For approval of the transfer of control of Central Telephone Company of Virginia, United Telephone-Southeast, Inc., and Sprint Payphone Services of Virginia, Inc., from Sprint Nextel Corporation to LTD Holding Company

**FINAL ORDER**

On August 31, 2005, Sprint Nextel Corporation ("Sprint") filed a 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") for the transfer of control of Central Telephone Company of Virginia ("Centel Virginia") and United Telephone Company-Southeast, Inc. ("United Virginia"), from Sprint to LTD Holding Company ("LTD") (Sprint and LTD are hereinafter referred to as "Petitioners").<sup>1</sup>

On January 31, 2006, the Commission issued an Order that, among other things, found that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Petition if the Petitioners agree to be bound by the commitments set forth in Ordering Paragraph (2) of the Order. In addition, Ordering Paragraph (3) of the Order provided as follows:

- (3) The following applies if Petitioners agree to be bound by all of the commitments listed in Ordering Paragraph (2), above.
  - (a) On or before fourteen (14) calendar days from the date of this Order, Petitioners shall file a response with the Clerk of the Commission stating that Petitioners agree to be bound by all of the commitments listed in Ordering Paragraph (2), above.
  - (b) The response shall include a certification that the endorser(s) thereof have the authority to bind Petitioners to such commitments.
  - (c) The Commission may accept and rely on the commitments made in the response, enter a Final Order granting the requested Transfers Act approval, and order that Petitioners comply with their respective commitments.
  - (d) In agreeing to be bound by such commitments, Petitioners shall understand that violation of any order requiring compliance with such commitments may result in civil penalty sanctions imposed by the Commission.<sup>2</sup>

On February 10 and 14, 2006, Petitioners filed a Response and an Errata thereto, respectively ("Petitioners' Commitments"). Petitioners agree to be bound by all of the commitments in Ordering Paragraph (2) of the January 31, 2006, Order. Petitioners include the sworn affidavit of Richard C. Eckhart, Vice President/Regulatory Affairs of Sprint and appointed Vice President-Regulatory Affairs of LTD, stating that Petitioners agree to be bound by such commitments and certifying that he has the authority to bind Petitioners to the commitments.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Petitioners have unequivocally complied with Ordering Paragraph (3) of the January 31, 2006, Order in this docket. As a result, and for the reasons stated in our January 31, 2006, Order, we are satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Petition subject to the requirements ordered herein.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the Petition is granted subject to the requirements established in this Final Order.
- (2) It is further ordered as follows:
  - (a) LTD shall not permit United Virginia and Centel Virginia to assume responsibility for the liabilities of LTD directly or indirectly as guarantor, endorser, surety, or otherwise with respect to the securities of LTD without prior Commission approval.
  - (b) LTD shall not permit United Virginia and Centel Virginia to effect a transfer of any assets or group of assets valued at more than \$500,000 to LTD or to any affiliate without prior Commission approval.
  - (c) LTD shall cause United Virginia and Centel Virginia to notify the Staff of any dividend payment from United Virginia or Centel Virginia to LTD or its successor within two (2) business days from when the dividend is declared.

<sup>1</sup> Petitioners also list Sprint Payphone Services, Inc. ("SPSI"), as an entity whose control is being transferred to LTD. SPSI, however, is not certificated by the Commission and is not subject to the Transfers Act.

<sup>2</sup> January 31, 2006, Order at 26-27.

(d) LTD shall cause United Virginia and Centel Virginia to provide the Staff with a copy of the executed initial management services agreement between LTD Management Company and Centel Virginia and United Virginia within ninety (90) days of completion of the separation transaction, an explanation of the material changes, if any, between the current (pre-separation) cash management process and the initial cash management process established upon separation, and with a copy of any material changes to the management services agreement within thirty (30) days of such changes.

(e) LTD shall cause Centel Virginia and United Virginia to provide the Staff with a copy of the initial Transition Service Agreements between Sprint and LTD within ninety (90) days following completion of the separation transaction in Case No. PUC-2005-00118.

(f) Sprint or its successor and its subsidiaries shall extend any Transition Service Agreements with United Virginia, Centel Virginia, or LTD (on behalf of United Virginia or Centel Virginia) with a term of eighteen (18) months or less, for a period of up to an additional 180 days at the current contract costs (to equal at a maximum, a two-year period). Extensions shall be at the option of LTD, United Virginia, or Centel Virginia.

(g) LTD shall cause United Virginia and Centel Virginia to submit on a confidential basis to the Commission's Division of Communications an annual report that includes: (i) budgeted capital expenditures and maintenance expenses for the current and succeeding year; (ii) actual capital expenditures and maintenance expenses for the preceding year; and (iii) identification and description of proposed capital investment projects exceeding \$100,000 for the current year.

(h) LTD shall ensure the following: long distance customers of Sprint Communications Company L.P., who are transferred to LTD Long Distance as a result of this separation (other than those obtaining long distance service through bundled offerings in conjunction with United Virginia or Centel Virginia) will not be charged a Primary Interexchange Carrier charge by choosing another carrier within ninety (90) days of the initial transfer if they are not satisfied with the service provided by LTD Long Distance.

(i) LTD shall cause United Virginia and Centel Virginia to maintain information necessary to account for payments to LTD or other affiliate for services obtained therefrom and to provide such information to the Staff for review upon request.

(j) LTD shall cause United Virginia and Centel Virginia to submit to the Staff annually financial statements that include balance sheet, income statement, cash flow statement, rate of return statement, and capital structure.

(3) Petitioners' Commitments are made part of this Final Order, and Petitioners are ordered to fully comply therewith.

(4) On or before thirty (30) days of consummation of the transaction approved herein, subject to administrative extension by the Commission's Director of Public Utility Accounting, Petitioners shall file with the Clerk of the Commission a report of action noting consummation of the transaction.

(5) The remedies for violation of any of the Commission's orders herein include the penalties set forth in §§ 12.1-13 and 12.1-33 of the Code.

(6) This matter is dismissed.

Commissioner Jagdmann did not participate in this proceeding.

**CASE NO. PUC-2005-00119  
JANUARY 12, 2006**

PETITION OF  
CAVALIER TELEPHONE, LLC  
v.  
VERIZON VIRGINIA INC.

To require payment of access charges

**DISMISSAL ORDER**

On August 31, 2005, Cavalier Telephone, LLC ("Cavalier"), filed a Petition to Require Payment of Access Charges ("Petition") with the State Corporation Commission ("Commission" or "SCC"). Cavalier requested that the Commission direct Verizon Virginia Inc. ("Verizon") to pay Cavalier certain access charges billed to Verizon by Cavalier, subject to refund of any disputed amounts pending the Commission's final decision in the proceeding. Cavalier states that since September 2004, Verizon has disputed \$2.6 million, and withheld payment of \$672,000, in access charges billed to Verizon by Cavalier, and that disputed charges now comprise 80% of monthly billed amounts. Cavalier further alleges that Verizon creates such billing disputes by misrouting to Cavalier local and intraLATA toll traffic over "access toll connecting" or interLATA ("IXC") trunks and exchange access and IXC traffic over local trunks, contrary to section 4.0 of the parties' March 12, 2004, interconnection agreement ("Agreement"), and also in violation of Cavalier's Federal Communications Commission ("FCC") Tariff No. 1 and Virginia SCC Tariff No. 3. Cavalier claims that this alleged cross-contamination of traffic and trunks, particularly when combined with Verizon's call records and billing systems, limits Cavalier's ability to identify the originating carrier. As a legal basis for the action sought, Cavalier cites, among other things, Virginia Constitution Article IX, § 2, Virginia Code §§ 56-6, 56-35, 56-247, 56-265.4:4(B)(3)-(4), 56-235.5:1, and 56-479, its interconnection agreement with Verizon, and the companies' respective tariffs.

Verizon filed a Motion to Dismiss, Answer, and Affirmative Defenses on September 21, 2005, with errata noted in a "corrected version" filed September 29, 2005. Verizon also simultaneously filed a Counterclaim in which Verizon asked the Commission to enter an Order declaring that Verizon's action in withholding \$2.5 million against Cavalier's access billing to Verizon was correct because those access charges were improper and further declaring that Verizon is entitled to the return in full of a \$1.5 million good faith payment Verizon made to Cavalier pending resolution of the interexchange traffic billing dispute between the parties. Verizon argues in its Motion to Dismiss that Cavalier's Petition raises a contractual dispute more appropriately resolved by courts of general jurisdiction, that Verizon has not breached the interconnection agreement with Cavalier, that Cavalier has not been harmed by Verizon's actions, and that Cavalier has breached the interconnection agreement.

On October 12, 2005, Cavalier filed responses to Verizon's Motion to Dismiss and Counterclaim. In its Response to Verizon's Counterclaim, Cavalier admits that a "good faith" payment was made to Cavalier in July 2005, and denied that Verizon's dispute is grounded in the Agreement because, at 2, "Verizon's dispute letters did not state this basis for dispute." Cavalier also stated the alleged "double-billing" issue has been settled and cited multiple affirmative defenses, among them that Verizon is not entitled to withhold disputed payments pursuant to the Agreement or SCC Tariff No. 3. Cavalier also notes that Verizon failed to allege that it has no other adequate remedy, as required for declaratory judgment actions pursuant to 5 VAC 5-20-100(C) of the Commission's Rules of Practice and Procedure.

In its Response to the Motion to Dismiss, Cavalier again asserted that the Commission possesses the authority to enforce interconnection agreements, argued that Verizon had made arguments in previous federal litigation for Cavalier's very position regarding Commission jurisdiction in this Petition, repeated and expanded its reliance on alleged Verizon tariff violations, characterized part of Verizon's response as attempting to argue the merits of the case rather than challenge the sufficiency of Cavalier's initial pleading, and again recounted Cavalier's claim of Verizon's breach of the Agreement. Cavalier asserts, at 14, that the "Commission may adjudicate this matter pursuant to its jurisdiction under Virginia Code §§ 56-6, 56-35, 56-234, and 56-247 [independently of the claims for beach of the Agreement.]"

On October 26, 2005, Verizon filed a Reply in Support of Motion to Dismiss. In its reply, Verizon, among other things, stresses that Cavalier's claim, regardless of legal basis, seeks monetary damages and again recites the relevant authority for the Commission's limitation on awarding such damages. On November 17, 2005, Cavalier filed a Motion for Leave to File Supplemental Opposition and Supplemental Opposition to Verizon's Motion to Dismiss. Cavalier argues in its Motion that it should be given leave to file a supplemental opposition to Verizon's Reply, or that Verizon's Reply should be disallowed as in conflict with the usual order of pleadings, due to Verizon's alleged "sandbagging" by withholding arguments for its Reply rather than detailing them in its Motion to Dismiss. In the Supplemental Opposition, Cavalier, among other things, cites its previous pleadings regarding tariff and Agreement violations and argues that Verizon has admitted to the Commission's jurisdiction over the matter in its Reply.

NOW THE COMMISSION, having considered the pleadings and applicable law, hereby dismisses Cavalier's Petition.

Cavalier requests that the Commission require Verizon to make certain access charge payments attendant to prior and future billings from Cavalier.<sup>1</sup> Cavalier, however, submits multiple claims upon which it bases its requested relief. Specifically, Cavalier supports its request for payments by asking the Commission: (1) to interpret an interconnection agreement and to require Verizon to perform its contractual duties thereunder;<sup>2</sup> (2) to interpret FCC tariffs or decisions;<sup>3</sup> and (3) to interpret and enforce Cavalier's Virginia SCC Tariff No. 3.<sup>4</sup>

We previously have explained that contractual disputes under an interconnection agreement may be more appropriately addressed by courts of general jurisdiction, and that the FCC may be an appropriate forum regarding these contractual disputes when such involve the interpretation of FCC rules or regulations.<sup>5</sup> In addition, we have declined to require payments pursuant to interconnection agreements, noting the Commission's limited authority to award money damages.<sup>6</sup> The instant proceeding invokes these same issues, and, consistent with our prior rulings, we again dismiss such claims.

As noted above, Cavalier also asks the Commission to interpret and enforce its Virginia SCC Tariff No. 3. This proceeding, however, cannot continue on the basis of Cavalier's intrastate tariff claim. Cavalier's request for relief under its Virginia tariff is inextricably commingled with contractual claims pursuant to its interconnection agreement and/or FCC tariffs or rulings, which claims we have dismissed. In addition, we note that our limited authority to award money damages extends to requests for payments under intrastate tariffs.<sup>7</sup>

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Cavalier's Motion for Leave to File Supplemental Opposition is granted.
- (2) Verizon's Motion to Dismiss is granted.
- (3) Cavalier's Petition is dismissed without prejudice.

(4) There being nothing further to come before the Commission, this matter is dismissed from the docket and the record developed herein shall be placed in the file for ended causes.

<sup>1</sup> See, e.g., Petition at 17; Cavalier's October 12, 2005, Response at 27.

<sup>2</sup> See, e.g., Petition at 2-11; Cavalier's October 12, 2005, Response at 1-2, 26.

<sup>3</sup> See, e.g., Petition at 1, 3-4; Cavalier's October 12, 2005, Response at 10, 18-21, 24.

<sup>4</sup> See, e.g., Petition at 1, 3; Cavalier's October 12, 2005, Response at 1-2, 11-14, 26.

<sup>5</sup> See, e.g., *Petition of Cavalier Telephone, LLC v. Verizon Virginia Inc.*, Case No. PUC-2002-00089, Final Order (Jan. 31, 2003) ("*Cavalier I*").

<sup>6</sup> See, e.g., *Cavalier I*; *Petition of Cavalier Telephone, LLC*, Case No. PUC-2002-00088, Final Order (Jan. 28, 2004).

<sup>7</sup> See, e.g., *Petition of Virginia Pilot Association*, Case No. PUE-2004-00061, Final Order (Dec. 7, 2005).

**CASE NO. PUC-2005-00121  
JANUARY 23, 2006**

APPLICATION OF  
FOXHOUND TECHNOLOGIES, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On October 11, 2005, Foxhound Technologies, LLC ("Foxhound" 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 31, 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 December 13, 2005, the Company filed proof of publication and proof of service as required by the October 31, 2005, Order.

On January 6, 2006, the Staff filed its Report finding that Foxhound'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.

Based upon its review of Foxhound'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:

Foxhound 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 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, the Commission further finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Foxhound is hereby granted a certificate of public convenience and necessity, No. TT-218A, 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) Foxhound is hereby granted a certificate of public convenience and necessity, No. T-647, 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) Foxhound 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.

(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-2005-00124  
JANUARY 5, 2006**

APPLICATION OF  
COMMPARTNERS, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On September 30, 2005, CommPartners, LLC ("CommPartners" and the "Company"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

By Order for Notice and Comment dated October 31, 2005, and Order Granting Extension dated December 14, 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, the Company filed proof of publication and proof of service as required by the October 31, 2005, Order.

On December 16, 2005, the Staff filed its Report finding that CommPartners' 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 CommPartners' 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: CommPartners should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the 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 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) CommPartners, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-215A, 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) CommPartners, LLC, is hereby granted a certificate of public convenience and necessity, No. T-645, 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) CommPartners shall notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) 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-2005-00134  
MARCH 15, 2006**

APPLICATION OF  
ATLANTECH ONLINE OF VIRGINIA, L.L.C.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On October 17, 2005, Atlantech Online of Virginia, L.L.C. ("Atlantech" 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 22, 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 December 13, 2005, Atlantech filed proof of publication and proof of service as required by the November 22, 2005, Order.

By Motion filed December 27, 2005, Atlantech requested an additional twenty-one (21) days to secure a letter of credit, in lieu of the bond requirement and a corresponding delay for the filing of the Staff Report. The Commission granted that request by Order Extending Due Dates on January 10, 2006.

On February 21, 2006, the Staff filed its Report finding that Atlantech'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.* The Staff Report further states that Atlantech's proposal to file a letter of credit in lieu of a bond substantially complies with the intent of the Local Rules. Accordingly, the Staff does not oppose Atlantech's requested waiver of the bond requirement imposed by Rule 20 G 1 b, provided the Company maintains a \$50,000 letter of credit on file with the Commission's Division of Economics and Finance. Based upon its review of Atlantech'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: Atlantech 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) Atlantech Online of Virginia, L.L.C., is hereby granted a certificate of public convenience and necessity, No. TT-220A, 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) Atlantech Online of Virginia, L.L.C., is hereby granted a certificate of public convenience and necessity, No. T-652, 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. Atlantech shall also 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.

(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-2005-00135  
MARCH 10, 2006**

APPLICATION OF  
COX VIRGINIA TELCOM, INC.

For a waiver of the price ceilings for directory assistance, and request for expedited review

**FINAL ORDER**

On September 22, 2005, Cox Virginia Telcom, Inc. ("Cox Virginia Telcom" or "Company"),<sup>1</sup> filed an application with the State Corporation Commission ("Commission") requesting a limited waiver of the price ceilings for directory assistance in the Hampton Roads and Northern Virginia areas.

Specifically, Cox Virginia Telcom requests a waiver of 20 VAC 5-417-50 D of the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* ("CLEC Rules"), which provides that prices for local exchange telecommunications services shall not exceed the highest prices of the comparable tariffed services provided by the incumbent local exchange carrier in the same local serving area. Pursuant to 20 VAC 5-417-50 E of the CLEC Rules, the Commission may permit alternative pricing structures and rates unless there is a showing that the public interest will be harmed.

The Commission issued an Order for Notice and Inviting Comments and Requests for Hearing on October 25, 2005. That Order directed public notice to be given and permitted interested persons an opportunity to comment or to request a hearing on the application.

On December 1, 2005, Cox Virginia Telcom filed a Motion for Modifications of Order for Notice and Inviting Comments and Requests for Hearing indicating that the Company did not meet the required notice deadline in the Hampton Roads area. The Company requested that the Commission revise the procedural schedule and the required public notice to include, among other things, certain new deadlines for publication and for comments or requests for hearing to be filed.

On December 6, 2005, the Commission granted the Company's motion and issued an amended procedural schedule.

Pursuant to the Commission's Orders, on December 9, 2005, Cox Virginia Telcom filed proof of notice in the Northern Virginia area and, on December 27, 2005, filed proof of notice in the Hampton Roads area.

On January 3, 2006, Cavalier Telephone, LLC ("Cavalier"), filed Comments and Notice of Participation with the Commission, which supported Cox Virginia Telcom's waiver request. No other comments or requests for hearing were received.

On January 17, 2006, the Staff filed its Report. The Report notes, among other things, that Cox Virginia Telcom states that the Company employs a third party vendor to provide directory services and that the Company pays its vendor more than it is able to charge under the CLEC Rules. The Company's Directory Assistance with Call Completion service includes call completion at no additional charge for calls placed through directory assistance, applies to both local and national numbers, sets the maximum rate for its Directory Assistance with Call Completion service at the same maximum rate (\$0.75 per call) previously approved by the Commission, and maintains the monthly three free call allowance.

The Staff did not oppose Cox Virginia Telcom's request for a limited price ceiling waiver for its Directory Assistance with Call Completion service applicable to both local numbers and national numbers in the Hampton Roads and Northern Virginia areas. However, the Staff stated that several

<sup>1</sup> The name of the Company appears as both Cox Virginia Telecom, Inc., and Cox Virginia Telcom, Inc. The certificates in Virginia are held as Cox Virginia Telcom, Inc.

issues required clarification. First, the Staff emphasized that granting the price ceiling waiver still requires customers to be notified thirty days in advance of price increases pursuant to 20 VAC 5-417-50 D 2 of the CLEC Rules. Second, the Staff noted that the Company's stated request appeared to conflict somewhat with the information shown on a certain chart in its application. The Staff stated that the price ceiling waiver should apply to Directory Assistance with Call Completion service and not stand alone directory assistance. Further, the Staff indicated that the Commission should make clear whether the allowable maximum rate applies only to Directory Assistance with Call Completion service for both local and national numbers, or whether it would apply to only the local component if Cox Virginia Telcom later separates the service into distinct local and national components.

The Staff concluded that the public interest would not be harmed by granting the Company's waiver request. However, the Staff noted that the Company's continuation of its monthly three free call allowance for directory assistance was an important element in this view.

On January 25, 2006, Cox Virginia Telcom filed its Response to Comments addressing the issues raised in the Staff Report. First, the Company stated that it had expected to comply with the requirement of 20 VAC 5-417-50 D 2 of the CLEC Rules to notify affected customers thirty days in advance of any price increase should the Commission grant the waiver request. Second, the Company agreed with the clarification that the price ceiling waiver should apply to Directory Assistance with Call Completion service and not stand alone directory assistance. Finally, Cox Virginia Telcom stated that the Company did not request a waiver of the three free call allowance and its expectation and plan has been to continue to offer three free calls per month to national and local directory assistance with call completion.

NOW THE COMMISSION, upon consideration of the request, the comments, the Staff Report, and the Company Response, is of the opinion and finds that the Company should be granted a limited waiver of the price ceilings for directory assistance as described in the application and as clarified herein. Pursuant to 20 VAC 5-417-50 D 2 of the CLEC Rules, Cox Virginia Telcom shall notify its customers thirty days in advance of price increases associated with the waiver. This waiver shall apply only to Directory Assistance with Call Completion service and not stand alone directory assistance. The \$0.75 allowable maximum rate shall apply to Directory Assistance with Call Completion service for both local and national numbers. The Company shall continue to provide its three free call allowance per month for the Directory Assistance with Call Completion service.

Accordingly, IT IS ORDERED THAT:

- (1) The Application of Cox Virginia Telcom for a limited waiver of the price ceilings for its local and national Directory Assistance with Call Completion service in the Hampton Roads and Northern Virginia areas is hereby granted as provided herein.
- (2) Cox Virginia Telcom shall file tariff revisions reflecting the limited waiver of the price ceilings within 30 days of the date of this Order.
- (3) There being nothing further to come before the Commission in this docket, this matter is dismissed and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUC-2005-00136  
FEBRUARY 17, 2006**

APPLICATION OF  
CITY OF BEDFORD

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On October 31, 2005, the City of Bedford ("Bedford") completed an application requesting a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services in the City of Bedford and the Counties of Bedford and Amherst.

By Order for Notice and Comment dated November 8, 2005, the Commission directed Bedford 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, 2005, Bedford filed proof of publication and proof of service as required by the November 8, 2005, Order.

On January 18, 2006, the Staff filed its Report finding that Bedford'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.* ("Local Rules"). Based upon its review of Bedford's application, the Staff determined it would be appropriate to grant Bedford a certificate of public convenience and necessity to provide local exchange telecommunications services subject to the following condition:

At such time as Bedford provides local exchange telecommunications services, it should comply with all applicable requirements of new entrants and municipal local exchange carriers in the Local Rules.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate of public convenience and necessity to provide local exchange telecommunications services.

Accordingly, IT IS ORDERED THAT:

- (1) The City of Bedford is hereby granted a certificate of public convenience and necessity, No. T-648, to provide local exchange telecommunications services in the City of Bedford and the counties of Bedford and Amherst, 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) Bedford shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(3) At such time as Bedford provides local exchange telecommunications services, it shall comply with all applicable requirements of new entrants and municipal local exchange carriers in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers.

(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-2005-00140  
MARCH 3, 2006**

APPLICATION OF  
BAY TELCOM, INC.

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On November 15, 2005, Bay Telcom, Inc. ("Bay Telcom" or "Company"), completed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

By Order for Notice and Comment dated December 7, 2005, the Commission directed the Company to provide public notice of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On January 9, 2006, the Company filed proof of publication and proof of service as required by the December 7, 2005, Order.

By Amending Order dated December 22, 2005, the Commission vacated Ordering Paragraph (11) of the December 7, 2005, Order, that required a bond pursuant to 20 VAC 5-417-10 *et seq* ("Local Rules"). Bay Telcom had requested a waiver of the bond requirement in its application, since it did not plan to provide basic local exchange services.

On February 2, 2006, the Staff filed its Report regarding its review of Bay Telcom's application. The Staff's Report indicates that the Company's affiliate company, Office Assistance Services and Internet Solutions, is an Internet service provider that is currently expanding its coverage area in Virginia. Based upon its review of the application, the Staff determined that Bay Telcom met the minimum requirements for certification except for 20 VAC 5-417-20 G 1 b of the Local Rules, that requires new entrants to file a \$50,000 bond to demonstrate its financial ability within thirty (30) days after the issuance of the Order for Notice and Comment by the Commission. Bay Telcom requested a waiver of that rule. The Staff does not oppose a temporary waiver of the bond requirement, but recommended that a condition be attached to the Company's local exchange certificate requiring Bay Telcom to provide a \$50,000 bond when it files a tariff seeking to offer basic local exchange services.

The Staff determined it would be appropriate to grant the Company a certificate to provide local exchange telecommunications services subject to the following conditions:

At such time as Bay Telcom files a Virginia tariff for review and acceptance to provide local exchange services, Bay Telcom should provide a \$50,000 bond to the Division of Economics and Finance, as specified by the Staff.

Bay Telcom 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 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 of public convenience and necessity to provide local exchange telecommunications services.

Accordingly, IT IS ORDERED THAT:

(1) Bay Telcom, Inc., is hereby granted a certificate of public convenience and necessity, No. T-650, to provide local exchange telecommunications services throughout the Commonwealth of Virginia 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) At such time as Bay Telcom, Inc., files a Virginia tariff for review and acceptance to provide local exchange services, Bay Telcom, Inc., shall provide a \$50,000 bond to the Division of Economics and Finance, as specified by the Staff.

(4) Bay Telcom, Inc., shall 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 shall be maintained until such time as the Commission determines it is no longer necessary.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.

**CASE NO. PUC-2005-00141**  
**APRIL 10, 2006**

APPLICATION OF  
COMTEL VIRGINIA LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On October 18, 2005, Comtel Virginia LLC ("Comtel" or the "Company") filed 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 supplemental filing of November 1, 2005, Comtel sought interim operating authority in order to continue serving existing customers of companies whose assets Comtel acquired.<sup>1</sup>

By Order for Notice and Comment dated November 28, 2005, the Commission directed the Company to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a Staff Report, and granted the requested interim operating authority. On January 5, 2006, Comtel filed a Motion for Revised Procedural Schedule, which was granted by the Commission's Order Establishing New Procedural Schedule, entered January 11, 2006. On February 21, 2006, the Company filed proof of publication and proof of service as required by the Commission's Order Establishing New Procedural Schedule.

On March 7, 2006, the Staff filed its Report finding that Comtel's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* Based upon its review of Comtel'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: Comtel should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

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) Comtel Virginia LLC is hereby granted a certificate of public convenience and necessity, No. T-653, 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) Comtel shall file tariffs in its name with the Division of Communications that mirror the existing tariffs of Var-Tec Telecom of Virginia, Inc., and Excel Telecommunications of Virginia no later than forty-five days after the date of this Order.

(3) Comtel shall notify the Division of Economics and Finance no less than 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.

<sup>1</sup> Comtel had acquired the assets, including the customer base of two certificated Virginia carriers, VarTec Telecom of Virginia, Inc., and Excel Telecommunications of Virginia. The Transfer of the assets was approved December 14, 2005, in Case No. PUC-2005-00143, but the certificates of public convenience and necessity are not transferable. Hence, Comtel filed the instant application and sought interim operating authority while its own certificate of public convenience and necessity was pending.

**CASE NO. PUC-2005-00152**  
**FEBRUARY 8, 2006**

JOINT PETITION OF  
LEVEL 3 COMMUNICATIONS, LLC,  
LEUCADIA NATIONAL CORPORATION,  
and  
WITEL COMMUNICATIONS GROUP, LLC

For approval of an indirect transfer control of WilTel Communications of Virginia, Inc.

**ORDER GRANTING AUTHORITY**

On November 2, 2005, as amended on November 8, 2005, Level 3 Communications, LLC ("Level 3"), Leucadia National Corporation ("Leucadia"), and WilTel Communications Group, LLC ("WilTel") (collectively, "Joint Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") requesting approval under Chapter 5 of Title 56 (the "Utility Transfers Act") of the Code of Virginia ("Code") (§ 56-88 *et seq.*) of a proposed transaction whereby Level 3 will acquire indirect control of WilTel Communications of Virginia, Inc. ("WilTel VA"). WilTel VA is WilTel's Virginia operating subsidiary, holding certificates of public convenience and necessity ("CPCN") to provide local exchange and intrastate interexchange

telecommunications services in Virginia. As a result of the proposed transaction, Level 3 will acquire 100% of the equity of WilTel, and will, therefore, indirectly acquire control of WilTel VA.

On November 18, 2005, the Commission issued its Order for Notice and Comment in which it ordered that requests for hearing be made on or before December 19, 2005, and that comments be filed on or before January 5, 2006. The Commission also noted that the joint petition was completed on November 8, 2005, and that the Joint Petitioners requested approval by no later than December 14, 2005, to allow closing on the proposed transaction by December 31, 2005. That Order also extended the review period an additional sixty days. No comments or requests for hearing were filed.

WilTel is a limited liability company organized under the laws of the State of Nevada and is an indirect wholly owned subsidiary of Leucadia. Leucadia is a publicly traded New York corporation and is a diversified financial services holding company engaged, through its consolidated subsidiaries, in a variety of businesses, including telecommunications. Through its subsidiaries, WilTel operates and manages a technologically advanced, fully operational, next-generation fiber-optic broadband network that spans approximately 30,000 route-miles connecting 118 cities in the United States and extending to Europe, Mexico, and the Pacific Rim.

WilTel VA is a Virginia public service company with business offices in Tulsa, Oklahoma, and is a wholly owned subsidiary of WilTel Communications, LLC, which in turn is a wholly owned subsidiary of WilTel. In Virginia, WilTel VA is authorized to provide competitive local exchange and interexchange services pursuant to CPCN Nos. T-473a and TT-42C, respectively, issued in Case No. PUC-2004-00019 on February 24, 2004. These CPCNs originally were issued in the names of Williams Communication of Virginia, Inc., and Vyvx of Virginia, Inc., and were reissued upon the name change to WilTel Communications of Virginia, Inc.

Level 3 is a Delaware limited liability company with business offices in Broomfield, Colorado. Level 3 provides high quality voice and data services to carriers, Internet Service Providers, and other business customers over its Internet Provider-based network. Level 3 is wholly owned by Level 3 Financing, Inc., which in turn is a wholly owned subsidiary of Level 3 Communications, Inc., a publicly traded company. Level 3 is a non-dominant carrier authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration or tariff requirement, or on a deregulated basis. Level 3 also is authorized by the Federal Communications Commission to provide international and domestic interstate services as a non-dominant carrier. In Virginia, Level 3 is authorized to provide competitive local exchange and interexchange services pursuant to authority granted by the Commission in CPCN Nos. T-409 and TT-49A, respectively, issued in Case No. PUC-1997-00197 on March 31, 1998.

Pursuant to a Purchase Agreement, the Joint Petitioners are proposing to consummate a transaction whereby Level 3 will acquire 100% equity interest in WilTel and, therefore, acquire, indirectly, 100% of the equity in WilTel VA. Immediately following the proposed transaction, WilTel and WilTel VA will operate as separate subsidiaries of Level 3. The Joint Petitioners represent that, although the proposed transaction will result in a change in the ultimate ownership of WilTel, the management and operation of WilTel VA will be unimpaired, and there will be no transferring of certificates, assets, or customers. WilTel VA plans to retain its authority to provide intrastate telecommunications services in Virginia. The Joint Petitioners represent that WilTel VA will continue to provide service to its existing customers in Virginia pursuant to existing authority under the same rates, terms, and conditions, therefore, making the proposed transaction transparent to its Virginia customers.

Joint Petitioners filed their proofs of notice on December 2, 2005. The Commission received no requests for hearing and no comments regarding the proposed transfer of control. Joint Petitioners closed their proposed transfer of control on December 23, 2005. On January 3, 2006, the Commission entered its Order Directing Response, requiring the Joint Petitioners to answer questions explaining the circumstances behind their failure to acquire Commission approval prior to that transfer of control. Joint Petitioners filed their Response on January 10, 2006.

The Staff Report ("Report") was filed on January 19, 2006. The Report examined the financial condition of Level 3 and noted concerns with its low debt ratings and negative cash flow. Part B of the Report discussed the Virginia operations of Level 3 and of WilTel VA. It noted that the proposed merger should not interfere with the ability of the two Virginia operating companies to comply with the Commission's regulations covering local exchange and intrastate, interexchange telecommunications providers. The two Virginia operating companies serve no residential customers, furnishing services to primarily wholesale customers. The consolidation of two competing carriers under the same holding company could have an impact upon competition, but Joint Petitioners assert that consolidations that have already occurred in the industry have made it necessary that they join together in order to compete more effectively with those larger entities. The Report concluded that the proposed transfer would not likely impair or jeopardize adequate service to the public at just and reasonable rates.

In addition, the Staff Report addressed the closing of the transfer whereby Level 3 acquired WilTel on December 23, 2005, prior to Commission approval. The Report discussed two prior instances in which WilTel (or its predecessors) failed to obtain Commission approval prior to a transfer. In Case No. PUC-2002-00230, WilTel VA's predecessor sought approval of the transfer of control of its sole shareholder, Williams Communications, LLC, to WilTel Communications Group, Inc., a new entity that emerged as a result of the Chapter 11 Bankruptcy reorganization of Williams Communications Group, Inc. In that transaction, Leucadia's purchase of 47.4% of the shares of the new WilTel Communications Group, Inc., would give it indirect control of WilTel VA. The Petition was filed on December 11, 2002, even though the transfer had already taken place on October 28, 2002.

The second violation occurred in Case No. PUC-2003-00160 when Leucadia sought to increase its stock ownership of the new WilTel Communications Group, Inc., from 47.4 % to a level ranging from a minimum of 70% up to 100%. On November 6, 2003, prior to the Commission's granting its approval, Leucadia acquired 94.5 % of the outstanding shares of WilTel Communications Group, Inc., in an exchange offer and later acquired the remainder of the shares, making WilTel Communications Group, Inc., a wholly-owned subsidiary of Leucadia.<sup>1</sup> This transaction was approved by the Commission's February 18, 2004, Order Granting Approval. The Staff's Action Brief of February 10, 2004, however, recommended that any further violations of Chapter 5 by WilTel VA should result in fines being imposed upon the company.<sup>2</sup> In view of this third violation of the Utility Transfers Act, the Staff recommends in its Report that the Commission should impose a fine on WilTel VA and/or Level 3.

<sup>1</sup> At some point, WilTel Communications Group, Inc., apparently changed from being a Nevada corporation to become a Nevada limited liability company, identified above as "WilTel." This change in the nature of the Nevada entity does not affect this transaction transferring indirect control of WilTel VA to Level 3.

<sup>2</sup> See Action Brief, at p. 3.

Finally, the Report addressed the Staff's concern that Level 3 might manipulate its control of WilTel VA to exercise indirectly the power of eminent domain, a power that Level 3 does not possess in Virginia. Joint Petitioners have responded twice to this concern. First, in their January 10, 2006, Response, discussed above, Joint Petitioners stated that Level 3 has neither attempted to use nor has considered using eminent domain power in Virginia as a consequence of 2004 Acts of Assembly Ch. 1028, which requires a foreign limited liability company certificated prior to July 1, 2004, to seek additional authority from the Commission in order to exercise eminent domain. That Response also contains the following commitment:

Level 3 and WilTel VA commit that nothing in an Order approving the acquisition of WilTel by Level 3 will allow Level 3, either directly or indirectly, to exercise the power of eminent domain in the Commonwealth of Virginia, until such time as Level 3 obtains approval from the Commission to exercise the power of eminent domain pursuant to Virginia Code § 56-49 or an applicable provision of Virginia law. In other words, Level 3 will not exercise directly or indirectly the power of eminent domain as a result of any order entered in this proceeding.<sup>3</sup>

The Joint Petitioners' January 24, 2006, Response to Staff Report stated that they did not object to the imposition of a fine as recommended by the Staff and proposed an amount of \$10,000, with a portion to be suspended. This Response also gave further assurances that approval of the transaction would not lead to Level 3's exercising the power of eminent domain, directly or indirectly.

NOW THE COMMISSION, having considered the pleadings and applicable law, 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, subject to the requirements ordered herein. Our finding under the Utility Transfers Act is dependent upon our order herein that Joint Petitioners shall not use the power of eminent domain possessed by WilTel VA for the benefit of Level 3. Finally, we find that Joint Petitioners shall pay a penalty of \$10,000 for their violations of the Utility Transfers Act and of the Order for Notice and Comment, as provided for in §§ 12.1-13 and 12.1-33 of the Code. We deny Joint Petitioners' request to suspend a portion of this penalty. Indeed, based on the repeated violations noted in the Staff Report, we find that this penalty represents the minimum that we should reasonably assess for this violation. In addition, based on these repeated violations, we enjoin the Joint Petitioners from any future violations of the Utility Transfers Act.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Joint Petitioners are hereby granted authority for the transfer of control they effected on December 23, 2005, subject to the requirements ordered herein.
- (2) Joint Petitioners shall pay to the Treasurer of the Commonwealth a penalty of \$10,000 for their violations of the Utility Transfers Act and of the Order for Notice and Comment, as provided in Code §§ 12.1-13 and 12.1-33.
- (3) Joint Petitioners are hereby enjoined from any future violations of the Utility Transfers Act.
- (4) Joint Petitioners shall not use the power of eminent domain possessed by WilTel VA for the benefit of Level 3.
- (5) Joint Petitioners shall file a report of the action taken pursuant to the authority granted herein within sixty (60) days of the transaction taking place, subject to the administrative extension by the Commission's Director of Public Utility Accounting.
- (6) The remedies for violation of any of the Commission's orders herein include the penalties set forth in §§ 12.1-13 and 12.1-33 of the Code.
- (7) There appearing nothing further to be done in this matter, it is hereby dismissed.

<sup>3</sup> Response to Commission Order of January 3, 2006, at p. 12.

**CASE NO. PUC-2005-00161  
FEBRUARY 17, 2006**

APPLICATION OF  
CLEARLINX NETWORKS (VIRGINIA) LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On November 14, 2005, ClearLinx Networks (Virginia) LLC ("ClearLinx VA" or "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. In its application, ClearLinx VA requested a waiver of Rule 20 G 1 b of the Commission's Rules Governing the Certification of Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* ("Local Rules"), which requires an applicant to provide "[a] continuous performance or surety bond in a minimum amount of \$50,000." ClearLinx VA proposes to file a \$50,000 letter of credit in lieu of the bond required by Rule 20 G 1 b of the Local Rules. 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 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 January 6, 2006, the Company filed proof of publication and proof of service as required by the November 28, 2005, Order.

On January 31, 2006, the Staff filed its Report finding that ClearLinX VA'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 further states that ClearLinX VA's proposal to file a letter of credit in lieu of a bond substantially complies with the intent of the Local Rules. Accordingly, the Staff does not oppose ClearLinX VA's requested waiver of the bond requirement imposed by Rule 20 G 1 b, provided the Company maintains a \$50,000 letter of credit on file with the Commission's Division of Economics and Finance. Based upon its review of ClearLinX VA'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 condition that ClearLinX VA be required to notify the Commission's Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its letter of credit and that the Company be required to provide a replacement bond or letter of credit at that time.

ClearLinX VA did not file a response to the Staff's January 31, 2006, Report.

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. The Commission further finds that ClearLinX VA should be granted a waiver of Local Rule 20 G 1 b and be allowed to file a \$50,000 letter of credit, in lieu of a performance or surety bond. Finally, having considered § 56-481.1 of the Code of Virginia, the Commission finds that the Company may price its interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) ClearLinX VA is hereby granted a certificate of public convenience and necessity, No. TT-219A, 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) ClearLinX VA is hereby granted a certificate of public convenience and necessity, No. T-649, 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 granted a waiver of Local Rule 20 G 1 b, and the Company's letter of credit is hereby accepted.

(6) The certificates granted in Ordering Paragraphs (1) and (2) above are issued subject to the condition that ClearLinX VA notify the Commission's Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its letter of credit and that ClearLinX VA provide a replacement bond or letter of credit at that time.

(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-2005-00162  
JANUARY 23, 2006**

APPLICATION OF  
REFLEX 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 March 30, 2001, in Case No. PUC-2000-00295, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-547, permitting the provision of local exchange telecommunications services and No. TT-142A permitting the provision of interexchange telecommunications services, to ReFlex Communications of Virginia, Inc. ("ReFlex" or "Company").

By action of the Commission effective February 28, 2002, ReFlex 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-547 and TT-142A, previously issued to ReFlex.

Accordingly, IT IS ORDERED that:

(1) This matter should be docketed as Case No. PUC-2005-00162.

(2) Certificate Nos. T-547 and TT-142A, issued to ReFlex Communications of Virginia, Inc., are hereby cancelled.

(3) This matter is dismissed.

**CASE NO. PUC-2005-00163  
JUNE 22, 2006**

APPLICATION OF  
NEUTRAL TANDEM-VIRGINIA, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On March 10, 2006, Neutral Tandem-Virginia, LLC ("Neutral Tandem" 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 March 29, 2006, 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, 2006, the Company filed proof of publication and proof of service as required by the March 29, 2006, Order.

On June 2, 2006, the Staff filed its Report finding that Neutral Tandem'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 Neutral Tandem'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: Neutral Tandem 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 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) Neutral Tandem-Virginia, LLC, is hereby granted a certificate of public convenience and necessity, No. TT-224A, 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) Neutral Tandem-Virginia, LLC, is hereby granted a certificate of public convenience and necessity, No. T-658, 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) Neutral Tandem 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.
- (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-2005-00165  
MARCH 10, 2006**

APPLICATION OF  
VANCO DIRECT USA, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On November 29, 2005, Vanco Direct USA, LLC ("Vanco" or the "Company"), filed 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 December 22, 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 January 27, 2006, the Company filed proof of publication and proof of service as required by the December 22, 2005, Order.

On February 22, 2006, the Staff filed its Report finding that Vanco'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.*, with the exception of Rule 20 VAC 5-417-20 G 1 b. That Rule requires new entrants to file a \$50,000 bond to demonstrate financial ability within (30) thirty days after the issuance of the Order for Notice and Comment by the Commission.

Vanco requested a temporary waiver of that requirement in its application, stating that there were no immediate plans to provide basic local exchange services to retail customers. The Staff did not oppose a temporary waiver of the bond requirement, subject to the two conditions discussed below.

Based upon its review of Vanco'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 conditions: (1) At such time as Vanco files a Virginia tariff for review and acceptance to provide local exchange services, Vanco should provide a \$50,000 bond to the Division of Economics and Finance, as specified by the Staff; and (2) Vanco should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

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) Vanco Direct USA, LLC, is hereby granted a certificate of public convenience and necessity, No. T-651, 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) At such time as the Company files a Virginia tariff for review and acceptance to provide local exchange services, the Company shall provide a \$50,000 bond to the Division of Economics and Finance, as specified by the Staff.

(4) The Company shall notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(5) 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-2005-00167  
AUGUST 1, 2006**

PETITION OF  
GALAX EXCHANGE CUSTOMERS

For Extended Local Service from United Telephone-Southeast, Inc.'s Galax Exchange to its Independence Exchange

**FINAL ORDER**

On December 8, 2005, telephone customers in United Telephone-Southeast, Inc.'s ("United") Galax Exchange petitioned the State Corporation Commission ("Commission") for Extended Local Service ("ELS") to its Independence Exchange. By Order Directing Cost Study and Poll entered March 3, 2006, the Commission directed United to prepare a cost study for the Galax Exchange that would estimate the change in monthly rates that would result from the requested extension of local service to the Independence Exchange. United submitted the results of its cost study on March 30, 2006.

That Order also directed United to poll its Galax Exchange customers to determine whether a majority of those customers were willing to pay the estimated increase in rates for local calling to the Independence Exchange. United filed the results of its poll with the Commission on June 19, 2006. The results show that the majority of those responding opposed the proposal. United polled 8500 customers, and ballots were returned by 2501 customers. Of those responding, 1806 (72%) oppose the extension of local service and 695 (28%) favor it.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that because a majority of the responding Galax Exchange customers voted against extension of local service to the Independence Exchange, 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-2005-00168  
JANUARY 12, 2006**

PETITION OF  
SPRINT COMMUNICATIONS COMPANY OF VIRGINIA, INC.

For Partial Discontinuance of Service and Joint Request for Waiver of Anti-Slamming Rules

**ORDER**

On December 12, 2005, Sprint Communications Company of Virginia, Inc. ("Sprint"),<sup>1</sup> petitioned the State Corporation Commission ("Commission") for authority to discontinue its competitive local exchange service offered via the unbundled network element platform ("UNE-P") and to transfer Sprint's UNE-P customers to Trinsic Communications of Virginia, Inc. ("Trinsic"),<sup>2</sup> pursuant to the Commission's Rules Governing the Discontinuance of Local Exchange Telecommunications Services, 20 VAC 5-423-10, *et seq.* Sprint and Trinsic also jointly requested, to the extent required, that the Commission waive any applicable anti-slamming regulations and grant the requested relief on an expedited basis.

Having considered the Petition and the attached customer notice, the Commission has determined that Sprint has provided sufficient notice under the provisions of 20 VAC 5-423-30 to the 8,370 Virginia customers who will be affected and that the requested partial discontinuance should be granted.

The Petition and the attached customer notice disclose that those customers who choose to make no changes will be transitioned, on or about February 1, 2006, to become customers of Trinsic with no alteration of their existing rates, terms, features, conditions, or quality of service. The notice also advises customers how to select and shift to a carrier other than Trinsic. The notice states that customers choosing another carrier might incur a fee for such a transfer and that the customer should contact the new carrier prior to January 15, 2006, in order to ensure no interruption of service. The notice also advises that any existing Presubscribed Interexchange Carrier ("PIC") freeze<sup>3</sup> will be removed to facilitate transferring service to other carriers. Any customer who remains with Trinsic can contact Trinsic after February 1, 2006, to reestablish a PIC freeze.

The Staff advises that Sprint and Trinsic filed the appropriate tariff revisions far enough in advance to take effect on the February 1, 2006, changeover date.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2005-00168.
- (2) Sprint is authorized, pursuant to 20 VAC 5-423-30, to discontinue service as of February 1, 2006, to its affected Virginia customers.
- (3) Any tariff revisions needed in the Trinsic tariff should be prepared and accepted by the Division of Communications prior to the proposed February 1, 2006, date. Any tariff revisions needed in the Sprint tariff should be made as soon after the customers are transferred to Trinsic as possible.
- (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> Sprint holds both a competitive local exchange certificate and an interexchange certificate, T-367 and TT-12B respectively, to provide telecommunications services in Virginia. This petition will affect certain local exchange customers who receive their local service from Sprint.

<sup>2</sup> While the petition identifies the entity where customers are being transferred to as Trinsic Communications, Inc., they are, in fact, being transferred to the certificated Virginia entity, Trinsic Communications of Virginia, Inc. Trinsic is certificated to provide competitive local exchange telecommunications services under Certificate No. T-417a.

<sup>3</sup> The PIC freeze is a process by which a local exchange carrier can protect its customers from the unauthorized alteration of the customer's chosen long distance carrier ("slamming") by imposing conditions for a PIC change that only the customer (no third party) can satisfy.

**CASE NO. PUC-2005-00169  
MAY 25, 2006**

APPLICATION OF  
CBB CARRIER SERVICES, INC.

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On January 26, 2006, CBB Carrier Services, Inc. ("CBB" or the "Company"), completed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

By Order for Notice and Comment dated February 22, 2006, 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.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On March 28, 2006, the Company filed proof of publication and proof of service as required by the February 22, 2006, Order.

On April 26, 2006, the Staff filed its Report finding that CBB'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 CBB'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: CBB 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 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) CBB is hereby granted a certificate of public convenience and necessity, No. T-656, 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) CBB 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-2005-00172  
JANUARY 30, 2006**

APPLICATION OF  
ALLTEL COMMUNICATIONS OF VIRGINIA, INC.

For Transition of Customers, Discontinuance of Service, and Cancellation of Tariff

**ORDER**

On December 20, 2005, Alltel Communications of Virginia, Inc. ("Alltel"), filed its application with the State Corporation Commission ("Commission") for authority to discontinue providing interexchange service in Virginia and to transfer its current Virginia customers to Alltel Holding Corporate Services, Inc. ("Alltel Holding"), an affiliated reseller of interexchange services. Alltel also requests that its interexchange tariff be cancelled.

The Application and the attached customer notice disclose that those customers who choose to make no changes will become customers of Alltel Holding with no alteration of their existing rates, terms, features, conditions, or quality of service. The notice advises customers choosing another carrier that they might incur a fee for such a transfer and that the customer should contact the new carrier prior to the effective date of Alltel's transfer, in order to ensure no interruption of service. The notice also advises that any existing Presubscribed Interexchange Carrier ("PIC") freeze<sup>1</sup> must be removed to facilitate transferring service to other carriers.

NOW THE COMMISSION, having considered the Application, the attached proposed customer notice, and applicable law, finds that the Application should be granted once customers have received proper notice.<sup>2</sup> Alltel has proposed to provide sufficient notice under the provisions of 20 VAC 5-411-40 to its approximate 20,000 Virginia customers who will be affected by the requested discontinuance and transfer of interexchange service.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2005-00172.

(2) Alltel is authorized, pursuant to 20 VAC 5-411-40, to discontinue interexchange service as of a date to be determined and to transfer its Virginia customers to Alltel Holding.

(3) When Alltel determines the effective date for transferring service to Alltel Holding, it shall file a sample copy of its direct mail notice to Virginia customers. Such effective date must allow customers a full 30 days after receiving the notice before service is transferred.

(4) This matter is continued generally.

<sup>1</sup> The PIC freeze is a process by which a local exchange carrier can protect its customers from the unauthorized alteration of the customer's chosen long distance carrier ("slamming") by imposing conditions for a PIC change that only the customer (no third party) can satisfy.

<sup>2</sup> Customers should receive no less than 30 days notice; i.e., Alltel must mail its notice far enough in advance of the transfer date to allow customers a full 30 days between their receiving the notice and the date that service is transferred.

**CASE NO. PUC-2005-00172  
JULY 21, 2006**

APPLICATION OF  
ALLTEL COMMUNICATIONS OF VIRGINIA, INC.

For Transition of Customers, Discontinuance of Service, and Cancellation of Tariff

**FINAL ORDER**

On December 20, 2005, Alltel Communications of Virginia, Inc. ("Alltel"), filed its application with the State Corporation Commission ("Commission") for authority to discontinue providing interexchange service in Virginia and to transfer its current Virginia customers to Alltel Holding Corporate Services, Inc. ("Alltel Holding"), an affiliated reseller of interexchange services. Alltel also requests that its interexchange tariff be cancelled.

By Order entered January 30, 2006, the Commission docketed this matter and instructed Alltel to furnish its Virginia interexchange customers proper notice regarding the transfer and the date that it would occur. By Pleading filed July 13, 2006, Alltel advised the Commission that direct mail notice to all customers had been sent during its May 2006 billing cycle (May 1 - May 28, 2006). Alltel furnished a copy of such notice. The actual transfer of service occurred on or about July 17, 2006. As footnoted in Alltel's Pleading, the name of Alltel Holding had been changed to Windstream Communications, Inc. ("Windstream"), and Windstream is to furnish interexchange telephone service to those Alltel customers who did not choose another carrier.

NOW THE COMMISSION, having considered the pleadings, the attached customer notice, and applicable law finds that Alltel's requested relief should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Alltel is authorized, pursuant to 20 VAC 5-411-40, to discontinue interexchange service.
- (2) Alltel's current interexchange tariff shall be cancelled.
- (3) This matter is dismissed and the documents filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2006-00001  
JANUARY 23, 2006**

APPLICATION OF  
U.S. TELEPACIFIC CORP. (VIRGINIA)

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

On January 4, 2006, U.S. TelePacific Corp. (Virginia) ("TelePacific" 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-496 and TT-101A respectively, be cancelled.

The Commission granted Certificate Nos. T-496 and TT-101A to TelePacific in Case No. PUC-2000-00129 on July 14, 2000. TelePacific states that the Company has not served and does not intend to serve customers in the Commonwealth.

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-2006-00001.
- (2) Certificate No. T-496 authorizing U.S. TelePacific Corp. (Virginia) to provide local exchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (3) Certificate No. TT-101A authorizing U.S. TelePacific Corp. (Virginia) to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (4) Any tariffs associated with Certificate Nos. T-496 and TT-101A 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-2006-00005  
MAY 5, 2006**

APPLICATION OF  
BENGAL COMMUNICATIONS INTERNATIONAL, INC. OF VIRGINIA

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

On March 27, 2006, Bengal Communications International, Inc. of Virginia ("Bengal" 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. The Company also requested the flexibility to offer prepaid month-by-month local exchange telecommunications service targeted to a specific market in addition to standard local exchange telecommunications services.

To provide the prepaid month-by-month local exchange telecommunications service, Bengal requests waivers of Rule 30 A 4, Rule 30 A 5, Rule 30 A 6, and Rule 30 E of the Rules Governing the Offering of Competitive Local Exchange Telephone Service, 20 VAC 5-417-10 *et seq.* ("Local Rules"). These specific Local Rules require a new entrant, either directly or through arrangements with others, to provide access to directory assistance; access to operator services (including collect and third-party billed); and equal access to interLATA and intraLATA services. Also specific to the prepaid month-by-month local exchange telecommunications service, the Company requests a waiver of Rule 50 D of the Local Rules, limiting the proposed rate for service provided by a new entrant not to exceed the highest rate of the comparable tariffed services provided by the incumbent local exchange telephone company or companies in the same local service areas.

By Order for Notice and Comment dated February 13, 2006, 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 March 7, 2006, Bengal filed proof of publication and proof of service as required by the February 13, 2006, Order. Bengal provided the Staff with a letter of credit ("LOC") and asked that the LOC be substituted for the bond required by 20 VAC 5-417-20 G 1 b of the Local Rules.

On April 7, 2006, the Staff filed its Report finding that Bengal'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.* The Staff Report further states that Bengal's request to accept an LOC in lieu of a bond substantially complies with the intent of the Local Rules. Accordingly, the Staff does not oppose a waiver of the bond requirement by substituting an LOC, provided that the Company maintains a \$50,000 LOC on file with the Commission's Division of Economics and Finance.

The Staff does not oppose granting Bengal's request for waivers from certain requirements of the Local Rules applicable only to its potential month-by-month prepaid local exchange telecommunications service offering. All other services should be required to meet all the conditions in the Local Rules. The Staff believes it is appropriate to grant Bengal a certificate to provide interexchange telecommunications services and a certificate to provide local exchange telecommunications services subject to certain conditions, as follows:

1. Bengal 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 Commission determines it is no longer necessary.
2. Bengal should not be allowed to collect customer deposits under any circumstances for its prepaid month-by-month service.
3. Bengal should provide full disclosure to consumers about the services and features Bengal will and will not furnish to subscribers of any alternative prepaid month-by-month local exchange service. Sales brochures and other marketing and advertising materials should prominently disclose that customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services.
4. The waivers granted to Bengal in this case for the future provision of prepaid month-by-month local exchange service should be limited solely to that service offering.
5. The waivers granted to Bengal to allow for the flexibility of providing prepaid month-by-month local exchange service should be subject to revocation, alteration, or the imposition of additional conditions, such as pricing restrictions, in the event the Commission subsequently determines the service is operating improperly or is not in the public interest.
6. Any rate increases proposed for the Company's prepaid month-by-month local exchange service should be subject to thirty (30) days' notice to the Commission and notice to customers provided through billing inserts or publication for two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Company.
7. Bengal should have the ability to bill its prepaid customers for per-use or per-minute features and services, in limited situations where the Company does not have the ability to block the customers' access to those features and services. The Company should be required to provide full disclosure to consumers that per-minute or per-use charges may apply for certain services or features in these limited circumstances.
8. Bengal should be required to list in its tariffs, clearly and specifically, any features and services, including rates, for the limited situations where the Company does not have the ability to block customers' access to features and services that have associated per-use or per-minute charges and the Company intends to bill the customer.
9. Bengal should not be granted a waiver from the price ceiling requirement (Rule 50 D of the Local Rules) in the limited circumstances where the Company is unable to block a customer's access to certain features and services that have associated per-use or per-minute charges.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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) Bengal Communications International, Inc. of Virginia is hereby granted a certificate of public convenience and necessity, No. TT-221A, 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) Bengal Communications International, Inc. of Virginia is hereby granted a certificate of public convenience and necessity, No. T-654, 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) Local Rules 30 A 4, 30 A 5, 30 A 6, 30 E, and 50 D are hereby waived solely for the Company's prepaid month-by-month local exchange telecommunications service offering described in the application.

(4) Bengal 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 Commission determines it is no longer necessary.

(5) Bengal shall not be allowed to collect customer deposits under any circumstances for its prepaid month-by-month service.

(6) Bengal shall provide full disclosure to consumers about the services and features Bengal will and will not furnish to subscribers of any alternative prepaid month-by-month local exchange service. Sales brochures and other marketing and advertising materials shall prominently disclose that customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services.

(7) The waivers granted to Bengal in this case for the future provision of prepaid month-by-month local exchange service shall be limited solely to that service offering.

(8) The waivers granted to Bengal to allow for the flexibility of providing prepaid month-by-month local exchange service shall be subject to revocation, alteration, or the imposition of additional conditions, such as pricing restrictions, in the event the Commission subsequently determines the service is operating improperly or is not in the public interest.

(9) Any rate increases proposed for the Company's prepaid month-by-month local exchange service shall be subject to thirty (30) days' notice to the Commission and notice to customers provided through billing inserts or publication for two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Company.

(10) Bengal shall have the ability to bill its prepaid customers for per-use or per-minute features and services, in limited situations where the Company does not have the ability to block the customers' access to those features and services. The Company shall be required to provide full disclosure to consumers that per-minute or per-use charges may apply for certain services or features in these limited circumstances.

(11) Bengal shall be required to list in its tariffs, clearly and specifically, any features and services, including rates, for the limited situations where the Company does not have the ability to block customers' access to features and services that have associated per-use or per-minute charges and the Company intends to bill the customer.

(12) Bengal shall not be granted a waiver from the price ceiling requirement (Rule 50 D of the Local Rules) in the limited circumstances where the Company is unable to block a customer's access to certain features and services that have associated per-use or per-minute charges.

(13) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(14) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. Bengal shall comply with the conditions specified above.

(15) This case shall remain open to evaluate Bengal's potential offering of prepaid month-by-month local exchange telecommunications service.

**CASE NO. PUC-2006-00007  
FEBRUARY 23, 2006**

APPLICATION OF  
XO VIRGINIA, LLC,  
XO COMMUNICATIONS SERVICES, INC.,  
XO COMMUNICATIONS, INC.,  
and  
XO COMMUNICATIONS, LLC

For approval of an internal restructuring involving XO Communications Services, Inc., and XO Virginia, LLC

**ORDER GRANTING APPROVAL**

On February 3, 2006, XO Virginia, LLC ("XO VA"), XO Communications Services, Inc., XO Communications, Inc. ("XO"), and XO Communications, LLC ("XO LLC") (collectively the "Applicants"), filed a complete application with the State Corporation Commission ("Commission") requesting approval pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for an internal restructuring involving XO Communications Services, Inc., and XO Virginia, LLC, resulting in the transfer of control of XO VA.

XO is a Delaware corporation whose principal office and place of business is located at 11111 Sunset Hills Road, Reston, Virginia. XO currently offers facilities-based, broadband telecommunications services throughout the United States. XO is the ultimate parent company of XO Virginia, which holds certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services on a facilities and resale basis to approximately 3,092 customers in Virginia.

XO LLC is a newly created, wholly owned subsidiary of XO Holdings, Inc. ("XO Holdings"), which in turn, is a newly created wholly owned subsidiary of XO. Carl C. Icahn currently indirectly owns 61% interest in XO and, therefore, XO VA.

LMDS is a wholly owned subsidiary of XO and is not certificated to provide telecommunications services in Virginia.

The Applicants request approval of an internal restructuring that will involve transactions resulting in the transfer of ultimate ownership and control of XO and, therefore, XO VA from XO to XO LLC. Carl C. Icahn will increase his holdings in XO and, therefore, XO VA from 61% to 100%. The proposed restructuring is in connection with XO spinning off its wireless business from its wireline business.

As represented by the Applicants, XO proposes to separate its wireless business through an "Equity Purchase Agreement" entered into on November 4, 2005, and a "Restructuring Merger." Pursuant to an Equity Purchase Agreement entered into between XO, XO Holdings, and Elk Associates LLC ("Elk"), an entity owned and controlled by Carl C. Icahn, XO will sell its national wireline telecommunications business to Elk. To accomplish the sale, XO created two new wholly owned subsidiaries: XO Holdings, a Delaware corporation that is a direct subsidiary of XO, and XO LLC, a Delaware limited liability company that is a direct subsidiary of XO Holdings. XO will merge with and into XO LLC, with XO LLC being the surviving entity, and XO VA becoming a subsidiary of XO LLC.

Upon consummation of the Restructuring Merger, each share of common stock of XO outstanding immediately prior to the Restructuring Merger will be converted into the right to receive one share of common stock of XO Holdings, and each share of preferred stock, warrant, and stock option of XO outstanding immediately prior to the Restructuring Merger will be convertible at the holder's option into shares of common stock of XO Holdings on the same terms and conditions as applicable to such securities prior to the Restructuring Merger. All of the outstanding interests in XO LLC will then be sold to Elk for an aggregate purchase price of \$700 million in cash.

After the proposed transactions are complete, the "XO Communications" brand name will be transferred to XO LLC and will remain with the wireline business. XO VA will become an indirect wholly owned subsidiary of XO LLC. XO Holdings will retain the broadband wireless spectrum licenses and other assets and will provide such services through its subsidiary LMDS Holdings. The Applicants represent that XO VA will continue to provide wireline services in Virginia under the same rates, terms, and conditions as before the separation.

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 restructuring and 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 Applicants are hereby granted approval to consummate the transactions as described herein to allow for the transfer of control of XO VA.

(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 transactions, subject to administrative extension by the Director of Public Utility Accounting. Such report shall include the date the transactions took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2006-00012  
MARCH 3, 2006**

JOINT APPLICATION OF  
EARTHLINK, INC.  
and  
NEW EDGE NETWORK, INC.

For approval of transfer of control

**DISMISSAL ORDER**

On January 17, 2006, Earth Link, Inc. ("EarthLink"), and New Edge Network, Inc. ("New Edge"), d/b/a New Edge Networks (collectively referred to as the "Applicants"), filed a completed application with the State Corporation Commission ("Commission") requesting authority to transfer, through a stock transaction at the holding company level, control of New Edge from its parent, New Edge Holding Company to EarthLink.

On February 21, 2006, the Applicants filed a request to voluntarily dismiss the application. The request was made in connection with a letter from the Commission's Office of General Counsel dated February 10, 2006, advising the Applicants that the two certificates of public convenience and necessity ("CPCN") issued to New Edge Network of Virginia, Inc., were issued to a Virginia corporation no longer in existence. Consistent with Virginia law, New Edge, a Virginia foreign corporation and the entity currently providing services to customers for which New Edge Network of Virginia, Inc., was granted the CPCN and the entity that is the subject of this application, cannot hold a CPCN in Virginia to provide intrastate telecommunications services. Because services provided by New Edge are interstate in nature, New Edge is not required to hold a CPCN to provide such services to Virginia customers. Therefore, the Applicants plan to proceed with the transaction without obtaining Commission approval and request that their application be dismissed.

NOW THE COMMISSION, upon consideration of the Applicants' request and having been advised by its Staff, is of the opinion and finds that New Edge does not hold, and is not required to hold, a CPCN and, therefore, is not required to obtain our approval for the proposed transaction. Therefore, we believe that the Applicants' request for voluntary dismissal of their application should be granted.

Accordingly, IT IS ORDERED THAT the Applicants' request for voluntary dismissal of their application is hereby granted, and this matter is hereby dismissed.

**CASE NO. PUC-2006-00013  
APRIL 24, 2006**

JOINT APPLICATION OF  
BCN TELECOM OF VIRGINIA, INC.,  
and  
TELECOM ACQUISITION COMPANY, LLC

For approval of a transfer of indirect control of BCN Telecom of Virginia, Inc., to Telecom Acquisition Company

**ORDER GRANTING APPROVAL**

On January 17, 2006, as amended on February 10, 2006, and February 22, 2006, BCN Telecom of Virginia, Inc. ("BCN VA"), and Telecom Acquisition Company, LLC ("TACO"), filed a joint application with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a transfer of indirect control of BCN VA to TACO. The February 22, 2006, amendment completed the joint application.

TACO is a New Jersey limited liability company and the parent company and sole owner of BCN Telecom, Inc. ("BCN"). Advance Capital Partners, LLC, JADM Partners, LP, Salvatore Tiano, and ELD Partners, LP (collectively, "Sellers"), currently hold equity interests in TACO. BCN is a New Jersey corporation and is currently authorized as a reseller of intrastate interexchange telecommunications services throughout the United States and has resold and/or facilities-based local exchange authority in 22 states. Its wholly owned subsidiary, BCN VA, holds certificates of public convenience and necessity to provide resold and/or facilities-based intrastate local exchange and interexchange telecommunications services in Virginia.

The Applicants request authority from the Commission to transfer indirect control of BCN VA from the Sellers to TACO. Specifically, TACO has reached an agreement with the Sellers whereby TACO will acquire all of the membership interests of the Sellers in TACO. The Sellers agree to sell, assign, transfer, and deliver to TACO all their equity membership interests in TACO at the closing of the transaction. BCN and BCN VA are and will continue to be solely owned by TACO before and after the proposed transaction. Applicants represent that, after the proposed transfer, BCN VA will continue to operate as it has in the past, using the same name, rates, terms, and conditions of service.

The Applicants state the Sellers have determined that participation in TACO is no longer consistent with their interests and thus the proposed transaction will allow the Sellers to exit the business. The Applicants represent that, because the transfer takes place at the parent company level and there will be no change to BCN VA's operations, the transfer will be transparent to BCN VA's customers.

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 on the following condition. BCN VA shall finalize its tariff, specifically with regard to 20 VAC 5-413-20, within 30 days.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants are hereby granted approval to consummate the transaction to allow for the transfer of indirect control of BCN Telecom of Virginia, Inc., from Sellers to Telecom Acquisition Company, LLC, 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 transaction, subject to administrative extension by the Director of Public Utility Accounting. Such report shall include the date the transaction took place.
- (3) BCN VA shall finalize its tariff, specifically with regard to 20 VAC 5-413-20, with the Commission's Division of Communications, within 30 days.
- (4) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2006-00014  
MARCH 3, 2006**

JOINT PETITION OF  
KMC DATA LLC  
and  
HYPERCUBE, LLC

For approval of a transfer of control

**ORDER GRANTING APPROVAL**

On January 23, 2006, KMC Data LLC ("KMC Data") and Hypercube, LLC; ("Hypercube") (collectively, the "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a transfer of control whereby KMC Data will become a direct wholly owned subsidiary of Hypercube.

KMC Data is a Delaware limited liability company whose principal office and place of business is located at 1545 Route 206, Bedminster, New Jersey. KMC Data is part of the KMC family of companies ("KMC Companies") and is an indirect, wholly owned subsidiary of KMC Telecom Holdings, Inc. ("KMC Holdings"). In Virginia, KMC Data holds a certificate of public convenience and necessity to provide local exchange telecommunications services pursuant to authority granted by the Commission in Case No. PUC-2001-00138 issued on September 25, 2001. Although KMC Data is certificated to provide intrastate services, it does not have intrastate customers in Virginia.

Hypercube also is a Delaware corporation with its principal office and place of business at 1545 Route 206, Bedminster, New Jersey. Hypercube was formed for the purpose of acquiring KMC Data and is overseen by former members of the senior executive team of the KMC Companies.

The Petitioners request approval to transfer control of KMC Data from KMC Holdings to Hypercube through a series of transactions pursuant to an Asset Purchase Agreement entered into by the Petitioners dated as of November 15, 2005, through which Hypercube will acquire all the membership interests of KMC Data in return for a \$1.6 million subordinated promissory note along with certain other considerations, including the assumption by Hypercube of certain liabilities of the KMC Companies, including KMC Data. Upon consummation of the proposed transactions, KMC Data will become a direct, wholly owned subsidiary of Hypercube and will offer the same service under the same rates, terms, and conditions. KMC Data will retain the KMC brand name, and the Petitioners state that the transfer will be transparent to KMC Data's customers in terms of the services they receive.

The Petitioners state that the proposed transactions are an overall plan to acquire the tandem services business. KMC Data's operations are focused on the provision of tandem service to wireless carriers, interexchange carriers, competitive local exchange carriers, and incumbent local exchange carriers ("ILEC"). The Petitioners represent that in today's competitive telecommunications market, network integration and interconnection are critical to the seamless flow of telecommunications services and, historically, the incumbent carriers have been the default provider of choice for interconnection because of their market presence and ubiquitous in-region networks. The Petitioners also represent that, because of ILEC tandem exhaust and associated complications, telecommunications providers are searching elsewhere for tandem services. The Petitioners represent that the transactions will allow KMC Data to continue to provide tandem services and potentially expand its operations consistent with market opportunities.

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 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 for the transfer of control of KMC Data LLC from KMC Telecom Holdings, Inc., to Hypercube, LLC.
- (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 transactions, subject to administrative extension by the Director of Public Utility Accounting. Such report shall include the date the transactions took place.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2006-00015  
MAY 10, 2006**

APPLICATION OF  
TTM VIRGINIA, INC.

For a certificate of public convenience and necessity to provide interexchange telecommunications services

**FINAL ORDER**

On February 9, 2006, TTM Virginia, Inc. ("TTM" or the "Company"), completed 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. 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 ("Order") dated February 23, 2006, 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 6, 2006, TTM filed proof of publication and proof of service as required by the February 23, 2006, Order.

On April 21, 2006, the Staff filed its Report finding that TTM'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 TTM'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) TTM Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. TT-222A, 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.

**CASE NO. PUC-2006-00017  
MAY 25, 2006**

APPLICATION OF  
CORDIA COMMUNICATIONS CORP. OF VIRGINIA

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On January 27, 2006, Cordia Communications Corp. of Virginia ("Cordia" 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 February 22, 2006, 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 March 20, 2006, the Company filed proof of publication and proof of service as required by the February 22, 2006, Order.

On April 26, 2006, the Staff filed its Report finding that Cordia'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.

Based upon its review of Cordia Communications Corp. of Virginia'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: Cordia should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

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) Cordia is hereby granted a certificate of public convenience and necessity, No. TT-223A, 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) Cordia is hereby granted a certificate of public convenience and necessity, No. T-655, 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) Cordia 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.

(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-2006-00020  
FEBRUARY 23, 2006**

PETITION OF  
TMC OF VIRGINIA, INC.

For Authority to Discontinue Local Exchange Service

**ORDER**

TMC of Virginia, Inc. ("TMC"), filed with the State Corporation Commission ("Commission") a Petition For Authority to Discontinue Local Exchange Service ("Petition") on February 6, 2006. Pursuant to Chapter 423 of the Commission's Rules Governing the Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers, 20 VAC 5-423-10 *et seq.*, TMC requested authority to discontinue all operations and cease the provision of local exchange services to customers in Virginia. TMC stated in its Petition that it had provided notice to its customers that it planned to discontinue services on or about April 3, 2006 (sixty days from the letter sent February 2, 2006), or as soon thereafter as all regulatory approvals are obtained. With regard to Virginia specifics, TMC stated in the Petition that 178 customers will be affected by its discontinuance of service. TMC stated that it does not have the funds available to continue operations and cannot make the necessary payments to its underlying network carriers.

On February 10, 2006, the Commission issued an Order Requiring Notice in which the Commission found that TMC's notice was deficient for those TMC customers whose underlying service was provided by Cavalier Telephone LLC ("Cavalier").<sup>1</sup> The Order Requiring Notice ordered TMC to notify in writing all its customers having Cavalier as the underlying carrier that each customer will need to take immediate action to make alternative arrangements to move services to another telecommunications carrier by no later than February 27, 2006, in order to avoid loss of service. In the Order Requiring Notice, the Commission acted upon the statement of Cavalier made to the Commission's Staff that:

[A]bsent payment from TMC, it will not continue to provide the underlying service necessary to support TMC's provision of services throughout the 60-day notice period announced by TMC. Instead, absent payment from TMC, Cavalier advises that it may begin to disconnect TMC and thereby, TMC's customers after close of business on February 27, 2006.

On February 15, 2006, TMC filed a Petition for Injunction against Cavalier Telephone, LLC, and Request for Emergency Expedited Relief ("Injunction Petition"). In its Injunction Petition, TMC stated that it has paid to Cavalier on February 15, 2006, all unpaid undisputed amounts due to Cavalier. TMC requested that the Commission enter an Order that prohibits Cavalier from suspending or terminating service to TMC while it considers TMC's underlying complaints in this Injunction Petition against Cavalier.

<sup>1</sup> TMC has provided the Staff with a list of customers whose underlying service is provided by Cavalier. From the information provided by TMC, it appears that about 26 business customers are affected.

Specifically, in the Injunction Petition, TMC argued that Cavalier has failed to provide the notice required by Commission Rule 20 VAC 5-423-80 prior to disconnecting TMC. TMC further argued that Cavalier has failed to provide the notice required by regulations of the Federal Communications Commission prior to discontinuance of service. TMC argued that it and its customers will suffer irreparable harm if Cavalier is allowed to suspend and terminate service without giving TMC 60 days' notice.

In the Injunction Petition, TMC stated that it paid all undisputed amounts totaling \$131,745.61. In a supplement to its Injunction Petition filed on February 21, 2006, TMC stated that it relied on this payment to Cavalier for its decision not to issue the written notice required by February 15, 2006, pursuant to the Order Requiring Notice issued February 10, 2006. In its February 21, 2006, supplement, TMC stated that providing the written notice would have been confusing to customers since, in its view, the February 27, 2006, cutoff should not occur given its payment to Cavalier. TMC apologized for its non-compliance with a Commission Order and further advised that it has been in constant contact with its customers regarding potential cut-offs and issues involving the migration of their service.

On February 22, 2006, Cavalier filed a Response and Motion to Dismiss ("Response") with the Commission. Cavalier asserted that TMC's Injunction Petition is not signed by counsel authorized to practice law in Virginia and thus is improper under Commission Rule 5 VAC 5-20-30. Cavalier asserted in its Response that it is not an Incumbent Local Exchange Carrier ("ILEC") subject to the Commission's Rules relied upon by TMC. Cavalier further asserted that the federal regulations relied upon by TMC in the Injunction Petition do not apply to a private contract between two carriers. Cavalier further asserted that it cancelled the Master Services Agreement with TMC on February 7, 2006, thus ending any obligation Cavalier had to TMC. Cavalier advised that it filed a Complaint in the Circuit Court of the City of Richmond on February 10, 2006, to recover past due amounts from TMC. Cavalier stated that it had already extended the proposed date for disconnecting services from February 20, 2006, to February 27, 2006. Cavalier advised that "[i]f any customers of TMC have placed definite orders to migrate to another service carrier by the disconnect date of February 27, 2006, but need additional time to complete the migration, then Cavalier will work with those customers and with the Commission to try to avoid an interruption of service." However, Cavalier recommended that the Commission require the deposit of customer payments to TMC into an escrow account, or some similar arrangement, so Cavalier may be at least partially compensated for its expenses, which include payment for last-mile facilities to Verizon Virginia Inc.

NOW THE COMMISSION, upon consideration of the pleadings herein and applicable law, is of the opinion and finds that TMC's Petition for Authority to Discontinue Local Exchange Services should be granted in part and denied in part. It appears that adequate notice has been provided to all TMC customers whose underlying service has been provided by a carrier other than Cavalier. We will therefore permit TMC to discontinue the provision of local exchange telecommunications service to its customers whose underlying service is provided by a carrier other than Cavalier, effective April 3, 2006. The April 3, 2006, date with respect to discontinuing the provision of local exchange telecommunications service to its customers whose underlying carrier is Cavalier is not applicable.

We deny TMC's Request for Injunction Against Cavalier Telephone, LLC and Request for Emergency Expedited Relief. Cavalier's provision of service to TMC is governed by the Master Services Agreement entered into by the parties, and any dispute arising out of that commercial agreement should be addressed by a court of general jurisdiction, which the Commission is not.

Of paramount concern to the Commission in this case is the potential for TMC customers to experience disruption of service while transitioning to new carriers. We will direct TMC to notify by telephone no later than Friday, February 24, 2006, all of its remaining customers served with Cavalier as the underlying carrier that the provision of local exchange telecommunications services to those customers could be discontinued as early as February 27, 2006. To avoid an interruption of service to these customers, Cavalier has assured the Commission that it will work with customers who have placed orders by February 27, 2006, to migrate service to another carrier but who may need additional time to complete the migration. We fully expect Cavalier to honor that commitment.

Further, we will direct the Commission Staff to work with TMC and Cavalier to effect the smooth transition of TMC customers whose service utilizes Cavalier as the underlying carrier to alternative carriers. We also direct Cavalier to notify the Commission Staff at least one business day prior to its disconnection of service to any TMC customer whose underlying service Cavalier provides.

Finally, we note that both TMC and Cavalier are competitive local exchange carriers engaged in a competitive telecommunications marketplace. The Commission is firmly committed to taking all necessary and appropriate steps to ensure the efficiency and success of the competitive market in Virginia, as required by Virginia law. When appropriate and permitted by law, we will continue to exercise our jurisdiction to prevent an adverse impact on telecommunications carriers' ability to provide customers with uninterrupted service, but our role has become more limited in this competitive environment.

Accordingly, IT IS ORDERED THAT:

- (1) TMC is hereby granted authority to discontinue the provision of local exchange telecommunications services to its customers whose underlying service is provided by a carrier other than Cavalier, effective April 3, 2006.
- (2) TMC shall notify by telephone no later than February 24, 2006, all of its remaining customers whose underlying service is provided by Cavalier that the provision of local exchange telecommunications service to those customers may be discontinued as early as February 27, 2006.
- (3) The Commission's Division of Communications shall work with TMC and Cavalier to effect the smooth transition of TMC customers to alternative carriers.

(4) Cavalier shall notify the Commission's Division of Communications at least one business day prior to its disconnection of service to any TMC customer whose underlying service Cavalier provides.

(5) On or before March 24, 2006, TMC shall report the number of remaining local exchange customers in Virginia to the Commission's Division of Communications.

(6) TMC's Petition for Injunction against Cavalier Telephone, LLC and Request for Emergency Expedited Relief is denied.

**CASE NO. PUC-2006-00020  
MAY 1, 2006**

PETITION OF  
TMC OF VIRGINIA, INC.

For Authority to Discontinue Local Exchange Service

**FINAL ORDER**

TMC of Virginia, Inc. ("TMC" or "Petitioner" or "Company"), filed with the State Corporation Commission ("Commission") a Petition For Authority to Discontinue Local Exchange Service ("Petition") on February 6, 2006. Pursuant to Chapter 423 of the Commission's Rules Governing the Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers, 20 VAC 5-423-10 et seq., TMC requested authority to discontinue all operations and cease the provision of local exchange services to customers in Virginia effective April 3, 2006. TMC further requested cancellation of its tariffs on file at the Commission and cancellation of the certificates of public convenience and necessity issued to TMC by the Commission.

On February 23, 2006, the Commission issued an Order finding that TMC's Petition should be granted in part and denied in part. The Commission granted TMC's request to discontinue service on April 3, 2006, to all its customers whose underlying service was not supported by Cavalier Telephone, LLC ("Cavalier"). Because of the dispute between Cavalier and TMC with regard to the Master Services Agreement that governed the relationship between these two competitive local exchange carriers, the Commission ordered TMC to notify its remaining customers whose underlying service was supported by Cavalier by February 24, 2006, that their service could be discontinued as early as February 27, 2006. The Order further required the Commission Staff work with TMC and Cavalier to effect the smooth transition of TMC customers to alternative carriers. To date, the Commission's Division of Communications complaint section has received no complaints from TMC customers regarding the discontinuance of service governed by this proceeding.

The certificates of public convenience and necessity held by TMC were issued by the Commission in Case No. PUC -2001-00127 in an Order dated October 11, 2001. TMC was granted CPCN No. TT-162A to provide interexchange telecommunications services and CPCN No. T-571 to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, is of the opinion and finds that, the certificates of public convenience and necessity granted to TMC for the provision of local exchange telecommunications service and interexchange telecommunications service should be cancelled, that the tariffs of TMC on file with the Commission should be cancelled, and that the case should be closed.

Accordingly, IT IS HEREBY ORDERED THAT:

- 1) Certificate No. T-571 granting local exchange telecommunications services authority to MC of Virginia, Inc., is hereby cancelled.
- 2) Certificate No. TT-162A granting interexchange telecommunications services authority to TMC of Virginia, Inc., is hereby cancelled.
- 3) Any and all remaining tariffs in the name of TMC of Virginia, Inc., on file with the Commission's Division of Communications are hereby cancelled.
- 4) 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 file for ended causes.

**CASE NO. PUC-2006-00021**  
**MARCH 17, 2006**

APPLICATION OF  
 NEW EDGE NETWORK, INC.

To cancel existing certificates of public convenience and necessity to provide local and interexchange telecommunications services and to reissue certificates reflecting new corporate name

**ORDER**

By Order dated January 18, 2000, in Case No. PUC-1999-00164, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-475, permitting the provision of local exchange telecommunications services, and TT-84A, permitting the provision of interexchange telecommunications services, to New Edge Network of Virginia, Inc. ("New Edge Virginia").

By action of the Commission effective January 31, 2001, New Edge Virginia was notified of the termination of its corporate existence, for its failure to pay its annual registration fee and file its annual report. As a result, the Company is no longer in existence nor authorized to transact business in the Commonwealth of Virginia.

On February 6, 2006, New Edge Network, Inc. ("New Edge"), filed a letter application to cancel the certificates of public convenience and necessity previously issued to New Edge Virginia and reissue certificates in the name of New Edge Network, Inc.

New Edge was advised by letter dated February 10, 2006, from the Commission's Office of General Counsel that since more than five years have elapsed since the termination of New Edge Virginia, it is no longer possible to reinstate the corporate status of New Edge Virginia and change the entity's name to New Edge as requested. The certificates issued to New Edge Virginia must be revoked, and New Edge must initiate a new application for any certificates.

New Edge replied by letter dated February 17, 2006, in which it stated, among other things, that it did not object to the cancellation of the certificates previously issued to New Edge Virginia and that, due to the exclusively interstate nature of its service offerings in Virginia, New Edge will not seek new certificates at this time. 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-475 and TT-84A, previously issued to New Edge Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2006-00021.
- (2) Certificates No. T-475 and TT-84A, issued to New Edge Network of Virginia, Inc., are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2006-00022**  
**FEBRUARY 22, 2006**

APPLICATION OF  
 COMM SOUTH COMPANIES OF VIRGINIA, INC.

For cancellation of certificate of public convenience and necessity

**ORDER**

By Order dated October 8, 1999, in case No. PUC-1999-00037, the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-461 permitting the provision of local exchange telecommunications service to Comm South Companies of Virginia, Inc. ("Comm South" or "Company").<sup>1</sup>

On October 7, 2005, the Commission granted Comm South's request to discontinue its provisioning of local exchange telecommunications services in the Commonwealth.<sup>2</sup> On February 3, 2006, Comm South advised that it was no longer providing services and is ready to surrender its certificate of public necessity and convenience.

NOW THE COMMISSION, having considered the matter and applicable law, is of the opinion and finds that the certificate of public convenience and necessity granted to Comm South should be cancelled.

<sup>1</sup> Application of Comm South Companies Inc., Case No. PUC-1999-00037, 1999 S.C.C. Ann Rep. 292 (October 8, 1999).

<sup>2</sup> Application of Comm South Companies Inc., Case No. PUC-2005-00119, Order Permitting Discontinuance of Services (October 7, 2005).

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00022.
- (2) Certificate No. T-641 issued to Comm South Companies of Virginia, Inc., is hereby cancelled.
- (3) Any and all remaining tariffs in the name of Comm South Companies of Virginia, Inc., on file with the Commission's Division of Communications are hereby cancelled.
- (4) 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 file for ended causes.

**CASE NO. PUC-2006-00023  
MARCH 3, 2006**

APPLICATION OF  
PROGRESS TELECOM VIRGINIA, LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

On February 6, 2006, Progress Telecom Virginia, LLC ("Progress" or the "Company"), filed an 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-589 and TT-180A respectively, be cancelled.

The Commission granted Certificate Nos. T-589 and TT-180A to Progress in Case No. PUC-2002-00084 on July 16, 2002. Progress states that it does not have any customers of intrastate services within the Commonwealth and does not anticipate serving any local exchange or interexchange customers within the Commonwealth in the future.

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-2006-00023.
- (2) Certificate No. T-589 authorizing Progress Telecom Virginia, LLC, to provide local exchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (3) Certificate No. TT-180A authorizing Progress Telecom Virginia, LLC, to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (4) Any tariffs associated with Certificate Nos. T-589 and TT-180A 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's docket of active cases and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. PUC-2006-00025  
MARCH 3, 2006**

PETITION OF  
PNG TELECOMMUNICATIONS OF VIRGINIA, LLC

For partial discontinuance of local exchange telecommunications services

**ORDER PERMITTING DISCONTINUANCE OF SERVICES**

On February 13, 2006, PNG Telecommunications of Virginia, LLC ("PNG" or "Company"), filed a Petition to Discontinue Residential Competitive Local Exchange Service ("Petition") with the State Corporation Commission ("Commission") requesting approval for partial discontinuance of its provision of local exchange telecommunications services to customers in certain areas of the Commonwealth of Virginia.

According to the Petition, PNG currently provides residential local exchange telecommunications services to approximately 72 customers who are in mandatory Extend Local Services ("ELS") areas. PNG states Verizon Virginia Inc. and Verizon South Inc. will discontinue provision of Unbundled Network Element Platform to Competitive Local Exchange Carriers ("CLEC") like PNG on March 11, 2006. PNG states that for these 72 customers, limitations in PNG's billing systems prevent PNG from providing billing of ELS service. PNG states that it intends to continue to offer local exchange telecommunications services to business customers in Virginia and to residential customers outside of mandatory ELS areas.

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 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 PNG 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 March 10, 2006. Exhibit B to the PNG Petition is a copy of the notification letter sent to customers. This letter is dated February 10, 2006. 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 February 10, 2006, would not provide the requisite notice for discontinuance planned for March 10, 2006. To allow time for the mailed notice of proposed discontinuance to be received by PNG's customers, said disconnection will be approved effective March 17, 2006.

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds PNG's Petition to partially discontinue local exchange telecommunications services to the 72 customers should be granted with the limitations discussed herein.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00025.
- (2) PNG's request to discontinue provision of residential local exchange telecommunications services to its 72 ELS customers in the Commonwealth of Virginia effective March 10, 2006, is hereby denied.
- (3) PNG is hereby granted authority to discontinue its provision of residential local exchange telecommunications services to its 72 ELS customers in the Commonwealth of Virginia effective March 17, 2006.
- (4) On or before March 10, 2006, PNG shall report to the Commission's Division of Communications the number of the ELS local exchange customers remaining in Virginia.
- (5) PNG shall provide to the Commission's Division of Communications within twenty (20) days the sections of the tariff on file with the Commission that may be cancelled or revised upon the partial discontinuance of services approved herein.
- (6) PNG shall provide a copy of its Petition upon written request by any interested parties to the Company's representative, Dennis Packer, General Counsel, PNG Telecommunications of Virginia, LLC, 100 Commercial Drive, Fairfield, Ohio 45014. 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 continued, pending further orders of the Commission.

**CASE NO. PUC-2006-00025  
JUNE 22, 2006**

PETITION OF  
PNG TELECOMMUNICATIONS OF VIRGINIA, LLC

For partial discontinuance of local exchange telecommunications services

**FINAL ORDER**

On February 13, 2006, PNG Telecommunications of Virginia, LLC ("PNG" or "Company"), filed a Petition to Discontinue Residential Competitive Local Exchange Service ("Petition") with the State Corporation Commission ("Commission") requesting approval for partial discontinuance of its provision of local exchange telecommunications services to customers in certain areas of the Commonwealth of Virginia on March 10, 2006.

According to the Petition, PNG provided residential local exchange telecommunications services to approximately 72 customers who are in mandatory Extend Local Services ("ELS") areas. PNG stated Verizon Virginia Inc. and Verizon South Inc. planned to discontinue provision of Unbundled Network Element Platform to Competitive Local Exchange Carriers like PNG on March 11, 2006. PNG stated that for these 72 customers, limitations in PNG's billing systems prevent PNG from providing billing of ELS service. PNG stated that it intended to continue to offer local exchange telecommunications services to business customers in Virginia and to residential customers outside of mandatory ELS areas.

On March 3, 2006, the Commission issued an Order finding that PNG's Petition should be granted with specified limitations. The Commission granted PNG's request to discontinue provision of residential local exchange telecommunications services to its 72 ELS customers in the Commonwealth of Virginia, but set the effective date at March 17, 2006, to afford adequate notice to PNG customers.

PNG was also ordered to report to the Commission's Division of Communications ("Staff") the number of ELS customers it was still serving in Virginia on or before March 10, 2006. PNG was ordered to provide the Staff with any tariff sections that needed to be cancelled or revised upon the partial discontinuance of services approved by the Commission.

On May 25, 2006, PNG advised the Staff that on March 10, 2006, there were 29 of the original 72 customers still being served by PNG; that these 29 customers have since left PNG or were disconnected between March 20, 2006, and April 5, 2006. On June 16, 2006, PNG advised that it had changed its tariffs on file with the Commission to reflect the approved discontinuance of services in mandatory ELS areas by removing all references to UNE-P type local services. To date, the complaint section within the Commission's Division of Communications has received no complaints from PNG customers regarding the discontinuance of services governed by this proceeding.

NOW THE COMMISSION, having considered the record herein, the applicable law, and being advised by Staff, is of the opinion and finds that with nothing further to be done in this proceeding, this case may be closed.

Accordingly, IT IS ORDERED THAT:

(1) 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 file for ended causes.

**CASE NO. PUC-2006-00028  
FEBRUARY 23, 2006**

APPLICATION OF  
SIGMA NETWORKS TELECOMMUNICATIONS OF VIRGINIA, INC.

For cancellation of certificate of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

By Order dated December 12, 2000, in Case No. PUC-2000-00183, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-521, permitting the provision of local exchange telecommunications services, and No. TT-117A, permitting the provision of interexchange telecommunications services, to Sigma Networks Telecommunications of Virginia, Inc. ("Sigma" or "Company").

By action of the Commission effective October 9, 2002, Sigma 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-521 and No. TT-117A, previously issued to Sigma.

Accordingly, IT IS ORDERED that:

- (1) This matter should be docketed as Case No. PUC-2006-00028.
- (2) Certificates No. T-521 and No. TT-117A, issued to Sigma Networks Telecommunications of Virginia, Inc., are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2006-00029  
MARCH 22, 2006**

JOINT PETITION OF  
CAVALIER TELEPHONE, LLC,  
CAVTEL HOLDINGS, LLC,  
and  
CAVALIER TELEPHONE CORPORATION

For authority to transfer direct ownership of Cavalier Telephone, LLC, from Cavalier Telephone Corporation to Cavtel Holdings, LLC

**ORDER GRANTING AUTHORITY**

On February 17, 2006, as amended on March 3, 2006, Cavalier Telephone, LLC ("Cavalier"), Cavtel Holdings, LLC ("Holdings"), and Cavalier Telephone Corporation ("CTC") (collectively, the "Petitioners") filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for authority to transfer direct ownership of Cavalier from CTC to Holdings.

Cavalier is a Virginia limited liability company with its business offices located in Richmond, Virginia, and is a direct, wholly owned subsidiary of CTC. Cavalier is the direct parent company of two subsidiaries, Cavalier East, LLC, and Cavalier Telephone Mid-Atlantic, LLC ("CTMA"). Cavalier is a Virginia competitive local exchange carrier certificated to provide local exchange and interexchange telecommunications services pursuant to authority granted in Case No. PUC-1998-00159. Cavalier holds domestic and foreign § 214 authorizations from the Federal Communications Commission ("FCC"). In Virginia, Cavalier offers "plain old telephone service," digital subscriber line service, and related telephone and data services. CTMA offers the same services in Pennsylvania. New York, New Jersey, Maryland, Delaware, and the District of Columbia. Cavalier East, LLC, currently has no assets, liabilities, or operations.

CTC is a privately-held Delaware Corporation with its business offices in Richmond, Virginia. CTC is a holding company and is not a certificated telecommunications provider in Virginia. CTC is the direct parent of operating subsidiaries Elantic Telecom, Inc., and Cavalier and indirect parent company of CTMA. Each subsidiary holds domestic and foreign § 214 authorizations from the FCC, and each is authorized to act as a common carrier and seller of facilities-based local exchange and interexchange telecommunications services. CTC's operating subsidiaries employ over 1,000 people, the majority of which are in Virginia, to bring a wide array of telephone and data services offerings through more than 370,000 access lines to more than 240,000 business and residential customers.

Holdings is a newly formed Delaware limited liability company created for the specific purpose of consummating financing and restructuring transactions and will be a wholly owned direct subsidiary of CTC.

Cavalier, CTC, and Holdings are requesting authority from the Commission to transfer direct ownership of Cavalier from CTC to Holdings in connection with proposed financing in which Holdings will borrow money (the "Loan") from a syndication of lenders ("Lenders").

To consummate the proposed transactions, CTC will create Holdings to become the holding company for CTC's operating subsidiaries, including Cavalier. Thus, Cavalier will become a wholly owned, direct subsidiary of Holdings which, in turn, will become a wholly owned, direct subsidiary of CTC effecting the direct transfer of control.

After the transfer has taken place, Holdings will obtain the Loan from Lenders, including Wachovia Capital Markets, Jeffries & Company, Inc., and CIT Lending Services Corp. consisting of (a) a senior secured term loan of approximately \$185 million, to be repaid over a six-year term; and (b) a senior secured revolving credit facility of up to \$20 million, which will not be drawn at closing. The Petitioners will then use the loan proceeds for several purposes including the pay-off of all existing Cavalier debt of approximately \$70 million, the buyback from and payment of approximately \$103 million to holders of preferred CTC stock, and the buyback of approximately \$17 million in common stock held by several founders of CTC. In accordance with the Subsidiary Guaranty Agreement, CTC, Holdings, and the operating subsidiaries must guarantee the Loan by putting up their assets. Thus, to secure the Loan, CTC will pledge its ownership interests in Holdings, Holdings will pledge its ownership interests in each of the operating subsidiaries, and Cavalier and other subsidiaries will pledge their ownership in their own assets.

The Petitioners represent that the proposed transfer of control will not result in any changes in Cavalier's service offerings, rates, or terms and conditions of service and will be transparent to Cavalier's Virginia customers, with no potential for service disruptions or confusion for customers, or for the Virginia market generally. The Petitioners further represent that the proposed transfer will in no way diminish Cavalier's existing operational and managerial stability and expertise, and Cavalier's existing business management and operations will not change. The Petitioners also state that the proposed transfer and financing will provide greater financial flexibility for Cavalier and CTC.

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 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 authority to consummate the transactions as described herein to allow for the transfer of direct control of Cavalier Telephone, LLC, from Cavalier Telephone Corporation to Cavtel Holdings, LLC, 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 transactions, subject to administrative extension by the Director of Public Utility Accounting. Such report shall include the date the transactions took place.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2006-00030  
JUNE 8, 2006**

APPLICATION OF  
YMAX COMMUNICATIONS CORP. OF VIRGINIA

For a certificate of public convenience and necessity to provide local exchange telecommunications services

**FINAL ORDER**

On February 21, 2006, YMax Communications Corp. of Virginia ("YMax" or the "Company") filed 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 March 15, 2006, 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 3, 2006, the Company filed proof of publication and proof of service as required by the March 15, 2006, Order.

On May 17, 2006, the Staff filed its Report finding that YMax's application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.* Based upon its review of YMax'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: YMax should notify the Division of Economics and Finance no later than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

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) YMax Communications Corp. of Virginia is hereby granted a certificate of public convenience and necessity, No. T-657, 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) YMax shall notify the Division of Economics and Finance no later 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-2006-00031  
APRIL 17, 2006**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
VERIZON SOUTH INC.

For Approval of a Revenue Neutral Rate Restructuring Proposal Pursuant to Section G of Their Plan for Alternative Regulation

**ORDER DISMISSING APPLICATION**

On February 23, 2006, 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 revenue neutral rate restructuring proposal ("Proposal" or "Rate Proposal") pursuant to Section G of the Companies' Plan for Alternative Regulation ("Plan"). Verizon states that the "Proposal is designed to offset in part, Verizon's \$52 million reduction in annual access charge revenues by modifying certain local exchange rates and thereby increasing revenues by approximately \$15 million."<sup>1</sup>

Specifically, Verizon proposes: (1) to increase Message Unit Charges from 9.6 cents (for Verizon Virginia) and 8.0 cents (for Verizon South) to a standard 10.5 cents; (2) to "simplify Measured Charges by reducing Verizon Virginia's seven mileage rate bands and Verizon South's five bands into only two rates for the existing bands, making those rates consistent throughout Verizon's territory in Virginia;"<sup>2</sup> (3) to modify Directory Listing rates by applying "Verizon South rates for additional listings, non-listed service, and non-published service, all of which are optional services, to Verizon Virginia's services;"<sup>3</sup> and (4) to "standardize prices across Verizon's Virginia territory by increasing the price for Directory Assistance calls to 75 cents, changing the price for connecting the call to 35 cents, and decreasing the call allowance from 3 calls to 2 calls for residential customers and from 3 calls to no free calls for business customers."<sup>4</sup>

On March 7, 2006, the Staff of the Commission ("Staff") filed a Motion to Dismiss. The Staff "moves for a Commission order dismissing this matter because the Rate Proposal as demonstrated in the Companies' application would produce a net increase in operating revenues based on Verizon's current revenues, thereby violating the requirements of Section G of the Plan."<sup>5</sup> The Staff asserts that the revenue reductions "in switched access service included in the Rate Proposal have already been implemented as a result of an earlier docket," and that "[r]evenue neutral proceedings should be conducted in a single docket that allows all affected customers to participate."<sup>6</sup> In addition, the Staff contends that the "application is devoid of any factual supporting documentation or evidence."<sup>7</sup>

On March 17, 2006, Verizon filed a response to the Staff's Motion to Dismiss ("Verizon's Response"). Verizon states that its Proposal is consistent with the Commission's February 9, 2005, Final Order<sup>8</sup> reducing the Companies' intrastate access rates. Verizon asserts that its "Plan does not require access charge reductions and offsetting increases to occur in the same case to be revenue neutral."<sup>9</sup> Verizon also contends that the Commission may

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

<sup>2</sup> *Id.* at 5.

<sup>3</sup> *Id.* at 5-6.

<sup>4</sup> *Id.* at 6.

<sup>5</sup> Staff's Motion to Dismiss at 1.

<sup>6</sup> *Id.* at 2, 7.

<sup>7</sup> *Id.* at 7.

<sup>8</sup> *Petition of AT&T Comm. 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) ("Access Order").

<sup>9</sup> Verizon's Response at 5 (emphasis removed).

approve the Proposal under Section F of the Plan, "the existing price ceiling notwithstanding."<sup>10</sup> In addition, the Companies argue that "[a]s a threshold matter, Verizon's Application complies with the Commission's requirements under 5 VAC 5-20-80(A), which does not require at the pleading stage the sort of detailed evidence Staff demands."<sup>11</sup>

On March 27, 2006, the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") filed a response to the Staff's Motion to Dismiss ("Consumer Counsel's Response"). Consumer Counsel states that in the Commission's January 5, 2005, Final Order<sup>12</sup> approving the Plan, "it appears the Commission contemplated a revenue neutral filing would contain both increases to BLETS (or OLETS) and decreases to access charges to be considered simultaneously by the Commission."<sup>13</sup> Consumer Counsel also supports the Staff's statement that, "if revenue neutral rate changes, both increases and decreases, are not considered concurrently, Verizon essentially has a line of credit and is free to dredge up previous rate reductions and propose offsetting rate increases now and in the future."<sup>14</sup> Consumer Counsel concludes that "[u]nless the Commission contemplated that previously ordered and implemented access charge reductions could be offset by a subsequent rate filing under Section G of Verizon's [Plan] that includes only increases, the Motion [to Dismiss] should be granted."<sup>15</sup>

On March 27, 2006, Verizon filed a Motion to Amend Application, along with an Amended Application. Verizon states that its Amended Application "adds Section F of the Plan as an alternative authority under which the Commission may approve Verizon's Proposal."<sup>16</sup> Verizon contends that its Proposal is "consistent with Section F of the Plan[,which] states: 'Price changes for BLETS and OLETS shall be governed by 20 VAC 5-417-50 (D), (E), and (G) unless otherwise ordered by the Commission, except that the price ceilings shall be as set forth in Section F.2, F.3, and F.4 below.'"<sup>17</sup> Specifically, Verizon asserts that the Commission may approve the Proposal under 20 VAC 5-417-50 (E), which permits "approval of pricing structures or rates that do not conform with the price ceilings."<sup>18</sup> The Companies conclude that "[t]hus, the Commission, independently of Section G, may approve Verizon's Proposal, the existing price ceiling notwithstanding, 'unless there is a showing the public interest will be harmed.'"<sup>19</sup>

On March 31, 2007, the Staff filed a reply to Verizon's Response ("Staff's Reply"). The Staff states that the "plain language of Section G 1 of Verizon's Plan permits only those rate proposals that . . . do not result in a net increase in operating revenues for the Companies" and that, to the contrary, the Proposal "consists of nothing but rate increases that will, based upon Verizon's projections, increase the net operating revenues of the Companies."<sup>20</sup> The Staff also asserts that "[a]ll revenue neutral proposals considered by the Commission have matched contemporaneous price increases and decreases that resulted in no net increase to operating revenues."<sup>21</sup> The Staff contends that the "contemporaneous consideration of the increases and decreases allows all affected customers to participate" and that the "public interest can be preserved when all affected customers have notice and an opportunity to participate in the analysis and consideration of the package of rates proposed for increases and decreases."<sup>22</sup> The Staff disagrees with Verizon's assertion that its Proposal is supported by the Access Order. Furthermore, the Staff states that Verizon has not filed sufficient data to evaluate the Application, and that "at a very minimum the application should include the necessary information to determine whether it is in fact revenue neutral as Verizon claims."<sup>23</sup>

The Staff also opposes Verizon's Amended Application. The Staff states that 20 VAC 5-417-50 (E) is part of the CLEC Rules,<sup>24</sup> which apply to new entrants. Thus, the Staff argues that "Verizon is not a new entrant" and that "Verizon is not a carrier covered by . . . 20 VAC 5-417-50 (E)."<sup>25</sup> In addition, the Staff declares that: (1) "Staff previously identified [its] concerns with allowing references to the CLEC Rules in Verizon's Plan; (2) "the

<sup>10</sup> *Id.* at 7-8. Section F.1 of the Plan states as follows: "Price changes for [Basic Local Exchange Telephone Services ('BLETS')] and [Other Local Exchange Telephone Services ('OLETS')] shall be governed by 20 VAC 5-417-50(D), (E), and (G) unless otherwise ordered by the Commission, except the price ceiling shall be as set forth in Section F.2, F.3, and F.4 below."

<sup>11</sup> Verizon's Response at 8 n.16.

<sup>12</sup> *Application of Verizon Virginia Inc. and Verizon South Inc. for approval of a plan for alternative regulation*, Case No. PUC-2004-00092, Final Order (Jan. 5, 2005) ("Plan Order").

<sup>13</sup> Consumer Counsel's Response at 3.

<sup>14</sup> *Id.* at 4 (quoting Staff's Motion to Dismiss at 5).

<sup>15</sup> *Id.* at 5.

<sup>16</sup> Verizon's Motion to Amend Application at 2.

<sup>17</sup> Amended Application at 4 (quoting Section F of the Plan).

<sup>18</sup> *Id.* (quoting 20 VAC 5-417-50 (E)).

<sup>19</sup> *Id.* at 5 (quoting 20 VAC 5-417-50(E)).

<sup>20</sup> Staff's Reply at 2 (quoting Section G.1 of the Plan).

<sup>21</sup> *Id.* at 3 (emphasis removed).

<sup>22</sup> *Id.* at 4 (emphasis removed).

<sup>23</sup> *Id.* at 11.

<sup>24</sup> "CLEC" stands for competitive local exchange carrier.

<sup>25</sup> Staff's Reply at 8-9.

Commission permitted the references to remain in the Plan as proposed by Verizon;" and (3) the "clear language of this CLEC Rule makes it evident that Verizon's premise is circular and unworkable when applied to incumbents."<sup>26</sup>

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds as follows. We grant Verizon's Motion to Amend Application, and we consider below Verizon's Proposal based on both Sections G and F of the Plan, *seriatim*:

#### Section G of the Plan

Section G of the Plan states as follows:

##### G. Revenue-Neutral Price Changes.

1. Nothing in this Plan shall be construed to prohibit the Companies from proposing changes in the price of any BLETS, OLETS, or switched access services that do not result in a net increase in operating revenues for the Companies. The notification provisions of § 56-237.1 of the Code of Virginia will be applied to such proposals; and if a protest or objection to the revenue-neutral restructuring is filed by the lesser of 150 or 15% of the affected customers, or by an affected carrier, the Commission shall, upon reasonable notice, conduct a public hearing concerning the lawfulness of the restructuring, pursuant to § 56-235.5 of the Code of Virginia. The Commission shall approve such rate 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. Any price approved under this section that exceeds the then current price ceiling (established under Section F.2) for a BLETS will become the new price ceiling for that service and will thereafter increase in accordance with Section F.2.

2. 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.

Section G is not ambiguous. Under Section G.1, the Companies are not prohibited from "proposing changes in the price of any BLETS, OLETS, or switched access services that do not result in a net increase in operating revenues for the Companies." Verizon is "proposing changes" to the price of BLETS and OLETS, which result in increased revenues. Verizon is not, however, "proposing changes" to the price of access charges; the changes to access charges relied upon by Verizon herein were ordered by the Commission over one year ago.<sup>27</sup> Therefore, Verizon is "proposing changes" that result in a net increase in operating revenues and, thus, that fail to comply with the express terms of Section G.1 of the Plan.

Contrary to the Companies' assertion, Section G.1 does not state that Verizon may propose changes to increase operating revenues to offset, in whole or in part, previously implemented changes that decreased revenues. Verizon attempts to overcome this lack of ambiguity by isolating the following passage from the Access Order:

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. As a result, the new Plan gives Verizon reasonable tools with which to address the access charge reductions required herein if it so chooses.<sup>28</sup>

The Access Order does not modify Section G.1 of the Plan. Rather, the Access Order explains that the Plan allows the Companies to implement substantial rate increases for BLETS and OLETS, with rate ceilings that automatically increase on an annual basis. Accordingly, the Access Order recognizes that the Plan's new pricing flexibility provides Verizon with opportunities for additional operating revenues. Indeed, Consumer Counsel asserts that in September 2005, Verizon exercised such flexibility to raise rates and to increase operating revenues by approximately \$25 million.<sup>29</sup>

In addition, the Access Order recognizes Verizon's ability to file a revenue-neutral application proposing a price increase for local exchange services coincident with a price decrease for switched access services. The Access Order explicitly states that the rate reductions ordered therein "do not result in a specific cost-based rate and may not eliminate all of the subsidies currently built into Verizon's access charges."<sup>30</sup> We also found that Verizon did not establish that its rates were insufficient to cover its cost of providing service.<sup>31</sup> Thus, as referenced in the above passage from the Access Order, if Verizon sought to eliminate any remaining subsidies included in access charges, it could seek revenue-neutral price changes for local exchange and switched access service. Verizon, however, has not elected to do so. Rather, the Companies have initiated the instant proceeding, which seeks increases in local exchange rates that are not balanced by further decreases in access charges.

The Plan Order further confirms that a revenue-neutral proceeding under Section G.1 will consider revenue increases and decreases at the same time. Specifically, the Plan Order explains that Consumer Counsel, in that proceeding, sought to modify Section G "to require Verizon to use any additional

<sup>26</sup> *Id.* at 8.

<sup>27</sup> Access Order at 10.

<sup>28</sup> *Id.* at 7 (footnote omitted).

<sup>29</sup> Consumer Counsel's Response at 4 n.5.

<sup>30</sup> Access Order at 6.

<sup>31</sup> *Id.* at 7.

revenues generated by the Plan to offset any revenue reductions that may result in the future from reduced switched access charges.<sup>32</sup> We rejected Consumer Counsel's request, explaining that "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 until additional revenues generated through rate increases under the Plan are used to offset certain revenue reductions."<sup>33</sup> Thus, the Plan Order rejected Consumer Counsel's request to include prior revenue *increases* in the mathematical calculus for determining revenue neutrality under Section G.1. The converse is equally applicable; we reject Verizon's request to include prior revenue *decreases* in calculating net operating revenues under Section G.1.

In addition, we find that retroactively converting the access charge case into "phase one" of a revenue-neutral proceeding – as Verizon is, in effect, requesting – raises due process concerns. The access charge case was neither noticed, nor conducted, as a revenue-neutral proceeding. Indeed, Verizon did not bring the access charge case; it was initiated by AT&T and survived a motion to dismiss by Verizon. Interested persons that may have participated had such case been noticed and conducted as a revenue-neutral proceeding were not given that opportunity, since it was not so noticed, nor conducted. As explained by the Staff: "Perhaps, had those customers known that such decreases for the benefit of interexchange carriers would be used against them later to justify increasing their local rates, they could have intervened to oppose the reduction of switched access charges."<sup>34</sup> Accordingly, in every revenue-neutral case previously considered by the Commission, price increases and price decreases were proposed and considered together in the same proceeding.<sup>35</sup> This should not be surprising, since common sense dictates that the changes proposed in a revenue-neutral case must be, in fact, revenue neutral.

Finally, the Companies' Application is facially deficient. The Application requests revenue increases, but provides neither estimates nor support as to the amount of increased revenue that Verizon asserts will accrue from each requested pricing change. Moreover, in the access charge case the Hearing Examiner found that the precipitous drop in switched minutes of use is resulting in a concomitant drop in access charge revenues.<sup>36</sup> Verizon's claimed revenue loss from access charge reductions can only be considered as purely speculative in that the Application includes neither a proposal nor support for calculating the actual decrease in access revenues. In order for the Commission to approve an application "proposing changes ... that do not result in a net increase in operating revenues," such application must at a minimum include sufficient information, which the applicant is prepared to prove to the Commission's satisfaction, demonstrating that the proposed changes do not result in a net increase in operating revenues.

#### Section F of the Plan

As with Section G, Section F of the Plan is not ambiguous. Section F states as follows:

##### F. Price Changes for BLETS and OLETS.

1. Price changes for BLETS and OLETS shall be governed by 20 VAC 5-417-50 (D), (E), and (G) unless otherwise ordered by the Commission, except the price ceiling shall be as set forth in Section F.2, F.3, and F.4 below.
2. 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. Thereafter, the price ceiling for BLETS will increase annually on the anniversary of the effective date of the Plan by an amount equal in percentage terms to the increase in the GDPPI during the past twelve months.
3. The Gross Domestic Product Price Index used to determine limits on price ceiling increases shall be the final estimate of the Chain-Weighted Gross Domestic Product - Price Index as prepared by the U.S. Department of Commerce and published in the Survey of Current Business, or its successor.
4. During the first twelve months following the effective date of this Plan, price increases for BLETS and OLETS may not exceed 10%. Thereafter, the increase may not exceed a percentage amount calculated by multiplying .0083 times the number of months (equates to 10% per twelve-month period) since the most recent increase. Prices for BLETS and OLETS may only be increased if the service has not experienced an increase in the previous twelve months. In no event may any single increase exceed 25% nor result in the price for a BLETS that exceeds the ceiling in Section F.2 above. 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.

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<sup>32</sup> Plan Order at 20.

<sup>33</sup> *Id.* at 21 (emphasis added).

<sup>34</sup> Staff's Reply at 4.

<sup>35</sup> *See id.* at 3.

<sup>36</sup> *See* Access Order at 2-3.

In the Amended Application, Verizon states that the Commission may approve the Proposal under 20 VAC 5-417-50 (E) as referenced in Section F.1, above. Rule 20 VAC 5-417-50 (E) states as follows:

E. A new entrant<sup>37</sup> may petition the commission for approval of pricing structures or rates that do not conform with the price ceilings. The new entrant shall provide appropriate documentation and rationale to support any request. The commission may permit such alternative pricing structures and rates unless there is a showing the public interest will be harmed.

The Plan allows Verizon to change prices for BLETS and OLETS in accordance with Sections F and G therein. We addressed Section G above. In Section F, the limits upon which Verizon may increase prices for BLETS and OLETS are established by Sections F.2, F.3, and F.4. In addition, Section F.1 permits price changes under 20 VAC 5-417-50 (E), "except the price ceiling shall be as set forth in Section F.2, F.3, and F.4 [of the Plan]." Thus, the Plan explicitly prevents Verizon from seeking changes, under 20 VAC 5-417-50 (E), to price increases governed by Sections F.2, F.3, and F.4 of the Plan. Indeed, as noted by the Staff, Verizon expressly acknowledged the exception in Section F.1 during the hearing on the Plan.<sup>38</sup>

The Companies, however, ignore the existence of the exception in the instant proceeding. Verizon repeatedly asserts that the Commission may approve its Proposal under 20 VAC 5-417-50 (E), "*the existing price ceiling notwithstanding...*"<sup>39</sup> Verizon may wish to ignore the plain language of Section F.1 of its Plan, but we cannot.

Finally, we note that 20 VAC 5-417-50 (E) encompasses "pricing structures" in addition to "rates." Accordingly, if Verizon sought to modify a pricing structure while maintaining prices in accordance with Sections F.2, F.3, and F.4, the Plan provides that such request would be governed by 20 VAC 5-417-50 (E). The import of applying this rule is that Verizon's request would be evaluated under the same standard that the Commission would evaluate a similar pricing structure request from a CLEC. Specifically, as quoted above, the standard under 20 VAC 5-417-50 (E) states that "[t]he commission may permit such alternative pricing structures and rates *unless there is a showing the public interest will be harmed*" (emphasis added). Indeed, the Plan Order explains that, in accordance with § 56-235.5:1 of the Code of Virginia, "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."<sup>40</sup>

For the reasons stated herein, we find that neither Section G nor Section F of the Plan supports Verizon's Proposal, and therefore we grant the Staff's Motion to Dismiss. This Order Dismissing Application is without prejudice to Verizon to file future applications in compliance with the terms of Sections G and F of the Plan.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Verizon's Motion to Amend Application is granted.
- (2) The Staff's Motion to Dismiss is granted.
- (3) This matter is dismissed.

<sup>37</sup> Contrary to the Staff's reiteration of arguments it made – and lost – during the Plan proceeding, 20 VAC 5-417-50 (D), (E), and (G) may be applied to Verizon subject to the limits imposed by the Plan. The Staff explains that 20 VAC 5-417-50 (D), (E), and (G), as originally promulgated, apply to CLECs. Thus, the Staff states that applying these rules to Verizon is "problematic" because Verizon is not a "new entrant" and "is not a carrier covered by ... 20 VAC 5-417-50 (E)." Staff's Reply at 8-9. The Staff further asserts that "Staff previously identified [its] concerns with allowing references to the CLEC Rules in Verizon's Plan," but the "Commission permitted the references to remain in the Plan as proposed by Verizon. ..." *Id.* at 8 (footnote omitted). The Plan Order, however, explains that "[v]arious 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." Plan Order at 22.

<sup>38</sup> See Staff's Reply at 9 (quoting Woltz, Tr. 751 (Case No. PUC-2004-00092): "But Verizon's proposed plan would put it on the same terms and conditions that CLECs are on in that – not the same with respect to how the ceiling is set; that would be circular, as Ms. Cummings and the Staff pointed out, so there is a specific part of the plan that describes how that's done.")

<sup>39</sup> Amended Application at 5, and Verizon's Response at 8 (footnotes omitted) (emphasis added).

<sup>40</sup> Plan Order at 27-28.

**CASE NO. PUC-2006-00031  
MAY 8, 2006**

APPLICATION OF  
VERIZON VIRGINIA INC.  
and  
VERIZON SOUTH INC.

For Approval of a Revenue Neutral Rate Restructuring Proposal Pursuant to Section G of Their Plan for Alternative Regulation

**ORDER DENYING RECONSIDERATION**

On February 23, 2006, Verizon Virginia Inc., and Verizon South Inc. (collectively, "Verizon" or the "Companies"), filed an Application with the State Corporation Commission ("Commission") for approval of a revenue neutral rate restructuring proposal ("Proposal") pursuant to Section G of the Companies' Plan for Alternative Regulation ("Plan"). Verizon stated that the "Proposal is designed to offset in part, Verizon's \$52 million reduction in annual access charge revenues by modifying certain local exchange rates and thereby increasing revenues by approximately \$15 million."<sup>1</sup>

On March 27, 2006, Verizon filed a Motion to Amend Application, along with an Amended Application. Verizon stated that its Amended Application "adds Section F of the Plan as an alternative authority under which the Commission may approve Verizon's Proposal."<sup>2</sup> Verizon contended that its Proposal is "consistent with Section F of the Plan[, which] states: 'Price changes for BLETS and OLETS<sup>3</sup> shall be governed by 20 VAC 5-417-50 (D), (E), and (G) unless otherwise ordered by the Commission, except that the price ceilings shall be as set forth in Section F.2, F.3, and F.4 below.'<sup>4</sup> Specifically, Verizon asserted that the Commission may approve the Proposal under 20 VAC 5-417-50 (E), which permits "approval of pricing structures or rates that do not conform with the price ceilings."<sup>5</sup>

On April 17, 2006, the Commission issued an Order Dismissing Application, finding that neither Section G nor Section F of the Plan supports Verizon's Proposal. In addition, the Order Dismissing Application was issued "without prejudice to Verizon to file future applications in compliance with the terms of Sections G and F of the Plan."<sup>6</sup>

On May 3, 2006, Verizon filed a Motion for Reconsideration pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure ("Petition for Reconsideration"). Verizon "respectfully requests that the Commission reconsider its Order Dismissing Application and clarify that 20 VAC 5-417-50 (E), incorporated by reference into Verizon's Plan, permits Verizon to seek waivers to the price ceilings set forth in Sections F.2, F.3, and F.4 of the Plan."<sup>7</sup>

NOW THE COMMISSION, having considered the Petition for Reconsideration, is of the opinion and finds that the Petition for Reconsideration is denied for the reasons set forth in our April 17, 2006, Order Dismissing Application.

The full text of Section F of the Plan states as follows (emphasis added):

F. Price Changes for BLETS and OLETS.

1. Price changes for BLETS and OLETS shall be governed by 20 VAC 5-417-50 (D), (E), and (G) unless otherwise ordered by the Commission, *except the price ceiling shall be as set forth in Section F.2, F.3, and F.4 below.*
2. 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. Thereafter, the price ceiling for BLETS will increase annually on the anniversary of the effective date of the Plan by an amount equal in percentage terms to the increase in the GDPPI during the past twelve months.
3. The Gross Domestic Product Price Index used to determine limits on price ceiling increases shall be the final estimate of the Chain-Weighted Gross Domestic Product - Price Index as prepared by the U.S. Department of Commerce and published in the Survey of Current Business, or its successor.

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

<sup>2</sup> Motion to Amend Application at 2.

<sup>3</sup> "BLETS" stands for Basic Local Exchange Telephone Services, and "OLETS" stands for Other Local Exchange Telephone Services.

<sup>4</sup> Amended Application at 4 (quoting Section F of the Plan).

<sup>5</sup> *Id.* (quoting 20 VAC 5-417-50 (E)).

<sup>6</sup> Order Dismissing Application at 13.

<sup>7</sup> Petition for Reconsideration at 6.

4. During the first twelve months following the effective date of this Plan, price increases for BLETS and OLETS may not exceed 10%. Thereafter, the increase may not exceed a percentage amount calculated by multiplying .0083 times the number of months (equates to 10% per twelve-month period) since the most recent increase. Prices for BLETS and OLETS may only be increased if the service has not experienced an increase in the previous twelve months. In no event may any single increase exceed 25% nor result in the price for a BLETS that exceeds the ceiling in Section F.2 above. 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.

Rule 20 VAC 5-417-50 (E), referenced in Section F.1 above, provides as follows:

E. A new entrant may petition the commission for approval of pricing structures or rates that do not conform with the price ceilings. The new entrant shall provide appropriate documentation and rationale to support any request. The commission may permit such alternative pricing structures and rates unless there is a showing the public interest will be harmed.

Verizon may increase prices for BLETS and OLETS pursuant to Sections F.2, F.3, and F.4. Section F.1 explicitly mandates that the price ceilings for these services "shall be as set forth in Section F.2, F.3, and F.4 [of the Plan]." Indeed, this mandate is an express exception to the reference to 20 VAC 5-417-50 (E) in Section F.1. Thus, the plain language of the Plan limits the ceiling – above which Verizon may not charge for BLETS and OLETS – to the prices established pursuant to Sections F.2, F.3, and F.4. We find that a price increase for Verizon under 20 VAC 5-417-50 (E), which would exceed the rates permitted under Sections F.2, F.3, and F.4, would violate the price ceilings mandated by the Plan.

We also disagree with Verizon's assertion that "[t]here is no rationale for permitting [competitive local exchange carriers ('CLECs')] to seek waivers [under 20 VAC 5-417-50 (E)], while denying Verizon the same ability."<sup>8</sup> Verizon's argument is belied by the existence of its Plan. That is, the statutory and regulatory scheme accords different treatment for ILECs and CLECs. Verizon's rates currently are governed by a specific regulatory plan approved by this Commission pursuant to statute. A CLEC is not required to have a specific plan or price ceiling approved by the Commission. Rather, a CLEC's price ceilings may be governed by those established by the ILEC.<sup>9</sup> In such instance, a CLEC must obtain a waiver under 20 VAC 5-417-50 (E) to modify its price ceiling. A change to a specific CLEC's price ceiling only impacts that CLEC. Verizon's waiver request, however, would not only increase the ceiling rate that may be charged by Verizon, but would also impact the price ceiling for CLECs.<sup>10</sup> Moreover, in this case the rationale for prohibiting Verizon – as opposed to CLECs – from raising rates under 20 VAC 5-417-50 (E) is found in Verizon's regulatory plan; *i.e.*, the Plan explicitly limits rates to those set by Sections F.2, F.3, and F.4.

Finally, although we find that Verizon cannot use 20 VAC 5-417-50 (E) to exceed the ceiling rates established in its Plan, the reference to this rule in Section F.1 still has meaning. Specifically, as explained in our Order Dismissing Application:

[W]e note that 20 VAC 5-417-50 (E) encompasses 'pricing structures' in addition to 'rates.' Accordingly, if Verizon sought to modify a pricing structure while maintaining prices in accordance with Sections F.2, F.3, and F.4, the Plan provides that such request would be governed by 20 VAC 5-417-50 (E). The import of applying this rule is that Verizon's request would be evaluated under the same standard that the Commission would evaluate a similar pricing structure request from a CLEC.<sup>11</sup>

However, we make no judgment as part of this proceeding – nor have we been asked to – as to whether any particular tariff modification would qualify and/or be approved as a change in pricing structure under 20 VAC 5-417-50 (E), or would be governed by another part of the Plan.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Verizon's Petition for Reconsideration is denied.
- (2) This matter is dismissed.

<sup>8</sup> Petition for Reconsideration at 5.

<sup>9</sup> See 20 VAC 5-417-50 (D).

<sup>10</sup> Indeed, Verizon explains that "[i]n other words, CLEC price ceilings are the [incumbent local exchange carrier's ("ILEC")] highest tariffed price since 1996 for comparable services." Petition for Reconsideration at 2. See 20 VAC 5-417-50 (D) ("... Price ceilings shall be the highest tariffed rates as of January 1, 1996, for comparable services of any ILEC serving the local service area of the new entrant. Price ceilings for a new entrant shall be increased if the highest tariffed rate of an incumbent is raised through applicable regulatory procedures. . . .").

<sup>11</sup> Order Dismissing Application at 12.

**CASE NO. PUC-2006-00032  
MAY 5, 2006**

JOINT PETITION OF  
CTC COMMUNICATIONS OF VIRGINIA, INC.,  
CTC COMMUNICATIONS GROUP, INC.,  
CHOICE ONE COMMUNICATIONS OF VIRGINIA INC.,  
CHOICE ONE COMMUNICATIONS INC.,  
and  
COLUMBIA VENTURES BROADBAND, LLC

For approval of a change in ownership of CTC Communications of Virginia, Inc., and Choice One Communications of Virginia Inc.

**ORDER GRANTING APPROVAL**

On February 24, 2006, as amended on March 8, 2006, CTC Communications of Virginia, Inc. ("CTC VA"), CTC Communications Group, Inc. ("CTC"), Choice One Communications of Virginia Inc. ("Choice One VA"), Choice One Communications Inc. ("Choice One"), and Columbia Ventures Broadband, LLC ("CVB") (collectively, the "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a change in ownership of CTC VA and Choice One VA. The amendment filed on March 8, 2006, added CVB as a Petitioner and completed the joint petition.

CTC is a Delaware corporation with business offices in Waltham, Massachusetts. CTC is a wholly owned subsidiary of CVB, which in turn is a wholly owned subsidiary of Columbia Ventures Corporation ("CVC"). CVC, a Washington state limited liability company, is a holding company. CVC, also a Washington state corporation, owns and operates a portfolio of telecommunications companies and a small number of manufacturing businesses around the world. CVC is authorized to provide domestic interstate and international telecommunications services pursuant to § 214 authorizations from the Federal Communications Commission ("FCC"), but neither CVC nor CVB provides telecommunications services. Kenneth D. Peterson ("Mr. Peterson"), a U.S. citizen, holds 100 percent of the ownership interest in CVC. Mr. Peterson also is Chairman of the Board of CTC and Chief Executive Officer, Chairman and founder of CVC, and the sole manager of CVB.

CTC VA is a Virginia corporation with business offices in Waltham, Massachusetts. CTC VA is a direct wholly owned subsidiary of CTC Communications Corp. ("CTC Communications"), which in turn is a wholly owned subsidiary of CTC. CTC Communications provides telecommunications services to medium and large size businesses predominately in the Northeast and Mid-Atlantic regions. Service offerings include local, long distance, and toll free telephony services; post-paid calling card services; conference calling; frame relay; private line, DSL, VPN, ATM; Internet access, webmail, and converged services. Where possible, CTC VA and CTC Communications provide their services using their broadband, P-based network known as the PowerPath® Network. The PowerPath® Network uses Cisco network infrastructure and a redundant fiber optic backbone. The network consists of ATM switches as well as transmission facilities obtained from other telecommunications carriers. In addition, CTC VA and CTC Communications operate a more traditional circuit switch-based network and provide service by reselling the local and interexchange telephony services of other telecommunications carriers. In Virginia, CTC VA is authorized to provide local exchange and interexchange telecommunications services pursuant to certificate of public convenience and necessity ("CPCN") Nos. T-419 and TT-58A, respectively.<sup>1</sup> At the time of the application, CTC VA served 1,975 customers in Virginia.

Choice One VA is a Virginia corporation and a subsidiary of Choice One with business offices in Rochester, New York. In Virginia, Choice One VA is authorized to provide local exchange and interexchange telecommunications services pursuant to CPCN Nos. T-525 and TT-121A, respectively. Choice One has several carrier subsidiaries ("Choice One Subsidiaries") that provide communications and information services to small and medium size businesses predominately in the Northeast and Midwest regions. The Choice One Subsidiaries' service offerings include local exchange services, long distance services, Internet access (including DSL), and web hosting, design, and development services. The Choice One Subsidiaries provide their services using TDM, ATM, and a broadband packet-based network that includes an extensive fiber optic backbone. In addition, the Choice One Subsidiaries provide service by reselling, to a limited extent, the local and interexchange telephony services of other telecommunications carriers. Choice One VA currently does not serve any customers in Virginia.

On February 9, 2006, the Petitioners entered into an Agreement and Plan of Merger ("Agreement"). In accordance with the Agreement, CTC will merge with and into Choice One, with Choice One surviving the merger and becoming "Surviving Corporation." After the proposed merger, 50 percent of the outstanding capital stock of Surviving Corporation will be owned by the stockholders of CVB, and the remaining 50 percent of the outstanding capital stock will be owned by the stockholders of Choice One. Some time following the closing, CVB may obtain up to an additional 20 percent of the voting stock, on a fully diluted basis, of Surviving Corporation. Upon completion of the transaction, Surviving Corporation, whose name has yet to be determined, will become the new parent company of CTC VA and Choice One VA. The Petitioners state that, after the proposed transaction, regardless of whether or not CVB acquires more voting stock in Surviving Corporation, the proposed transfer will be transparent to customers of CTC VA. They state that CTC VA and Choice One VA will continue to offer the same services at the same rates, terms, and conditions as at present.

The Petitioners represent that the proposed transaction will serve the public interest by allowing two strong competitive telecommunications providers - CTC and Choice One - to operate under one umbrella company, Surviving Corporation. The Petitioners further represent that the combined companies will benefit from economies of scale that will permit them to operate more efficiently and thus realize substantial financial synergies that should enable the combined companies to increase their operating income and free cash flow.

Approval of the proposed transaction is required by 15 other states and the Federal Communications Commission ("FCC"). The proposed transaction also is being reviewed by the Department of Homeland Security ("DHS"), the Department of Justice ("DOJ"), including the Federal Bureau of Investigation ("FBI"), and the Department of Defense ("DOD").

<sup>1</sup> Staff has noted that the references to CTC VA's CPCNs in the joint petition were incorrect and the Commission, having taken judicial notice of CTC VA's CPCNs, now cites them correctly.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 after such approvals from the FCC, DHS, DOJ, FBI, and DOD have been granted can we be assured that the transfer of ownership of CTC VA and Choice One VA, 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, DHS, DOJ, FBI, and DOD, and that the Petitioners should keep the Staff aware of any developments regarding such reviews.

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 transaction as described herein to allow for the transfer of ownership of CTC VA and Choice One VA to Surviving Corporation conditioned upon approval by the FCC, DHS, DOJ, FBI and DOD.

(2) The Petitioners shall file with the Commission proof of approval by the FCC, DHS, DOJ, FBI, and DOD of the proposed transfer of control within ten (10) days of such approvals.

(3) Should approval not be granted by the FCC, DHS, DOJ, FBI, and DOD, Petitioners shall promptly file proof of denial with the Commission. Should the proposed transfer of ownership 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-2006-00032  
DECEMBER 12, 2006**

JOINT PETITION OF  
CTC COMMUNICATIONS OF VIRGINIA, INC.,  
CTC COMMUNICATIONS GROUP, INC.,  
CHOICE ONE COMMUNICATIONS OF VIRGINIA INC.,  
CHOICE ONE COMMUNICATIONS INC.,  
and  
COLUMBIA VENTURES BROADBAND, LLC

For approval of a change in ownership of CTC Communications of Virginia, Inc., and Choice One Communications of Virginia Inc.

**DISMISSAL ORDER**

By Commission Order dated May 5, 2006, CTC Communications of Virginia, Inc. ("CTC VA"), CTC Communications Group, Inc. ("CTC"), Choice One Communications of Virginia Inc. ("Choice One VA"), Choice One Communications Inc. ("Choice One"), and Columbia Ventures Broadband, LLC (collectively, the "Petitioners") were granted approval to consummate certain transactions to allow for the transfer of ownership of CTC VA and Choice One VA to Surviving Corporation, resulting from the merger of CTC into Choice One, conditioned upon approval by the Federal Communications Commission, the United States Department of Defense, including the Federal Bureau of Investigation, the United States Department of Justice, and the United States Department of Homeland Security. The Petitioners were required to file with the Commission proof of such approvals. The required report providing such proof was filed with the Commission on July 10, 2006, and a supplemental report was filed on July 14, 2006. On consideration whereby,

IT IS ORDERED THAT there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

**CASE NO. PUC-2006-00033  
JULY 13, 2006**

APPLICATION OF  
VERIZON SOUTH INC.

For exemption from physical collocation at its Bridges location

**ORDER GRANTING EXEMPTION**

March 1, 2006, Verizon South Inc. ("Verizon South") filed with the State Corporation Commission ("Commission") a request for exemption (hereinafter "Application") from the requirement to provide physical collocation in its Bridges location. In its Application, Verizon South stated 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 March 15, 2006, the Commission entered a Preliminary Order granting interested parties an opportunity to comment on Verizon South's request and further directed the Commission's Staff to investigate the request for exemption and file a report. On April 25, 2006, the Commission granted a Verizon South Motion to Extend Procedural Schedule so as to afford Verizon South additional time to provide notice to certificated local exchange carriers and interexchange carriers as required by Commission Rule 20 VAC 5-421-10 D.

<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 ("Commission Rule").

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On June 12, 2006, the Staff filed its Report in this case. Based upon its investigation, the Staff recommends that Verizon South's requested exemption for the Bridges location should be granted, provided that the exemption for this location terminate once space becomes available through the removal of equipment or when a building addition is completed.

No comments were received, and Verizon South 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 South's request for exemption from the requirement to provide physical collocation at its Bridges location should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Verizon South's request for exemption from the requirement to provide physical collocation at its Bridges location is hereby granted.
- (2) This case shall remain open for any subsequent requests to terminate the exemption that may be necessary in the future.

**CASE NO. PUC-2006-00034  
MARCH 20, 2006**

APPLICATION OF  
CYRIS, LLC

For cancellation of certificates of public convenience and necessity

**ORDER**

By Order dated March 22, 1999, in Case No. PUC-1998-00171, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-438, permitting the provision of local exchange telecommunications services, and No. TT-66A, permitting the provision of interexchange telecommunications services, to Cyris, LLC ("Cyris" or "Company").

By communication to the Division of Communications of the Commission on February 21, 2006, Cyris advised that the Company was no longer in business and requested cancellation of its certificates.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate Nos. T-438 and TT-66A, previously issued to Cyris.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2006-00034.
- (2) Certificate Nos. T-438 and TT-66A, issued to Cyris, LLC, are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2006-00035  
MARCH 15, 2006**

APPLICATION OF  
CHOCTAW COMMUNICATIONS OF VIRGINIA, INC., d/b/a SMOKE SIGNAL COMMUNICATIONS

For cancellation of certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

By Order dated January 18, 2000, in Case No. PUC-1999-00162, the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-474, permitting the provision of local exchange telecommunications services, to Choctaw Communications of Virginia, Inc. d/b/a Smoke Signal Communications ("Choctaw" or "Company").

By action of the Commission effective September 13, 2004, Choctaw was notified of the termination of its corporate existence, for its failure to change its registered agent/office properly. 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-474, previously issued to Choctaw.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2006-00035.

- (2) Certificate No. T-474, issued to Choctaw Communications of Virginia, Inc., is hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2006-00036  
MARCH 14, 2006**

APPLICATION OF  
EZ TALK COMMUNICATIONS, L.L.C.

For cancellation of certificate of public convenience and necessity

**ORDER**

By Order dated July 28, 1999, in Case No. PUC-1998-00190, the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-451, permitting the provision of local exchange telecommunications service, to EZ Talk Communications, L.L.C. ("EZ Talk" or "Company").

By communication to the Division of Communications of the Commission on February 15, 2006, EZ Talk advised that the Company was in bankruptcy and requested cancellation of its certificate.

NOW THE COMMISSION, being sufficiently advised, will cancel Certificate No. T-451, previously issued to EZ Talk.

Accordingly, IT IS ORDERED that:

- (1) This matter should be docketed as Case No. PUC-2006-00036.
- (2) Certificate No. T-451 issued to EZ Talk Communications, L.L.C., is hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2006-00037  
JULY 28, 2006**

APPLICATION OF  
GATEWAY COMMUNICATIONS SERVICES OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On March 23, 2006, Gateway Communications Services of Virginia, Inc. ("Gateway" or the "Company"), 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. 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 April 10, 2006, 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. The procedural schedule established therein was extended upon Gateway's request by an Order Extending Procedural Schedule issued May 23, 2006. On June 15, 2006, Gateway filed proof of publication and proof of service as required by the May 23, 2006 Order.

On July 14, 2006, the Staff filed its Report finding that Gateway'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 Gateway'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: Gateway 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 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) Gateway Communications Services of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. TT-225A, 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) Gateway Communications Services of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. T-659, 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) Gateway 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) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(5) The Company shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.

(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-2006-00038  
APRIL 10, 2006**

PETITION OF  
VIC-RMTS-DC, L.L.C. D/B/A VERIZON AVENUE

For authority to discontinue competitive local exchange telecommunications services in Virginia

**ORDER**

By Order dated June 22, 2001, in Case No. PUC-2001-00125, the State Corporation Commission ("Commission") issued VIC-RMTS-DC, L.L.C. d/b/a Verizon Avenue ("Verizon Avenue" or the "Company"), Certificate No. T-386a to provide local exchange telecommunications services in Virginia.<sup>1</sup>

By petition filed on March 15, 2006, Verizon Avenue requested that the Commission allow the Company to discontinue service to its remaining Virginia customers effective May 1, 2006, due to a change in business plans. The Company also requested that its tariffs on file with the Commission be canceled. Verizon Avenue further requested that its certificate to furnish local service not be canceled in order to permit the Company to retain authority to purchase sub-loop UNEs for an interconnection agreement in order to provision its High Speed Internet services.

As of March 8, 2006, Verizon Avenue provided resold local exchange service to approximately 109 Virginia residential customers. The Company furnished customers notice of its planned discontinuance of such services by a mailing on February 28, 2006. Verizon Avenue also represented in its Petition that it would send its residential resale customers a 30-day notice letter on March 24, 2006. Furthermore, the Company stated it will provide a bill insert to residential customers and a scripted automated telephone recording instructing them to select an alternate service provider by May 1, 2006.

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 finds that Verizon Avenue's proposed discontinuance date of May 1, 2006, meets the required 30 days' notice to customers.

NOW THE COMMISSION, having considered the matter, is of the opinion that Verizon Avenue's application should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2006-00038.
- (2) The existing tariffs of the Company currently on file with the Commission's Division of Communications are hereby cancelled as of May 1, 2006.
- (3) Verizon Avenue, on April 24, 2006, shall report to the Commission's Division of Communications the number of its remaining customers in Virginia.
- (4) VIC-RMTS-DC, L.L.C. d/b/a Verizon Avenue, is authorized to cease service to its remaining Virginia customers as of May 1, 2006.
- (5) This matter is hereby dismissed.

<sup>1</sup> Certificate T-386 was originally issued to VIC-RMTS-DC, L.L.C. d/b/a OnePoint Communications on September 10, 1997, in Case No. PUC-1997-00074.

**CASE NO. PUC-2006-00039  
JULY 20, 2006**

APPLICATION OF  
VERIZON SOUTH INC.

For exemption from physical collocation at its Shelton Shop Central Office

**ORDER GRANTING EXEMPTION**

On March 16, 2006, Verizon South Inc. ("Verizon South") filed with the State Corporation Commission ("Commission") a request for exemption (hereinafter "Application") from the requirement to provide physical collocation for expanded interconnection in its Shelton Shop central office. In its Application, Verizon South states that the information provided to support the request fulfills the requirements set forth in the Commission's Rules Governing Exemption from Providing Physical Collocation Pursuant to § 251(C)(6) of the Telecommunications Act of 1996 (20 VAC 5-421-10).

On May 2, 2006, the Commission entered a Preliminary Order granting interested parties an opportunity to comment on Verizon South's request and further directed the Commission's Staff to investigate the request and file a Report.

On June 6, 2006, the Staff filed its Report in this case. Based upon its investigation, the Staff recommends that Verizon South's requested exemption for the Shelton Shop 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 South 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 South's request for exemption from the requirement to provide physical collocation at its Shelton Shop central office should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Verizon South's request for exemption from the requirement to provide physical collocation at its Shelton Shop 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.

**CASE NO. PUC-2006-00043  
AUGUST 1, 2006**

PETITION OF  
INTRADO COMMUNICATIONS OF VIRGINIA INC.  
and  
WEST CORPORATION

For approval to transfer ownership of Intrado Communications of Virginia Inc. from Intrado Inc. to West Corporation

**ORDER GRANTING APPROVAL**

On March 20, 2006, Intrado Communications of Virginia Inc. ("Intrado-VA") and West Corporation (collectively, the "Petitioners") filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of the transfer of control of Intrado-VA to West Corporation. The petition was deemed complete on June 5, 2006.

Intrado-VA is a Virginia corporation certificated to provide local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity Nos. T-578 and TT-170A, respectively, granted in Case No. PUC-2001-00212 by the Commission in an Order entered March 20, 2002. Intrado-VA is a wholly owned subsidiary of Intrado Communications Inc. which, in turn, is a wholly owned subsidiary of Intrado Inc. ("Intrado"). Intrado-VA does not currently provide telecommunications services to any customers in Virginia.

West Corporation is a publicly held corporation with its headquarters in Omaha, Nebraska. West Corporation provides outsourced communication solutions to many large companies. Such communications solutions include customer acquisition, customer care and retention services, interactive voice response services, and conferencing and accounts receivable management services. West Corporation is not certificated in Virginia to provide telecommunications services.

The Petitioners propose to consummate a transaction whereby West Corporation will acquire ultimate, indirect control of Intrado-VA. Pursuant to an Agreement and Plan of Merger entered into on January 29, 2006, by West Corporation and Intrado, West Corporation will acquire 100% of the outstanding shares of common stock in Intrado, making Intrado a wholly owned subsidiary of West Corporation. As a result, ultimate control of Intrado Communications Inc. and, therefore, Intrado-VA will be transferred to West Corporation.

The Petitioners represent that the proposed transfer is in the public interest. They state that Intrado is North America's foremost provider of 9-1-1 infrastructure systems and services, as well as innovative solutions for telecommunications providers and public safety organizations, and West Corporation is a leading provider of outsourced communications solutions to many of the world's largest companies. The Petitioners represent that the Companies' offerings will complement each other, and the efficiencies gained will allow the Petitioners to compete more effectively and efficiently in the competitive marketplace and will enhance their ability to offer high-quality cost-competitive services.

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 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 have been advised by Staff that information provided to it informally reveals that the transfer of control that is the subject of this petition has already taken place. We remind the Petitioners that such action is a clear violation of Chapter 5 of Title 56 of the Code and that they should refrain from incurring such violations in the future.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval for the transfer of control of Intrado Communications of Virginia Inc. to West 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 authority granted herein within thirty (30) days of the date of this Order, 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-2006-00048  
JULY 19, 2006**

DEMMERICK ERIC BROWN

and

DARLENE MORTON,

Complainants

v.

MCI TELECOMMUNICATIONS, INC., NOW A PART OF VERIZON COMMUNICATIONS INC.

**DISMISSAL ORDER**

By Motion for Judgment, Declaratory Judgment, Injunction, or TRO to the State Corporation Commission ("Commission") filed on March 29, 2006, Demmerick Eric Brown and Darlene Morton ("Complainants") made a formal complaint ("Complaint") against MCI Telecommunications, Inc., now a part of Verizon Communications Inc. ("MCI" or "Company") concerning its practices and billing of collect telephone calls from Virginia inmates in the custody of the Virginia Department of Corrections ("DOC"). In a Certificate of Service dated March 13, 2006, Complainant Brown states that a copy of said Complaint had been served on MCI Virginia Telecommunications, Inc., by mailing to 26532 Network Place, Chicago, Illinois 60673-1265.

By Order entered April 14, 2006, this matter was docketed, the Company was directed to file a response on or before May 12, 2006, and the Complainants were to file their reply to the Company's response on or before June 2, 2006. By Order entered June 1, 2006, Complainants were granted additional time until June 12, 2006, to file their reply.

The Company's May 12, 2006, response was styled as "Motion to Dismiss and Answer of MCImetro Access Transmission Services of Virginia, Inc." ("Motion to Dismiss"). The Company seeks dismissal, asserting that the Commission lacks jurisdiction over the subject matter of the Complaint. Complainants' Reply Brief, filed June 5, 2006, counters that assertion by stating that the telecommunications service furnished to them is not part of the contract between MCI and the DOC.

NOW THE COMMISSION, having considered the pleadings and the applicable law, is of the opinion and finds that Verizon's Motion to Dismiss should be granted.

Verizon's Motion referenced and attached the Virginia Supreme Court's decision, *MCI WorldCom Network Services, Inc., et al v. Robert E. Lee Jones, Jr.*, an unpublished decision dated February 28, 2002 ("*MCI v. Jones*"). In *MCI v. Jones*, the Court determined that the Commission lacked jurisdiction to adjudicate an inmate's complaints involving the manner in which MCI and the DOC had contractually arranged for inmates' collect calls to the outside world to be routed and billed. The Court ruled that the arrangement was a "state contract" under the terms of Va. Code § 56-234. As that statute was then written, "... schedules of rates, or contracts for service rendered by any telephone company to the state government ..." were exempted from Commission oversight.

In its 2002 session, the Virginia General Assembly amended the pertinent language of § 56-234 to make it even more explicit that any state contract regarding inmate telephone service fell outside the Commission's general authority over public utilities. It now reads as follows:

... nothing contained herein or in § 56-481.1 shall apply to (i) schedules of rates for any telecommunications service provided to the public by virtue of any contract with, (ii) for any service provided under or relating to a contract for telecommunications services with, or (iii) contracts for service rendered by any telephone company to, the state government or any agency thereof, or by any other public utility to any municipal corporation or to the state or federal government.

See, 2002 Va. Acts, at 2041.

Complainants contend that the service that allows Mr. Brown to communicate with Ms. Morton is a personal telephone service rather than a state service. But Complainants have failed to distinguish this service from that which was ruled to be non-jurisdictional in *MCI v. Jones*. Complainants' Reply Brief urges the Commission to disregard *MCI v. Jones* because it is an unsigned and unpublished opinion. Those characteristics do not diminish the

authority of the Court's opinion. In light of *MCI v. Jones* and the language of § 56-234, we find that the Commission has no basis to assert jurisdiction over this matter.

Our determination that the Commission lacks jurisdiction does not preclude Complainants from seeking relief in a proper forum. In their pleadings, Complainants refer to provisions in the Communications Act of 1934 and the Telecommunications Act of 1996, 47 U.S.C. § 151 *et seq.* that might bestow jurisdiction on the Federal Communications Commission to hear and to determine this matter. Moreover, Complainants' allegations regarding federal and state constitutional protections might be litigated before the appropriate federal or state courts of general jurisdiction. The Commission, however, is limited to that jurisdiction granted to it by the Constitution and statutes of Virginia.

Accordingly, IT IS ORDERED THAT this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2006-00054  
MAY 4, 2006**

APPLICATION OF  
BELLSOUTH BSE OF VIRGINIA, INC.

For relinquishment of certificates of public convenience and necessity and to cancel tariffs

**ORDER**

By Order dated February 17, 1998, in Case No. PUC-1997-00172, the State Corporation Commission ("Commission") granted BellSouth BSE of Virginia, Inc. ("BellSouth" or the "Company"), Certificate No. TT-44A to provide interexchange telecommunications services and Certificate No. T-403 to provide local exchange telecommunications services in Virginia.

By application filed March 31, 2006, BellSouth requested that the Commission cancel its certificates and cancel the tariffs in order to obviate the need for Commission review under the Utility Transfers Act, Va. Code § 56-88, *et seq.* of the merger of BellSouth Corporation into AT&T Inc. The Company represents that it has no local exchange customers and its interexchange customers are served only on a resale basis. There is no intention by the Company to acquire or construct interexchange facilities in Virginia.<sup>1</sup> Therefore, there is no need for the Company to continue with the certificates.

NOW THE COMMISSION, having considered the matter, is of the opinion that BellSouth's certificates and tariffs should be canceled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2006-00054.
- (2) Certificate Nos. TT-44A and T-403 are hereby canceled.
- (3) The tariffs of the Company currently on file with the Commission's Division of Communications are hereby canceled.
- (4) This matter is hereby dismissed.

<sup>1</sup> The Company represents there will be no impact on its interexchange customers since current rates and charges will continue at the current tariff amounts.

**CASE NO. PUC-2006-00055  
MAY 3, 2006**

JOINT PETITION OF  
VANCO DIRECT USA, LLC, AND  
UNIVERSAL ACCESS, INC  
and  
UNIVERSAL ACCESS OF VIRGINIA, INC

For approval of transfer of assets

**ORDER GRANTING APPROVAL**

On April 3, 2006, Vanco Direct USA, LLC ("Vanco"), Universal Access, Inc. ("UAI"), and Universal Access of Virginia, Inc. ("UAI-VA") (collectively "Joint Petitioners"), pursuant to Chapter 5 of Title 56 of the Code of Virginia, filed a joint petition with the State Corporation Commission ("Commission") requesting approval of a transfer of assets of UAI-VA to Vanco and for the cancellation of the certificate of public convenience and necessity ("CPCN") of UAI-VA. The request for cancellation of the CPCN is under consideration in Case No. PUC-2006-00058.

Pursuant to the proposed transfer, Vanco will acquire substantially all of the assets of UAI-VA, consisting of 14 private line customers. UAI-VA will retain ownership of any accounts receivable accruing prior to the effective date of the transfer. UAI-VA owns no other property or assets.

Vanco is a limited liability company organized under the laws of the State of Delaware, with principal offices located in Chicago, Illinois. Vanco is authorized to provide competitive local exchange telecommunications services pursuant to authority granted by the Commission in CPCN No. T-651, in

Case No. PUC-2005-00165, by Order entered on March 10, 2006. Vanco is a wholly owned subsidiary of VNO Direct Limited, which is a wholly owned subsidiary of Vanco PLC, a publicly held company of the United Kingdom.

UAI is a Delaware Corporation with principal offices located in Chicago, Illinois. UAI and its subsidiaries provide local and long distance telecommunications services in approximately 46 states. On August 4, 2004, UAI and its subsidiaries, including UAI-VA, filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division ("Bankruptcy Court").

UAI-VA is a wholly owned subsidiary of UAI and is authorized to provide competitive local exchange telecommunications services in Virginia pursuant to authority granted by the Commission in CPCN No. T-495, in Case No. PUC-2000-00041, by Order entered on June 30, 2000.

On May 17, 2005, the Joint Petitioners amended and re-executed an Asset Purchase Agreement ("Agreement"), originally dated March 24, 2005, to effect the transfer of assets from UAI-VA to Vanco. The Agreement has been approved by the Bankruptcy Court.<sup>1</sup> On August 1, 2005, the Joint Petitioners entered into a Management Agreement under which Vanco is operating as the manager of the operations of UAI-VA.

The joint petition states that Vanco will provide service to the existing customers of UAI-VA under the same rates, terms and conditions of service as currently provided. The Joint Petitioners affirm that the proposed transaction will serve the public interest and will not impair or jeopardize adequate service to the public at just and reasonable rates. Further, they state that the proposed transaction will provide UAI-VA's customers with access to Vanco's substantial technical and management expertise, financial resources and support services, which will enable existing and future customers to receive expanded offerings and more advanced telecommunications services.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the transaction described herein, will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The application 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 proposed transfer of assets from UAI-VA to Vanco, as described herein.
- 2) The Joint Petitioners shall file a report of 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 that the transfer of assets took place.
- 3) There appearing nothing further to be done in this matter. it is hereby dismissed.

<sup>1</sup> *Order Confirming Second Amended Liquidating Plan Jointly Proposed by Debtors and by the Official Committee of Unsecured Creditors, Case No. 04-B-28747*, entered by Bankruptcy Court, January 27, 2006.

### **CASE NO. PUC-2006-00057 JULY 10, 2006**

PETITION OF  
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.,  
D/B/A VERIZON ACCESS TRANSMISSION SERVICES OF VIRGINIA

For removal of certain provisions of the October 6, 2005, Order in Case No. PUC-2005-00051

#### **ORDER DENYING PETITION**

On April 10, 2006, MCI metro Access Transmission Services of Virginia, Inc. d/b/a Verizon Access Transmission Services of Virginia ("Verizon" or "Verizon Business"), filed a Petition with the State Corporation Commission ("Commission") requesting "that the Commission remove one of the requirements in its October 6, 2005 Order Granting Approval of the merger between Verizon Communications Inc. and MCI, Inc. ('Merger') in Case No. PUC-2005-00051."<sup>1</sup> Verizon states that "[s]pecifically, the [Merger Order]<sup>2</sup> imposed an indefinite cap on the rates, terms, and conditions that Verizon Business can charge wholesale customers for intrastate and interstate special access, private line (or its equivalent), and high capacity loop and transport facilities."<sup>3</sup> Verizon concludes that this requirement "is not necessary to ensure adequate service to the public at just and reasonable rates."<sup>4</sup>

Verizon asserts that "[s]hortly after the Commission issued its order . . . both the United States Department of Justice ('DOJ') and the Federal Communications Commission ('FCC') imposed their own requirements on Verizon Business's interstate and intrastate private line and special access

<sup>1</sup> Petition at 1.

<sup>2</sup> *Joint Petition of Verizon Communications Inc. and MCI Inc., For approval of agreement and plan of merger*, Case No. PUC-2005-00051, Order Granting Approval, Oct. 6, 2005 ("Merger Order").

<sup>3</sup> Petition at 1.

<sup>4</sup> *Id.* at 2.

services, designed to address the very same concerns about access and price that underlie the Commission's private line and special access requirement."<sup>5</sup> Verizon contends that the "FCC's and DOJ's requirements concerning private line and special access services ensure that the Merger will not affect the provision of local services to mid-sized business customers, which the Commission expressed as its concern when it imposed its special access and private line requirement."<sup>6</sup>

On April 24, 2006, the Commission issued an Order for Comment and Requests for Hearing. Comments were filed by Cavalier Telephone, LLC ("Cavalier") and XO Communications Services, Inc. ("XO"). Both Cavalier and XO request that the Commission deny the Petition. Verizon filed a response, arguing that Cavalier's and XO's claims are "misguided and should be rejected."<sup>7</sup> Verizon also states that "[n]o party requested a hearing, and one is not necessary."<sup>8</sup>

NOW THE COMMISSION, having considered the pleadings and the applicable law, is of the opinion and finds that the Petition should be denied without prejudice.

In Case No. PUC-2005-00051, Verizon Communications Inc. and MCI, Inc. ("MCI") filed a Joint Petition requesting approval of their proposed merger under Chapter 5 of Title 56 of the Code of Virginia (§ 56-88 *et seq.*) ("Transfers Act"). The Merger Order explained that § 56-90 of the Transfers Act sets forth the criteria that the Commission must apply in evaluating such a request:

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 . . . .

In accordance therewith, the Commission found 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."<sup>9</sup>

The requirement at issue in the instant case, which Verizon now seeks to remove, is set forth in the Merger Order as such:

(2) It is further ordered as follows.

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(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.<sup>10</sup>

The Merger Order also noted that "Petitioners or any interested person may initiate a case at any time requesting that the Commission remove this requirement."<sup>11</sup>

Verizon asks this Commission to nullify a key requirement imposed as a necessary prerequisite of our approval of the Merger because the "Commission's restrictions on MCI's interstate and intrastate special access and private line services have been rendered unnecessary by subsequent FCC and DOJ actions."<sup>12</sup> Verizon supports this proposition with assertions such as the following:

- The Commission should grant the Petition and remove its restrictions in favor of the more specific conditions designed by the federal regulators.<sup>13</sup>

<sup>5</sup> *Id.* at 1-2 (footnotes omitted).

<sup>6</sup> *Id.* at 2.

<sup>7</sup> Verizon's June 16, 2006 Response at 2.

<sup>8</sup> *Id.* at 15.

<sup>9</sup> Merger Order at 13.

<sup>10</sup> *Id.* at 33-34.

<sup>11</sup> *Id.* at 29.

<sup>12</sup> Petition at 8.

<sup>13</sup> Verizon's June 16, 2006 Response at 2.

- This relief is particularly appropriate because the Commission's restriction affects *interstate* services that are matters of federal concern.<sup>14</sup>
- The DOJ's and FCC's conditions . . . are the product of much more probing reviews than the Commission's . . .<sup>15</sup>
- The FCC and DOJ conducted investigations that were broader and deeper than the one conducted by this Commission.<sup>16</sup>
- To the extent this Commission's restrictions are broader than the DOJ's and FCC's conditions, they undermine those agencies' considered judgments and threaten to reduce or eliminate the benefits they intended to preserve.<sup>17</sup>
- [I]t would be inappropriate for this Commission to question the DOJ's and FCC's considered judgments and investigate whether their conditions are having their intended effect.<sup>18</sup>
- There is no longer any reason for the Commission to insert itself into these interstate matters.<sup>19</sup>

The Commission has a statutory obligation under the Transfers Act to ensure that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by our approval of the Merger. As explained in the Merger Order, the Commission's analysis encompasses both intrastate and interstate wholesale services that are used by competitive carriers to provide local service to Virginia consumers.<sup>20</sup> The Commission's statutory obligation is not dependent on any action or lack of action by a federal agency. While we certainly would note if a federal agency takes an action that obviates, renders moot, or pre-empts our own, the Merger Order makes clear that the Commission's "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."<sup>21</sup>

We find that the FCC and DOJ conditions do not pre-empt this Commission's authority and responsibility under the Transfers Act, nor do such conditions obviate or render moot the requirements of our Merger Order. The FCC's price caps: (i) only apply for 30 months; (ii) only apply to rates; (iii) only apply to existing MCI customers; (iv) only apply to DS1 and DS3 services; and (v) only require voluntary compliance.<sup>22</sup> In contrast, this Commission's price caps: (i) are not arbitrarily time limited; (ii) apply not only to rates, but also to terms and conditions of service; (iii) apply to both existing and *new* MCI customers; (iv) apply to all special access services and high capacity loop and transport services; and (v) do not depend upon voluntary compliance.<sup>23</sup> Clearly the FCC's conditions and the requirement in the Merger Order are not identical, and, thus, this Commission's requirement has not been rendered redundant or unnecessary as argued by Verizon.

In addition, Verizon has not established how or whether the DOJ's negotiated divestiture remedy has been implemented, but more importantly, Verizon has not proven that, if implemented, adequate service to the public at just and reasonable rates will not be impaired or jeopardized as a result thereof. In support of its petition, Verizon attached two DOJ pleadings. These pleadings, however, fail to support adequately Verizon's request herein. For example, the DOJ identified "buildings where [Verizon and MCI] were the only carriers with a last-mile connection (*i.e.*, 2-to-1 buildings) . . . ."<sup>24</sup> The DOJ identified 54 buildings in Virginia "where MCI was the only actual or potential competitive supplier."<sup>25</sup> The "DOJ required divestiture of fiber laterals (which service individual buildings) and associated transport (which connect the laterals back to the network) at each of these locations."<sup>26</sup> This condition is intended to remedy what the DOJ acknowledges are the Merger's substantial anti-competitive effects on special access services.<sup>27</sup>

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<sup>14</sup> *Id.* (emphasis in original).

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 4.

<sup>17</sup> *Id.* at 2-3.

<sup>18</sup> *Id.* at 14.

<sup>19</sup> *Id.* at 4.

<sup>20</sup> Merger Order at 29.

<sup>21</sup> *Id.* at 17.

<sup>22</sup> See Petition at 7.

<sup>23</sup> In addition, the Merger Order notes as follows: "The remedies for violation of any of the Commission's orders herein include the penalties set forth in § 12.1-13 of the Code [of Virginia]." Merger Order at 35.

<sup>24</sup> Verizon's June 16, 2006 Response, Attach. A at 23 (DOJ Response to Public Comments).

<sup>25</sup> Verizon's June 16, 2006 Response at 9-10.

<sup>26</sup> *Id.* at 10.

<sup>27</sup> See *id.*, Attach. A at 5 (DOJ Response to Public Comments), Attach. B at 5-7 (DOJ Competitive Impact Statement).

The DOJ admits, though, that it did not require divestiture for its complete list of 2-to-1 buildings.<sup>28</sup> For example, the DOJ did not include buildings in which there was "zero current demand for [Special Access] or related services."<sup>29</sup> The DOJ also did not include what could be hundreds of buildings which it determined were close enough to a competitor's network so that if post-merger Verizon raised the price for special access services it was likely that a competitor would undergo the expense of running facilities-based service to those buildings.<sup>30</sup> This is a particularly strange rationale to justify the DOJ's exclusion of significant numbers of buildings from its divestiture list, because the DOJ also concluded as follows:

Although other CLECs can, theoretically, build their own fiber connection to each building in response to a price increase by the merged firm, such entry is a difficult, time-consuming, and expensive process. . . . While [competitive] entry may occur in some buildings where MCI is the only CLEC present in response to a post-merger price increase, the conditions for entry are unlikely to be met in . . . hundreds of buildings . . .<sup>31</sup>

The DOJ's divestiture remedy, by its own terms and negotiated limitations, omits a significant number of buildings in which MCI was the only competitor to Verizon pre-merger.

The DOJ's apparent omission of so many 2-to-1 buildings from its divestiture order undercuts Verizon's assertion that the DOJ's mandated divestiture will necessarily ensure that adequate service to the public at just and reasonable rates will not be impaired or jeopardized. Moreover, a fundamental difference between the DOJ's condition and the Commission's requirement is that the DOJ's remedy is apparently based on faith or speculation that competition in the special access market will develop at some point in the future – whereas the Commission's condition requires Virginia's statutory standard to have been met, for example, by factual evidence that effective competition has developed or is realistically imminent on a scale sufficient to restrain the merged firm's ability to exercise monopoly pricing power.

We are, to be sure, not ruling on the efficacy of the DOJ's condition for its intended purpose. Indeed, Verizon has not placed facts in this record that would permit such an analysis. Rather, we find that Verizon has not established a factual predicate that enables us to conclude the DOJ's remedy – if implemented in a particular manner – is reasonably protective of the pre-merger rates and service quality encompassed by our merger requirement.

Verizon nonetheless argues as follows: "Suffice it to say that both the FCC and DOJ closely monitor Verizon's compliance with the merger conditions. It is not this Commission's role to second guess the DOJ and FCC on whether their conditions are having the effects they intended on wholesale interstate special access."<sup>32</sup> Contrary to this dismissive and condescending description of the Commission's role, it is indeed our duty to evaluate and to monitor how this merger is affecting Virginia's business customers whose rates and service quality the merger requirement was intended to protect, as well as to implement Virginia law with due diligence. Our duty is not blindly to accept an assertion that federal agencies' actions have rendered our own superfluous when there is insufficient evidence establishing that such is the case.

Finally, we note that the Merger Order did not establish any one set of facts that would enable us to conclude the requirement at issue herein "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."<sup>33</sup> We likewise set no such restriction as part of the instant Order. Rather, we point back to the Merger Order, wherein the Commission discussed our Transfers Act analysis in the context of the particular facts of this matter. We explained that in considering the Verizon-MCI merger application under the Transfers Act, "our role is to be protective of rates and service quality that should already be in place."<sup>34</sup> Next, the Commission found that "[t]here 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>35</sup>

As a result, the Commission concluded that the requirement Verizon now seeks to nullify was necessary in order for us to make the findings mandated by the Transfers Act and, thus, to protect rates and service quality that should already have been in place for those mid-sized business customers. Verizon has alleged no set of facts in this proceeding upon which we could reasonably rely to remove that requirement. For example, Verizon does not sufficiently allege nor support: (1) that the availability of competitive choices is widespread enough so that the merged firm's prices and terms (for the services encompassed in our merger requirement) are set by competition and not by its own market power, or that the availability of such competitive services is realistically imminent due to the dynamics of the relevant market; (2) that MCI's prior role as an independent provider in the relevant market has been effectively filled by one or more new providers; (3) that the relevant market has economic substitutes in the form of new or other products or services; or (4) any other factual scenario upon which Verizon may be able to contend that removing the Commission's merger requirement is reasonably protective of pre-merger rates and service quality.

In the matter before us, Verizon has provided neither factual assertions nor support sufficient to establish that allowing post-merger Verizon to operate without the specific requirement in our Merger Order is reasonably protective of pre-merger rates and service quality. As a result, we are unable to conclude that such requirement 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.

<sup>28</sup> *Id.*, Attach. A at 21-24 (DOJ Response to Public Comments).

<sup>29</sup> *Id.* at 6 (quoting DOJ Response to Public Comments at 23).

<sup>30</sup> *Id.*, Attach. A at 21-24 (DOJ Response to Public Comments).

<sup>31</sup> *Id.*, Attach. B at 8 (DOJ Competitive Impact Statement).

<sup>32</sup> Verizon's June 16, 2006 Response at 3.

<sup>33</sup> Merger Order at 29.

<sup>34</sup> *Id.* at 14 (citation omitted).

<sup>35</sup> *Id.* at 28 (footnote omitted).

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Petition is denied without prejudice.
- (2) This matter is dismissed.

**CASE NO. PUC-2006-00058  
OCTOBER 31, 2006**

APPLICATION OF  
UNIVERSAL ACCESS OF VIRGINIA, INC.

For cancellation of its local exchange certificate of public convenience and necessity and cancellation of its tariff

**ORDER**

By Order dated June 30, 2000, in Case No. PUC-2000-00041, the State Corporation Commission ("Commission") granted Universal Access of Virginia, Inc. ("Universal" or the "Company"), Certificate No. T-495 to provide local exchange telecommunications services in Virginia.

By letter application filed April 3, 2006, Universal requested that the Commission cancel its certificate because of the transfer of all of its assets and customers to Vanco Direct USA, LLC ("Vanco"). Vanco was granted its local exchange certificate on March 10, 2006. Universal filed notice on October 17, 2006, that it had ceased operations in Virginia and had no remaining Virginia customers. Staff confirmed that this request was made on behalf of the Virginia entity, Universal, and not on behalf of its parent, Universal Access, Inc.

NOW THE COMMISSION, having considered the matter, is of the opinion that Universal's certificate should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2006-00058.
- (2) Certificate No. T-495 is hereby cancelled.
- (3) Any existing tariffs of Universal currently on file with the Commission's Division of Communications are hereby cancelled.
- (4) This matter is hereby dismissed.

**CASE NO. PUC-2006-00059  
APRIL 27, 2006**

APPLICATION OF  
VANCO DIRECT USA, LLC

For approval to substitute a letter of credit for a performance bond

**FINAL ORDER**

On November 29, 2005, Vanco Direct USA, LLC ("Vanco" or the "Company"), filed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services throughout the Commonwealth of Virginia. The application was docketed as Case No. PUC-2005-00165.

On March 10, 2006, the Commission entered a Final Order granting the Company certificates to provide local exchange and interexchange telecommunications services subject to certain conditions, including that Vanco must provide a \$50,000 bond to the Commission's Division of Economics and Finance when the Company files a tariff for review and acceptance with the Commission's Division of Communications. Vanco was further directed to notify the Commission's Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of the bond and to provide a replacement bond at that time. Rule 20 VAC 5-417-20 (G) (1) (b) of the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 et seq. ("CLEC Rules"), requires a continuous performance or surety bond to be provided to the Division of Economics and Finance.

On April 13, 2006, Vanco filed a request that the Commission permit the Company to provide a letter of credit in lieu of the bond required by the Order and the CLEC Rules.

NOW THE COMMISSION, having considered the request, finds that Vanco's request should be granted. The Staff has advised the Commission that it believes that a letter of credit substantially complies with the purpose of requiring the bond under 20 VAC 5-417-20 (G) (1) (b) of the CLEC Rules. Pursuant to 20 VAC 5-417-80 of the CLEC Rules, the Company should therefore be permitted to provide a letter of credit in lieu of a bond.

Accordingly, IT IS ORDERED THAT:

- (1) Vanco shall provide a letter of credit to the Commission's Division of Economics and Finance in the form prescribed by such division at such time as the Company files a tariff for review and acceptance with the Commission's Division of Communications.
- (2) Vanco shall notify the Commission's Division of Economics and Finance no less than thirty (30) days prior to the cancellation or lapse of the letter of credit and at that time shall provide a replacement letter of credit or a bond.
- (3) All other provisions of our March 10, 2006, Final Order in Case No. PUC-2005-00165 shall remain in full force in effect.
- (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-2006-00060  
AUGUST 3, 2006**

APPLICATION OF  
HYBRID NETWORKS, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On April 20, 2006, Hybrid Networks, LLC ("Hybrid" 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 May 17, 2006, 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 June 9, 2006, the Company filed proof of publication and proof of service as required by the May 17, 2006 Order. Hybrid later requested a 30 day extension to comply with the bond requirement in 20 VAC 5-417-20 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"). An Order Granting Extension was entered on June 23, 2006, extending the date for the submission of the bond and for the Staff to file its Report and the Company to file any response to the Report.

On July 19, 2006, the Staff filed its Report finding that Hybrid'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.* Based upon its review of Hybrid'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 condition that Hybrid should notify the Division of Economics and Finance no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

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) Hybrid Networks, LLC is hereby granted a certificate of public convenience and necessity, No. TT-226A, to provide interexchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.
- (2) Hybrid Networks, LLC is hereby granted a certificate of public convenience and necessity, No. T-660, 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 30 days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.
- (6) 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-2006-00061  
MAY 10, 2006**

APPLICATION OF  
ICG TELECOM GROUP OF VIRGINIA, INC.

For approval of relinquishment of local exchange certificate and cancellation of tariffs

**ORDER**

On April 21, 2006, ICG Telecom Group of Virginia, Inc. ("ICG Virginia" 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 the associated tariffs on file with the Commission. Certificate No. T-420 granting local exchange telecommunications authority was issued to the Company by Commission Order dated October 27, 1998, in Case No. PUC-1998-00100. In its application, ICG Virginia represents that it has no local exchange customers in Virginia.<sup>1</sup>

NOW UPON CONSIDERATION of the matter, the Commission finds that the certificate of public convenience and necessity granted to ICG Telecom Group of Virginia, Inc., should be cancelled. The Commission further finds that the tariffs on file with the Division of Communications in the name of ICG Telecom Group of Virginia, Inc., should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00061.
- (2) Certificate No. T-420 granting local exchange authority to ICG Telecom Group of Virginia, Inc., is hereby cancelled.
- (3) The tariffs associated with Certificate No. T-420 in the name of ICG Telecom Group of Virginia, Inc., on file with the Division of Communications are hereby cancelled.
- (4) There being nothing further to come before the Commission, this matter is hereby dismissed.

<sup>1</sup> On August 3, 2004, ICG Virginia filed a petition to discontinue certain services in Virginia. An Order was issued August 18, 2004, in Case No. PUC-2004-00100 permitting the discontinuance of service effective August 31, 2004.

**CASE NO. PUC-2006-00063  
MAY 31, 2006**

JOINT PETITION OF  
ADELPHIA COMMUNICATIONS CORPORATION,  
ACC TELECOMMUNICATIONS OF VIRGINIA, LLC  
and  
COMCAST CORPORATION,  
COMCAST BUSINESS COMMUNICATIONS OF VIRGINIA, LLC

For approval of transfer of assets and control

**ORDER GRANTING APPROVAL**

On April 27, 2006, Adelphia Communications Corporation ("Adelphia"), ACC Telecommunications of Virginia, LLC ("ACC Telecom"), Comcast Corporation ("Comcast"), and Comcast Business Communications of Virginia, LLC ("Comcast Business") (collectively "Joint Petitioners"), pursuant to Chapter 5, Title 56 of the Code of Virginia, filed a joint petition with the State Corporation Commission ("Commission") requesting approval of a transfer of assets of ACC Telecom to Comcast Business.

Pursuant to the proposed transfer, Comcast Business will acquire all of the Virginia assets of ACC Telecom, consisting of two customer contracts for intrastate data telecommunications services. The customers are located in the Winchester, Virginia area.

Adelphia is a publicly held Delaware corporation with principal offices located in Greenwood Village, Colorado. ACC Telecom, a Virginia limited liability company, is a wholly owned subsidiary of Adelphia and is authorized to provide local and interexchange telecommunications services in Virginia pursuant to authority granted by the Commission in certificates of public convenience and necessity ("CPCN") Nos. TT-177A (interexchange authority) and T-585 (local exchange authority), in Case No. PUC-2002-00011, by Order entered on May 9, 2002.

Comcast is a publicly held Pennsylvania corporation with principal offices located in Philadelphia, Pennsylvania. Comcast Business, a Virginia limited liability company, is a wholly owned subsidiary of Comcast and is authorized to provide telecommunications services in Virginia pursuant to authority granted by the Commission in the CPCN Nos. TT-141A (interexchange) and T-546 (local exchange), in Case No. PUC-2000-00294, by Order entered on March 23, 2001.

On June 25, 2002, Adelphia filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court of the Southern District of New York ("Bankruptcy Court"). On April 20, 2005, Adelphia, Comcast, and Time Warner NY Cable, LLC ("TW"), entered into a series of agreements ("Transaction"), pursuant to which Comcast and TW will acquire substantially all of the assets of Adelphia

and its affiliates and subsidiaries. The Transaction is valued in excess of \$17 billion and is contingent upon various approvals from the Bankruptcy Court and other governmental authorities. Pursuant to the Transaction, all of ACC Telecom's Virginia assets will be transferred to Comcast Business.

The joint petition states that ACC Telecom customers will continue to receive service under the same terms and conditions for the duration of each applicable service contract. The Joint Petitioners affirm that adequate service to the public at just and reasonable rates will not be impaired or jeopardized.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the transaction described herein, will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The application 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 proposed transfer of assets and control of ACC Telecom to Comcast Business, as described herein.
- 2) The Joint Petitioners shall file a report of 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 that the transfer of assets and control took place.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUC-2006-00067  
JULY 5, 2006**

JOINT PETITION OF  
LEVEL 3 COMMUNICATIONS, INC.,  
TELCOVE, INC.  
and  
TELCOVE OF VIRGINIA, LLC

For approval of transfer of indirect control

**ORDER GRANTING APPROVAL**

On May 10, 2006, Level 3 Communications, Inc. ("Level 3"), TelCove, Inc. ("TelCove"), and TelCove of Virginia, LLC ("TelCove-VA") (collectively "Joint Petitioners"), pursuant to Chapter 5, Title 56 of the Code of Virginia, filed a joint petition with the State Corporation Commission ("Commission") requesting approval of a transaction whereby Level 3 will acquire indirect control of TelCove-VA, an operating subsidiary of TelCove. The joint petition was amended in a filing made by the Joint Petitioners on May 18, 2006, to note a future name change and substitute an amended exhibit to an exhibit filed with the original joint petition.

TelCove is a privately held Delaware corporation with principal offices located in Canonsburg, Pennsylvania. TelCove-VA, a Delaware limited liability company, is a wholly owned subsidiary of TelCove and is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to authority granted by the Commission in certificate of public convenience and necessity ("CPCN") Nos. T-433c and TT-63D, respectively, in Case No. PUC-2004-00071, by Order entered on June 11, 2004.

Level 3 is a publicly traded Delaware corporation with principal offices located in Broomfield, Colorado. Under the proposed transfer of indirect control, Level 3 will acquire indirect control of TelCove-VA through a multi-step transaction, beginning with a merger between TelCove and Eldorado Acquisition Three, LLC ("Eldorado"), a wholly owned subsidiary of Level 3 created for the purpose of this transaction, with Eldorado the surviving company. Level 3 will then contribute its interest in Eldorado to Level 3 Financing, Inc., also a wholly owned subsidiary of Level 3, which will then contribute its interest in Eldorado to Level 3 Communications, LLC, a wholly owned subsidiary of Level 3 Financing, Inc. As a result of completion of this multi-step transaction, TelCove-VA becomes a wholly owned subsidiary of Eldorado. Although the proposed transaction results in a change in the ownership of TelCove-VA, no transfer of CPCNs or customers of TelCove-VA will occur. TelCove-VA will continue to provide service to its existing customers in Virginia under existing rates, terms and conditions. Accordingly, the transaction will be transparent to the customers of TelCove-VA. The joint petition states that adequate service at just and reasonable rates will not be impaired or jeopardized by the granting of the joint petition.

NOW THE COMMISSION, upon consideration of the joint petition and representations of the Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the transaction described herein, will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The application 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 proposed transfer of indirect control of TelCove-VA from TelCove to Level 3, as described herein.
- 2) The Joint Petitioners shall file a report of 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 that the transfer of assets and control took place.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUC-2006-00072  
SEPTEMBER 13, 2006**

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

Ex Parte: Amendment of Rules Governing Disconnection of Local Exchange Telephone Services

**FINAL ORDER APPROVING RULES GOVERNING  
DISCONNECTION OF LOCAL EXCHANGE TELEPHONE SERVICE**

By Order entered June 6, 2006,<sup>1</sup> the State Corporation Commission ("Commission") took under consideration the Staff's proposed Rules Governing Disconnection of Local Exchange Telephone Service (to be codified at 20 VAC 5-413-5 *et seq.*) ("proposed DNP Rules") amending the existing Rules Governing Disconnection of Local Exchange Telephone Services codified at 20 VAC 5-413-10 *et seq.* ("current DNP Rules"). Pursuant to the Order for Notice and Comment, interested parties were permitted to comment on, propose modifications or supplements to, or request a hearing on the proposed DNP Rules.

Comments were filed by the following participants: Virginia Telecommunications Industry Association ("VTIA"); the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"); Citizens Telephone Cooperative ("Citizens"); and Cox Virginia Telcom, Inc. ("Cox"). In addition, the Commission received comments from one individual, Mr. Theodore R. Reiff. No one requested a hearing on this matter.

The Division of Communications ("Staff") filed its Comments on August 23, 2006 ("Staff Comments"). The Staff Comments, at pp. 2-4, summarized the comments received from other participants and then, at pp. 4-7, discussed issues that had been raised and suggested an addition (C 3) to proposed Rule 20 VAC 5-413-10 to accommodate the VTIA's request for similar treatment of other fees and surcharges not enumerated in the rules. The new rule would allow any local exchange company ("LEC") to petition the Commission to afford similar treatment of other fees or surcharges, in addition to the Subscriber Line Charge ("SLC"), Universal Service Fee ("USF"), and Telecommunications Relay Service ("TRS").

In addition, the Staff Comments discuss Mr. Reiff's recommendation to require LECs to accept the partial payment amount as stated on the bill or disconnection notice that is necessary to avoid disconnection (rather than the total) by any payment means the company utilizes. The Staff states that it is unable to comment on this suggestion without further technical and economic information on the LECs' abilities to accept partial payment in such instances.

NOW THE COMMISSION, having considered the comments submitted herein is of the opinion and finds that the current rules should be amended as set out in the proposed DNP Rules, with the revisions discussed below, effective December 1, 2006. The complete amended DNP Rules appear in Attachment A, appended to this Order.

With regard to the Staff's proposed Rule 20 VAC 5-413-10 C 3, we find that it is reasonable and appears to satisfy the concerns raised by VTIA and Cox, so it should be adopted, with minor modifications to conform to the Virginia Administrative Code.

With regard to Mr. Reiff's comments on partial payments, we find that a revision to the proposed rules is unnecessary. We recognize that there may be technical limitations on accepting partial payments under various payment methods; however, we expect LECs to provide customers with reasonable and practical means to make partial payments in order to avoid disconnection of basic local exchange telephone service.

Accordingly, IT IS ORDERED THAT:

- (1) The current rules codified at 20 VAC 5-413 are hereby amended, effective December 1, 2006, to be replaced by the amended DNP Rules as shown in Attachment A hereto.
- (2) The Commission's Division of Information Resources shall forward this Order and the attached amended DNP Rules to the Registrar of Regulations for publication in the Virginia Register of Regulations.
- (3) There being nothing further to come before the Commission, this matter is hereby closed and the record shall be placed in the file for ended causes.

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

<sup>1</sup> Order Prescribing Notice and Inviting Comments or Requests for Hearing, June 6, 2006, Case No. PUC-2006-00072 ("Order for Notice and Comment").

**CASE NO. PUC-2006-00074  
JUNE 9, 2006**

APPLICATION OF  
PREFERRED CARRIER SERVICES OF VIRGINIA, INC.

For partial discontinuance of local exchange telecommunications services

**ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICES**

On May 30, 2006, Preferred Carrier Services of Virginia, Inc. ("Preferred Carrier" or "Company"), filed a Petition for Partial Discontinuance of Service ("Petition") with the State Corporation Commission ("Commission") requesting approval to discontinue its provision of prepaid local exchange telecommunications services to customers in the service territories of Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon") within the Commonwealth of Virginia.<sup>1</sup>

According to the Petition, Preferred Carrier currently provides prepaid local exchange telecommunications services to approximately 1,388 customers within Verizon's service territories. The Petition requests that the Company be allowed to discontinue its customers' service effective June 13, 2006. Preferred Carrier states that its underlying wholesale services from Verizon are being discontinued due to unresolved billing disputes between the Company and Verizon.

Pursuant to Rule 20 VAC 5-423-30 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 must furnish notice to customers in the prescribed manner before any services may be discontinued. The Commission's primary concern with authorizing discontinuance is providing adequate notice to the affected customers. It appears that Preferred Carrier has provided notice in the form of letters mailed directly to the affected subscribers. The notice appears to be adequate in substance and, because it appears to have been mailed on May 8, 2006, timely for purposes of approving discontinuance effective June 13, 2006. Rule 20 VAC 5-423-30 B of the Discontinuance Rules provides that "[c]ustomers shall be provided at least 30 days' written notice of the proposed partial discontinuation of service."

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds Preferred Carrier's Petition to partially discontinue local exchange telecommunications services should be granted with the limitations discussed herein.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00074.
- (2) Preferred Carrier's request to discontinue provision of local exchange telecommunication services to its customers in the service territories of Verizon Virginia Inc. and Verizon South Inc. in the Commonwealth of Virginia effective June 13, 2006, is hereby granted.
- (3) On or before June 12, 2006, Preferred Carrier shall report to the Commission's Division of Communications the number of its remaining local exchange customers in Virginia service territories of Verizon Virginia Inc. and Verizon South Inc.
- (4) Preferred Carrier shall provide to the Commission's Division of Communications, within 45 days after the date of this Order, revised tariffs reflecting the discontinuance of services in the Verizon territories approved herein.
- (5) Preferred Carrier shall provide a copy of this Petition upon written request by any interested parties to the Company's representative, Alex Valencia, Vice President of Preferred Carrier Services of Virginia, Inc., 14681 Midway Road, Suite 105, Addison, Texas 75001. 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>.
- (6) This case shall be closed, and the papers herein shall be placed in the file for ended causes.

<sup>1</sup> Preferred Carrier 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. Preferred Carrier'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 Preferred Carrier's local exchange telecommunications services.

**CASE NO. PUC-2006-00075  
JUNE 16, 2006**

APPLICATION OF  
KMC TELECOM V OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

On May 31, 2006, KMC Telecom V of Virginia, Inc. ("KMC V" or the "Company"), filed a petition with the State Corporation Commission ("Commission") requesting that the Company's certificate of public convenience and necessity ("CPCN") to provide local exchange telecommunications services, Certificate No. T-513, as well as its associated tariffs, be cancelled.<sup>1</sup>

The Commission granted Certificate No. T-513 to KMC V in Case No. PUC-2000-00163 on October 18, 2000. KMC V states that it does not have any customers of intrastate services within the Commonwealth and that the Company has decided to exit the market and cease all operations.

NOW UPON CONSIDERATION of the matter, the Commission finds that KMC V's certificate of public convenience and necessity to provide local exchange telecommunications services and the Company's associated tariffs should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case. No. PUC-2006-00075.
- (2) Certificate No. T-513 authorizing KMC Telecom V of Virginia, Inc., to provide local exchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (3) Any tariffs associated with Certificate No. T-513 on file with the Commission's 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 therein placed in the Commission's file for ended cases.

<sup>1</sup> While KMC V's petition requests that the CPCN to provide local and interexchange telecommunications services be cancelled, the Company only holds a CPCN to provide local exchange telecommunications services.

**CASE NO. PUC-2006-00079  
AUGUST 3, 2006**

JOINT PETITION AND APPLICATION OF  
QWEST COMMUNICATIONS CORPORATION  
and  
ONFIBER COMMUNICATIONS, INC.  
ONFIBER CARRIER SERVICES-VIRGINIA, INC.

For approval to transfer control of OnFiber Carrier Services-Virginia, Inc., to Qwest Communications Corporation and for other necessary relief

**ORDER GRANTING APPROVAL**

On June 8, 2006, Qwest Communications Corporation ("QCC"), OnFiber Communications, Inc. ("OnFiber Inc."), and OnFiber Carrier Services-Virginia, Inc. ("OnFiber-VA") (collectively, referred to as "Petitioners"), filed a joint petition and application ("petition") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") requesting approval for the transfer of control of OnFiber-VA, a wholly owned subsidiary of OnFiber Inc. to QCC.

As stated in the petition, QCC, a Delaware corporation headquartered in Denver, Colorado, is an indirect, wholly owned subsidiary of Qwest Communications International Inc. ("QCI," and, together with QCC, "Qwest"), a publicly traded Delaware corporation. Qwest, through one or more affiliates, provides voice, video, and data services throughout the United States. Qwest's broadband network spans more than 180,000 miles across the United States and globally. Qwest, through one or more affiliates, is authorized by the Federal Communications Commission to provide interstate and international telecommunications services and, through one or more affiliates, is authorized to provide various forms of telecommunications services in all 50 states and the District of Columbia.

Qwest Communications Corporation of Virginia ("QCC-VA") is a wholly owned subsidiary of QCC certificated to provide local exchange and interexchange telecommunications services pursuant to certificates of public convenience and necessity ("CPCN") Nos. T-476 and TT-80A, respectively.

OnFiber Inc. is a Delaware corporation with its principal business office located in Austin, Texas. OnFiber Inc. is a privately held company whose principal investors include financial institutions and venture capital funds. OnFiber Inc. serves only the retail and wholesale markets for customized, point-to-point data services for single-and multi-location enterprise customers and carriers. OnFiber Inc., through its subsidiaries, creates, delivers, and manages customer designed network infrastructure solutions using optical transport technologies, including Wavelength, Ethernet, and SONET Services.

OnFiber VA (together with OnFiber Inc., "OnFiber"), is a wholly owned subsidiary of OnFiber Inc. OnFiber-VA is certificated to provide local exchange and interexchange telecommunications services pursuant to CPCN Nos. T-506 and TT-109A, respectively, pursuant to the September 19, 2000 Order issued in Case No. PUC-2000-00133. OnFiber-VA currently serves 28 customers in Virginia, none of which are served by switched voice services, but rather point-to-point data services utilizing optical transport technologies.

On May 12, 2006, QCC and OnFiber Inc., together with certain of their parents and affiliates, entered into an Agreement and Plan of Merger ("Agreement") in which Qwest agreed to acquire all of the capital stock of OnFiber Inc. in exchange for \$1.07 million. Qwest has the option of paying up to \$35 million of the purchase price in either cash or QCII stock. To complete the acquisition, Quality Telecom, Inc. ("Quality Telecom"), a new, wholly owned direct subsidiary of QCC, has been created. OnFiber Inc. will merge with and into Quality Telecom, whereupon OnFiber Inc. will emerge as the surviving entity, and Quality Telecom will cease to exist. As a result, OnFiber Inc. will become a direct, wholly owned subsidiary of QCC and an indirect, wholly owned subsidiary of QCII. OnFiber-VA will remain a wholly owned subsidiary of OnFiber Inc., and thus will be an indirect wholly owned subsidiary of QCC. The Petitioners state that the customers of OnFiber-VA, all of whom purchase telecommunications services pursuant to negotiated contracts, will not experience any change in provider, and their rates, terms, and conditions of service will not change.

The Petitioners represent that the boards of directors of Qwest and OnFiber have approved or ratified the Agreement.

NOW THE COMMISSION, upon consideration of the petition and recommendation of Staff, is of the opinion and finds that the proposed transfer of control of OnFiber-VA would neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates. We will, therefore, approve the transfer of control of OnFiber-VA to QCC.

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 control of OnFiber-VA to QCC, as described herein.
- 2) The Petitioners shall file with the Commission a report of 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 that the transfer of control took place.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUC-2006-00080  
JULY 28, 2006**

JOINT PETITION OF  
LEVEL 3 COMMUNICATIONS, INC.,  
LOOKING GLASS NETWORKS, INC.,  
and  
LOOKING GLASS NETWORKS OF VIRGINIA, INC.

For approval of transfer of control of Looking Glass Networks of Virginia, Inc., to Level 3 Communications, Inc.

**ORDER GRANTING APPROVAL**

On June 13, 2006, Level 3 Communications, Inc. ("Level 3"), Looking Glass Networks, Inc. ("LGN"), and Looking Glass Networks of Virginia, Inc. ("LGN-VA") (collectively, the "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a transaction whereby Level 3 will acquire indirect control of LGN-VA.

LGN-VA is a Virginia public service corporation with its principal place of business located in Oak Brook, Illinois. LGN-VA is a wholly owned subsidiary of LGN which, in turn, is a wholly owned subsidiary of Looking Glass Networks Holding Co., Inc. ("LGN-Parent"). Both LGN and LGN-Parent are privately held Delaware corporations with their principal place of business also in Oak Brook, Illinois. LGN is authorized to provide intrastate service by virtue of certification or registration in 18 states. LGN also holds global authority from the Federal Communications Commission ("FCC") to provide resold and facilities-based international services and to provide domestic interstate services as a non-dominant carrier.

In Virginia, LGN-VA holds certificate of public convenience and necessity ("CPCN") Nos. T-526 and TT-122A, granted by the Commission in Case No. PUC-2000-00175, issued on January 4, 2001, to provide local exchange and interexchange telecommunications services, respectively.

Level 3 is a publicly traded Delaware corporation headquartered in Broomfield, Colorado. Through its wholly owned indirect operating subsidiaries, Level 3 Communications, LLC ("Level 3-LLC"), WiTel Communications, LLC, WiTel Local Network, LLC, TelCove, Inc., Progress Telecom, LLC, and ICG Telecom Group, Inc. (collectively, the "Level 3-Ops"), Level 3 provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network. All of the Level 3-Ops are non-dominant carriers authorized to provide resold and/or facilities-based telecommunications services pursuant to certification, registration, or tariff requirements, or on a deregulated basis. Collectively, the Level 3-Ops are authorized to provide service nationwide. The Level 3-Ops are also authorized to provide global facilities-based and resold international and domestic interstate services as non-dominant carriers pursuant to authority granted by the FCC.

In Virginia, Level 3-LLC holds CPCN Nos. T-409 and TT-49A, issued in Case No. PUC-1997-00197 on March 31, 1998, to provide local exchange and interexchange telecommunications services, respectively.

Pursuant to an Agreement and Plan of Merger entered into June 2, 2006, by the Petitioners, Level 3 will acquire LGN-Parent and its operating subsidiaries, including LGN-VA, for \$96 million, including \$87 million in shares of Level 3 common stock and \$9 million in cash. At closing, Level 3 also will pay LGN-Parent's liabilities of approximately \$69 million, which are primarily senior secured debt.

The Petitioners propose that a newly created subsidiary of Level 3, Eldorado Acquisition One, Inc. ("Eldorado"), will be merged with and into LGN-Parent, with LGN-Parent surviving. Then, through a series of intracorporate transactions, LGN-Parent will become a wholly owned direct subsidiary of Level 3-LLC and as a result, LGN-VA will become a wholly owned indirect subsidiary of Level 3-LLC, which will in turn continue to be ultimately owned and controlled by Level 3. Petitioners emphasize that the proposed transactions will be completed at the holding company level and that LGN-VA will remain a wholly owned direct subsidiary of LGN.

Upon closing, LGN-VA will become a wholly owned indirect subsidiary of Level 3-LLC, and therefore, will become subject to certain financial obligations that currently apply to Level 3-LLC's direct parent, Level 3 Financing, Inc. ("Level 3 Financing"), and Level 3-Ops. Specifically, LGN-VA will pledge its assets as security and/or enter into guaranty arrangements in connection with four existing debt financing arrangements as follows: Level 3 Financing's 10.75% Senior Notes due in 2011 in the aggregate principal amount of \$500 million; a \$730 million senior secured loan entered into by Level 3 Financing that matures in 2011, which has an interest rate of LIBOR plus an applicable margin of 700 basis points; Level 3 Financing's \$150 million of floating rate Senior Notes due 2011; and Level 3 Financing's \$550 million of 12.25% Senior Notes due 2013.

The Petitioners state that none of the proposed transactions will affect the operations of LGN-VA itself, result in a transfer of the customers or assets of LGN-VA, affect LGN-VA's authority to operate in Virginia, or negatively impact the rates, terms, or conditions under which LGN-VA provides service in Virginia. The Petitioners further state that the proposed transactions will be transparent to LGN-VA's customers in terms of the services they receive. LGN-VA will continue to provide service to its existing customers in Virginia under existing rates, terms and conditions. The Petitioners represent that adequate service at just and reasonable rates will not be impaired or jeopardized by the granting of the joint petition.

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 transactions described herein, will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The application should, therefore, be approved. However, as in previous acquisition cases, we are concerned that there is the potential that Level 3 could manipulate its control of LGN-VA to exercise indirectly the power of eminent domain, a power that Level 3 does not possess in Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, approval is hereby granted for the proposed transfer of indirect control of LGN-VA to Level 3, as described herein.
- (2) Petitioners shall not use the power of eminent domain possessed by Looking Glass Networks of Virginia, Inc., for the benefit of Level 3.
- (3) The Joint Petitioners shall file a report of 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 that the transfer of control took place.
- (4) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUC-2006-00081  
AUGUST 7, 2006**

JOINT PETITION  
MOBILE SATELLITE VENTURES INC. OF VIRGINIA,  
MOTIENT CORPORATION  
and  
SKYTERRA COMMUNICATIONS, INC.

For approval of transfer of indirect control

**ORDER GRANTING APPROVAL**

On July 5, 2006, Mobile Satellite Ventures Inc. of Virginia ("MSV of Virginia"), Motient Corporation ("Motient") and SkyTerra Communications, Inc. ("SkyTerra") (collectively referred to herein as "Petitioners"), completed a joint petition filed with the State Corporation Commission ("Commission") on June 15, 2006, for approval of transfer of indirect control of MSV of Virginia, through a transaction that will result in SkyTerra obtaining majority control of MSV of Virginia's parent, Mobile Satellite Ventures LP ("MSV LP"), a Delaware limited partnership, as well as obtaining majority control of Mobile Satellite Ventures GP, Inc. ("MSV GP"), the general partner of MSV LP, which controls 100% of the voting interest in MSV LP.

Motient, a Delaware corporation with headquarters in Lincolnshire, Illinois, provides wireless data services to major corporations and to small and medium size business enterprises nationwide, and holds an equity interest in MSV GP and a voting interest in MSV LP. SkyTerra, a Delaware corporation with headquarters in New York, New York, is a publicly traded company that owns and operates a number of companies that provide satellite and telecommunications services nationwide, and through a majority owned subsidiary holds an equity interest in MSV LP and a voting interest in MSV GP. MSV of Virginia, a Virginia public service corporation, holds a certificate of public convenience and necessity ("CPCN"), T-424c<sup>1</sup> to provide local exchange telecommunications services. MSV of Virginia does not have nor serve any customers in Virginia.

<sup>1</sup> The original CPCN, T-424, was issued in the name of Access Point of Virginia, Inc. on December 2, 1998, in Case No. PUC-1998-00134. Through Orders entered for various name changes, MSV of Virginia was issued CPCN T-424c on March 18, 2005, in Case No. PUC-2005-00027.

SkyTerra has entered into an Exchange Agreement with Motient, pursuant to which SkyTerra will obtain the majority of Motient's interest in MSV GP and all of Motient's interest in MSV LP, in exchange for stock of SkyTerra. By acquiring a majority equity interest in MSV GP (58.8%), and majority voting interest in MSV GP (78.2%), SkyTerra will have a controlling interest in MSV of Virginia.

Because MSV of Virginia has no customers there will be no impact on rates or service to Virginia customers as a result of the transaction. The Petitioners state in their joint petition that should MSV of Virginia offer telecommunication services in Virginia in the future, MSV of Virginia would benefit from the technical and managerial expertise of SkyTerra and its concentrated ownership of MSV LP.

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 transaction described herein, will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The application 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 proposed transfer of indirect control of MSV of Virginia to SkyTerra, as described herein.
- 2) The Petitioners shall file with the Commission a report of 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 that the transfer of indirect control of MSV of Virginia was completed.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUC-2006-00086  
JULY 17, 2006**

APPLICATION OF  
VARTEC TELECOM OF VIRGINIA, INC.,  
and  
EXCEL TELECOMMUNICATIONS OF VIRGINIA, INC.

For cancellation of certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

On June 20, 2006, VarTec Telecom of Virginia, Inc. ("VarTec"), and Excel Telecommunications of Virginia, Inc. ("Excel"), or jointly as ("Companies"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of their certificates 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-576 granting local exchange telecommunications services authority was granted to VarTec by Commission Order dated February 8, 2002, in Case No. PUC-2001-00179. Certificate No. T-449 granting local exchange telecommunications services authority was granted to Excel by Commission Order dated July 28, 1999, in Case No. PUC-1999-00032.

In the application, VarTec and Excel state that as part of an ongoing bankruptcy process before the Dallas Division of the U.S. Bankruptcy Court for the Northern District of Texas, the bankruptcy court approved of the transfer of all of the assets, including customers of the Companies to Comtel Telecom Assets LLP. The Commission approved transfer of assets and control of VarTec and Excel on December 14, 2005, in Case No. PUC-2005-00143. In the present application, VarTec and Excel state that they no longer have an employee base, customers, or telecommunications operations in Virginia now that Comtel Virginia, LLC, has transitioned into the role of provider.

NOW UPON CONSIDERATION of the matter, the Commission finds that the certificates of public convenience and necessity granted to VarTec and Excel should be cancelled. The Commission further finds that any tariffs on file with the Division of Communications in the name of VarTec or Excel should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00086.
- (2) Certificate No. T-576 granting local exchange authority to VarTec Telecom of Virginia, Inc., is hereby cancelled.
- (3) Certificate No. T-499 granting local exchange authority to Excel Telecommunications of Virginia, Inc., is hereby cancelled.
- (4) Any tariffs associated with Certificate No. T-576 and Certificate No. T-499 on file with the Division of Communications are hereby cancelled.
- (5) There being nothing further to come before the Commission, this case is hereby closed.

**CASE NO. PUC-2006-00089**  
**AUGUST 30, 2006**

JOINT PETITION OF  
 ATX TELECOMMUNICATIONS SERVICES OF VIRGINIA, INC.,  
 ATX COMMUNICATIONS, INC.,  
 and  
 BROADVIEW NETWORKS HOLDINGS, INC

For approval of indirect transfer of control of ATX Telecommunications of Virginia, Inc., from ATX Communications, Inc., to Broadview Networks Holdings, Inc.

**ORDER GRANTING APPROVAL**

On June 29, 2006, ATX Telecommunications Services of Virginia, Inc. ("ATX-VA"), and Broadview Networks Holdings, Inc. ("Broadview Holdings"), filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a transfer of indirect control of ATX-VA from ATX Communications, Inc., to Broadview Holdings. On July 21, 2006, ATX Communications, Inc., was included as a Petitioner and the joint petition was deemed complete. ATX-VA, ATX Communications, Inc., and Broadview Holdings are referred to herein collectively as "Petitioners."

ATX-VA is a facilities-based integrated communications provider offering local exchange and interexchange carrier phone, Internet, e-business, and high-speed data services to business and residential customers in Virginia. ATX-VA is headquartered in King of Prussia, Pennsylvania, and is a subsidiary of ATX Communications, Inc., a Delaware corporation. ATX Communications, Inc., is the parent company of ATX Licensing, Inc. ("ATX"), which is a facilities-based integrated communications provider offering local exchange carrier and interexchange carrier telephone, Internet, e-business, and high-speed data services to business and residential customers in target markets throughout the mid-Atlantic and Midwest regions of the United States.<sup>1</sup> ATX Communications, Inc., is a wholly owned subsidiary of Leucadia National Corporation ("Leucadia"). Leucadia is a publicly traded holding company headquartered in New York. Leucadia engages in diversified businesses in the United States including manufacturing, healthcare services, telecommunications, real estate, and other activities. In Virginia, ATX-VA is certificated to provide local exchange and interexchange telecommunications services pursuant to certificate of public convenience and necessity Nos. T-388a and TT-217A, respectively.

Broadview Holdings is a privately held Delaware corporation with its principal business office located in Rye Brook, New York. Broadview Holdings is the corporate parent of Broadview Networks, Inc. ("Broadview"), a New York corporation, which, in turn, is the parent of Broadview Networks of Virginia, Inc. ("Broadview-VA"), a Virginia corporation. Both Broadview's and Broadview-VA's offices are located in Rye Brook, New York. Broadview and Broadview-VA are network-based electronically integrated communications providers, which serve small and medium-sized businesses in the northeastern and mid-Atlantic United States. Broadview is authorized to provide competitive telecommunications services in approximately 20 states and is authorized by the Federal Communication Commission ("FCC") to provide international and interstate services. In Virginia, Broadview-VA is certificated to provide local exchange and interexchange telecommunications services pursuant to authority granted by the Commission in Case No. PUC-2000-00063.

Broadview Holdings also is the parent company of Broadview NP Acquisition Corp. ("Broadview NP"), BridgeCom International, Inc. ("BridgeCom"), and TruCom Corporation ("TruCom"). Broadview NP, BridgeCom, and TruCom hold authorizations to provide competitive telecommunications services in multiple states and authority from the FCC to provide international and interstate services.

ATX Communications, Inc., and Broadview Holdings have entered into an Agreement pursuant to which Broadview Holdings will purchase all outstanding shares of ATX Communications, Inc., for cash. After the proposed transaction takes place, ATX-VA will become an indirect wholly owned subsidiary of Broadview Holdings. ATX-VA will continue to be a direct, wholly owned subsidiary of ATX and will continue to provide service to its customers under the same name, rates, and terms and conditions. In connection with the proposed transaction, ATX-VA's debt will be paid off, and ATX-VA will pledge its assets as security and enter into a guaranty of existing indebtedness of Broadview Holdings.

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 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 transaction to allow for the transfer of indirect control of ATX Telecommunications Services of Virginia, Inc., from ATX Communications, Inc., to Broadview Networks Holdings, Inc., 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 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.

<sup>1</sup> ATX Licensing, Inc., is a wholly owned subsidiary of CoreComm-ATX, Inc., which, in turn, is a wholly owned subsidiary of CoreComm Communications, Inc., which, in turn, is a wholly owned subsidiary of ATX Communications, Inc. ATX-VA IS a direct, wholly owned subsidiary of ATX Licensing, Inc.

**CASE NO. PUC-2006-00090  
NOVEMBER 6, 2006**

APPLICATION OF  
TIME WARNER TELECOM OF VIRGINIA LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**FINAL ORDER**

On July 26, 2006, Time Warner Telecom of Virginia LLC ("Time Warner" 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 August 2, 2006, 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 September 1, 2006, the Company filed proof of publication and proof of service as required by the August 2, 2006 Order.

On October 5, 2006, the Staff filed its Report finding that Time Warner'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 Time Warner'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: Time Warner 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 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) Time Warner Telecom of Virginia LLC is hereby granted a certificate of public convenience and necessity, No. TT-227A, 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) Time Warner Telecom of Virginia LLC is hereby granted a certificate of public convenience and necessity, No. T-661, 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) Time Warner 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.
- (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-2006-00092  
SEPTEMBER 18, 2006**

APPLICATION OF  
VERIZON SOUTH INC.

For exemption from physical collocation at its Conner, Featherstone, and Fennbrook Central Offices

**ORDER GRANTING EXEMPTION**

June 30, 2006, Verizon South Inc. ("Verizon South") filed with the State Corporation Commission ("Commission") a request for exemption (hereinafter "Application") from the requirement to provide physical collocation in its Conner, Featherstone, and Fennbrook central offices. In its Application, Verizon South stated that the information provided to support the request fulfills the requirements set out in the Commission's rules governing collocation exemptions, 20 VAC 5 421-10 and 20 VAC 5-421-20.

On July 25, 2006, the Commission entered a Preliminary Order granting interested parties an opportunity to comment on Verizon South's request and further directed the Commission's Staff to investigate the request for exemption and file a report.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On August 25, 2006, the Staff filed its Report in this case. Based upon its investigation, the Staff recommends that Verizon South's requested exemption from the requirement to provide physical collocation in these three central offices should be granted, provided that the exemption for these locations terminate once space becomes available through the removal of equipment or when a building addition is completed.

No comments were received, and Verizon South did not respond to the Staff Report.

NOW THE COMMISSION, having considered the Application, the Staff Report, and the applicable law, is of the opinion and finds that Verizon South's request for exemption from the requirement to provide physical collocation at its Conner, Featherstone, and Fennbrook central offices should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Verizon South's request for exemption from the requirement to provide physical collocation at its Conner, Featherstone, and Fennbrook central offices is hereby granted, provided that the exemption for these locations may be terminated if space becomes available.
- (2) This case shall remain open for any subsequent requests to terminate the exemptions that may be necessary in the future.

**CASE NO. PUC-2006-00095  
SEPTEMBER 5, 2006**

APPLICATION OF  
NOS COMMUNICATIONS, INC.

For approval of a change in ownership

**ORDER GRANTING APPROVAL**

On July 13, 2006, NOS Communications, Inc. ("NOS" or "Applicant"), filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a change in ownership.

NOS is a Virginia corporation and a direct, wholly owned subsidiary of NOS Communications, Inc., the Maryland corporation ("NOS-MD"). NOS and NOS-MD are both headquartered in Las Vegas, Nevada, and provide local and long distance services (including 1+, toll free, international, and calling card services) under the names International Plus, 011 Communications, INETBA, iVANTAGE Network Solutions, and Blueridge Telecom Systems to small and medium-sized business customers throughout the United States. NOS provides all of its service by utilizing unbundled network elements supplied by or reselling the service of other telecommunications carriers. In Virginia, NOS is certificated to provide local exchange telecommunications services pursuant to certificate of public convenience and necessity No. T-448 granted in the Commission's Final Order entered June 4, 1999, in Case No. PUC-1998-00152.

At present, all of the shares of NOS-MD are held by three (3) individuals, all of whom are U.S. citizens: Mr. Samuel P. Delug ("Mr. Delug"), Ms. Rosette Delug ("Ms. Delug"), and Mr. Robert A. Lichtenstein ("Mr. Lichtenstein"). Mr. Delug and Ms. Delug each hold a 25 percent ownership interest in NOS-MD, while Mr. Lichtenstein holds the remaining 50 percent. The principal business of Mr. Delug is telecommunications while the principal business of Ms. Delug and Mr. Lichtenstein is investment.

Effective June 1, 2006, Mr. Delug and Mr. Lichtenstein entered into a Purchase Agreement pursuant to which Mr. Delug will purchase all the interest of Mr. Lichtenstein in NOS-MD in return for a cash payment. Following the consummation of the proposed transaction, Mr. Delug will hold a 75 percent ownership interest in NOS-MD, and thus an indirect 75 percent ownership interest in NOS. Ms. Delug will continue to hold a 25 percent ownership interest in NOS-MD, and thus an indirect 25 percent ownership interest in NOS. Mr. Lichtenstein will no longer have ownership interest in either NOS-MD or NOS. After the proposed transaction, NOS will continue to be a direct, wholly owned subsidiary of NOS-MD and will continue to offer the same services at the same rates, terms, and conditions.

The Applicant represents that the proposed transaction is in the public interest. The Applicant further represents that the only change as a result of the proposed transaction is the transfer of ownership interest in NOS'S parent company, NOS-MD. The Applicant states that there will be no change in the entity that provides service or the facilities used to provide such services. The proposed transaction is to take place because Mr. Lichtenstein has determined that continued participation as an investor in NOS-MD is no longer consistent with his business objectives, and he is, therefore, selling his ownership interest.

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 above-described transfer of ownership 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 Applicant is hereby granted approval to consummate the transaction to allow for the transfer of ownership interest in NOS, 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 took place.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2006-00102  
NOVEMBER 3, 2006**

APPLICATION OF  
VERIZON SOUTH INC.

For exemption from physical collocation at its Harpers, Nimmo Church, and Three Oaks Central Offices

**ORDER GRANTING EXEMPTION**

On July 21, 2006, Verizon South Inc. ("Verizon South") filed with the State Corporation Commission ("Commission") a request for exemption (hereinafter "Application") from the requirement to provide physical collocation in its Harpers, Nimmo Church, and Three Oaks central offices. In its Application, Verizon South stated that the information provided to support the request fulfills the requirements set out in the Commission's rules governing collocation exemptions, 20 VAC 5-421-10 and 20 VAC 5-421-20.

On August 2, 2006, the Commission entered a Preliminary Order granting interested parties an opportunity to comment on Verizon South's request and further directed the Commission's Staff to investigate the request for exemption and file a report.

On September 22, 2006, the Staff filed its Report in this case. Based upon its investigation, the Staff recommends that Verizon South's requested exemption from the requirement to provide physical collocation in these three central offices should be granted, provided that the exemption for these locations terminate once space becomes available through the removal of equipment or when a building addition is completed.

No comments were received, and Verizon South did not respond to the Staff Report.

NOW THE COMMISSION, having considered the Application, the Staff Report, and the applicable law, is of the opinion and finds that Verizon South's request for exemption from the requirement to provide physical collocation at its Harpers, Nimmo Church, and Three Oaks central offices should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Verizon South's request for exemption from the requirement to provide physical collocation at its Harpers, Nimmo Church and Three Oaks central offices is hereby granted, provided that the exemption for these locations may be terminated if space becomes available.

(2) This case shall remain open for any subsequent requests to terminate the exemptions that may be necessary in the future.

**CASE NO. PUC-2006-00103  
SEPTEMBER 29, 2006**

PETITION OF  
NTELOS TELEPHONE INC.,  
ROANOKE AND BOTETOURT TELEPHONE COMPANY,  
NTELOS NETWORK, INC.,  
NA COMMUNICATIONS INC.,  
R&B NETWORK, INC.,  
NTELOS HOLDINGS CORP.,  
CITIGROUP VENTURE CAPITAL EQUITY PARTNERS, L.P.,  
and  
QUADRANGLE CAPITAL PARTNERS LP

For approval of a disposal of control of NTELOS Telephone Inc., Roanoke and Botetourt Telephone Company, NTELOS Network, Inc., NA Communications Inc., and R&B Network, Inc.

**ORDER GRANTING APPROVAL**

On July 13, 2006, NTELOS Telephone Inc. ("NTELOS Telephone"), Roanoke and Botetourt Telephone Company ("R&B Telephone"), NTELOS Holdings Corp. ("NTELOS Holdings"), Citigroup Venture Capital Equity Partners, L.P. ("CVC"), and Quadrangle Capital Partners LP ("Quadrangle") filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval of a transaction in which CVC and Quadrangle would dispose of indirect control of NTELOS Telephone and R&B Telephone. On August 3, 2006, the petition was deemed complete when the petition was amended to include NTELOS Network, Inc. ("NTELOS Network"), NA Communications Inc. ("NA Communications"), and R&B Network, Inc. ("R&B Network"), as petitioners and to request approval of disposal of control of those entities. NTELOS Telephone, R&B Telephone, NTELOS Holdings, CVC, Quadrangle, NTELOS Network, NA Communications, and R&B Network are collectively referred to as the "Petitioners."

NTELOS Holdings is a Delaware corporation, which owns 100 percent of the equity of NTELOS Inc. NTELOS Inc. ("NTELOS") is a Virginia business corporation headquartered in Waynesboro, Virginia. NTELOS Telephone, a 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, Virginia. NTELOS Telephone serves approximately 35,800 access lines.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

R&B Telephone is a Virginia public service company providing ILEC services in and around Botetourt County, Virginia, including Danville, Troutville, and Fincastle. R&B Telephone serves approximately 11,100 access lines and is also a subsidiary of NTELOS. R&B Telephone and NTELOS Telephone are collectively known as the "NTELOS ILECs."

R&B Network, NTELOS Network, and NA Communications (collectively, the "NTELOS CLECs") offer competitive local exchange telecommunications services ("CLEC") and serve approximately 38,000 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. The NTELOS ILECs and NTELOS CLECs are collectively known as the "Telephone Companies."

Quadrangle is a private investment firm that specializes in telecommunications and media companies investments in the United States and Europe.

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.

The Commission's Order of April 19, 2005, in Case No. PUC-2005-00024 granted CVC and Quadrangle (CVC and Quadrangle together, "Sponsors") the authority to effect a change of control from the previous controlling shareholders, affiliates of Capital Research and Management Company and Morgan Stanley & Co. Pursuant to this Order, CVC and Quadrangle each acquired a 46.29 percent controlling interest in NTELOS Holdings, which became the parent company of NTELOS Inc. In February 2006, following an Initial Public Offering ("IPO") of common stock, CVC's and Quadrangle's controlling ownership interests were reduced, and each Sponsor now has a 29.29 percent interest in NTELOS Holdings.

The Petitioners are requesting approval of a transaction whereby the Sponsors will dispose of control of NTELOS Holdings, and, thereby indirectly disposing control of the Telephone Companies, through a sale of shares of its common stock through a public offering. The Petitioners state that, while the Sponsors do not have specific plans to dispose of control of NTELOS Holdings at this time, they are requesting approval in the event they decide to do so. For purposes of the petition, the Petitioners have deemed the period of August 15, 2006, through December 31, 2007, as the "Sales Period," in which the Sponsors would consummate the proposed transaction.

The Petitioners represent that the proposed transaction would have no effect on the rates or service of the Telephone Companies and that the Telephone companies will maintain their high quality services and existing rates following any disposal of control by the Sponsors. The Petitioners further represent that the Sponsors have no intention of selling or allowing the sale of common stock in a coordinated manner so as to transfer "control" as defined in § 56-88.1 of the Code to another company. The Petitioners state that if that situation were to occur, the necessary approvals from the Commission would be obtained.

The Petitioners represent that any transactions that would occur pursuant to the petition would take place in order to allow CVC and Quadrangle to reduce their holdings in NTELOS Holdings and to provide them with some liquidity. The Petitioners further represent that such a transaction would also be expected to broaden the shareholder base in NTELOS Holdings and potentially increase the trading activity in the NTELOS Holdings common stock.

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, while we recognize that our approval is not required for the Sponsors to dispose of their stock in NTELOS Holdings, our approval is required prior to their ownership falling below 25 percent, thus representing a disposition of control of the Telephone Companies. We further find 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 transaction to allow for the transfer of indirect control of NTELOS Telephone Inc., Roanoke and Botetourt Telephone Company, NTELOS Network, Inc., NA Communications Inc., and R&B Network, Inc., 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 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 transaction took place.

(3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2006-00104  
AUGUST 29, 2006**

APPLICATION OF  
MFN GLOBAL SERVICES LLC

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 January 21, 2005, in Case No. PUC-2004-00128, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services, Certificate Nos. T-636 and TT-210A, respectively, to MFN Global Services LLC ("MFN Global").

Effective May 4, 2006, MFN Global changed its name to AOC Connect, LLC ("AOC Connect" or the "Company").

On August 2, 2006, AOC Connect filed a letter notifying the Commission that the Company had changed its corporate name and requesting that the Commission cancel the current certificates issued to MFN Global and reissue the certificates in the name of AOC Connect. AOC Connect included documentation from the Clerk of the Commission effecting the change in corporate name in the Commonwealth.

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 MFN Global should be cancelled and new certificates should be issued reflecting the new corporate name, AOC Connect.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00104.
- (2) Certificate No. T-636 authorizing MFN Global Services LLC to provide local exchange telecommunications services throughout the Commonwealth is hereby canceled.
- (3) AOC Connect, LLC, is hereby granted a certificate of public convenience and necessity, Certificate No. T-636a, to provide local exchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. T-636.
- (4) Certificate No. TT-210A authorizing MFN Global Services LLC to provide interexchange telecommunications services throughout the Commonwealth is hereby canceled.
- (5) AOC Connect, LLC, is hereby granted a certificate of public convenience and necessity, Certificate No. TT-210B, to provide interexchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. TT-210A.
- (6) AOC Connect, LLC, shall provide revised tariffs reflecting its new corporate name to the Commission's Division of Communications within sixty (60) days of the date of this Order.
- (7) AOC Connect, LLC, shall provide to the Commission's Division of Economics and Finance a new letter of credit or an amendment to their letter of credit that reflects the new corporate name within thirty (30) days of the date of this Order.
- (8) 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-2006-00105  
SEPTEMBER 26, 2006**

APPLICATION OF  
DYNALINK COMMUNICATIONS OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER GRANTING REQUEST TO WITHDRAW APPLICATION**

On August 3, 2006, Dynalink Communications of Virginia, Inc. ("Dynalink" or "Company") filed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia.

On August 18, 2006, 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 September 19, 2006, Dynalink filed a Motion with the Commission requesting to withdraw the application. Dynalink indicated that the Company had not published notice or provided a copy of notice of its application in accordance with the Commission's August 18, 2006, Order for Notice

and Comment. Dynalink stated that the Company has determined that it no longer requires certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in Virginia.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Company's Motion should be granted and the application should be withdrawn.

Accordingly, IT IS ORDERED THAT:

(1) Dynalink'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-2006-00106  
AUGUST 28, 2006**

JOINT APPLICATION  
XSPEDIUS MANAGEMENT CO. OF VIRGINIA, INC.,  
XSPEDIUS COMMUNICATIONS, LLC  
and  
TIME WARNER TELECOM INC.

For approval of transfer of indirect control

**ORDER GRANTING APPROVAL**

On August 7, 2006, Xspedius Management Co. of Virginia, Inc. ("Xspedius of Virginia"), Xspedius Communications, LLC ("Xspedius") and Time Warner Telecom Inc. ("Time Warner") (collectively referred to herein as "Applicants"), filed a joint application with the State Corporation Commission ("Commission"), for approval of transfer of indirect control of Xspedius of Virginia, through a transaction that will result in Time Warner's acquisition of Xspedius of Virginia's parent, Xspedius, as a wholly owned subsidiary of Time Warner.

Time Warner, a publicly held Delaware corporation with headquarters in Littleton, Colorado, through its operating subsidiaries, provides telecommunications services to business customers throughout the United States.<sup>1</sup> Xspedius, a privately held Delaware limited liability company with headquarters in O'Fallon, Missouri, through its operating subsidiaries, including Xspedius of Virginia, provides telecommunications services throughout the United States. Xspedius of Virginia, a Virginia public service company authorized to provide local exchange and interexchange services, holds certificates of public convenience and necessity ("CPCN"), Nos. T-592a and TT-182B.<sup>2</sup>

Time Warner has entered into an Agreement and Plan of Merger ("Agreement"), dated July 27, 2006, with Xspedius and its affiliates, pursuant to which Xspedius will become a wholly owned subsidiary of Time Warner, with Time Warner's wholly owned subsidiary, Time Warner Telecom Holdings Inc., the direct parent of Xspedius and Time Warner the indirect parent. Under the terms of the Agreement, Time Warner will pay a total consideration to Xspedius of \$531.5 million, consisting of \$212.5 million in cash and \$319 million in stock (Class A Common) of Time Warner. Time Warner will assume no Xspedius debt in the acquisition. The economic terms of the acquisition were determined based upon various factors, including the valuation of each corporation based on such corporation's projected consolidated 2006/2007 EBITDA and synergies. Time Warner anticipates it will fund the transaction with \$102.5 million from cash on hand and \$110 million in new debt.

The Applicants assert that Xspedius of Virginia will continue to offer to its customers the same services at the same rates, terms and conditions as currently provided, pursuant to existing authorizations, tariffs, contracts, and published rates and charges. The Applicants assert that the proposed transaction will serve the public interest, by allowing the combined company to improve the delivery of services to customers, reduce network costs, improve operating results, and better compete in the market place.

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 described herein will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The application 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 proposed transfer of indirect control of Xspedius of Virginia to Time Warner from Xspedius, as described herein.

<sup>1</sup> Time Warner currently has an application for a CPCN pending before the Commission for its operating subsidiary in Virginia, Time Warner Telecom of Virginia LLC, filed June 29, 2006, in Case No. PUC-2006-00090. The filing is not affected by the proposed transfer of indirect control described herein.

<sup>2</sup> Xspedius Management Co. of Virginia LLC ("Xspedius of Virginia LLC") received authority to provide local exchange and interexchange telecommunications services and was assigned CPCN Nos. T-592 and TT-182A, in Case No. PUC-2002-00122, entered by Order on October 23, 2002. In Case No. PUC-2005-00036, Xspedius of Virginia LLC, changed its name to Xspedius of Virginia. The CPCN Nos. T-592 and TT-182A were cancelled and reissued as T-592a and TT-182B.

- 2) The Applicants shall file with the Commission a report of 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 that the transfer of control of Xspedius of Virginia was completed.
- 3) There appearing nothing further to be done in this matter; it is hereby dismissed.

**CASE NO. PUC-2006-00107  
OCTOBER 12, 2006**

APPLICATION OF  
INSITE FIBER OF VIRGINIA, INC.,  
INSITE SOLUTIONS LLC,  
and  
NEWPATH NETWORKS, LLC

For approval of transfer of ultimate control of InSITE Fiber of Virginia, Inc, from InSITE Solutions LLC to NewPath Networks, LLC

**ORDER GRANTING APPROVAL**

On September 7, 2006, InSITE Fiber of Virginia, Inc. ("InSITE-VA"), InSITE Solutions LLC ("InSITE"), and NewPath Networks, LLC ("NewPath") (collectively, the "Applicants"), completed an application with the State Corporation Commission ("Commission") for approval to transfer control of InSITE-VA from InSITE to NewPath, pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").

InSITE-VA is a wholly owned subsidiary of InSITE, a Maryland limited liability company certificated in the State of Maryland. InSITE-VA is certificated to provide interexchange telecommunications services in Virginia pursuant to certificate of public convenience and necessity No. TT-203A. InSITE is currently owned by Michael D. Davis ("Mr. Davis"), president of InSITE, who owns 90 percent of the interests of the company. Two other members of InSITE hold the remaining 10 percent. InSITE and InSITE-VA both offer fiber solutions to Wireless Service Providers ("WSPs") to extend coverage areas for the benefit of their end users, individual cell phone customers. Both companies currently serve one customer, the WSP. Neither InSITE nor InSITE-VA provide service to residential customers.

NewPath is a privately owned New Jersey limited liability company. NewPath is a wireless infrastructure company that designs, develops, and operates fiber-fed wireless carrier networks to improve signal strength and network capacity.

The Applicants request approval to consummate a transaction whereby NewPath will acquire 85 percent of the interests in InSITE, thereby acquiring indirect control of InSITE-VA, with financing provided by Sweetwater Capital, LLC. NewPath's initial investment in InSITE will be up to \$1,000,000. After the proposed transaction, Mr. Davis will retain a 15 percent ownership interest in InSITE, and the two other members who held the remaining 10 percent will relinquish their interests.

The Applicants represent that the proposed transaction will not have an adverse impact on their customers or pricing because (i) InSITE-VA will continue to be a wholly owned subsidiary of InSITE, (ii) Mr. Davis will continue to oversee the operations of both InSITE and InSITE-VA, and (iii) InSITE, InSITE-VA, and NewPath do not currently provide telecommunications services to residential customers. In the application, the Applicants state that, while the application was filed before the proposed transaction took place, they are requesting approval after the proposed transaction has been consummated. The Applicants state that they needed to close the transaction immediately for business purposes.

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 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 note that the transfer of control that is the subject of the instant application took place on August 21, 2006. We remind the Applicants that such action is a clear violation of Chapter 5 of Title 56 of the Code and that they should refrain from violating the Code in the future.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants are hereby granted approval to consummate the transaction to allow for the transfer of indirect control of InSITE Fiber of Virginia, Inc., from InSITE Solutions LLC to NewPath Networks, LLC, as described herein.
- (2) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUC-2006-00108  
SEPTEMBER 11, 2006**

APPLICATION OF  
HJN TELECOM OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services and to reissue certificates reflecting new corporate name

**FINAL ORDER**

On January 5, 2001, in Case No. PUC-2000-00222, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services, Certificate Nos. T-530 and TT-125A, respectively, to HJN Telecom of Virginia, Inc. ("HJN Telecom").

Effective April 24, 2003, HJN Telecom changed its name to Reliant Communications, Inc. ("Reliant" or the "Company").

On August 18, 2006, Reliant filed a letter application notifying the Commission that the Company had changed its corporate name and requesting that the Commission cancel the current certificates issued to HJN Telecom and reissue the certificates in the name of Reliant Communications, Inc. Reliant included documentation from the Clerk of the Commission reflecting the change to its corporate name.

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 HJN Telecom should be cancelled and new certificates should be issued reflecting the new corporate name, Reliant Communications, Inc.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00108.
- (2) Certificate No. T-530 authorizing HJN Telecom of Virginia, Inc., to provide local exchange telecommunications services throughout the Commonwealth is hereby canceled.
- (3) Reliant Communications, Inc., is hereby granted a certificate of public convenience and necessity, Certificate No. T-530a, to provide local exchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. T-530.
- (4) Certificate No. TT-125A authorizing HJN Telecom of Virginia, Inc., to provide interexchange telecommunications services throughout the Commonwealth is hereby canceled.
- (5) Reliant Communications, Inc., is hereby granted a certificate of public convenience and necessity, Certificate No. TT-125B, to provide interexchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. TT-125A.
- (6) Reliant Communications, Inc., shall provide revised tariffs reflecting its new corporate name to the Commission's Division of Communications within sixty (60) days of the date of this Order.
- (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-2006-00117  
OCTOBER 31, 2006**

JOINT APPLICATION OF  
PAETEC CORP.,  
PAETEC COMMUNICATIONS OF VIRGINIA, INC.,  
US LEC CORP.,  
US LEC OF VIRGINIA, L.L.C.  
and  
WC ACQUISITION HOLDINGS CORP

For approval of transfer of indirect control

**ORDER GRANTING APPROVAL**

On September 19, 2006, PAETEC Corp. ("PAETEC"), US LEC Corp. ("US LEC"), US LEC of Virginia, L.L.C. ("US LEC-VA"), PAETEC Communications of Virginia, Inc., ("PAETEC-VA"),<sup>1</sup> and WC Acquisition Holdings Corp. ("NEW PAETEC") (referred to herein as the "Applicants") completed a joint application with the State Corporation Commission ("Commission") requesting approval of a transaction whereby PAETEC will acquire

<sup>1</sup> The corporate name used in the current application is PAETEC Communications of Virginia, Inc. Under the original applications for CPCNs, Orders entered April 17, 2002 for IXC certification and April 19, 1999 for local certification were recorded as PaeTec Communications of Virginia, Inc. The company's current application and usage is for PAETEC rather than PacTec, when referring to the Virginia company, and is so used herein.

ultimate, indirect control of US LEC's wholly owned operating subsidiary, US LEC-VA. The ultimate control of US LEC-VA and PAETEC-VA will be transferred to NEW PAETEC as a result of the proposed merger of US LEC and PAETEC. The majority ownership and control of NEW PAETEC will be held by PAETEC shareholders. The joint application was assigned Case No. PUC-2006-00117.

US LEC, a Delaware corporation with principal offices in Charlotte, North Carolina, is a publicly traded company that provides, through its affiliates, telecommunications services to business customers throughout the eastern United States, and is the 100% direct owner and parent of US LEC-VA.

US LEC-VA, a Delaware limited liability company, with principal offices in Charlotte, North Carolina, holds certificates of public convenience and necessity ("CPCN"), to provide local and interexchange telecommunications services, Nos. T-385, issued by the Commission in Case No. PUC-1997-00030, and TT-165A, issued by the Commission in Case No. PUC-2001-00181. US LEC-VA has approximately 2,000 customers in Virginia, which receive local exchange service and/or interexchange services.

PAETEC, a Delaware corporation with headquarters in Fairport, New York, is a privately held company that provides, through its affiliates, telecommunications services to business customers throughout the United States, and is the 100% direct owner and parent of PAETEC-VA.

PAETEC-VA holds CPCNs to provide local and interexchange telecommunications services, Nos. T-441, issued by the Commission in Case No. PUC-1998-00162, on April 19, 1999, and TT-171A, issued in Case No. PUC-2001-00232, on April 17, 1999. PAETEC-VA has approximately 3,500 customers in Virginia, which receive local exchange and/or interexchange services.

To implement the proposed transaction, WC Acquisition Holding Corp. ("NEW PAETEC") was established as a wholly owned subsidiary of PAETEC that will become a publicly traded holding company and the 100% direct owner and parent of PAETEC and US LEC, under the terms of a proposed Agreement and Plan of Merger ("Agreement").<sup>2</sup>

To implement the proposed Agreement, PAETEC has also established two additional temporary corporations, WC Acquisition Sub U Corp. ("Merger Sub U") and WC Acquisition Sub P Corp. ("Merger Sub P"), wherein PAETEC will merge with and into Merger Sub P and will survive the merger, and US LEC will merge with and into Merger Sub U and will survive the merger, with both becoming wholly owned subsidiaries of NEW PAETEC.

The Agreement is an arm's length negotiation between PAETEC and US LEC, based on the value of the respective assets of the two companies, including their Virginia operating subsidiaries. Because this transaction will occur at the holding company level, Virginia-specific information is not available.

As a result of this transaction, US LEC owners will own approximately one-third and PAETEC owners will own approximately two-thirds of NEW PAETEC. Upon closing, US LEC shareholders will receive one share in the new holding company in exchange for each share of US LEC they currently own, and PAETEC shareholders will receive 1.623 shares in the new holding company for each share of PAETEC they currently own.

Financing requirements for this transaction total \$850 million, which includes refinancing of both companies' debt, repurchasing US LEC's Series A Preferred Stock, and an unused \$50 million revolver. Financing will be through a combination of debt and cash on hand.

Post merger, headquarters of NEW PAETEC will be located in Fairport, New York, with its primary operations located in Charlotte, North Carolina. The Applicants state that they do not anticipate the proposed transaction will have any impact on jobs and facilities located in Virginia because the proposed transaction occurs at the holding company level. The Applicants state that US LEC-VA and PAETEC-VA will continue to offer telecommunications services in Virginia pursuant to their respective certificates, with no change in rates or terms and conditions of service and, therefore, the transfer of indirect control will be transparent to Virginia customers. The Applicants further state that the proposed transaction will serve the public interest by enhancing the abilities that the two companies now possess as stand-alone companies, by enhancing service offerings, and by providing more advanced telecommunications services to a broader customer base.

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 described herein will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The application 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 proposed transfer of indirect control of US LEC-VA from its parent US LEC as a stand-alone corporation to US LEC as a wholly owned subsidiary of NEW PAETEC and PAETEC-VA to NEW PAETEC, as described herein.
- 2) The Applicants shall file a report of 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 that the transfer of indirect control took place.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.

<sup>2</sup> NEW PAETEC expects to change its name to PAETEC Communications Corp. and be listed on the NASDAQ Stock Market under the ticker name "CLEC" upon completion of the transaction.

**CASE NO. PUC-2006-00122  
SEPTEMBER 21, 2006**

APPLICATION OF  
SINGLE SOURCE OF VIRGINIA, INCORPORATED

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

**ORDER**

On November 25, 1998, in Case No. PUC-1998-00140, the State Corporation Commission ("Commission") issued a certificate of public convenience and necessity to provide local exchange telecommunications services, Certificate No. T-423, to Single Source of Virginia, Incorporated ("Single Source of Virginia").

Effective August 2, 2006, Single Source of Virginia changed its name to Single Source Integrated Services, Inc. ("Single Source Integrated").

On September 6, 2006, Single Source of Virginia filed a letter application notifying the Commission that it had changed its corporate name and requesting that the Commission cancel the current certificates issued to Single Source of Virginia and reissue the certificates in the name of Single Source Integrated. Single Source of Virginia included documentation from the Commission's Clerk of the Commission effecting the change in corporate name in the Commonwealth.

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 Single Source of Virginia should be cancelled and a new certificate should be issued reflecting the new corporate name, Single Source Integrated.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00122.
- (2) Certificate No. T-423 authorizing Single Source of Virginia, Incorporated, to provide local exchange telecommunications services throughout the Commonwealth is hereby canceled.
- (3) Single Source Integrated Services, Inc. is hereby granted a certificate of public convenience and necessity, Certificate No. T-423a, to provide local exchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. T-423.
- (4) Single Source Integrated Services, Inc. shall provide revised tariffs reflecting the new corporate name to the Commission's Division of Communications within 60 days of the date of this Order.
- (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-2006-00125  
SEPTEMBER 13, 2006**

APPLICATION OF  
PRIMUS TELECOMMUNICATIONS OF VIRGINIA, INC.

For cancellation of certificate of public convenience and necessity to provide local exchange telecommunications services

**ORDER**

By Order dated March 1, 2000, in Case No. PUC-1999-00152, the State Corporation Commission ("Commission") issued certificate of public convenience and necessity No. T-480, permitting the provision of local exchange telecommunications services, to Primus Telecommunications of Virginia, Inc. ("Primus" or "Company").

On July 17, 2006, Primus acted to terminate its corporate existence. 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-480, previously issued to Primus.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2006-00125.
- (2) Certificate No. T-480, issued to Primus Telecommunications of Virginia, Inc., is hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2006-00127  
OCTOBER 24, 2006**

PETITION OF  
INTRADO COMMUNICATIONS OF VIRGINIA INC.  
WEST CORPORATION  
and  
THOMAS H. LEE PARTNERS, L.P.

For approval to transfer ultimate control of Intrado Communications of Virginia Inc. from West Corporation to Thomas H. Lee Partners L.P.

**ORDER GRANTING APPROVAL**

On October 3, 2006, Intrado Communications of Virginia Inc. ("Intrado-VA"), West Corporation, and Thomas H. Lee Partners, L.P. ("THL Partners") (collectively, the "Petitioners"), completed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") for approval to transfer ultimate control of Intrado-VA from West Corporation to THL Partners.

Intrado-VA is a Virginia corporation certificated to provide local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity Nos. T-578 and TT-170A, respectively, granted in Case No. PUC-2001-00212 by the Commission in an Order entered March 20, 2002. Intrado-VA is a wholly owned subsidiary of Intrado Communications Inc. which, in turn, is a wholly owned subsidiary of Intrado Inc. ("Intrado"). Intrado-VA does not currently provide telecommunications services to any customers in Virginia.

West Corporation is a publicly held corporation with its headquarters in Omaha Nebraska, and is the parent company of Intrado. West Corporation provides outsourced communication solutions to many large companies. Such communication solutions include customer acquisition, customer care and retention services, interactive voice response services, and conferencing and accounts receivable management services. West Corporation is not certificated in Virginia to provide telecommunications services.

THL Partners is a Delaware limited partnership that identifies and acquires substantial ownership positions in large growth-oriented companies by way of acquisitions, recapitalizations, and direct investments through its private equity funds. THL Partners currently manages approximately \$20 billion of committed capital. Omaha Acquisition Corp. ("Newco") is a Delaware corporation created solely for the purpose of the recapitalization of West Corporation. More than 50% of Newco is currently owned by a private equity fund sponsored by THL Partners.

The Petitioners propose to consummate a transaction whereby THL Partners will acquire ultimate indirect ownership of Intrado-VA from West Corporation. Pursuant to an Agreement and Plan of Merger (the "Agreement") entered on May 31, 2006, Newco will merge with and into West Corporation, and West Corporation will be the surviving entity. Private equity funds sponsored by THL Partners will control West Corporation through equity ownership in West Corporation and the right to designate a majority of West Corporation's board of directors. Through the ownership of West Corporation, THL Partners will acquire ultimate indirect control of Intrado-VA.

After the proposed transaction, Intrado-VA will remain a wholly owned subsidiary of Intrado Communications Inc., which will remain a wholly owned subsidiary of Intrado, which will remain a wholly owned subsidiary of West Corporation. The Petitioners expect that there will be no material changes in the day-to-day management of West Corporation, Intrado, Intrado Communications Inc., or Intrado-VA. The Petitioners represent that because Intrado-VA serves no customers in Virginia, there will be no impact on customer service or rates.

The Petitioners represent that the proposed transaction is in the public interest. They state that Intrado is North America's foremost provider of 9-1-1 infrastructure systems and services, as well as innovative solutions for telecommunications providers and public safety organizations, and THL Partners is one of the oldest and most successful private equity investment firms in the United States. The Petitioners further represent that the proposed transaction will strengthen Intrado, and the efficiencies gained will allow Intrado-VA to compete more effectively and efficiently in the competitive marketplace and will enhance its ability to offer high quality, cost competitive services.

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 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 for the transfer of control of Intrado Communications of Virginia Inc. to Thomas H. Lee Partners, L.P., 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 closing 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-2006-00128**  
**SEPTEMBER 25, 2006**

APPLICATION OF  
 TRANSBEAM OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER**

By Order dated September 22, 2000, in Case No. PUC-2000-00136, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity No. T-509, permitting the provision of local exchange telecommunications services, and No. TT-111A, permitting the provision of interexchange telecommunications services, to Transbeam of Virginia, Inc. ("Transbeam" or "Company").

By action of the Commission effective September 5, 2003, Transbeam 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-509 and TT-111A, previously issued to Transbeam.

Accordingly, IT IS ORDERED THAT:

- (1) This matter should be docketed as Case No. PUC-2006-00128.
- (2) Certificate Nos. T-509 and TT-111A, issued to Transbeam of Virginia, Inc., are hereby cancelled.
- (3) This matter is dismissed.

**CASE NO. PUC-2006-00130**  
**NOVEMBER 21, 2006**

JOINT PETITION OF  
 DSLNET COMMUNICATIONS VA, INC.,  
 DSL.NET, INC.,  
 MDS ACQUISITION, INC.,  
 and  
 MEGAPATH INC.

For approval to transfer control of DSLnet Communications VA, Inc., from DSL.net, Inc., to MDS Acquisition, Inc, and MegaPath Inc.

**ORDER GRANTING APPROVAL**

On October 5, 2006, DSLnet Communications VA, Inc. ("DSLnet-VA"), DSL.net, Inc. ("Parent"), MDS Acquisition, Inc. ("MDSAI"), and MegaPath Inc. ("MegaPath") (collectively, the "Petitioners") completed a joint petition 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 DSLnet-VA from Parent to MDSAI and MegaPath, as ultimate parent.

DSLnet-VA is a Virginia corporation with its principal business offices in Wallingford, Connecticut. DSLnet-VA is a wholly owned subsidiary of Parent, a publicly held Delaware corporation also headquartered in Wallingford, Connecticut. DSLnet-VA is an affiliate of DSLnet Communications, LLC, another wholly owned subsidiary of Parent, which is authorized to provide telecommunications services in 47 states and the District of Columbia. DSLnet Communications, LLC, is also authorized by the Federal Communications Commission to provide international and domestic interstate telecommunications services as a non-dominant carrier.

DSLnet-VA is certificated to provide local exchange and interexchange telecommunications services pursuant to certificates of public convenience and necessity Nos. T-450 and TT-71A, respectively, issued in Case No. PUC-1999-00028, but does not currently provide regulated services to customers in Virginia.

MDSAI is a privately held Delaware corporation with principal business offices in Costa Mesa, California. MDSAI, a wholly owned subsidiary of MegaPath, has been formed for the purpose of acquiring Parent and its subsidiaries. MegaPath provides a variety of managed Internet Protocol ("IP") services, including cable and satellite system broadband Internet access, mobility services such as digital certificates, global remote access, personal firewalls, remote access virtual private networks ("VPN"), and security services. Neither MegaPath, MDSAI, nor any of their affiliates currently offer any regulated telecommunications services and, therefore, do not hold any telecommunications authorizations from the FCC or any state regulatory authority.

The Petitioners request approval to consummate a series of transactions whereby MDSAI, and, therefore, MegaPath will acquire control of DSLnet-VA. Pursuant to a Purchase Agreement entered into by Parent, MDSAI, and MegaPath on August 22, 2006, MDSAI purchased certain convertible promissory notes of Parent (the "Convertible Notes") which, by their terms, will allow MDSAI to acquire control of DSLnet-VA through the conversion of the Convertible Notes into common stock of Parent. Following the conversions, MegaPath will merge Parent with and into MDSAI, with (1) MDSAI surviving and (2) stockholders of Parent other than MDSAI receiving a cash payment for their shares of Parent's stock. As a result of these conversions and the merger, MDSAI will have direct control of DSLnet-VA, and DSLnet-VA will become a wholly owned indirect subsidiary of MegaPath.

The Petitioners represent that the proposed transactions will not have an adverse effect on rates and services. They state that following the proposed transactions, DSLnet-VA will continue to operate in Virginia under the same name offering the same services it currently offers with no change in the rates or terms and conditions of services and that the transfer will be transparent to Virginia customers. The Petitioners further represent that the proposed transactions will allow DSLnet-VA to have access to MegaPath's substantial technical and management expertise and complementary suite of services and that these benefits are expected to strengthen DSLnet-VA's ability to expand its offerings and provide more advanced services to a broader customer base 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 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 to allow for the transfer of control of DSLnet Communications VA, Inc., from DSL.net, Inc., to MDS Acquisition, Inc., and MegaPath Inc. 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 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.

**CASE NOS. PUC-2006-00131 and PUC-2006-00132  
DECEMBER 20, 2006**

APPLICATION OF  
CENTRAL TELEPHONE COMPANY OF VIRGINIA

To reclassify ISDN-PRI Service and its associated Features as Competitive under its Plan for Alternative Regulation

APPLICATION OF  
UNITED TELEPHONE-SOUTHEAST, INC.

To reclassify ISDN-PRI Service and its associated Features as Competitive under its Plan for Alternative Regulation

**ORDER APPROVING RECLASSIFICATION**

On September 27, 2006, Central Telephone Company of Virginia ("Centel") and United Telephone-Southeast, Inc. ("United") (collectively the "Embarq Companies"), filed tariff revisions with the Division of Communications of the State Corporation Commission ("Commission") proposing to reclassify their ISDN-PRI Service and associated features as "Competitive" pursuant to Section D of their Plan for Alternative Regulation ("Plan").<sup>1</sup> The Embarq Companies state in the cover letter accompanying the tariff filing that other carriers provide ISDN-PRI Service and associated features or their functional equivalents on both a retail and wholesale basis in their service territories. They assert that the offerings of other providers of ISDN-PRI or of substitutable services will effectively regulate their prices for these services. The Embarq Companies also submitted proprietary information to the Staff supporting their assertions.

By Order entered October 16, 2006, we directed the Embarq Companies to publish notice of their applications and established a period for receipt of comments or requests for hearing on or before November 27, 2006. No comments or requests for hearing have been filed.

NOW THE COMMISSION, having considered the pleadings and the proprietary information furnished to the Staff, is of the opinion and finds that the requested reclassifications should be granted.

All changes proposed in the tariff filings made by the Embarq Companies on September 4, 2006, should be approved, effective as of October 25, 2006. 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 and associated features are APPROVED for the Embarq Companies as set out above.

(2) This matter is dismissed.

<sup>1</sup> Both Embarq Companies' current Plan was approved by Order dated June 13, 2003, in Case No. PUC-2003-00040.

**CASE NO. PUC-2006-00133  
DECEMBER 1, 2006**

JOINT PETITION OF  
TALK AMERICA HOLDINGS, INC.,  
TALK AMERICA, INC.,  
LDMI TELECOMMUNICATIONS, INC.,  
TALK AMERICA OF VIRGINIA, INC.,  
and  
CAVALIER TELEPHONE CORPORATION  
CAVTEL HOLDINGS, LLC,  
CAVALIER TELEPHONE, LLC  
ELANTIC TELECOM, INC.

For approval of transfer of control of Talk America of Virginia, Inc., from Talk America Holdings, Inc., to Cavalier Telephone Corporation

**ORDER GRANTING APPROVAL**

On October 2, 2006, Talk America Holdings, Inc. ("TA Holdings"), Talk America, Inc. ("Talk America"), LDMI Telecommunications, Inc. ("LDMI"), Talk America of Virginia, Inc. ("TAVA"), Cavalier Telephone Corporation ("CTC"), Cavtel Holdings, LLC ("Holdings"), Cavalier Telephone, LLC ("Cavalier"), and Elantic Telecom, Inc. ("Elantic") (collectively, the "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") for approval to consummate a transaction whereby control of TAVA will be transferred from TA Holdings to CTC pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").<sup>1</sup>

CTC is a Delaware corporation with its principal business offices in Richmond, Virginia. TC is the direct parent company of Holdings, a Delaware limited liability company. Holdings' wholly owned direct and indirect subsidiaries include Virginia-certificated operating companies Cavalier and Elantic as well as Cavalier Acquisition Corp. ("Acquisition"), a non-certificated Delaware corporation formed for the specific purpose of transferring control of TA Holdings. CTC's indirect operating companies employ over 1,000 people to provide telephone and data service offerings, through more than 390,000 access lines, to more than 250,000 business and residential customers.

Cavalier is certificated in Virginia to provide local exchange and interexchange telecommunications services pursuant to its certificate of public convenience and necessity ("CPCN") granted in Case No. PUC-1998-00159. Cavalier offers local exchange telephone services, digital subscriber line, and related telephone and data services in Virginia. Elantic operates in Virginia pursuant to its CPCN that was originally issued to Dominion Telecom, Inc., in Case No. PUC-2000-003 17, which was transferred to Elantic on or about August 18, 2004, pursuant to Case No. PUC-2004-00097. Transfer of control of Elantic was granted to CTC by Commission Order dated December 28, 2005, Case No. PUC-2005-00148. Both Cavalier and Elantic also hold domestic and foreign Section 214 authorizations from the Federal Communications Commission.

TA Holdings is a publicly-held Delaware corporation headquartered in New Hope, Pennsylvania. TA Holdings is the parent company of Talk America, TAVA, and LDMI which, together with their affiliates in other states, serve a nationwide customer base. Talk America also is based in New Hope, Pennsylvania, and is authorized to provide local and long distance telecommunications services throughout the United States. LDMI is based in Southfield, Michigan, and is authorized to provide local and long distance telecommunications services in Illinois, Michigan, and Ohio and long distance telecommunications services on a nationwide basis. TAVA is based in Herndon, Virginia, and is certificated to provide local exchange telecommunications services in Virginia pursuant to its CPCN No. T-391a granted in Case No. PUC-2001-00133. Talk America, LDMI, and TAVA collectively serve approximately 2,800 local telephone and long distance customers in Virginia.

The Petitioners propose to consummate a series of transactions in order to effectuate the transfer of control. First, CTC's direct subsidiary Holdings will borrow sufficient funds from a syndication of lenders ("Lenders") to complete the acquisition and related buybacks of preferred stock, common stock, and options, and to provide for anticipated post-transaction working capital and other operational needs. Secondly, CTC, by Holdings, will acquire all of the outstanding shares of TA Holdings. Lastly, TA Holdings will be merged with and into Acquisition with TA Holdings surviving the merger. As a result of these transactions, Holdings, and by extension CTC, will indirectly control Talk America, LDMI, and TAVA.

As mentioned above, Holdings will borrow from the Lenders up to approximately \$510 million, consisting of (a) a senior secured term loan facility of up to approximately \$415 million with a six-year maturity date, (b) a senior secured revolving credit facility of up to \$20 million, and (c) a second lien term loan facility of up to \$75 million. Holdings will use the funds to finance the acquisition of TA Holdings and its subsidiaries, the related repurchase of CTC preferred stock of approximately \$72 million and common stock and employee stock options of approximately \$5 million, as well as to provide for working capital and other general corporate purposes. Holdings and its operating subsidiaries, including Cavalier and Elantic, will guarantee the loan to Holdings and pledge their assets as security. In addition, upon closing the proposed transfer of control, Talk America, LDMI, and TAVA will become co-guarantors of Holdings' same indebtedness and will pledge their assets as security.

The Petitioners state that after the proposed transfer of control, Talk America, LDMI, and TAVA will continue to offer service to existing customers with no change in their rates or terms and conditions of service. The Petitioners further state the transfer of control will be transparent to customers in Virginia with no potential service disruptions.

The Petitioners represent that the proposed transfer of control will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates. The Petitioners expect that the proposed transactions will enable CTC's and TA Holdings' operating subsidiaries to strengthen their competitive positions in Virginia to the benefit of Virginia consumers and the Commonwealth of Virginia's telecommunications marketplace. The

<sup>1</sup> The Petitioners are proposing to consummate a transaction whereby control of Talk America, LDMI, and TAVA will be transferred to Holdings. Neither Talk America nor LDMI hold a certificate to provide telecommunications services in Virginia and, therefore, Commission approval is not required for these two entities. TAVA is certificated in Virginia to provide telecommunications services and, therefore, Commission approval is required for the transfer of control of TAVA.

Petitioners further represent that the proposed transfer of control will enhance the current abilities of the CTC and TA Holdings operating companies to provide their customers the prospect of a more comprehensive suite of services.

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 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 to allow for the transfer of control of Talk America of Virginia, Inc., from Talk America Holdings, Inc., to Cavalier Telephone Corporation, 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 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.

**CASE NO. PUC-2006-00138  
DECEMBER 13, 2006**

JOINT PETITION OF  
LEVEL 3 COMMUNICATIONS, INC.,  
BROADWING CORPORATION  
and  
BROADWING COMMUNICATIONS, LLC

For approval of transfer of indirect control

**ORDER GRANTING APPROVAL**

On October 18, 2006, Level 3 Communications, Inc. ("Level 3"), Broadwing Corporation ("Broadwing Parent"), and Broadwing Communications, LLC ("Broadwing") (collectively referred to herein as the "Petitioners"), pursuant to Chapter 5, Title 56 of the Code of Virginia, filed a joint petition with the State Corporation Commission ("Commission"), requesting approval of a proposed transaction whereby Level 3 will acquire indirect control of Broadwing through acquisition of Broadwing Parent. The joint petition was assigned Case No. PUC-2006-00138.

Level 3, a Delaware corporation headquartered in Broomfield, Colorado, is a publicly traded company that provides, through its affiliates, voice and data telecommunications services to carriers, ISPs, and other business customers. Level 3 affiliates are non-dominant carriers that are authorized to provide resold and/or facilities-based telecommunications services nationwide.<sup>1</sup> Level 3 affiliates are also authorized by the Federal Communications Commission ("FCC") to provide international and domestic interstate telecommunications services as non-dominant carriers.

Broadwing Parent, a Delaware corporation with principal offices in Austin, Texas, is a publicly traded company that, through its affiliates, provides data and voice telecommunications services to small and large enterprise customers and other telecommunications services providers, through a nationwide facilities based all-optical network connecting 137 cities, capable of transmitting up to 800 Gbs per fiber. Broadwing Parent is the ultimate parent of Broadwing, through 100% direct ownership of Broadwing Communications Holdings, Inc., the direct majority owner of C III Communications, LLC ("C III"),<sup>2</sup> the 100% direct owner of Broadwing.

Broadwing is a nationwide provider of telecommunications services. Broadwing is authorized to provide interexchange telecommunications services in all 50 states and the District of Columbia and authorized to provide local exchange telecommunications services in 19 states and the District of Columbia. In Virginia, Broadwing is authorized to provide (1) competitive local exchange telecommunications services pursuant to authority granted by the Commission in Certificate No. T-635 issued in Case No. PUC-2006-00106 on December 21, 2004; and (2) interexchange telecommunications services pursuant to Certificate No. TT-195b issued in Case No. PUC-2003-00119 on September 16, 2003. Broadwing is authorized to provide interstate and international telecommunications services pursuant to Section 214 authorization granted by the FCC.

<sup>1</sup> There are four Level 3 affiliate companies in Virginia. (1) Level 3 LLC is authorized to provide competitive local exchange and interexchange telecommunications services pursuant to authority granted by the Commission in Certificate Nos. T-409 and TT-49A, respectively, issued in Case No. PUC-1997-00197 on March 31, 1998. (2) WilTel Communications of Virginia, Inc. ("WilTel") is authorized to provide competitive local exchange and interexchange telecommunications services pursuant to Certificate Nos. T-473a and TT-42C, respectively, issued in Case No. PUC-2004-00019 on February 24, 2004. WilTel was originally granted an interexchange certificate, TT-42A, on January 14, 1998, Case No. PUC-1997-00047, under the corporate name of Vyvx of Virginia, Inc. WilTel was originally granted a local exchange certificate, T-473, on December 12, 1999, Case No. PUC-1999-00155, under the corporate name of Williams Communications of Virginia, Inc. (3) Looking Glass Networks of Virginia, LLC, ("Looking Glass") is authorized to provide competitive local exchange and interexchange telecommunications services pursuant to Certificate Nos. T-526 and TT-122A issued in Case No. PUC-2000-00175 on January 4, 2001. (4) TelCove of Virginia LLC ("TelCove") is authorized to provide local exchange and interexchange telecommunications services pursuant to Certificate Nos. T-433c and TT-63D, respectively, issued in Case No. PUC-2004-00071, on January 19, 2004. TelCove was originally granted interexchange and local exchange certificates, TT-63A and T-433, on February 18, 1999, in Case No. PUC-1998-00156 under the name of Hyperion Communications of Virginia, LLC.

<sup>2</sup> Prior to closing of the Agreement, the current minority interest in C III will be eliminated either by (1) a merger between C III and a merger subsidiary of Broadwing Communications Holdings, Inc., with C III surviving, or (2) the purchase of the minority interest by Broadwing Parent.

To implement the proposed transaction, on October 16, 2006, Broadwing Parent, Level 3, and Level 3-Services LLC ("Level 3-Services"), entered into an Agreement and Plan of Merger ("Agreement"), under which Broadwing Parent will merge with and into Level 3-Services, with Level 3-Services surviving as the 100% owned indirect subsidiary of Level 3.

Under terms of the Agreement, Level 3 will contribute its interest in Level 3-Services to Level 3 Financing Inc. ("Level 3 Financing"), a 100% owned affiliate of Level 3, with Level 3 Financing contributing its interest in Level 3-Services to Level 3 Communications LLC ("Level 3 LLC"), Level 3's principal indirect operating subsidiary in the United States. As a result of these final transaction steps, Level 3 will become the ultimate parent of Broadwing holding 100% direct ownership of Level 3 Financing, which will hold 100% direct ownership of Level 3 LLC, which will hold 100% direct ownership of Level 3-Services, which will hold 100% direct ownership of Broadway Communications Holdings, Inc., which will hold 100% direct ownership of C 111, which will hold 100% direct ownership of Broadwing.

Level 3 will pay total consideration of approximately \$1.4 billion for approximately 89.9 million shares of stock of Broadwing Parent. Broadwing Parent stockholders will receive \$8.18 in cash for each share of Broadwing Parent stock plus 1.3411 shares of Level 3 stock. In total, Level 3 expects to pay approximately \$744 million in cash and issue approximately 122 million new shares in Level 3 stock. Broadwing Parent's debt and cash, in the approximate amounts of \$180 million and \$300 million, respectively, would remain with Level 3-Services, as the surviving company of the merger.

The Petitioners represent that as of September 30, 2006, Level 3 had approximately \$1.2 billion of cash and marketable securities on hand adjusted for the acquisitions of TelCove and Looking Glass, the sale of Software Spectrum and the redemption of its outstanding 9.125% Senior Notes due in 2008 and 10.50% Senior Discount Notes due in 2008. Level 3 will fund the cash portion of this transaction out of the cash and marketable securities on hand. The stock portion of the purchase price will be issued from existing shares previously authorized by shareholders.

The Petition states that the transaction will be transparent to the customers of Broadwing. Following completion of the transaction, Broadwing will continue to operate its facilities and provide telecommunications services to its customers under the same name and at the same rates, terms, and conditions as currently provided. The Petitioners represent that the Agreement is an arm's length negotiation between Level 3 and Broadwing Parent, based on the value of the respective assets of the two companies.

The Petitioners state that the proposed transaction will provide Broadwing access to Level 3's substantial technical and management expertise, financial resources, and allow Broadwing's customers to benefit from Level 3's national network and broad IP-based telecommunications services.

Petitioners submit that adequate service at just and reasonable rates will not be jeopardized or impaired by a grant of the Joint Petition for the transfer of indirect control of Broadwing from Broadwing Parent to Level 3.

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 transaction described herein will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The application should, therefore, be approved. However, as in previous acquisition cases, we are concerned with Level 3 LLC's exercise, directly or indirectly, of eminent domain, a power that it does not possess in Virginia.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88 .1 and 56-90 of the Code of Virginia, approval is hereby granted for the proposed transfer of indirect control of Broadwing from its indirect owner Broadwing Parent to indirect owner Level 3, as described herein.
- 2) The Petitioners shall not use any power of eminent domain possessed by Broadwing for the benefit of Level 3 LLC.
- 3) The Petitioners shall file a report of 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 that the transfer of indirect control took place.
- 4) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUC-2006-00140  
NOVEMBER 27, 2006**

APPLICATION OF  
COX VIRGINIA TELCOM, INC.

For Waivers of, and/or a Grant of Exceptions to, the Customer Notice of Disconnection Requirements of the New Rules Governing Disconnection of Local Exchange Telephone Services

**ORDER GRANTING WAIVER**

On October 31, 2006, Cox Virginia Telcom, Inc. ("Cox" or "Applicant"), filed with the State Corporation Commission ("Commission") its Application for Waivers of, and/or a Grant of Exceptions to, the Customer Notice of Disconnection Requirements of the New Rules Governing Disconnection of Local Exchange Telephone Services ("Request"). Cox's Request was filed pursuant to 5 VAC 5-20-80 and 20 VAC 5-413-50, requesting relief from the customer notice of disconnection requirements of 20 VAC 5-413-25 C of the Commission's revised Rules Governing Disconnection of Local Exchange Telephone Service ("new DNP Rules"), which will become effective December 1, 2006.

Cox's Request explains that the billing system currently used by Cox does not permit a customer's monthly bill to contain: (a) the amount that must be paid to prevent disconnection of the customer's basic telephone service or a basic bundle; and (b) the date by which the payment must be received by

Cox to avoid disconnection. In lieu of providing this information, however, Cox has proposed other mechanisms for its billing system that would provide the affected customer similar advanced notice of a disconnection.

Cox's Request proposes a temporary technique that will inform customers of the amount of payment needed to avoid disconnection and the date by which such payment must be received to avoid disconnection. First, Cox proposes to place two asterisks next to the amount owed as listed on its disconnect notice. A statement will be included with the notice that the customer cannot be disconnected for failure to pay non-regulated charges and will provide a toll-free telephone number by which the customer can inquire about the notice and make payment arrangements, as well as find out the exact amount to be paid to avoid disconnection.

Second, Cox proposes that its disconnect notice state that ten (10) days after the mailed date on such notice, the customer's service will be interrupted or "soft disconnected." This status allows the customer to contact 911 or emergency services or to contact Cox to inquire about his or her service and to make payment arrangements. If an additional ten (10) days passes without payment, the customer's service will be fully disconnected.

NOW THE COMMISSION, having considered Cox's Request, the new DNP Rules, and applicable law, is of the opinion and finds that waivers should be granted as specified below.

The procedure that Cox describes and the "Proposed Disconnection Notice" attached to its Request meet the intent of Rule 20 VAC 5-413-25 C, by: (i) providing the affected customer a ready technique to determine the amount that must be paid to prevent disconnection of the customer's basic telephone service or a basic bundle; and (ii) giving the customer twenty (20) days' (twice the minimum amount) notice prior to the planned disconnection. The "soft disconnection" that occurs ten (10) days after the notice still allows the customer to contact emergency services or to reach Cox's customer service representatives in order to avoid total disconnection after another ten (10) days elapses.

Cox's Request indicated that its billing system vendor may need two (2) years to tailor the billing system to conform to Rule 20 VAC 5-413-25 C. That is the period of time for which we will grant the waiver. If Cox should need additional time, it must file any such request at least ninety (90) days before the waiver expiration in order to give the Commission adequate time for additional review. In any such request for extension, Cox must explain why it was not able to accomplish the changes within the two (2) years allotted.

This waiver is subject to rescission or modification at any time in the future if, after notice and an opportunity for hearing, the Commission finds that the waiver is not satisfying the public interest.

On December 1, 2007, Cox shall furnish the Staff with a status report describing its progress in modifying its billing system and specifying its efforts to comply with the requirements of Rule 20 VAC 5-413-25 C.

Accordingly, IT IS ORDERED THAT:

(1) Cox is granted, until December 1, 2008, a waiver from the literal requirements of 20 VAC 5-413-25 C to identify the amount that must be paid to prevent disconnection of a customer's basic telephone service or basic bundle and to include the date by which the payment must be received by Cox to avoid disconnection. Instead, Cox is permitted, until December 1, 2008, to furnish such amount and such date in the manner described in its Request. Any extension of such waiver must be sought in the manner described above.

(2) Such waiver is subject to rescission or modification in the manner described above.

(3) On December 1, 2007, Cox shall furnish the Staff with a status report as described above.

(4) There being nothing further to come before the Commission, this matter is dismissed, and the record developed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2006-00141  
DECEMBER 20, 2006**

APPLICATION OF  
CLEARLINX NETWORKS (VIRGINIA) LLC  
and  
EXTENET SYSTEMS (VIRGINIA) LLC

For cancellation of certificates of public convenience and necessity to provide local and interexchange telecommunications services and to reissue certificates reflecting new corporate name

**ORDER**

On November 2, 2006, an application was filed with the State Corporation Commission ("Commission") for cancellation of the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services issued to ClearLinX Networks (Virginia) LLC ("ClearLinX") and to reissue the certificates of public convenience and necessity to ExteNet Systems (Virginia) LLC ("ExteNet") to reflect the company name change.

On February 17, 2006, in Case No. PUC-2005-00161, the Commission issued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services, Certificate Nos. T-649 and TT-219A, to ClearLinX.

In September 2006, ClearLinX filed Articles of Amendment changing the name of the company from ClearLinX to ExteNet. On September 18, 2006, the Commission issued a Certificate of Amendment changing the name of ClearLinX to ExteNet.

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 ClearLinx should be cancelled and new certificates should be issued reflecting the new corporate name, ExteNet, on the condition that the letter of credit submitted by ClearLinx in the course of obtaining the initial certificates of public convenience and necessity in Case No. PUC-2005-00161 be amended to reflect the new corporate name, ExteNet, or otherwise replaced.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00141.
- (2) Certificate No. T-649 authorizing ClearLinx Networks (Virginia) LLC to provide local exchange telecommunications services throughout the Commonwealth shall be cancelled.
- (3) ExteNet Systems (Virginia) LLC shall be granted a certificate of public convenience and necessity, Certificate No. T-649a, to provide local exchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. T-649.
- (4) Certificate No. TT-219A authorizing ClearLinx Networks (Virginia) LLC to provide interexchange telecommunications services throughout the Commonwealth is hereby cancelled.
- (5) ExteNet Systems (Virginia) LLC shall be granted a certificate of public convenience and necessity, Certificate No. TT-219B, to provide interexchange telecommunications services subject to all restrictions and conditions imposed on Certificate No. TT-219A.
- (6) Ordering Paragraphs (2) through (5) are conditioned upon the submitting by ExteNet of an amended or new letter of credit or bond with the Commission's Division of Economics and Finance within thirty (30) days of this Order.
- (7) ExteNet shall provide revised tariffs reflecting its new corporate name to the Commission's Division of Communications within sixty (60) days of the date of this Order.
- (8) ExteNet shall provide to the Commission's Division of Economics and Finance a new letter of credit that conforms to the format of its original letter of credit or an amendment to their existing letter of credit that reflects the new corporate name within thirty (30) days of the date of this Order.
- (9) This matter is continued pending compliance with the Ordering Paragraphs herein and further order of the Commission.

**CASE NO. PUC-2006-00148  
DECEMBER 20, 2006**

JOINT PETITION OF  
MCDATA CORPORATION,  
CNT TELECOM SERVICES, INC.,  
and  
BROCADE COMMUNICATIONS SYSTEMS, INC.,

For approval of transfer of indirect control

**ORDER GRANTING APPROVAL**

On December 12, 2006, McDATA Corporation ("McDATA"), CNT Telecom Services, Inc. ("CNT Services"), and Brocade Communications Systems, Inc. ("Brocade") (collectively referred to herein as the "Petitioners"), pursuant to Chapter 5 of the Code of Virginia, completed a joint petition filed with the State Corporation Commission ("Commission"), requesting approval of a proposed transaction whereby Brocade will acquire indirect control of CNT Services through acquisition of McDATA, the direct parent of Computer Network Technology Corporation ("CNT") and the indirect parent of CNT Services.

McDATA, a Delaware corporation with principal offices located in Broomfield, Colorado, is a publicly traded company that designs, develops, markets, sells and supports data storage networking and infrastructure management solutions, offering a variety of services directly to end users and indirectly through channel partners.

CNT, a wholly owned subsidiary of McDATA, holds 100% direct ownership of CNT Services. CNT is authorized to provide telecommunications services in 46 states and the District of Columbia. CNT is also authorized by the FCC to provide international and domestic interstate telecommunications services as a non-dominant carrier.

CNT Services holds certificates of public convenience and necessity ("CPCN") to provide competitive local exchange and interexchange telecommunications services in Virginia, pursuant to authority granted by the Commission in CPCN Nos. T-638 and TT-211A, respectively, issued in Case No. PUC-2004-00079 on February 10, 2005.

Brocade, a Delaware corporation with principal offices located in San Jose, California, is a publicly traded company that designs, develops, markets, sells and supports data storage networking products and application infrastructure management solutions, offering software and services throughout the world. Brocade does not hold any authorizations to provide telecommunications services.

On August 7, 2006, in order to implement the proposed transaction, McDATA and Brocade entered into an Agreement and Plan of Reorganization ("Agreement"), under which Brocade becomes the 100% owner of McDATA, the parent of CNT, which in turn is the parent of CNT Services. To complete the transaction, Brocade has established a wholly owned subsidiary, Worldcup Merger Corporation, which will be merged with and into McDATA, with McDATA surviving.

Upon completion of the transaction, CNT will change its name to Brocade Services Corporation and CNT Services will change its name to Brocade Telecom Services, Inc. ("Brocade Services").<sup>1</sup> CNT Services will then file a copy of its amended authority to transact business issued by the Clerk of the Commission and tariffs reflecting the name change with the Commission's Division of Communications.

The Agreement was negotiated at arm's length by Brocade and McDATA, the terms of which were based on the value of the assets of McDATA and its operating subsidiaries, including CNT Services. Such assets include telecommunications network facilities, accounts receivable, and customer contracts of CNT Services. Under terms of the Agreement, McDATA stockholders will receive 0.75 shares of Brocade common stock for each share of McDATA Class A and Class B common stock held. Upon completion of the transaction, McDATA stockholders will own approximately 30 percent of Brocade.

The Petitioners assert that except for the anticipated name change, the transaction will be seamless and virtually transparent. The transaction will not involve any change in CNT Services' operating authority or CNT Services' terms and conditions and rates. CNT Services has no customers in Virginia.

Petitioners submit that adequate service at just and reasonable rates will not be jeopardized or impaired by a grant of the Joint Petition for the transfer of indirect control of CNT Services from McDATA to Brocade.

The Petitioners assert that the transaction serves the public interest. It will increase the Virginia telecommunications market by strengthening CNT Services as a viable competitor. The combination of the products and services of CNT Services and McDATA with Brocade's complementary products and services will provide customers with a storage-networking infrastructure needed for increased productivity, business continuity and regulatory compliance.

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 transaction described herein will neither impair nor jeopardize the provision of adequate telecommunications services to the public at just and reasonable rates. The application 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 proposed transfer of indirect control of CNT Services from its indirect owner McDATA to indirect owner Brocade, as described herein.
- 2) The Petitioners shall file a report of 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 that the transfer of indirect control took place.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.

<sup>1</sup> Application was filed November 16, 2006, in Case No. PUC-2006-00150, requesting approval of change in name from CNT Services to Brocade Services. Case is currently pending before the Commission.

**CASE NO. PUC-2006-00149  
DECEMBER 1, 2006**

APPLICATION OF  
VERIZON VIRGINIA INC. AND VERIZON SOUTH INC.

For Waiver of the Customer Notice of Disconnection Requirements of the New Rules Governing Disconnection of Local Exchange Services

**ORDER GRANTING WAIVER**

On November 17, 2006, Verizon Virginia Inc. and Verizon South Inc. ("the Verizon Companies" or "Applicants"), filed with the State Corporation Commission ("Commission") their Application for Waiver of the Customer Notice of Disconnection Requirements of the New Rules Governing Disconnection of Local Exchange Services ("Request"). Applicants' Request was filed pursuant to 5 VAC 5-20-80 and 20 VAC 5-413-50, requesting temporary relief from the customer notice disconnection requirements of 20 VAC 5-413-25 A of the Commission's revised Rules Governing Disconnection of Local Exchange Telephone Service ("new DNP Rules"), which will become effective December 1, 2006.

Applicants' Request explains that the billing system currently used by the Verizon Companies mails customers a separate notice seven days in advance of the planned disconnection date, not the ten days as required by the new DNP Rules. Verizon's billing system, EXPRESSTRAK, is used by many affiliates to render bills for landline, wireless, and internet services. The Request states that the changes needed to comply with 20 VAC 5-413-25 A are scheduled to be completed before March 1, 2007.

The Request notes that few of the Verizon Companies' customers have complained about the long-standing practice of seven days of advanced notice of disconnection. The Verizon Companies offer customers methods of negotiating alternative payment arrangements to avoid disconnection. The Request also notes that the Commission Staff has no objection to granting the Applicants additional time to comply with the rule change.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, having considered the Verizon Companies' Request, the new DNP Rules, and applicable law, is of the opinion and finds that the waiver Request should be granted until March 1, 2007.

Accordingly, IT IS ORDERED THAT:

(1) The Verizon Companies are granted a waiver from the ten day advanced mail notice provision of 20 VAC 5-413-25 A until March 1, 2007. Any request to extend the waiver must be filed at least thirty days before its scheduled expiration.

(2) Such waiver is subject to rescission or modification if, after notice and opportunity for hearing, the Commission finds that the waiver is not satisfying the public interest.

(3) There being nothing further to come before the Commission, this matter is dismissed, and the record developed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2006-00151  
DECEMBER 27, 2006**

APPLICATION OF  
FOXHOUND TECHNOLOGIES LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

**ORDER CANCELLING CERTIFICATES**

By Order dated January 23, 2006, in Case No. PUC-2005-00121, the State Corporation Commission ("Commission") issued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services, Certificate Nos. T-647 and TT-218A respectively, to Foxhound Technologies, LLC ("Foxhound" or the "Company").

By letter application filed on November 22, 2006, Foxhound requested cancellation of the above-referenced certificates. On November 29, 2006, Foxhound amended its letter application to request that the Commission return the performance bond in the amount of \$50,000 filed by the Company pursuant to 20 VAC 5-417-20 G 1 b of the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers. The Company has indicated that it does not have any customers in the Commonwealth and does not intend serving any local exchange or interexchange customers in the Commonwealth in the future.

NOW UPON CONSIDERATION of the matter, the Commission will cancel Certificates Nos. T-647 and TT-218A.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2006-00151.

(2) Certificates No. T-647 and TT-218A authorizing Foxhound Technologies, LLC, to provide local exchange and interexchange telecommunications services, respectively, are hereby cancelled.

(3) Any tariffs associated with Certificate Nos. T-647 and TT-218A on file with the Commission's Division of Communications are hereby cancelled.

(4) The Commission's Division of Economics and Finance shall return the performance bond on file with the Commission to the Company.

(5) 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-2006-00155  
DECEMBER 27, 2006**

APPLICATION OF  
PREFERRED CARRIER SERVICES OF VIRGINIA, INC.

For discontinuance of local exchange telecommunications and cancellation of certificates and tariffs

**ORDER PERMITTING DISCONTINUANCE OF SERVICES**

On December 4, 2006, Preferred Carrier Services of Virginia, Inc. ("Preferred Carrier" or "Company"), filed a Petition for Discontinuance of Service ("Petition") with the State Corporation Commission ("Commission") requesting approval to discontinue its provision of local exchange telecommunications services to customers within the Commonwealth of Virginia, effective December 31, 2006. The Petition also requested that the Company's Certificate of Public Convenience and Necessity ("Certificate") to provide local exchange services (T-390) and all associated tariffs be cancelled.

Pursuant to Rule 20 VAC 5-423-30 ("Rule 30") of the Commission's Rules Governing Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers, a competitive local exchange carrier must furnish notice to customers providing at least 30 days

notice before any services may be discontinued. The notice must also meet the remaining requirements of Rule 30. The Commission's primary concern with authorizing discontinuance is providing adequate notice to the affected customers. It appears that Preferred Carrier has provided notice in the form of letters mailed directly to the ninety-nine (99) affected subscribers of Preferred Carrier. The notice appears to be adequate in substance and, because it appears to have been mailed on November 16, 2006, timely for the purposes of approving discontinuance effective December 31, 2006.

NOW THE COMMISSION, having considered the pleadings and applicable law, is of the opinion and finds Preferred Carrier's Petition to discontinue local exchange telecommunications services and cancel its Certificate to provide local exchange services and associated tariffs, should be granted

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2006-00155.
- (2) Preferred Carrier's request to discontinue local exchange telecommunications services to its customers in the Commonwealth of Virginia effective December 31, 2006, is hereby granted.
- (3) On or before December 28, 2006, Preferred Carrier shall report to the Commission's Division of Communications the number of its remaining local exchange customers that are still to be transferred to another carrier.
- (4) Certificate T-390 authorizing Preferred Carrier's provision of local exchange services is hereby cancelled effective December 31, 2006.
- (5) All tariffs associated with Preferred Carrier are hereby cancelled effective December 31, 2006.
- (6) Preferred Carrier shall provide a copy of this Petition upon written request, by any interested parties, to the Company's representative, Alex Valencia, Vice President of Regulatory Affairs, Preferred Carrier Services of Virginia, Inc., 14681 Midway Road, Suite 105, Addison, Texas 75001. 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 23219, or may be downloaded from the Commission's website: <http://www.sec.virginia.gov/caseinfo.htm>.
- (7) This case shall be closed, and the papers herein shall be placed in the file for ended causes.

## DIVISION OF ENERGY REGULATION

### CASE NO. PUE-2000-00583 OCTOBER 11, 2006

APPLICATION OF  
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For a general increase in rates

#### ORDER MODIFYING DISCOUNT FROM CAPPED RATES

On September 15, 2006, Central Virginia Electric Cooperative ("CVEC" or the "Cooperative") filed with the State Corporation Commission ("Commission") its Petition to Reopen Case, Modify Filing Schedule for Financial Status Statement and Eliminate the Discount from Previously Approved Capped Rates (hereinafter Petition).<sup>1</sup>

According to the Petition, at 3-4, increases in various expenses have required the Cooperative to obtain construction loan advances. Receipt of these advances has increased interest expense. To assure adequate coverage of interest expense, the Cooperative has petitioned the Commission to adjust base rates currently in effect. As the Commission will discuss in more detail below, the Cooperative's base rates now in effect are discounted from capped base rates through an adjustment mechanism. By the Cooperative's calculations, eliminating the discount and applying the base rates would increase annual revenues by approximately \$1,257,000 and improve interest expense coverage. (Financial Status Statement as of June 30, 2006, appended to Petition.) For the reasons discussed in this Order, the Commission grants the requested relief.

As one element of the restructuring of the regulation of electric cooperatives, CVEC was permitted to apply to the Commission for approval of base rates capped until July 1, 2007.<sup>2</sup> The capped rates could be adjusted by "discounts ... to match the cost of providing distribution service." Act Approved April 9, 2000, ch. 942, 2000 Va. Acts 2052, codified to § 56-582 B of the Code of Virginia (hereinafter Code). In the Final Order of December 18, 2001, in Central Virginia Electric Cooperative, Case No. PUE -2000-00583, 2001 S.C.C. Ann. Rep. 464 (hereinafter Final Order), the Commission set CVEC's capped base rates, and approved discounting these rates to match costs, as authorized by § 56-582 B (iv) of the Code.<sup>3</sup> As the Commission observed,

Discounting requires estimation of future costs of providing distribution services and customer growth, among other variables. To implement the discount mechanism, future interest expenses and interest coverage must also be estimated so that the Cooperative remains on a sound financial footing. Of equal importance is crafting the discount mechanism to assure that member-customers pay no more than is necessary to assure financial soundness.

Id. at 464.

To assure that member-customers paid no more than necessary, the Commission found that base rates should provide CVEC sufficient revenues to cover the expenses of distribution services and to achieve a Times Interest Earned Ratio (hereinafter TIER) in the range of 1.75 to 2.25. The base rates in effect at any time would be designed to provide CVEC an opportunity to achieve a TIER of 2.0. Id. at 465. Base rates would not be adjusted, however, so long as TIER was within the 1.75 to 2.25 range. An initial discount applied to the capped base rates of 6.72 percent was intended to provide the Cooperative an opportunity to achieve a 2.0 TIER. Id.

As CVEC related in its Petition, at 2-3, the Cooperative has never adjusted the discount to capped base rates. Although its TIER for the years 2003 and 2004 fell below 1.75, the Cooperative opted not to re-compute the discount from capped base rates. For the 12 months ended December 31, 2005, CVEC achieved a TIER of 1.78. Since this TIER was within the 1.75-2.25 range, no adjustment in the discount to capped base rates was authorized by the Final Order. (Petition at 3.)

As noted in the opening paragraph of this Order, CVEC's interest expense has increased during 2006. The Cooperative's Statement of Financial Condition for the 12 month ended June 30, 2006, showed a TIER of 1.65. According to CVEC's calculation, had the capped base rates been applied without discount during the same period, the Cooperative would have achieved a TIER of 1.99. (Id. at 4.)

As explained above, the Commission implemented § 56-582 B of the Code by linking any discount from the capped base rates to the Cooperative's achieved TIER. In these circumstances, the Commission will grant CVEC's Petition to the extent that we authorize application of the capped base rates without discount for bills rendered on and after November 1, 2006. CVEC's calculations for the 12 months ended June 30, 2006, show an achieved TIER below 1.75, and the Final Order authorizes the adjustment of the base rates in effect. Based on operations for the 12 months ended June 30, 2006, applying the full capped rates without discount would have resulted in a TIER of 1.99. Thus the capped base rates without a discount would have

<sup>1</sup> CVEC filed with the Commission Clerk on September 18, 2006, an attachment to the Petition, which was inadvertently omitted from the September 15 filing.

<sup>2</sup> The expiration of capped rates was subsequently extended to December 31, 2010. Act Approved April 14, 2004, ch. 827, 2004 Va. Acts 1268, 1272, codified as § 56-282 F of the Code of Virginia.

<sup>3</sup> The Cooperative flows through to member-customers electric generation costs, which fluctuate monthly. These generation rates are not capped, and they are not discounted. Final Order, 2001 S.C.C. Ann. Rep. at 465.

produced, in CVEC's current circumstances, a TIER extremely close to the 2.0 target. Application of the base rates without discount, under present conditions, is in keeping with our findings made in the Final Order.

In its Petition, CVEC requests that the Commission accept a statement of financial condition based on a period other than a calendar year. The Commission need not address that request. While Finding Paragraph (13) of the Final Order, 2001 S.C.C. Ann. Rep. at 465, prescribes an annual filing based on the previous calendar year, the Commission did not bar the filing of additional information on significant developments. It has long been our policy to encourage regulated companies to inform the Commission of significant developments that might impact on financial stability.

The authorization we grant by this order extends only to application of the capped base rates without a discount. As we found in the Final Order, 2001 S.C.C. Ann. Rep. at 465, a TIER in the range of 1.75 to 2.25 for CVEC is reasonable, and the Petition does not seek Commission action to alter that range. Further, we will continue to require CVEC to file its annual statement of financial condition. Operating and financial conditions for utilities vary over time. In changed circumstances, it may be appropriate to apply the discount mechanism to CVEC's capped base rates. The mechanism approved by the Final Order remains in effect until capped rates established pursuant to § 56-582 B of the Code expire or are altered as provided by law.

Accordingly, IT IS ORDERED THAT:

- (1) Case No. PUE-2000-00583 be placed in active status in the records maintained by the Commission Clerk and be restored to the Commission's docket.
- (2) CVEC's Petition be granted to the extent addressed in this Order.
- (3) For bills rendered on and after November 1, 2006, CVEC be authorized to apply the capped base rates approved in the Final Order of December 18, 2001, in Central Virginia Electric Cooperative, Case No. PUE-2000-00583, 2001 S.C.C. Ann. Rep. 464, without discount.
- (4) In the first bill rendered to all customers on and after November 1, 2006, CVEC shall include the following language on the bill or as an insert:

NOTICE OF CHANGE IN BASE RATES

In 2001, the State Corporation Commission (SCC) approved capped rates for non-energy service for Central Virginia Electric Cooperative. The Cooperative has discounted the capped rates to match revenues with the costs of providing service. Based on increasing costs, the Cooperative has petitioned the SCC to remove the discount currently applied to its capped rates in order to maintain a sound financial condition. Removal of the discount will result in an increase in your customer bill. The SCC authorized the Cooperative to apply the capped rates without any discount for bills rendered on and after November 1, 2006.

A copy of the Cooperative's petition to the SCC, related documents, and the SCC's order granting the request to end the discount are available for inspection during business hours at the Cooperative's office in Lovingson, Virginia. Copies of these documents may also be viewed on the SCC's Web site, <http://www.scc.virginia.gov/caseinfo.htm>, under Case Number PUE-2000-00583.

- (5) All findings and ordering provisions of the Final Order of December 18, 2001, in Central Virginia Electric Cooperative, Case No. PUE-2000-00583, 2001 S.C.C. Ann. Rep. 464, shall remain in effect unless and until changed as provided by law.
- (6) Case No. PUE-2000-00583 be placed in closed status in the records maintained by the Commission Clerk and dismissed from the Commission's docket.

**CASE NO. PUE-2001-00245  
OCTOBER 31, 2006**

IN THE MATTER OF

AEP-Virginia: The Oversight of the Design, Siting, Construction, and Operation of the Wyoming-Jacksons Ferry 765 kV Transmission Line

**DISMISSAL ORDER**

By Order Granting Authority to Construct Transmission Facilities of May 31, 2001, in Appalachian Power Co., Case No. PUE-1997-00766, 2001 S.C.C. Ann. Rep. 366, the State Corporation Commission ("Commission") authorized Appalachian Power Company ("AEP-Virginia" or "Company") to construct and operate a 765 kV transmission line in Tazewell, Bland, Pulaski, and Wythe Counties. Approval was conditioned on the Company taking a number of measures to avoid or to mitigate the environmental impact of the line. We established this Case No. PUE-2001-00245 for the monitoring of construction and for the receipt of reports and other filings required for mitigation. 2001 S.C.C. Ann. Rep. at 377.

In its report filed with the Commission Clerk on July 5, 2006, AEP-Virginia advised the Commission that the transmission line went into operation on June 20, 2006. Based on the Company's reports and other materials filed in this case, PUE-2001-00245, we find that the Company has taken the actions required by Attachment A, Mitigation Measures Wyoming-Jackson's Ferry 765 kV Transmission Line, made part of the Order Granting Authority to Construct Transmission Facilities of May 31, 2001, for design, siting and construction. Accordingly, the Commission finds that Case No. PUE-2001-00245 may be dismissed from our docket and placed in closed status.

AEP-Virginia has implemented various mitigation measures for construction, which the Commission required. We are confident that the Company will operate the facility in compliance with the environmental protective conditions to its authorization for the facility, which remain applicable. Likewise, we are confident that AEP-Virginia will comply with all requirements imposed by statutes and regulations enforced by other agencies and will observe any conditions of these agencies' approvals. While we are closing this proceeding, the Commission will continue to exercise over this facility the jurisdiction conferred by numerous provisions of Title 56 of the Code of Virginia. Our exercise of jurisdiction extends to assuring compliance with the operational measures identified in Attachment A to the Order Granting Authority to Construct Transmission Facilities of May 31, 2001, unless modified by order of the Commission.

Accordingly, IT IS ORDERED THAT:

(1) Case No. PUE-2001-00245 be placed in closed status in the records maintained by the Commission Clerk and dismissed from the Commission's docket.

(2) All operating requirements set by Order Granting Authority to Construct Transmission Facilities of May 31, 2001, in Case No. PUE-1997-00766 and Attachment A, Mitigation Measures Wyoming-Jackson's Ferry 765 kV Transmission Line, made part of the Order Granting Authority to Construct Transmission Facilities, shall remain in full force and effect unless otherwise ordered by the Commission.

**CASE NO. PUE-2001-00306  
NOVEMBER 6, 2006**

COMMONWEALTH OF VIRGINIA *ex rel.*  
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 in this docket establishing generation market price methodologies for the purposes of establishing wires charges for Appalachian Power Company d/b/a American Electric Power ("AEP-VA") and Dominion Virginia Power ("DVP" or the "Company"). Subsequently on May 24, 2004, the Commission entered an order establishing wires charges methodologies for the 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 annual filings by July 1 of each year for any proposed revisions in their fuel factor, as well as for corresponding changes in capped rates and for market price proposals. Ordering Paragraph (6) of the November 19, 2001, Order kept this docket open for consideration of any other matters that may arise concerning market price determinations and wires charges.

On June 30, 2006, DVP filed an application to revise its market prices for generation and resulting wires charges for the period January 1, 2007 to July 1, 2007. DVP does not propose any changes to the methodology used to derive market prices for generation and the resulting wires charges as previously approved by the Commission. However, DVP proposes to apply the approved methodology to the period January 1, 2007 to July 1, 2007, rather than to a twelve month period as previously employed.

Also on June 30, 2006, AEP-VA filed a letter with the Commission stating that it does not propose to impose wires charges for any of its customers during the period January 1, 2007 to July 1, 2007. AEP-VA further states that it reserves the right to impose wires charges after that period if such action is permitted by law and is warranted by circumstances at that time.

On July 5, 2006, certain of the electric distribution cooperatives ("Cooperatives")<sup>1</sup> and the Virginia, Maryland & Delaware Association of Electric Cooperatives ("VMD Association") filed comments reserving the option to collect wires charges during the period January 1, 2007 to July 1, 2007. The Cooperatives and the VMD Association also indicated that the methodology currently approved by the Commission continues to be a workable approach.

On July 7, 2006, Northern Virginia Electric Cooperative ("NOVEC") filed a Motion to Accept Comments Out of Time and Comments. NOVEC reserved the right to collect wires charges for the period January 1, 2007 to July 1, 2007, and adopted the comments of the Cooperatives and the VMD Association.

On July 20, 2006, the Commission issued an Order for Notice and Comment establishing a procedural schedule whereby interested persons could file comments or request a hearing on the filings by AEP-VA, DVP, and the Cooperatives. The Commission also granted NOVEC's Motion to Accept Comments Out of Time.

No comments or requests for hearing were filed.

On September 8, 2006, the Commission Staff filed its report. The Staff Report recommended no changes in the methodologies currently employed by AEP-VA, DVP, and the Cooperatives beyond those previously approved by the Commission. The Staff Report indicated support for DVP's proposal to apply the approved methodology only to the period January 1, 2007 to July 1, 2007 provided that DVP intends to calculate the Company's capped unbundled rates for generation and projected average market prices using the billing determinants for the first six months of the 1999 calendar year.

<sup>1</sup> A&N Electric Cooperative, BARC Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative, Inc.

Moreover, the Staff Report stated that any incumbent utility seeking to impose wires charges for the period January 1, 2007 to July 1, 2007 should limit the application of the approved methodology to that period if the appropriate monthly billing determinants from the relevant test year are available. The Staff Report further recommended that if the monthly billing determinants for the 1999 test year for DVP or the relevant test year for other incumbent utilities are unavailable, the approved methodology for each utility should be applied as it has been in the past.

On September 15, 2006, DVP filed a Reply to the Staff Report agreeing with the Staff that the use of a six month comparison of existing unbundled rates for generation and projected average market prices for the first six months of 2007 will result in the correct design of wires charge rates. DVP stated, however, that the Company only has billing determinant information for 1999 on an annual basis. DVP indicated that the Company does have billing determinants by bill month for as early as 2004 and has the capability to use the information from that year to assign the 1999 booked billing determinants to each month.

NOW THE COMMISSION, upon consideration of the pleadings, is of the opinion and finds as ordered below.

Accordingly, IT IS ORDERED THAT:

(1) The methodology to derive the market prices for generation and resulting wires charges for incumbent utilities for the period January 1, 2007 to July 1, 2007 shall remain the same as approved in our October 19, 2005 Final Order for calendar year 2006.

(2) DVP shall use the billing determinants from 2004 to derive billing determinants for the first six months of 1999 to be included in the wires charges determination for the period January 1, 2007 to July 1, 2007.

(3) Should any other incumbent utility seek to impose wires charges for the period January 1, 2007 to July 1, 2007, such utility should limit the application of the approved methodology to the January 1, 2007 to July 1, 2007 period using appropriate monthly billing determinants.

(4) The base forward market information used in establishing wires charges shall be collected from the trading data from the following ten days: September 8, 2006; September 12, 2006; September 21, 2006; September 29, 2006; October 3, 2006; October 11, 2006; October 17, 2006; October 18, 2006; October 19, 2006; and October 20, 2006.

(5) This docket shall remain open for consideration of other matters concerning market price determination and wires charges as such matters may arise.

**CASE NO. PUE-2001-00361  
OCTOBER 18, 2006**

APPLICATION OF  
ACN ENERGY, INC.

For a license to conduct business as a competitive service provider in a natural gas retail access pilot program

**DISMISSAL ORDER**

On September 13, 2001, the State Corporation Commission ("Commission") granted ACN Energy, Inc. ("ACN" or the "Company"), License No. G-2, to provide competitive natural gas service to residential customers in conjunction with the retail access program of Washington Gas Light Company, pursuant to the Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-3 12-10 et seq. ("Retail Access Rules").

By letter filed with the Clerk of the Commission on October 4, 2006, ACN states that its assets were transferred to Commerce Energy. Therefore, ACN requests that its license be canceled as it is no longer needed.

NOW UPON CONSIDERATION of the matter, the Commission is of the opinion and finds that ACN's license, License No. G-2, and the Company's authority to act as a competitive service provider in the Commonwealth should be terminated and this proceeding dismissed.

Accordingly, IT IS ORDERED THAT:

(1) ACN's license, License No. G-2, is hereby terminated without prejudice to the Company to reapply for a license as a competitive service provider at any future time.

(2) This case is hereby 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-2001-00476  
OCTOBER 18, 2006**

APPLICATION OF  
BGE COMMERCIAL BUILDING SYSTEMS, INC.

For a permanent license to conduct business as a natural gas competitive service provider

**DISMISSAL ORDER**

On October 16, 2001, the State Corporation Commission ("Commission") granted BGE Commercial Building Systems, Inc. ("BGE" or the "Company"), a permanent license, License No. G-6, to provide competitive natural gas service to all commercial and industrial retail customers in conjunction with the retail access program of Washington Gas Light Company pursuant to the Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 et seq. ("Retail Access Rules").

By letter filed with the Clerk of the Commission on April 11, 2003, BGE represented that its responsibility for the natural gas commodity operations had been transferred to Constellation NewEnergy, Inc. ("Constellation"). BGE advised that it intended to renew all contracts under Constellation upon approval of a natural gas supplier license by the Commission.

By letter filed with the Clerk of the Commission on October 4, 2006, BGE asks that License No. G-6 be canceled as it is no longer needed.

NOW UPON CONSIDERATION of the matter, the Commission is of the opinion and finds that BGE Commercial Building Systems Inc.'s license, License No. G-6, and the Company's authority to act as a competitive service provider in the Commonwealth should be terminated and this proceeding dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) BGE's license, License No. G-6, is hereby terminated without prejudice to the Company to reapply for a license as a competitive service provider at any future time.
- (2) This case is hereby 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-2001-00478  
MAY 23, 2006**

APPLICATION OF  
HESS CORPORATION F/K/A AMERADA HESS CORPORATION

For licenses to conduct business as an electric and natural gas competitive service provider and aggregator

**ORDER REISSUING LICENSES**

On October 15, 2001, the State Corporation Commission ("Commission") issued to Amerada Hess Corporation ("Amerada Hess") the following licenses: License No. E-4 to provide competitive electric service to commercial and industrial customers in the electric retail access programs of Virginia Electric & Power Company ("VEPCO"), Appalachian Power Company ("APCO"), and Rappahannock Electric Cooperative ("REP"); License No. G-7 to provide competitive natural gas service to commercial and industrial customers in the retail access programs of Washington Gas Light ("WGL") and Columbia Gas of Virginia ("CGV"); and License No. A-5 to provide aggregation services to commercial and industrial customers in the retail access programs of VEPCO, APCO, REC, WGL, and CGV.

On May 4, 2006, Amerada Hess made a filing with the Commission advising that it had changed its corporate name to Hess Corporation ("Hess"). Hess requests that the Commission reissue its three licenses in the name of Hess Corporation.

NOW THE COMMISSION, upon consideration of this matter, finds that Amerada Hess Corporation's Licenses No. E-4, G-7 and A-5, shall be canceled and reissued in the name of Hess Corporation.

Accordingly, IT IS ORDERED THAT:

- (1) License No. E-4 authorizing Amerada Hess Corporation to provide competitive electric supply service is hereby canceled, and shall be reissued as License No. E-4A in the name of Hess Corporation.
- (2) License No. G-7 authorizing Amerada Hess Corporation to provide competitive natural gas service is hereby canceled, and shall be reissued as License No. G-7A in the name of Hess Corporation.
- (3) License No. A-5 authorizing Amerada Hess Corporation to provide aggregation services is hereby canceled, and shall be reissued as License No. A-5A in the name of Hess Corporation.

(4) Hess Corporation shall operate under the licenses as reissued pursuant to the same terms and conditions as set forth in our Order Granting License entered in this docket on October 15, 2001.

(5) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2001-00479  
AUGUST 2, 2006**

APPLICATION OF  
ENERGY SERVICES MANAGEMENT VIRGINIA, LLC d/b/a VIRGINIA ENERGY CONSORTIUM

For a permanent license to conduct business as a competitive electric service aggregator

**DISMISSAL ORDER**

On November 2, 2001, the State Corporation Commission ("Commission") granted Energy Services Management Virginia, LLC d/b/a Virginia Energy Consortium ("ESM" or "the Company") License No. A-4 to provide competitive electric aggregation services to commercial customers throughout the Commonwealth of Virginia pursuant to the Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 et seq. ("Retail Access Rules").

By letter filed with the Commission on July 26, 2006, ESM requested that its license be cancelled.

NOW UPON CONSIDERATION of the matter, the Commission is of the opinion and finds that ESM's license, License No. A-4, and its authority to act as an aggregator in the Commonwealth should be terminated.

Accordingly, IT IS ORDERED THAT:

(1) ESM's license, License No. A-4, is hereby terminated without prejudice such that the Company may reapply for a license as an aggregator at any future time.

(2) This case is hereby dismissed.

**CASE NO. PUE-2001-00481  
AUGUST 16, 2006**

APPLICATION OF  
ENERGYWINDOW, INC.

For a permanent license to conduct business as an electric and natural gas aggregator

**DISMISSAL ORDER**

On November 7, 2001, the State Corporation Commission ("Commission") granted EnergyWindow, Inc. ("EnergyWindow" or the "Company"), a permanent license, License No. A-7, to provide competitive electric and natural gas aggregation service to all classes of retail customers throughout the Commonwealth of Virginia as the Commonwealth opens up to retail access and customer choice pursuant to the Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 et seq. ("Retail Access Rules").<sup>1</sup> As part of the annual reporting process required by 20 VAC 5-312-20 Q of the Retail Access Rules, by electronic mail to the Commission Staff, a copy of which was filed with Document Control Center on August 8, 2006, EnergyWindow advised the Commission's Division of Economics and Finance that it no longer wished to maintain its license. The Company indicated that, should regulations change in a way that makes competitive market development more likely, the Company may reapply for a license.

NOW UPON CONSIDERATION of the matter, the Commission is of the opinion and finds that EnergyWindow's license, License No. A-7, and the Company's authority to act as an aggregator in the Commonwealth should be terminated and this proceeding dismissed.

Accordingly, IT IS ORDERED THAT:

(1) EnergyWindow's license, License No. A-7, is hereby terminated without prejudice to the Company to reapply for a license as an aggregator at any future time.

(2) This case is hereby 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.

<sup>1</sup> See Application of EnergyWindow, Inc., For a permanent license to conduct business as an electric and a natural gas aggregator, Case No. PUE-2001-00481 and Application of EnergyWindow, Inc. For a license to conduct business as an aggregator in electric retail access pilot programs, Case No. PUE-2000-00410, 2001 S.C.C. Ann Rep. 619.

**CASE NO. PUE-2001-00658  
DECEMBER 12, 2006**

APPLICATION OF  
SELECT ENERGY, INC.

For a license to conduct business as a competitive electric and natural gas service provider

**DISMISSAL ORDER**

On January 4, 2002, the State Corporation Commission ("Commission") granted Select Energy, Inc. ("Select" or the "Company"), License No. G-15, to provide competitive natural gas service to commercial and industrial customers throughout the Commonwealth of Virginia and License No. E-12 for the provision of competitive electric services to commercial and industrial customer throughout the Commonwealth of Virginia pursuant to the Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules").

By letter filed with the Clerk of the Commission on November 16, 2006, Select states that its retail energy business was acquired by Hess Corporation. Therefore, Select notifies the Commission that it intends to terminate its licenses as they are no longer needed.

NOW UPON CONSIDERATION of the matter, the Commission is of the opinion and finds that Select's licenses, License Nos. G-15 and E-12, and the Company's authority to act as a gas and electric competitive service provider in the Commonwealth should be terminated and this proceeding dismissed.

Accordingly, IT IS ORDERED THAT:

(1) Select's licenses, License Nos. G-15 and E-12, are hereby terminated without prejudice to the Company to reapply for a license as a competitive service provider at any future time.

**CASE NO. PUE-2002-00237  
SEPTEMBER 13, 2006**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For extension of its Weather Normalization Adjustment Rider

**FINAL ORDER**

On August 18, 2006, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") a "Motion to Make Permanent Weather Normalization Adjustment [(WNA')] Rider for Residential Customers [(Motion)] and Application for an Experimental WNA Rider for General Service Customers [(Application)]."<sup>1</sup> On September 7, 2006, the Commission's Staff ("Staff") filed a Response to the Motion, in which Staff "requests that the Commission grant the Company's Motion and dismiss Case No. PUE-2002-00237."<sup>2</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Motion shall be granted and that Case No. PUE-2002-00237 shall be dismissed.

The Commission's September 27, 2002 Order Approving Experiment in this docket approved a WNA for VNG as a two-year experiment applicable to the Company's Residential and General Service classes pursuant to § 56-234 of the Code of Virginia. By Orders in this case dated September 17 and October 22, 2004, the Commission required modifications to the WNA and extended the experiment for the Residential class to September 27, 2006. By Orders dated July 24 and August 10, 2006 in Case Nos. PUE-2005-00057 and PUE-2005-00062, the Commission directed the Company to file a motion requesting: (1) that the WNA, as further modified by Staff witness Gregory Abbott in Case Nos. PUE-2005-00057 and PUE-2005-00062, be made permanent; and (2) that Case No. PUE-2002-00237 be dismissed.

We find that the WNA as modified by Staff witness Abbott in Case Nos. PUE-2005-00057 and PUE-2005-00062 is just and reasonable and shall be made permanent.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) VNG's August 18, 2006 Motion to Make Permanent Weather Normalization Adjustment Rider for Residential Customers is granted.
- (2) On or before October 2, 2006, VNG shall file with the Division of Energy Regulation tariffs conforming with the WNA Rider found just and reasonable herein.
- (3) This matter is dismissed.

Commissioner Jagdmann did not participate in this matter.

<sup>1</sup> The Commission will forthwith establish a separate docket for the Application and issue a procedural order therein.

<sup>2</sup> Staff's September 7, 2006 Response at 5.

**CASE NO. PUE-2002-00376  
NOVEMBER 17, 2006**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue debt and preferred securities

**ORDER EXTENDING AUTHORITY**

By Order dated July 17, 2002, Virginia Electric and Power Company ("Virginia Power" or "the Company") was authorized by the Virginia State Corporation Commission ("Commission") to 1) issue up to \$2 billion in aggregate of its First Mortgage bonds, unsecured Senior Notes, unsecured Junior Subordinated Notes, and preferred securities, and 2) establish a Trust for the issuance of trust preferred securities through December 31, 2004. By Commission Order dated December 17, 2004, the Commission extended the authority to issue these securities through December 31, 2006.

On November 1, 2006, Virginia Power filed a request to extend the time to issue the securities authorized in the above referenced Order. In support of its request, the Company represents that it has issued \$1.355 billion in securities, thus leaving it with \$645 million in unissued securities. The Company now requests that the Commission extend the time period for issuing the remaining securities from December 31, 2006, until December 31, 2008.

THE COMMISSION, upon consideration of the Company's November 1, 2006 request and having been advised by its Staff, is of the opinion and finds that extending the time period of authority will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- 1) The authority granted, pursuant to our Orders dated July 17, 2002, and December 17, 2004, is hereby extended from December 31, 2006, to December 31, 2008.
- 2) On or before February 28, 2009, Virginia Power shall file a final report of action containing the information required in ordering paragraph (4) of our July 17, 2002 Order.
- 3) All other directives detailed in our July 17, 2002 Order shall remain in full force and effect.
- 4) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2002-00514  
AUGUST 2, 2006**

APPLICATION OF  
NEW ERA ENERGY, INC.

For a license to conduct business as an electric aggregator

**ORDER REINSTATING 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, authorizing the Company to provide competitive electric aggregation services to residential, commercial and industrial retail customers throughout the Commonwealth of Virginia.

By letter filed with the Commission on April 19, 2005, New Era stated that a vibrant competitive market of Competitive Service Providers has not emerged in Virginia. Therefore, New Era requested that its license be suspended pending the emergence of competitive markets.

By Order Suspending License dated April 27, 2005, the Commission granted New Era's request and suspended License No. A-13, pending further action by the Commission.

By letter filed with the Commission on July 27, 2006, New Era has requested that its license be reinstated.

NOW UPON CONSIDERATION of New Era's request that its license, License No. A-13, be reinstated, 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 No. A-13, is hereby reinstated and, as a result, New Era is authorized to act as an aggregator of competitive electric aggregation services to residential, commercial and industrial retail customers throughout the Commonwealth as the Commonwealth.
- (2) Failure of New Era 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 including, 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.

(3) This matter shall remain open pending the receipt of any reports required by the Retail Access Rules, as well as any subsequent amendments or modifications to the license granted herein.

**CASE NO. PUE-2002-00702  
MAY 24, 2006**

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

**ORDER MODIFYING CONDITION OF CERTIFICATE  
OF PUBLIC CONVENIENCE AND NECESSITY**

By Final Order of October 8, 2004, 2004 S.C.C. Ann. Rep. 347, the State Corporation Commission ("Commission") granted this application. We issued Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") a certificate of public convenience and necessity, which authorized the Company to construct and operate the 230 kV transmission line in Loudoun County. *Id.* at 351. By Ordering Paragraph (6) of the Final Order of October 8, 2004, the Commission imposed on the certificate the condition that "the transmission lines must be constructed and in-service by January 1, 2007; however, Dominion is granted leave to apply for an extension for good cause shown." *Id.* On April 27, 2006, Dominion filed its Motion for Extension of Construction and In-Service Date (hereinafter Motion for Extension).

In support of its request to extend the date set in Ordering Paragraph (6), the Company noted that Our Final Order of October 8, 2004, was appealed. The Virginia Supreme Court affirmed the Commission on November 5, 2005. (Motion for Extension at 1-2.) Dominion also noted some delay caused by the US National Weather Service's consideration of the placement of the transmission line on its property. (*Id.* at 2.) The appeal and the placement of the line delayed the construction process, and the Company seeks extension from January 1, 2007, to December 31, 2008, for completing construction and placing the transmission line in service.

The Company served copies of its Motion for Extension on counsel to the parties in Case No. PUE-2002-00702 and on representatives of other interested groups. (*Id.* at 4.) No responses were filed with the Commission Clerk as provided by State Corporation Commission Rules of Practice and Procedure, 5 VAC 5-20-110, *Motions*, nor were any comments received.

The Commission has considered the matters addressed in the Motion for Extension. We find that Dominion has shown good cause for modification of the date prescribed in the Final Order of October 8, 2004.

Accordingly, IT IS ORDERED THAT:

- (1) Case No. PUE-2002-00702 be moved from closed to active status in the records maintained by the Commission Clerk and that Case No. PUE-2002-00702 be restored to the Commission's docket.
- (2) The Company's Motion for Extension be granted.
- (3) The condition of the certificate set out in Ordering Paragraph (6) of the Final Order of October 8, 2004, 2004 S.C.C. Ann. Rep. at 351, be modified to read as follows: As a condition of the certificate granted in this case, the transmission lines must be constructed and in-service by December 31, 2008; however, Dominion is granted leave to apply for an extension for good cause shown.
- (4) All other findings made and conditions imposed in the Final Order of October 8, 2004, 2004 S.C.C. Ann. Rep. 347, shall remain in full force and effect.
- (5) Case No. PUE-2002-00702 be moved from active to closed status in the records maintained by the Commission Clerk and that Case No. PUE-2002-00702 be dismissed from the Commission's docket.

**CASE NO. PUE-2003-00175  
FEBRUARY 13, 2005**

APPLICATION OF  
APPALACHIAN POWER COMPANY d/b/a AEP VIRGINIA

2002 Annual Informational Filing

**FINAL ORDER**

In accordance with the State Corporation Commission's ("Commission") Rules Governing Rate Increase Applications and Annual Information Filings, Appalachian Power Company ("APCo") d/b/a AEP Virginia ("AEP" or the "Company") was required to submit an Annual Information Filing ("AIF"), for the test period ending December 31, 2002. After being granted an extension of time in which to file the AIF, APCo submitted its AIF on June 6, 2003.

On October 30, 2003, the Staff filed its Staff Report containing the Staff's initial review of the Company's filing which presented the Company's earnings test and fully adjusted results, as adjusted for the Staff's capital structure. The Staff stated that the report would be supplemented as to both the earnings test and fully adjusted results if the Staff deemed additional adjustments were necessary or appropriate.

On July 13, 2004, the Staff filed a "Supplemental Staff Report" ("Supplement") in this matter. The Supplement notes that APCo's return on equity on a bundled basis for the test period was 12.79%, 194 basis points above its most recently authorized return on equity of 10.85%. Staff noted that the Company's excess pre-tax earnings totaled \$16,688,344. The Staff further found that the Company earned a return on equity of 15.82% during 2002 on its transmission and distribution functions. The Supplement indicates that the Company's excess earnings are available for stranded cost recovery or regulatory asset write-off and that the Staff is currently assisting the Office of the Attorney General with quantifying the stranded cost recoveries of Virginia's electric utilities.

The Staff calculated revenue surpluses for APCo's transmission and distribution functions, but Staff concluded that there was a revenue deficiency in APCo's generation function. On a bundled, fully adjusted basis APCo had a net revenue surplus of \$9,172,526.

On August 27, 2004, APCo filed a response to the Supplement. APCo contests the Staff's conclusion that it has substantial earnings above its authorized return on equity and the Commission's authority to require a regulatory asset write-off on any basis stated in the Staff Report or Supplement. The Company also disagrees with certain Staff's adjustments and the resulting level of APCo's test year earnings contained in the Staff Report and the Supplement. APCo maintains that it has not earned its authorized rate of return on equity of 10.85%. APCo urges that the Commission close the docket without any action.

NOW THE COMMISSION, upon consideration of the Company's application, the Staff Report, the Supplement, 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 cases.

**CASE NO. PUE-2003-00474  
NOVEMBER 16, 2006**

APPLICATION OF  
WALNUT RUN WATERWORKS, INC.

For authority to acquire and dispose of utility assets pursuant to the Utility Transfers Act and for the issuance of a Certificate of Public Convenience and Necessity pursuant to Sections 56-265.2 and 56-265.3 of the Code of Virginia

**DISMISSAL ORDER**

By its Preliminary Order entered May 28, 2004, the State Corporation Commission ("Commission") docketed this matter and established a procedural schedule. The Commission was informed that Franklin County ("County") had a public service authority to provide water and sewerage service within the County. Under the terms of § 56-265.3.C of the Code of Virginia, the County must approve Walnut Run Waterworks, Inc.'s ("Walnut Run") application before the Commission can issue a certificate of public convenience and necessity to Walnut Run.

By Order entered September 8, 2004, the Commission suspended the procedural schedule in this matter and placed the case in abeyance pending further order of the Commission.

On September 13, 2006, the Commission Staff ("Staff") filed its Motion to Dismiss Without Prejudice ("Motion") advising the Commission that a February 16, 2005 letter from the County to Walnut Run reflected that the County's Board of Supervisors had denied Walnut Run's request for approval of the pending certificate application at the Commission. Staff did not consider it likely that the County would reverse its decision. Because of this impasse and the prohibition on the Commission's conducting a hearing or issuing a certificate absent the County's approval,<sup>1</sup> the Motion requested that Walnut Run's application be dismissed without prejudice to being refiled in the future.

Under the terms of Commission Rule 5 VAC 5-20-110, more than fourteen (14) days have elapsed since the Staff filed its Motion and no response or opposition has been filed.

NOW THE COMMISSION, having considered the Motion and the applicable law, finds that the Motion should be granted, and this matter should be dismissed without prejudice to Walnut Run refiling in the future.

Accordingly, IT IS ORDERED THAT:

(1) Walnut Run's application for a certificate of public convenience and necessity, together with authority to acquire and dispose of utility assets, is hereby dismissed without prejudice to Walnut Run refiling again in the future.

(2) There being nothing further to come before the Commission, this matter is closed, and the record shall be placed in the file for ended causes.

<sup>1</sup> § 56-265.3.C of the Code of Virginia.

**CASE NO. PUE-2004-00007  
MARCH 17, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For authority to borrow up to \$275 million in short-term debt and for continued participation in the Pepco Holdings System Money Pool

**DISMISSAL ORDER**

On March 4, 2004, Delmarva Power & Light Company ("Delmarva", or "Applicant") received authority ("March 4 Order") from the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia to: 1) borrow short-term debt up to \$275,000,000; 2) continue participation in the Pepco Holdings System Money Pool ("Money Pool") with an investment limitation by Delmarva in the Money Pool of no more than \$25,000,000, consistent with the Money Pool Agreement, all through March 31, 2006. Applicant was directed to file certain reports of action.

Applicant filed the reports of action in accordance with the March 4 Order. According to the reports, Delmarva has been primarily a borrower during most of calendar year 2004. Short-term borrowing through the Money Pool peaked at \$171,686,811 on October 20, 2004. However, Delmarva has been both a borrower and investor in the Money Pool during 2005. During portions of March, April, May and June of 2005, Delmarva was an investor in the Money Pool on 78 days. According to follow-up information requested by our Staff from Delmarva, for that 4-month period, investment balances exceeded the \$25,000,000 limitation on twenty-six of those days. Applicant also represented that the Money Pool Agreement was amended to remove the \$25,000,000 investment limitation after the March 4 Order was issued.

Applicant has subsequently received continuing financing authority in Case No. PUE-2006-00014 by order dated March 13, 2006. In Case No. PUE-2006-00014, we also terminated and superseded the authority in this case. In that application, Delmarva stated that financing transactions over the expected authorization period are not expected to result in large investment balances in the Money Pool.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the actions of the Applicant do not appear to be in accordance with the authority granted. We find that Delmarva amended the Money Pool Agreement approved in the March 4 Order but did not seek subsequent approval as required by Ordering Paragraph (5) of the March 4 Order. We also find that Delmarva exceeded its investment limitation of \$25,000,000 on 26 occasions between March 1 and June 30 of 2005. We place Delmarva on notice that future securities issuances will be stringently monitored by our Staff, and that subsequent violation of Chapter 4 authority may result in penalties outlined in § 56-85 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT there appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2004-00015  
JULY 5, 2006**

APPLICATION OF  
VIRGINIA GAS DISTRIBUTION COMPANY

For permission to abandon service in a portion of its service territory

**ORDER CLOSING CASE**

On February 25, 2004, Virginia Gas Distribution Company ("VGDC" or "Company") filed an application with the Virginia State Corporation Commission ("Commission"), pursuant to Chapter 10.1 of Title 56 of the Code of Virginia, seeking permission to abandon a portion of its service territory and asking that a new certificate of public convenience and necessity ("Certificate") be issued to reflect this abandonment.

On June 16, 2004, the Commission issued a Final Order permitting VGDC to abandon its gas distribution facilities in the Garden Creek Subdivision subject to compliance with the Pipeline Safety Standards adopted by the Commission in Case No. PUE-1989-00052. The Commission directed that, once the Company properly abandoned the facilities and filed with the Division of Energy Regulation maps delineating its revised service territory, VGDC's current certificate would be cancelled and a new certificate, Certificate No. G-164b would be issued.

On September 20, 2004, the Company filed with the Division of Energy Regulation maps with its revised service territory indicated thereon. Certificate No. G-164b was issued on September 20, 2004.

NOW UPON CONSIDERATION of the matter, the Commission finds that there is nothing further to be done and this case may be closed.

Accordingly, IT IS ORDERED THAT 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 cases.

**CASE NO. PUE-2004-00034  
AUGUST 10, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

2003 Annual Informational Filing

**FINAL ORDER**

In accordance with the State Corporation Commission's ("Commission") Rules Governing Rate Increase Applications and Annual Information Filings, Delmarva Power & Light Company ("Delmarva" or the "Company") was required to submit an Annual Information Filing ("AIF"), for the test period ending December 31, 2003. After an extension of time in which to file the AIF, Delmarva submitted its AIF on June 15, 2004.

On November 3, 2005, the Staff filed its Staff Report containing the Staff's review of the Company's filing which presented the Company's earnings test and fully adjusted results, as adjusted for the Staff's capital structure. The Staff Report notes that Delmarva's return on equity on a bundled basis for the test period was 4.33%, below its most recently authorized return on equity of 10.8-11.80%, which was established 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 in this case. The Company provided no comments on the Staff Report.

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 cases.

**CASE NO. PUE-2004-00040  
SEPTEMBER 18, 2006**

APPLICATION OF  
LAKE MONTICELLO SERVICE CORPORATION

Annual Informational Filing for the period ending June 30, 2005

**FINAL ORDER**

On July 1, 2004, Lake Monticello Service Corporation ("Lake Monticello") filed its Annual Informational Filing ("AIF") for the test period ending December 31, 2003.

Lake Monticello changed its name to Aqua Virginia, Inc. ("Aqua Virginia" or the "Company") and the Commission issued new certificates of public convenience and necessity to the Company on August 18, 2004, in Case No. PUE-2004-00100.

On September 1, 2005, the Staff filed its Staff Report which included a review of Aqua Virginia's financial status, capital structure, and cost of capital as well as an accounting analysis. The Staff Report indicates that the Company's fully adjusted test-year return on rate base is 3.30% and return on equity is 0.43%, both below the returns authorized in Lake Monticello's last rate case, Case No. PUE-1996-00064. Therefore, the Staff Report concludes that no further action concerning the Company's rates is required at this time.

On September 1, 2006, Aqua Virginia filed a letter advising that the Company agrees with the conclusion that return on rate base and return on equity are below authorized levels and that the instant proceeding should be closed without action by the Commission. Aqua Virginia indicated that the Company does not necessarily agree with the Staff adjustments made to the Company's results and reserves its right to oppose such adjustments in future proceedings.

NOW THE COMMISSION, upon consideration of the Company's application, the Staff Report, and the applicable statutes, is of the opinion and finds that there is nothing further to be done in this matter.

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 cases.

**CASE NO. PUE-2004-00046  
AUGUST 9, 2006**

APPLICATION OF  
KENTUCKY UTILITIES COMPANY d/b/a/ OLD DOMINION POWER COMPANY

2003 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, 2003. The Company submitted its AIF on April 30, 2004.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On September 28, 2005, 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 after all adjustments was 12.53%, which is within its currently authorized return on equity range of 12.00-13.00%. The Virginia Electric Restructuring Act's capped rate period prohibits a reduction in rates through 2010.

On April 27, 2006, the Company filed a letter stating that it has no comment regarding 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 cases.

**CASE NO. PUE-2004-00064  
JULY 5, 2006**

APPLICATION OF  
BUCKEYE ENERGY BROKERS, INC.

For a permanent license to conduct business as an electric and natural gas aggregator

**DISMISSAL ORDER**

On July 9, 2004, the State Corporation Commission ("Commission") granted Buckeye Energy Brokers, Inc. ("Buckeye Energy" or the "Company"), a license, License No. A-18, to provide competitive electric and natural gas aggregation service to all classes of retail customers throughout the Commonwealth of Virginia pursuant to the Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). As part of the annual reporting process required by 20 VAC 5-312-20 Q of the Retail Access Rules, by letter dated March 13, 2006, Buckeye Energy advised the Commission's Division of Economics and Finance that it no longer wished to maintain the Company's license. The Company indicated that, should Virginia have an active competitive energy market in the future, the Company may reapply for a license.

NOW UPON CONSIDERATION of the matter, the Commission is of the opinion and finds that Buckeye Energy's license, License No. A-18, and its authority to act as an aggregator in the Commonwealth should be terminated.

Accordingly, IT IS ORDERED THAT:

- (1) Buckeye Energy's license, License No. A-18, is hereby terminated without prejudice such that the Company may reapply for a license as an aggregator at any future time.
- (2) This case is hereby dismissed.

**CASE NO. PUE-2004-00068  
JANUARY 4, 2006**

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

Ex Parte: In the matter of establishing rules and regulations pursuant to the Virginia Electric Utility Restructuring Act for exemptions to minimum stay requirements and wires charges

**ORDER ON MOTION AND ADOPTING RULES AND REGULATIONS**

The Virginia Electric Utility Restructuring Act, Chapter 23, Title 56 of the Code of Virginia (§ 56-576 *et seq.*), directs the State Corporation Commission ("Commission") (1) to promulgate rules and regulations, and (2) to determine market-based prices for minimum stay and wires charges exemption programs. On December 6, 2004, the Commission entered an Order Inviting Comments that, among other things, required public notice of proposed rules and regulations to implement the exemption programs, directed investor-owned electric utilities to file compliance plans to implement the programs, allowed interested persons to file comments or requests for hearing on the proposed rules and regulations or the utility compliance plans, and allowed the Commission's Staff ("Staff") to file a Report addressing the utility compliance plans and any comments filed in this case.

Investor-owned electric utilities filed proposed compliance plans to implement the new exemption programs on January 10, 2005. The compliance plans included proposed margins and administrative cost charges that would be paid by customers participating in the exemption programs. Comments were filed by interested persons addressing the proposed rules and regulations, the compliance plans filed by investor-owned electric utilities, and the Staff Report filed on May 27, 2005. Subsequent to the filing of the Staff Report on May 27, 2005, the investor-owned electric utilities and other case participants were given additional time as requested to discuss and possibly reach agreement on the few remaining issues in dispute regarding implementation of the new exemption programs.

On December 9, 2005, the Virginia Committee for Fair Utility Rates and the Old Dominion Committee for Fair Utility Rates (collectively, "Committees") filed a Motion to Defer Determination of Contested Issues ("Motion") in this case. The Committees request that the Commission defer ruling

on the remaining contested issues in this proceeding because there is little, if any, likelihood that customers will take advantage of the new exemption programs at the present time.

With respect to the wires charges exemption program, the Committees maintain that no one has been or could be harmed by any delay during 2005 or 2006 because no investor-owned electric utility will impose wires charges in 2005 or 2006.

The Committees further state that no one has been or could be harmed by delaying the implementation of the minimum stay exemption program. The Committees state that current market prices in hourly and forward markets are extremely high and exceed the prices-to-compare of all investor-owned electric utilities. Given the extremely high market prices of electricity, the Committees assert there is no likelihood that any large industrial or commercial customers will take advantage of the minimum stay exemption program at the present time.

Should the Commission deny the Motion, the Committees renewed their February 7, 2005, Motion to Strike the utility compliance plans. The Committees argue the utility compliance plans should be stricken because the reasonable margins and administrative cost charges proposed in the plans lack any evidentiary and cost support. Alternatively, if the Commission does not strike the utility compliance plans, the Committees renewed their request that this matter be set for hearing to resolve the remaining issues in dispute. However, the Committees assert their preferred remedy is for the Commission to defer "ruling on the contested issues of what constitutes reasonable margins and reasonable administrative charges until the likelihood of any customer using either of the exemption programs becomes more than remote."<sup>1</sup>

On December 19, 2005, Delmarva Power & Light Company ("Delmarva") filed a Response to the Committees' Motion. Delmarva "agrees that a minimum stay program is of no interest to its industrial customers at this time" and states that it "does not oppose the Motion's request to defer further procedures for ruling on the contested issues in this proceeding."<sup>2</sup> Delmarva, however, opposes the Committees' alternative proposals.

On December 19, 2005, the Potomac Edison Company d/b/a Allegheny Power ("Allegheny") filed a Response to the Committees' Motion. Allegheny states that "[t]here presently appears little need for the Commission to address and resolve the contested issues of reasonable margin and reasonable administrative costs (jointly referred to as an adder) until the emergence of a more active competitive market."<sup>3</sup> Thus, Allegheny "supports the Committees' Motion to defer a determination of the contested issues at this time."<sup>4</sup> Allegheny, however, opposes the Committees' alternative proposals.

On December 19, 2005, Appalachian Power Company ("Appalachian") filed a Response to the Committees' Motion. Appalachian "does not object to the Committees' request that the Commission defer establishing further procedures for ruling on the contested issues in this case."<sup>5</sup> Appalachian, however, opposes the Committees' alternative proposals.

On December 19, 2005, Virginia Electric and Power Company ("Virginia Power") filed a Response to the Committees' Motion. Virginia Power "supports the adoption at this time of all uncontested matters in the case, including approval of the proposed regulations set forth by the Commission Staff."<sup>6</sup> Virginia Power recommends specific steps to "enable the [Minimum Stay Exemption] Program to proceed at the appropriate time," including the following: (1) "adopt the rules proposed in Appendix A to the Staff's Report dated May 27, 2005, for the purpose of determining the market-based costs pursuant to Va. Code Sections 56-577 E and 56-583 E;" (2) "direct the utilities to file, within 90 days of the Commission's order, compliance plans detailing all components of their market-based pricing for the Minimum Stay Exemption Program, except for the two charges related to the contested components: the reasonable margin and incremental administrative costs;" and (3) "[set] a mechanism to 'trigger' the Commission's consideration of the two [contested] issues," such as a petition from the Staff or a utility.<sup>7</sup> In addition, "since none of the utilities currently imposes a wires charge, [Virginia Power] seeks to defer implementation of the Wires Charge Exemption Program until such time as a utility determines it will impose a wires charge."<sup>8</sup> Finally, Virginia Power opposes the Committees' alternative proposals.

On December 19, 2005, the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"), filed a Response to the Committees' Motion. Consumer Counsel "supports deferring action on the utility-specific plans for implementing wires charge and minimum stay exemption programs given the currently high market price levels relative to capped rates, the lack of wires charges through at least 2006, and considerations of judicial economy."<sup>9</sup> In addition, Consumer Counsel "do[es] not, however, oppose promulgation of general program rules" and further states "it appears that the Commission could implement general rules in this proceeding, such as those proposed by Staff, without implicating contested issues."<sup>10</sup>

On December 19, 2005, the Staff filed a Response to the Committees' Motion. The Staff "has no objection to the Committees' Motion requesting that the Commission defer ruling on issues related to the 'reasonable margin' and 'administrative costs' components of the wires charge and minimum stay

<sup>1</sup> Committees' Motion at 3.

<sup>2</sup> Delmarva's Response at 1-2.

<sup>3</sup> Allegheny's Response at 2.

<sup>4</sup> *Id.* at 3.

<sup>5</sup> Appalachian's Response at 2.

<sup>6</sup> Virginia Power's Response at 1.

<sup>7</sup> *Id.* at 3-4.

<sup>8</sup> *Id.* at 2 n.1.

<sup>9</sup> Consumer Counsel's Response at 1.

<sup>10</sup> *Id.* at 3-4.

exemption programs."<sup>11</sup> The Staff also states that "there appear to be no contested issues relating to the proposed rules and regulations as revised in the Staff's May 27, 2005, Report" and recommends "that the Commission consider adopting the proposed rules and regulations as revised in [that] Report."<sup>12</sup> In addition, "should the Commission grant the Committees' Motion, the Staff would recommend that the Commission enter an order encouraging the investor-owned utilities, utility customers, [competitive service providers] and other interested persons to file a motion to reactivate this case when, and if, the need for the exemption programs arise due to a change in current market conditions."<sup>13</sup> Finally, "should the Commission deny the Committees' Motion, the Staff recommends that the Committees' Motion to Strike be denied and the remaining issues in this case be set for hearing."<sup>14</sup>

Pepco Energy Services, Inc., and Direct Energy Services, LLC, filed comments and/or a Notice of Participation in this proceeding, but did not file a Response to the Committees' Motion.<sup>15</sup>

On December 27, 2005, the Committees filed a Reply, noting that "it appears that the motion to defer determination of the contested issues of the 'reasonable margin' and the 'administrative costs' is unopposed."<sup>16</sup>

NOW UPON CONSIDERATION of this matter, the Commission is of the opinion and finds as follows. We find that the Rules Governing Exemptions to Minimum Stay Requirements and Wires Charges, as set forth in the Staff's May 27, 2005, Report, are just and reasonable. We adopt such rules, which are attached hereto as Attachment A. We grant, for good cause shown, the Committees' request to defer ruling on contested issues related to the reasonable margin and administrative cost components of the wires charge and minimum stay exemption programs. We deny, without prejudice, the alternative requests in the Committees' Motion. Finally, we conclude that no additional filings are required at this time from the investor-owned utilities or any participant in this matter. Rather, we will keep this docket open so that any interested participant may file a motion to reactivate this case if the participant concludes market conditions are such that the Commission should resolve the contested issues in this proceeding.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Rules Governing Exemptions to Minimum Stay Requirements and Wires Charges, appended hereto as Attachment A, are adopted.
- (2) The Committees' December 9, 2005, Motion is granted in part, and denied in part without prejudice, as set forth herein.
- (3) A copy of this Order and the rules attached hereto shall be forwarded promptly for publication in the *Virginia Register of Regulations*.
- (4) This matter is continued pending further order of the Commission.

NOTE: A copy of Attachment A entitled "Rules Governing Exemptions to Minimum Stay Requirements and Wires Charges" 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>11</sup> Staff's Response at 2.

<sup>12</sup> *Id.* at 3.

<sup>13</sup> *Id.* at 4.

<sup>14</sup> *Id.* at 5.

<sup>15</sup> Pepco Energy Services, Inc., is a licensed supplier of electricity in Virginia, the District of Columbia, and seven additional states located in the mid-Atlantic and mid-western portions of the United States. Direct Energy Services, LLC, is a subsidiary of Direct Energy Marketing, Inc., and is interested in the development of effective competitive retail electricity markets generally, and specifically is interested in the development of such markets in the Commonwealth of Virginia.

<sup>16</sup> Committees' Reply at 1.

**CASE NO. PUE-2004-00085  
JUNE 23, 2006**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For amendments to Rate Schedule No. 9, Firm Delivery Gas Supplier Agreement of its Gas Tariff

**ORDER**

**Procedural History**

On July 13, 2004, Washington Gas Light Company ("WGL" or "the Company") filed an application with the State Corporation Commission ("Commission") seeking approval of proposed amendments to its tariff, Rate Schedule No. 9 "Firm Delivery Service Gas Supplier Agreement" (the "Application").

By Order for Notice and Comment dated August 3, 2004, the Commission docketed the Application, ordered WGL to provide notice of its Application to all natural gas competitive service providers ("CSPs") licensed in Virginia, and provided interested persons an opportunity to comment and

request a hearing on WGL's Application. Comments were received from Metromedia, Inc. ("MME"); U.S. Energy Savings Corp. ("U.S. Energy"); and Amerada Hess Corporation ("Hess") (collectively, the "Intervenors").

On August 30, 2004, the Commission issued a Procedural Order in which it assigned the matter to a Hearing Examiner to schedule a hearing and to conduct all further proceedings; and suspended WGL's proposed tariff for 150 days from the date of filing, pursuant to § 56-238 of the Code of Virginia.

By Hearing Examiner's Ruling entered on September 28, 2004, a procedural schedule was established for the prefiling of testimony and exhibits, and an evidentiary hearing was scheduled for December 7, 2004.

On October 6, 2004, WGL filed a Motion to Modify Procedural Schedule seeking a modification of the procedural schedule to allow for the filing, on or before October 15, 2004, of direct testimony and exhibits by the Company in support of its Application. The other parties in the case did not oppose the motion. By Hearing Examiner's Ruling entered on October 6, 2004, the procedural schedule was modified to permit WGL an opportunity to prefile direct testimony and exhibits in support of its Application.

On October 15, 2004, MME filed a Motion to Modify Procedural Schedule. MME sought a further modification of the procedural schedule. MME proposed that the filing date for the direct testimony and exhibits of the Intervenors be extended to November 10, 2004. MME further proposed that Staff's testimony be filed on November 17, 2004, and that WGL's rebuttal testimony be filed on November 29, 2004. The other parties in the case did not oppose the extension of the filing dates; however, WGL opposed the November 29, 2004, filing date for its rebuttal testimony. WGL proposed that it be permitted to file its rebuttal testimony on or before December 3, 2004.

By Hearing Examiner's Ruling entered on October 20, 2004, MME's Motion to Modify Procedural Schedule was granted in part, and WGL was permitted until December 3, 2004, to file its rebuttal testimony.

As a result of a continuing discovery dispute among the parties, the Hearing Examiner suspended the procedural schedule by Ruling entered on November 19, 2004.

WGL's final discovery responses were served on counsel for MME on February 9, 2005. By Hearing Examiner's Ruling entered on February 15, 2005, a procedural schedule was established for MME to file its direct testimony and exhibits, U.S. Energy and Hess were afforded an opportunity to supplement their previously filed direct testimony; and WGL was provided an opportunity to file rebuttal testimony and exhibits.

By Hearing Examiner's Ruling entered on March 1, 2005, the evidentiary hearing was scheduled for April 28 and 29, 2005.

The evidentiary hearing was convened as scheduled. WGL appeared by its counsel, Donald R. Hayes, Esquire. MME appeared by its counsel, Phyllis J. Kessler, Esquire. U.S. Energy appeared by its counsel, Jacqueline R. Java, Esquire. Hess appeared by its counsel, Brian R. Greene, Esquire. The Divisions of Energy Regulation and Economics and Finance appeared by their counsel, Robert M. Gillespie, Esquire. No public witnesses appeared at the hearing. The parties presented the testimony of seven witnesses. A copy of the transcript was filed with the Report. Post-hearing briefs were filed by WGL, MME, Hess, and the Staff.

#### **The Examiner's Findings and Recommendations**

After reviewing the filings submitted, the evidence received, and the applicable law, the Hearing Examiner issued his Report ("Report") on February 17, 2006. The Report made findings and recommendations as follows:

- (1) WGL's proposed financial security requirement does not comply with the provisions of 20 VAC 5-312-50 D in that the amount of such financial security is not reasonably related to the risk assumed by WGL;
- (2) WGL's use of a design day requirement in the volume component of its proposed financial security formula is unreasonable;
- (3) The volume component of WGL's financial security formula should be a CSP's DRV for a 34.9° F day adjusted with a peaking and storage credit;
- (4) The peaking and storage credit in the volume component of financial security formula should remain at 25% each;
- (5) The use of historic gas prices, rather than the NYMEX forecast price in the financial security formula, is reasonable;
- (6) WGL's use of a three-year average of the highest 15-day rolling average Transco Zone 6 Non-New York gas price as the price component in its financial security formula is unreasonable;
- (7) The price component in WGL's proposed financial security formula should be the three-year average of the monthly January midpoint Transco Zone 6 Non-New York gas price;
- (8) WGL's proposed time component of five days for default and ten days for process administration is unreasonable;
- (9) The time component in WGL's financial security formula should be five days for default and five days for process administration;

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(10) WGL's proposed tariff should be revised to clarify that a CSP's customers are charged WGL's sales service rate for default service;

(11) MME's proposal to pass through all of the incremental default service gas costs to customers of a defaulted CSP and eliminate the financial security requirement is unreasonable;

(12) WGL should formalize its imbalance trading program and establish a cash-out program in its proposed tariff;

(13) WGL should establish a minimum five-day gas supply storage program with a corresponding five-day credit on the time component in its proposed tariff, if CSPs agree to operate with a minimum of five days of gas supplies in storage;

(14) Decreasing the credit rating standard proposed by WGL; applying a "majority rules" test to the credit ratings reported by the credit bureaus; and limiting the credit bureaus to Standard and Poor's, Fitch, and Moody's, are reasonable;

(15) The sections of the proposed tariff that address "Availability," "Definitions," "Balancing," "Responsibility for Gas Delivery," "Failure to Deliver the DRV," and Paragraph 3 in "Exchange of Information" are interrelated, confusing, and need to be clarified;

(16) The sections of the proposed tariff relating to Operational Flow Orders and Critical Days need to provide clear standards for CSP compliance before any of the penalties associated with failure to comply are permitted to be imposed;

(17) Amerada Hess's objections to the language of the "Collateral Requirements" section of the proposed tariff are without merit;

(18) The interest rate in the "Collateral Requirements" section of the proposed tariff should be changed from WGL's earnings credit rate to a market interest rate;

(19) WGL's authority to request financial information from a CSP under the tariff should be limited to financial information that is publicly available, banking references, and trade references;

(20) WGL's 100,000 Dth reserve margin significantly reduces its risk in the event of a CSP default in Virginia;

(21) A parental guarantee is a permitted form of financial security under the Commission's Rules Governing Retail Access to Competitive Energy Services;

(22) The Commission should direct its Staff to investigate the issue of whether financial security deposits are a barrier to entry into competitive gas markets, review the Commission's Rules Governing Retail Access to Competitive Energy Services, and recommend any changes to the Rules to encourage retail competition;

(23) The Commission should require WGL to file a copy of all parental guarantees accepted under its proposed tariff with the Commission's Staff to verify the guarantees comply with the tariff; and

(24) Washington Gas Light Holdings, Inc. ("WGLH") has sufficient financial resources to cover the guarantee securing WGES's participation in WGL's Customer Choice program.

WGL, MME, and Hess filed comments to the Report. WGL's comments addressed the three main topics of the Report—the compliance of its proposed credit collateral formula with 20 VAC 5-312-50 D, revisions of specific tariff provisions regarding the operation of its retail choice program, and the acceptability of a parental guarantee for CSPs participating in the retail access program.

WGL asserts that the Report understates the level of risk that WGL faces. A CSP is most likely to default when demand is at its highest, on a peak or near-peak day when gas prices are high. Cash security must be based upon the largest reasonable loss. WGL needs security to be able to go to the spot commodity market on a cold winter day and purchase high-priced gas to serve the defaulting CSP's customers. Without adequate security, all additional costs arising from a CSP's default would have to be borne by the Company and ultimately by its customers.

WGL criticizes the Report for lowering each of the three elements of the financial security formula: (i) volume, (ii) price, and (iii) time. Regarding the daily volume, WGL prefers to start from a CSP's share of the total system design day requirement ("DDR") rather than the smaller volume of a CSP's daily required volume ("DRV") at 34.9 degrees, as recommended in the Report. The Report's 34.9 degrees is the average January temperature based upon the 30-year period, 1971-2001. WGL asserts that if the Commission found that use of a thirty-year average January temperature were appropriate, the most recent thirty-year period should be used.

WGL argues that when the temperature is 34.9, the flowing gas supply would be sustained by storage and transportation gas, and that it would be highly unlikely for peaking resources to be called into play. The blend of transportation and storage gas at that temperature would be approximately 50 percent each, so a 50 percent credit could be attributed to storage, but only for those CSPs who had committed to maintain adequate levels of minimum storage gas. Towards this end, WGL would agree to implement the Report's recommendation for a minimum storage program if it were structured so that

the Company could rely upon the storage gas in lieu of cash collateral. WGL listed the conditions that it considered necessary in order for it to use such storage gas in lieu of cash collateral.<sup>1</sup>

WGL suggested using the average gas price from the month with the highest average prices over the last three heating seasons. The Report had recommended similar historical prices but for the month of January. WGL points out that the coldest weather is typically in January, but that the highest average gas prices might occur in a different month, as shown in its example from monthly *Gas Daily* Midpoint Transco Zone 6 Non-New York prices over the last three heating seasons. WGL also suggested that it be permitted to review the amount of cash collateral if gas prices differed by a factor of 20 percent above or below the average computed in the financial security formula.

WGL agreed with the Report's recommended time period of ten days--five days for default and an additional five days for notification and administration—but opposes the Report's proposal to give a five-day credit to a CSP that agrees to hold a five-day supply of gas in storage. WGL views this as a "double counting" of storage gas because storage gas, together with peaking gas, has been used to reduce the volume component by 50 percent. WGL sees no reason to adjust the ten-day time component under any circumstances.

WGL also took issue with the Report's recommended tariff revisions concerning the rates to be charged end-users following a CSP's default, whether to impose incremental gas service costs on the CSP's former customers, and WGL's control over a CSP's storage account. WGL prefers to continue billing the defaulting CSP's rates through the end of the billing period in which the default occurs. They contend that this results in a smoother transition than would occur if the Company had to immediately close out existing customer accounts and create new ones, prorate meter readings, and bear additional administrative costs for treating the CSP's former customers as new customers of WGL sales service.

WGL notes that the Report rejected MME's suggestion that the need for financial security could be eliminated if WGL were allowed to recover all of the incremental costs of furnishing default service from the customers served by the defaulting CSP. The Report recommends billing those customers at the Company's sales service rate, but does not address how to allocate the costs of the gas used to serve those customers. WGL requests explicit authorization from the Commission, if it is required to immediately commence billing the defaulting CSP's customers at its sales service rates, to recover that cost of gas through its Purchased Gas Charge ("PGC") rate. This is the same manner costs of gas would be recovered for such customers had they been entirely new customers added to the Company's sales service.

WGL favors allowing CSPs flexibility in operating their storage gas accounts. The Company's proposed financial security formula was designed to recognize that a defaulting CSP could have depleted its storage gas account, forcing WGL to procure gas in the expensive commodity spot markets. Typically, the Company does not transfer gas to or from a CSP's storage account unless there is a significant change in the relative number of customers served by the CSP. WGL is concerned that even if CSPs were contractually obligated to pay WGL for gas injected for the CSP's storage account, a defaulting CSP would not likely pay for such injections and WGL would need to seek additional collateral as a hedge against that risk of non-payment.

WGL has two concerns with the Report's recommendation that those CSP's maintaining a five-day supply of gas in storage receive a five-day credit on the financial security requirement. First, this would represent a fifty percent reduction in the amount of cash collateral a CSP would deposit with WGL. Secondly, there would be a time lag while WGL was seeking to enforce compliance, either replenishing the gas or posting additional security, which would leave the Company at risk for default by the CSP. Nonetheless, WGL was agreeable to providing a credit to CSPs who agreed to maintain adequate levels of storage, provided the storage program was structured in a manner that enabled the Company to actually rely on those volumes of storage gas as security.

If WGL were required to refund to a CSP any disputed portion of collateral, it proposed to refund such amounts with interest at the Company's earnings credit rate. The Report, however, recommended a market interest rate. WGL would accept such a market rate that was either: (i) the Dealer's Commercial Paper 30 Day Interest Rate; or (ii) one month AA non-Financial Commercial Paper Rate (Federal Reserve Board publication H-15).

WGL maintains a reserve margin of capacity to meet customer demand in the event of a loss of peaking, storage, or transportation deliverability. This capacity to deliver does not, however, translate into the ability to acquire the gas commodity required to serve a defaulting CSP's customers. The risk of having to procure that additional commodity at spot market prices is what WGL has incorporated into its financial security formula.

WGL agrees with the Report's conclusions that parental guarantees are permissible and are not anti-competitive. Va. Code § 56-235.8 F 2 b also requires that a gas utility's affiliate be able to participate in the utility's retail supply choice program under the same terms and conditions as unaffiliated gas suppliers.

In conclusion, WGL requested the Commission to adopt its proposed financial security formula, or, if it adopted any of the Report's recommendations to: (i) adjust the volume component to 100 percent of the DRV based on a 34.9 degree day, with a 50 percent adjustment for those CSPs who maintained a specified storage supply; (ii) adjust the price component to reflect the averages from the highest month, over the last three heating seasons, of monthly *Gas Daily* Midpoint Transco Zone 6 Non-New York prices; (iii) use nothing but the ten-day time component; (iv) permit the Company to deem as an immediate default any drawdown of the storage gas portion of the security, requiring the CSP to immediately provide cash collateral; (v) permit the Company to apply the security deposit to defray any incremental costs associated with moving a CSP's customers to sales service immediately upon the CSP's default; and (vi) explicitly confirm that the Company may use the PGC provision of its tariff to recover the cost of gas furnished to customers of a defaulting CSP who are returned to sales service.

MME criticized the Report for its recommendation that the Staff be directed to investigate whether financial security deposits are a barrier to entry into competitive gas markets in Virginia. Instead, MME believes the Commission should commence a proceeding inviting all stakeholders to

<sup>1</sup> The volume of "security storage gas" should be computed prior to the heating season based on the CSP's DRV at 34.9° F for the subject year, and equal to five times the CSP's maximum daily storage withdrawal amount. A change in the CSP's DRV during the heating season of  $\pm 20\%$  should justify a corresponding adjustment to the volume of storage gas. A CSP would not be permitted to access the "security gas," just as it could not "borrow" any portion of the cash security provided to the Company. Any drawdown on the storage gas portion of a CSP's security would be deemed a default, and the CSP would be required to immediately provide the equivalent amount of cash collateral for the remainder of the heating season. *Comments of WGL on the Report of the Hearing Examiner*, at p. 9.

recommend revisions to the Rules Governing Retail Access to Competitive Energy Services to improve the competitiveness of the gas industry in Virginia. MME proposes that this proceeding not be limited to financial guarantees, but address any and all issues affecting competition, including, but not limited to:

1. The design and implementation of tariffs that might favor the utility's CSP affiliate and disadvantage competitors of that affiliate.
2. Whether any actions of the utility or its parent cross-subsidize the affiliated CSP.
3. Whether there are conflicts of interest in a utility transacting business with an affiliated CSP as well as with unaffiliated CSPs.

MME also recommends mandatory minimum storage requirements, rather than voluntary. MME posits that it is good practice and maintains system reliability to require storage balances that are no less than 20 percent below the minimum expected level for each month as established in the monthly Imbalance Reports. MME states that Washington Gas Energy Services ("WGES") has an unfair advantage over those CSPs who do not post parental guarantees because WGES can, without having to furnish cash security to WGL, drop its storage balances to near zero during severely cold weather, thereby jeopardizing system reliability.

MME proposes that the recommended revisions and clarifications of WGL's tariffs should be circulated among all parties for review and comment before being finalized. MME refers to the ambiguity about minimum and maximum volumes for each CSP's DRV and to WGL's undocumented imbalance trading program. As recommended in the Report, the imbalance trading program should be formalized in WGL's tariff together with a cash-out program.

Citing the Commission's Rules of Practice and Procedure, MME also suggested that the Commission should sanction WGL for proposing a financial security formula that was substantially the same as the Company's original formula, which had been rejected in Case No. PUE-2003-00536, but which actually produced a greater financial deposit for CSPs. MME requested that WGL be required to pay the litigation costs of the CSPs that participated in this proceeding and in the prior matter, Case No. PUE-2003-00536.

Hess had no objections to the Report's findings and recommendations, but did offer comments in support of the Report's conclusions. Hess supported the Report's recommended price component of the three-year average of the monthly January midpoint Transco Zone 6 Non-New York gas price and had no objection to the Report's daily volume component as determined by the 30-year average mean temperature in January, 34.9 degrees, together with a credit of 50 percent. Hess did not object to the Report's recommended ten days of default exposure and agreed with the five-day credit for those CSPs that agreed to maintain a five days supply of gas in storage.

Hess also had no objection to other recommendations of the Report, as follows:

- MME's proposal to pass through all of the incremental default service gas costs to customers of a defaulted CSP and eliminate the financial security is unreasonable;
- WGL should formalize its imbalance trading program and establish a cash-out program in its proposed tariff;
- The sections of the proposed tariff that address "Availability," "Definitions," "Balancing," "Responsibility for Gas Delivery," "Failure to Deliver the DRV," and Paragraph 3 in "Exchange of Information" are interrelated, confusing, and need to be clarified;
- The sections of the proposed tariff relating to Operational Flow Orders and Critical Days need to provide clear standards for CSP compliance;
- The interest rate in the "Collateral Requirements" section of the proposed tariff should be changed from WGL's earnings credit rate to a market interest rate; and
- WGL's authority to request financial information from a CSP under the tariff should be limited to financial information that is publicly available, banking references, and trade references.

NOW THE COMMISSION, having considered the record, the Report, the comments submitted thereto, and the applicable law, is of the opinion and finds that the findings and recommendations of the Hearing Examiner should be adopted subject to the modifications described below.

#### **The financial security formula**

We agree with the Report's use of a daily volume based upon the CSP's DRV that would be required on an average January day as determined from the National Climate Data Center's 1971-2000 data showing an average mean temperature of 34.9° F. The peaking and storage credits applied to this DRV should remain at 25 percent each. The price component should be the three-year average of the monthly January midpoint Transco Zone 6 Non-New York gas price.

We also adopt the Report's ten-day period for WGL's exposure to the risks of default. We are not convinced that WGL should be required to grant CSPs a five-day credit in return for promising to maintain a five-day supply of gas in storage. This concept has appeal, but the mechanics of implementing it and enforcing it appear burdensome to WGL. We would not find it objectionable if WGL voluntarily chose to implement such a credit as an option for CSPs in its tariffs.

#### **Other tariff revisions**

The parties' comments concur in the Report's recommended threshold for determining if a corporate guarantee will suffice as financial security in lieu of a bond or other collateral. A bond or other collateral will be required if a CSP's long-term debt rating is lower than BBB—from Standard & Poor's and Fitch and lower than Baa3 from Moody's. If one of those three ratings agencies assigns a lower rating but the other two are at or above the proper level, then a corporate guarantee will suffice in lieu of posting collateral.

The Report, at pp. 42-44, discusses ambiguities in WGL's proposed tariff and the uncertainties this lack of clarity can cause between WGL and its CSPs. WGL should revise its tariff to address the Examiner's concerns. We will hold this docket open in order to allow WGL to furnish the participants copies of its proposed revisions and to allow those participants to file criticisms or comments regarding those revisions. The Commission will review those comments and make appropriate revisions before the new Rate Schedule No. 9 shall be accepted for filing.

WGL's Comments raised a concern as to the recovery of any costs it might incur in purchasing extra gas in order to be able to convert a defaulting CSP's customers to WGL sales service customers. WGL seeks explicit authority to recover any such excess costs of gas through its PGC. WGL should be allowed to treat such newly converted sales service customers as they would treat any other new sales service customers. Once the defaulting CSP's financial security has been fully applied to purchase the gas needed to supply those customers, any prudently incurred excess costs of gas are entitled to be recovered through WGL's PGC.

A notable shortcoming of WGL's tariff is its failure to offer a dispute resolution process as required by 20 VAC 5-312-110 G and as referred to in 20 VAC 5-312-50 D. Having such a procedure available might lead to resolution of some WGL-CSP disputes without the need for formal dockets such as the present one and the two prior dockets, Case Nos. PUE-2003-00536 and PUE-2003-00006.

The Report also recommended using a market interest rate rather than WGL's earnings credit rate for the interest rate to be paid on the deposits of CSPs and for disputed amounts to be returned to a CSP. See, Proposed Tariff Va. S.C.C. No. 9, at Original p. 48b and Second Revised p. 49. In its Comments, WGL agreed to accept a market rate of either: (i) the Dealer's Commercial Paper 30 Day Interest Rate; or (ii) one month AA Non Financial Commercial Paper Rate (Federal Reserve Board publication H-15). We authorize WGL to choose either of these two market rates.

The Report also recommended that WGL not have access to financial information of a CSP that the CSP considers to be confidential or competitively sensitive. We concur that WGL should be limited to CSPs' financial information that is publicly available, banking references, and trade references.

We agree with the Report's conclusions that a parental guarantee is a permitted form of financial security in compliance with the Commission's Rules Governing Retail Access to Competitive Energy Services. We are not persuaded that it is now necessary to investigate whether financial security deposits as authorized by those Rules represent a barrier to entry into competitive energy markets in Virginia.

We also agree with the Report that WGLH has sufficient financial resources to cover its guarantee to WGL on behalf of WGES. In the event of a default by WGES, WGLH should have the financial ability to safeguard WGL and its customers from the net financial impact of WGES's default. As noted in the Report, there is some concern whether the amount of WGLH's parental guarantee was properly calculated in accordance with the terms of WGL's tariff. We direct the Staff to verify that the financial security furnished by WGLH has been calculated to comply with the requirements of the tariff that is ultimately accepted for filing as a result of this case.

Accordingly, IT IS ORDERED THAT:

- (1) The findings of the Report of the Hearing Examiner are adopted except as modified herein.
- (2) WGL shall file its revised Rate Schedule No. 9, Firm Delivery Gas Supplier Agreement that conforms to the above-stated directives on or before July 14, 2006.
- (3) WGL shall include, as part of its tariff filing, dispute resolution procedures in conformance with 20 VAC 5-312-110 G.
- (4) The participants in this matter shall file any responses or comments regarding WGL's tariff proposal on or before July 28, 2006.
- (5) This matter is continued pending further orders of the Commission.

**CASE NO. PUE-2004-00085  
OCTOBER 16, 2006**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For amendments to Rate Schedule No. 9, Firm Delivery Gas Supplier Agreement of its Gas Tariff

**ORDER**

On June 23, 2006, the State Corporation ("Commission") issued an order ("June 23 Order"), which among other things, addressed the substantive issues of this matter, and directed Washington Gas Light Company ("WGL" or "Company") to file a revised tariff conforming to its findings and directives. Pursuant to the June 23 Order, WGL filed its revised tariff on July 14, 2006, and the Commission Staff ("Staff") and parties to the proceeding ("Parties") filed their responses or comments thereto on or before July 28, 2006.

By order entered August 22, 2006 ("August 22, Order"), the Commission permitted WGL to file a reply to those responses and comments no later than September 8, 2006. In accordance with the August 22 Order, WGL, on September 8, 2006, filed its Response to the Comments of Staff and Parties ("Response"). Attached to the Response was a proposed revised tariff and an interlined copy of that tariff indicating where revisions had been made.

NOW THE COMMISSION, having considered the record herein is of the opinion and finds that WGL's proposed revised tariff, with suggested modifications discussed below, should be accepted for filing.

On balance, the Commission does not find WGL's tariff to be a model of clarity, but that alone is not grounds for rejecting it. WGL always has the option to rewrite and clarify its tariffs. Enhanced clarity in a tariff is desirable because, among other things, ambiguities may create service and commerce uncertainties, with unintended consequences, for WGL and customers. Consequently, the Commission requests further clarification of the revised tariff (consistent with the following):

Clarity of Terms

a. Imbalance Account

WGL's September 8, 2006 filing eliminates the reference to "storage account" and speaks of nominating volumes for the Imbalance Account from a CSP's gas in storage. The tariff still requires CSPs to place gas in storage, but does not refer to that volume of gas as a storage account.

This change seems to resolve some ambiguity, and appears to be acceptable for filing. WGL states that its procedure for use of the imbalance account is explained to CSPs at the Company's annual supplier conference.

b. Operational Flow Order ("OFO")

WGL's new filing did not alter its definition of an OFO or change the actions WGL can require of a CSP. It did, however, provide an illustrative example of an impediment on an interstate pipeline that might require deliveries of flowing gas to go to WGL's alternative gate stations.

The two actions that WGL can require of the CSP are listed in the disjunctive as ". . . 1) discontinuing delivery of the CSP's gas, or 2) requiring the CSP to provide the delivery to a different receipt point on its system." A CSP that is using only a single interstate pipeline might not have access to a different receipt point. In such a case, that CSP would have no option other than shutting down the delivery of its gas. The second alternative would be less ambiguous by adding the phrase "where possible" after the phrase "requiring the CSP." Where access to different receipt points is not available, any resulting failure to deliver the CSP's DRV should be countermanded by the OFO's requirement that no gas be delivered.

c. Parameters for Storage Injection or Withdrawals

WGL does not consider it feasible to list all the parameters for injections or withdrawals. It states that WGL's parameters mirror those of the interstate pipelines and that WGL provides details to all CSPs at its annual supplier conference. If the industry has metrics that guide injections or withdrawals, those standards might not need to be restated in WGL's tariff. Any dispute as to interpretation, however, will be construed against WGL for not having spelled out the criteria in its tariffs.

d. Failure to Deliver the Daily Required Volume "DRV"

WGL asserts that the definition of DRV at p. 46 of the tariff spells out the meaning of DRV and that the "Failure to Deliver" language at p. 47 describes (i) what constitutes a failure, (ii) the grace period for reconciling a failure, and (iii) the penalties for failing to deliver.

When read together, the definitions of DRV at p. 46, the calculation of the DRV under the term BALANCING, and the FAILURE TO DELIVER THE DRV at p. 47, seem adequate to convey the meaning of the tariff. As noted by the Examiner, Report at p. 43, a CSP will not under-deliver its DRV as long as it has storage gas sufficient to cover the shortfall.

e. Critical Day

WGL asserts that its definition of a "Critical Day" lends transparency to its tariff by signaling to CSPs that the Company's system is likely to be constrained at these cold temperatures and consequently the CSPs must deliver their DRV or face penalties. The language appears to address the Examiner's concerns by setting the standard that, once WGL has notified CSPs of a critical day, penalties will be imposed for failing to deliver or under-delivering the DRV. There is still some latitude as to penalties on "non-critical" days. On such days, the CSP that delivers over or under its DRV has an opportunity, within 48 hours, to reconcile such failure and avoid penalties, and, as noted above, a CSP's storage gas can be used to fill out any shortfall in the CSP's flowing gas.

Accordingly, IT IS ORDERED THAT:

(1) WGL shall refile, within 30 days of the date of this Order, its Rate Schedule No. 9, Firm Gas Supplier Agreement in compliance with the standards and directives set out above.

(2) This matter is dismissed and the record developed herein shall be passed to the file for ended causes.

**CASE NO. PUE-2004-00085  
NOVEMBER 6, 2006**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For amendments to Rate Schedule No. 9, Firm Delivery Gas Supplier Agreement Of its Gas Tariff

**ORDER GRANTING PETITION FOR RECONSIDERATION**

On October 16, 2006, the State Corporation Commission ("Commission") issued its final order and dismissed this matter. On November 3, 2006, pursuant to Rule 5 VAC-20-220 of the Commission's Rules of Practice and Procedure ("Procedural Rules"), Washington Gas Light Company ("WGL" or

"Company") filed its Petition for Reconsideration ("Petition"). WGL's Petition seeks clarification of only one of the revisions to Rate Schedule No. 9 required by the Order issued October 16, 2006. That revision would have required the insertion of the phrase "where possible" in the second sentence of the definition of Operational Flow Orders ("OFOs") as shown on Third Revised Page No. 46 of Rate Schedule No. 9 as submitted by WGL on September 8, 2006. Moreover, WGL asserts that the language of the Order gave Competitive Service Providers ("CSPs") an unintended option to discontinue gas deliveries where it was not possible for a CSP to deliver its gas to a different WGL receipt point. WGL's Petition states that WGL never intended to allow CSPs such an option. Instead, WGL asserts that it intended for the definition to list two different examples of actions that WGL might require of CSPs when it issued an OFO. WGL asserts that it alone should have the option to direct the CSP to discontinue delivery of CSP gas or to direct the CSP to deliver its gas to a different WGL receipt point.

NOW THE COMMISSION, having considered the Petition and applicable law, is of the opinion and finds that the Petition should be granted to extend the Commission's jurisdiction and to invite responses to the issue raised in the Petition.

Accordingly, IT IS ORDERED THAT:

- (1) WGL's Petition is granted. The Commission's Order of October 16, 2006, is hereby suspended pending further order of the Commission.
- (2) The Staff and parties who participated in this case may file comments addressing the issue raised by WGL's Petition on or before November 20, 2006.
- (3) WGL may reply to any such comments filed by the Staff or parties on or before December 1, 2006.
- (4) This matter is continued pending further order of the Commission.

**CASE NO. PUE-2004-00086  
MARCH 13, 2006**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For authority to enter into interest rate swap agreements

**DISMISSAL ORDER**

By Order Granting Authority ("Order") dated August 11, 2004, Washington Gas Light Company ("Applicant" or "WGL") was granted authority to enter prospectively into interest rate swap agreements or other such financial derivatives ("Agreements"). The Order granted authority for the Agreements to be entered from time to time in notional amounts not to exceed \$100 million in the aggregate from the date of the Order through December 31, 2005, under the terms and conditions and for the purposes set forth in the application and as modified by the Order. WGL was directed to file a report of action.

The Applicant filed its Final Report of Action on February 28, 2006. According to the information provided by the Applicant, WGL entered into four separate forward starting swaps with three different financial institutions. As a result of the four transactions, WGL made net payments to the financial institutions in the amount of \$2,327,092. Also, WGL claimed that for a period of time, between July 21, 2005, and August 9, 2005, that it had inadvertently and unintentionally exceeded the authority granted in the Order. Ordering Paragraph (1) of the Order directed the Applicant not to enter into interest swap agreements in notional amounts exceeding \$100 million in the aggregate. However, during the aforementioned twenty day period, the Applicant had a total of \$110.5 million aggregate notional amount of swap transactions in effect, \$10.5 million in excess of the amount authorized by the Commission.

In addition to violating the aforementioned requirement of Ordering Paragraph (1) of the Order, WGL has twice violated the requirements of Ordering Paragraph (5) of the Order. This paragraph requires the Applicant to file with the Commission a copy of the International Swap Dealers Association Master Agreement ("ISDA Agreement"), together with all schedules and attachments/exhibits to the schedules, within 10 days of entering into any swap agreement or other such transaction. The first two swaps were made in September of 2004, but the copies of the ISDA Agreements and the schedules relating to these two swaps were not filed with the Commission until February 2, 2005. In the February 2005 filing, WGL's counsel acknowledged the Applicant had been late in filing as required by the Order, but stated the oversight was inadvertent and claimed controls had been implemented by the Applicant to prevent any future occurrence. The last two swaps were made in July of 2005, but copies of the ISDA Agreements and schedules relating to these two swaps were not filed with the Commission until the Final Report of Action on February 28, 2006. In this more recent filing, WGL's counsel again acknowledged the Applicant had been late in filing as required by the Order, but has again claimed that the oversight was inadvertent and that controls have been implemented by the Applicant to prevent future occurrence.

In this case, notwithstanding WGL's efforts in complying substantially with directed transactional and reporting requirements, we caution the Applicant that less than full compliance with Commission Orders is unacceptable.

Accordingly, in consideration of the foregoing, IT IS ORDERED that there appearing nothing further to be done herein, Case No. PUE-2004-00086 is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2004-00087  
JUNE 30, 2006**

APPLICATION OF  
CAROLINA INVESTMENTS D/B/A ADVANTAGE ENERGY

For a permanent license to conduct business as an electric and natural gas aggregator

**DISMISSAL ORDER**

On August 27, 2004, the State Corporation Commission ("Commission") granted Carolina Investments Incorporated d/b/a Advantage Energy ("Carolina Investments" or the "Company") a license, License No. A-19, to provide competitive electric and natural gas aggregation service to all classes of retail customers throughout the Commonwealth of Virginia pursuant to the Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). As part of the annual reporting process required by 20 VAC 5-312-20 Q of the Retail Access Rules, by letter dated June 21, 2006, Carolina Investments advised the Commission that the Company has decided not to renew its license. Such renewal and the related annual fee were due on March 31, 2006.

NOW UPON CONSIDERATION of the matter, the Commission is of the opinion and finds that Carolina Investments' license, License No. A-19, and its authority to act as an aggregator in the Commonwealth should be terminated.

Accordingly, IT IS ORDERED THAT:

- (1) Carolina Investments' license, License No. A-19, is hereby terminated without prejudice such that the Company may reapply for a license as an aggregator at any future time.
- (2) This case is hereby dismissed.

**CASE NO. PUE-2004-00102  
APRIL 10, 2006**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For modification of Fuel Monitoring procedures pursuant to Virginia Code § 56-249.3 and § 56-249.4

**FINAL ORDER**

On February 1, 2005, the State Corporation Commission ("Commission") entered an Order directing the Staff of the Commission to publicly release Fuel Monitoring System information provided to it by Virginia Electric and Power Company ("Virginia Power" or "Company") on a quarterly, rather than monthly, basis for a period of five (5) calendar quarters. On January 20, 2006, the Company petitioned the Commission to enter an Order permanently approving this arrangement and, other than as noted below, served a copy of its petition on all parties herein.

Virginia Power represents that the conditions that supported the "trial run" of quarterly release of the information approved by our earlier Order have not changed, nor are expected to during the remaining period of the Company's recovery, pursuant to Virginia Code § 56-249.3 and § 56-249.4, of its fuel and fuel-related expenditures. The Company is concerned that monthly disclosure of fuel and fuel related expenses "without additional information to provide meaningful context, could be subject to misinterpretation and could be used to give professional securities analysts and investors an advantage over the average investor." (Petition at 2.) The "meaningful context" necessary to protect the "average investor" is to be found in Virginia Power's quarterly 10-K and 10-Q filings with the federal Securities and Exchange Commission made contemporaneously with the release of the Fuel Monitoring System information.

On February 23, 2006, the Commission entered an Order permitting interested parties to comment or request a hearing on Virginia Power's petition by filing same with the Clerk of the Commission on or before March 8, 2006.

On March 21, 2006, the Virginia Committee for Fair Utility Rates ("Committee") filed its Motion for Leave to File Comments, noting that it had been omitted from the service list in this proceeding, although it had participated previously in it. For good cause shown, the Commission granted the Committee's motion by Order entered March 23, 2006. On March 24, 2006, the Committee filed its Opposition to Petition to Extend Order. Virginia Power filed Reply Comments on April 1, 2006.

The Committee opined that the reasons advanced by Virginia Power to continue the delay in the public release of its fuel monitoring information were "insubstantial" and that any delay in release of Virginia Power's fuel-related data "reduces its value." In response, the Company asserted that continuing the practice of releasing the fuel cost information consistent with the Company's other earnings reports serves a legitimate function because the earnings reports contextualize the significance of any fuel-related over- or under-recoveries the Company may experience in a particular quarter.

NOW THE COMMISSION, having considered the petition, the Committee's opposition and the reply comments, and its previous Orders herein, is of the opinion and finds that the relief requested in Virginia Power's petition should be granted in part.

Accordingly, IT IS ORDERED THAT:

- (1) Virginia Power shall continue to file monthly data with the Commission Staff, which shall continue to make such data available to the Office of the Attorney General, as previously ordered herein.

(2) Until ordered to do otherwise by the Commission, the Staff shall continue to release Virginia Power's fuel monitoring system reports to the public on a quarterly basis, as approved by the Commission's Order of February 1, 2005.

(3) This matter is continued generally.

**CASE NO. PUE-2004-00121  
JANUARY 30, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
CLASSIC CONCEPT BUILDERS, INC.  
and  
STANLEY MARTIN COMPANIES, INC.,  
Petitioners  
v.  
DALE SERVICE CORPORATION,  
Defendant

**ORDER**

On October 6, 2004, Classic Concept Builders, Inc., and Stanley Martin Companies, Inc. (collectively, "Petitioners" or "Companies"), filed their petition ("Petition") with the Clerk of the State Corporation Commission ("Commission") requesting an order from the Commission compelling Dale Service Corporation ("Dale Service" or "Defendant") to exercise eminent domain to condemn an easement over private property owned by Hylton Enterprises, Inc. ("Hylton"), a development company affiliated with Dale Service, for a sewer extension to residential subdivisions being developed by Petitioners.

On December 17, 2004, the Commission docketed the Petition and assigned the matter to a Hearing Examiner to conduct further proceedings. By ruling of September 9, 2005, the Hearing Examiner established a procedural schedule. By Hearing Examiner Ruling of October 12, 2005, based upon a joint motion of the parties, the proceeding was continued while the parties pursued an alternate resolution of the matter.

Pursuant to Hearing Examiner Ruling dated November 15, 2005, Petitioners were directed to file monthly reports on the status of approvals and consents for an alternative easement.

On January 3, 2006, Petitioners, by counsel, filed a letter advising the Commission that all necessary consents and approvals had been obtained for the alternate routing of the connection to the Dale Service sewer facilities. Additionally, counsel requested the matter be dismissed.

On January 4, 2006, Deborah V. Ellenberg, Chief Hearing Examiner, issued a Final Report. Therein, Examiner Ellenberg found that the request to dismiss the Petition should be granted. The Chief Examiner recommended that the Commission enter an order dismissing the Petition of Classic Concept Builders, Inc., and Stanley Martin Companies, Inc. with prejudice; and striking the matter from the Commission's docket of active cases.

No comments were filed to the Final Report.

NOW THE COMMISSION upon consideration of the record herein and the Report of the Chief Hearing Examiner is of the opinion that the findings and recommendations of the Chief Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Chief Hearing Examiner are hereby adopted.
- (2) Petitioners request for dismissal of the Petition to Compel is hereby granted.
- (3) This matter is stricken from the Commission's docket of active cases and the papers herein are passed to the file for ended causes.

**CASE NO. PUE-2004-00127  
AUGUST 23, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
PIVOTAL PROPANE OF VIRGINIA, INC.,  
Defendant

**ORDER DENYING MOTION**

On November 1, 2004, the Staff of the State Corporation Commission ("Commission") filed a Motion for Issuance of Rule to Show Cause ("Motion") against Pivotal Propane of Virginia, Inc. ("Pivotal"). The Staff asserted that Pivotal is a "public utility" under the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code of Virginia ("Code"). If Pivotal is a "public utility" under the Utility Facilities Act, it must obtain a certificate of public convenience and necessity from the Commission.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The 2006 Session of the General Assembly passed House Bill No. 599, modifying §§ 56-232 D and 56-265.1 (b) of the Code. These changes, among other things, have the effect of excluding Pivotal from the definition of "public utility" under the Utility Facilities Act.

NOW THE COMMISSION, having considered the above, is of the opinion and finds that the Motion shall be denied.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Motion is denied.
- (2) This matter is dismissed.

**CASE NO. PUE-2004-00129  
MARCH 15, 2006**

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

**DISMISSAL ORDER**

By Orders dated December 17, 2004, and October 13, 2005, Atmos Energy Corporation ("Atmos" or "Applicant") 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 million 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 million at any one time ("Affiliate Facility"). Pursuant to those Orders, Applicant was directed to file certain reports of action.

Applicant filed the reports of action in accordance with the Orders. According to the reports, Applicant's short-term borrowings peaked on December 31, 2005, at approximately \$474.1 million. Commercial paper borrowings contributed \$382.1 million in short-term debt, while bank facilities were the source for the additional short-term borrowings of approximately \$92 million.

The reports also revealed that the maximum outstanding balance on the inter company loan to AEH peaked at \$96.4 million, in December of 2005. The reports also confirmed that the \$100 million Affiliate Facility was priced at LIBOR plus 2.75%. Applicant has subsequently received continuing financing authority in Case No. PUE-2005-00085 to borrow short-term debt and to lend to its affiliate.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the actions of the Applicant appear to be in accordance with the authority granted.

Accordingly, IT IS ORDERED THAT there appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2004-00130  
DECEMBER 19, 2006**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue common stock

**ORDER EXTENDING AUTHORITY**

On November 12, 2004, 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 requesting authority to issue and sell up to \$1,000,000,000 in common stock to its parent, Dominion Resources, Inc. ("DRI"). On November 23, 2004, Virginia Power was authorized to issue and sell the common stock by Order Granting Authority with a termination date of December 31, 2006. The Order Granting Authority required Applicant to report any issuance of stock under the Order within ten days of such issuance. On December 29, 2004, Virginia Power filed a Report of Action stating that it had issued \$450,018,670 of stock to DRI on December 15, 2004, under authority of the aforementioned Order. On November 1, 2006, Virginia Power requested authorization to extend the authority through December 31, 2008.

Virginia Power states that the issuance and sale of the common stock will enable it to meet its target capitalization ratios. The proceeds will be used to retire short-term debt, including outstanding commercial paper and to otherwise fund its capital requirements .

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) Virginia Power is hereby authorized to continue to issue and sell up to \$1,000,000,000 in common stock to DRI through December 31, 2008, under the terms and conditions and for the purposes set forth in Virginia Power's November 12, 2004 application.
- (2) Within ten (10) days of the date of the issuance of common stock, Virginia Power shall file a report of action to include the amount of common stock issued, the date of such issuance and the use of the proceeds of the issuance.
- (3) On or before February 28, 2009, Virginia Power shall file a final report of action to include a summary of the information contained in Ordering Paragraph 2.
- (4) The authority granted herein shall have no implications for ratemaking purposes.
- (5) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2004-00135  
MARCH 23, 2006**

APPLICATION OF  
VIRGINIA GAS STORAGE COMPANY

For an Annual Informational Filing

**ORDER ADOPTING RECOMMENDATIONS  
AND DISMISSING PROCEEDING**

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 VGSC was required to file its Annual Report of Affiliated Transactions ("ARAT"), Annual Financial and Operating Report, also known as the FERC Form 2, and its Annual Informational Filing ("AIF") with the Commission.

On December 21, 2004, following discussions with the Commission Staff, VGSC, by counsel, filed a letter modifying its December 20, 2004, Motion. Among other things, the December 21, 2004, letter represented that Staff and the Company had reached agreement concerning these filings and that VGSC was modifying its Motion to reflect its agreement with Staff.

On January 3, 2005, the Commission entered its Order on Motion ("Order"). In that Order, the Commission docketed the proceeding, granted VGSC's Motion as modified, and directed VGSC to: (i) file its AIF for the test period beginning January 1, 2004, through December 31, 2004, with the Commission on or before May 1, 2005; (ii) file with the Commission on or before May 1, 2005, selected schedules agreed upon by the Staff prior to filing the FERC Form 2 as part of VGSC's FERC Form 2 for the period October 1, 2003, through December 31, 2003; (iii) file with the Commission on or before May 1, 2005, a FERC Form 2 report, which report would contain all of the schedules typically included in such reports for a period commencing on January 1, 2004, and ending on December 31, 2004; (iv) file its ARAT with the Commission on or before May 1, 2005, for the fifteen month period commencing October 1, 2003, and ending December 31, 2004; and (v) file with the Commission after December 31, 2004, ongoing and annually, its ARAT, FERC Form 2, and AIF for the twelve months beginning January 1 through December 31, on or before May 1, until further Order of the Commission otherwise. The Commission's January 3, 2005, Order continued the proceeding to receive VGSC's application for its 2004 AIF and the financial and operating data accompanying that AIF.

On April 27, 2005, VGSC, by counsel, filed a Motion requesting an extension of time in which to file its AIF for the test period ending December 31, 2004, and its ARAT for the period October 1, 2003, through December 31, 2004. The Company requested that the time for filing its AIF be extended from May 1, 2005, to June 30, 2005, and that the time in which it could file its ARAT for the period October 1, 2003, through December 31, 2004, be extended from May 1, 2005, to May 31, 2005. In support of its request, the Company represented that it had been unable to obtain the requisite regulatory accounting information and documentation to complete the foregoing filings. It explained that the delay in obtaining the necessary information stemmed from the transition of internal systems relied upon to assimilate and compile the appropriate information and the involvement of Virginia Gas Company's ("VGC's") accounting personnel in numerous transition and special projects that have resulted from VGSC's acquisition by AGL Resources Inc. ("AGLR"). The Company represented that the Commission Staff did not oppose VGSC's request for an extension of time to file its AIF or ARAT.

VGSC's April 27, 2005, Motion also requested leave to direct any additional requests for extensions of time in which to file its ARAT or FERC Form 2 to the appropriate Commission Divisions charged with responsibility for such reports.

In its April 29, 2005, Order on Motion for Extension, the Commission granted the Company's April 27, 2005, Motion; directed VGSC to file its AIF for the time period January 1, 2004, through December 31, 2004, on or before June 30, 2005; ordered VGSC to file its ARAT for the period October 1, 2003, through December 31, 2004, with the Commission on or before May 31, 2005; and provided that VGSC could seek any further extensions, if necessary, for filing its ARAT or FERC Form 2 directly from the appropriate Commission Divisions charged with responsibility for such reports until the Commission directed otherwise.

On June 28, 2005, the Company delivered its AIF to the Commission. VGSC filed supplemental information and completed its AIF on July 19, 2005.

On January 17, 2006, the Commission Staff filed its Report in this proceeding. This Report included a financial and accounting analysis. In its financial analysis, Staff noted that it had employed an 11.5% return on equity for illustrative purposes. Staff explained that in VGSC's application for a certificate of public convenience and necessity as a storage facility, the Company was not a going concern. Because actual operating data was unavailable, the Company's application for a certificate of public convenience and necessity was based on rates derived from estimates of revenues and costs. According

to the Staff, the Company received authority from the Commission to provide gas storage service on the basis of the rates filed in its certificate application rather than based on a specific return on equity range.

Staff supported the use of AGLR's consolidated capital structure for ratemaking purposes in this AIF. Staff explained that on October 29, 2004, the Commission issued a Final Order that approved the merger of AGLR and NUI Corporation ("NUI"), including VGSC among other regulated affiliates of NUI, in Case No. PUE-2004-00097. AGLR completed its acquisition of NUI on November 30, 2004.

Staff noted that as part of a joint petition and application docketed in Case No. PUE-2005-00043, AGLR and various other entities petitioned the Commission for the transfer and sale of Virginia Gas Pipeline Company ("VGPC") and VGSC to Duke Energy Gas Transmission, LLC ("DEGT"). The Commission granted authority for this transfer and sale in its Final Order entered on July 29, 2005, in Case No. PUE-2005-00043.

Staff reported that VGSC's December 31, 2004, capital structure included total capitalization of \$13,071,990, which consisted of 79.32% common equity and 20.68% long-term debt. Staff used the per books balance of equity from this capital structure to calculate VGSC's total company, per books return on equity. Staff noted that for ratemaking purposes, it preferred to use the proportions of capitalization reflected in AGLR's capital structure to calculate VGSC's jurisdictional per books return on equity. Staff explained that adjusting VGSC's equity capital to match the lower proportion of equity in the consolidated AGLR capital structure was one of the primary reasons why VGSC's jurisdictional per book return on equity is positive, while VGSC's total company, per book return on equity is negative.

Staff observed that AGLR's test year, consolidated ratemaking capital structure was provided by VGSC in response to a Staff data request and reflected an equity ratio of 44.773% and produced an overall cost of capital of 8.459%. Staff opined that while the information provided in response to Staff's data request was sufficient to evaluate VGSC's financial performance in this case, Staff intended to re-evaluate the ratemaking capital structure to be used in VGSC's next AIF, following VGSC's acquisition by DEGT.

In its accounting analysis, Staff noted that the Company had no regulatory assets subject to an earnings test on its books and did not propose to defer any new costs as regulatory assets. Staff, therefore, did not perform an earnings test analysis for VGSC.

Staff commented in its Report on VGSC's loss of customers. According to Staff, these customer losses had a negative impact on VGSC's earnings and returns. Additionally, Staff noted four areas of concern with regard to the Company's ratemaking adjustments to its cost of service. These areas of concern included adjustments related to: (i) allocations of costs from NUI and AGLR and affiliate agreements, (ii) depreciation expense, (iii) state income tax expense, and (iv) federal income tax expense and interest expense.

In its discussion of issues concerning allocations of costs from NUI and AGLR and affiliate agreements, the Staff noted that VGC<sup>1</sup> received Commission approval on June 27, 2003, in Case No. PUE-2003-00129, to allocate corporate costs incurred at NUI, VGC's parent, to VGC and, in turn, to VGC's regulated subsidiaries, including VGSC. In its June 27, 2003, Order, the Commission adopted several recordkeeping and reporting requirements to ensure that the lower of cost or market was used for pricing NUI's services to VGC's regulated affiliates. Moreover, the Commission directed that the amount of annual shared service costs passed down from NUI to VGC and then to VGSC and its affiliates be summarized by function and allocation factor.

On November 10, 2004, VGC received Commission authority in Case No. PUE-2004-00108 to allocate corporate costs incurred by AGL Services Company ("AGL Services") to VGC and, in turn, to VGC's regulated subsidiaries, including VGSC. Staff reported that VGSC did not include any costs from NUI or AGL Services in its ratemaking cost of service for this AIF.

Staff explained that VGC allocated its operations and maintenance ("O&M") expense first to Saltville Gas Storage Company, LLC ("Saltville" or "SGSC"). The remaining costs were then allocated to VGC's three other regulated subsidiaries using the three-factor allocation method approved by the Commission in Case No. PUA-2001-00041.

Under the three-factor allocation approach, allocations were computed by taking a five-quarter average for each regulated affiliate of gross plant in service, revenues, and operating expenses, excluding purchased gas. The five-quarter average period for each applicable factor component was computed as of the five quarters ending with the previous fiscal year to obtain the weighted average percentage for each regulated affiliate. Staff noted that the allocation of O&M expenses to Saltville was greater than the allocation of costs that would have been made using the three-factor allocation method described herein. Staff reminded VGSC that it must adhere to the allocation methodology prescribed in the affiliate agreements approved by the Commission until these methodologies were changed by Commission Order.

With regard to the acquisition of VGSC by DEGT on August 10, 2005, Staff recommended that DEGT and VGSC seek approval of any agreement or arrangement under Chapter 4 of Title 56 of the Code that has become necessary as a result of the acquisition by DEGT. Staff noted that DEGT's acquisition of VGSC could also have ramifications for cost allocations affecting VGSC and therefore recommended that the costs allocations arising from the acquisition should be examined in VGSC's next AIF or rate case.

Staff also observed that transactions relating to VGSC and other VGC affiliates involving the sharing of office equipment, computer usage, and office furnishings occurred during the test period. While the costs related to these transactions appeared to Staff to be immaterial for purposes of this AIF, Staff recommended that VGSC and its affiliates seek approval from the Commission for an affiliate agreement that describes the services provided, the common plant used by the participating affiliates, and how the related charges for these services and plant would be allocated.

On the issue of depreciation expense, Staff reported that the Company and Staff both used the 2.55% composite depreciation rate from 2002 depreciation study for VGSC's plant. Staff applied this composite rate to the fully adjusted Virginia jurisdictional amount of depreciable utility plant in service, while the Company used the per books jurisdictional total utility plant in service which included non-depreciable items.

With regard to VGSC's state income tax expense, Staff reported that VGSC filed a consolidated Virginia corporate income tax return with several other members of the AGLR-affiliated group during the test year. This multi-state group was composed of AGLR companies having at least portion of their property, payroll, or sales in Virginia. On the consolidated return, these affiliated companies report their adjusted federal taxable income and apply an

<sup>1</sup> VGC is the immediate parent of VGSC.

income apportionment factor to determine the amount of income subject to Virginia income tax. Staff explained that the income apportionment factor reflects an average percentage of these companies' property, payroll, and sales in Virginia, and the associated apportioned income is subject to a 6% Virginia corporate income tax rate.

The income apportionment factor reported in the 2004 Virginia corporate income tax return of VGSC and its affiliated companies was 26.6651%. According to Staff, this apportionment factor yields an effective state income tax rate of 1.60% for 2004, in comparison to the 6% Virginia corporate income tax rate.

Staff noted that VGSC proposed to recognize state income tax expense based upon the full 6% Virginia corporate income tax rate. Staff represented that the 6% Virginia corporate income tax rate would be applicable only if VGSC was not a member of an affiliated group and filed a separate Virginia tax return. Staff asserted that VGSC's state income tax adjustment artificially increases the Company's cost of service for state income taxes that will never be paid by either VGSC or the AGLR-affiliated group. Staff therefore adjusted VGSC's per book state income tax expense to recognize the 1.60% effective state income tax rate in its computation of pro forma income tax expenses. The Staff Report recommended that issues related to VGSC's state income tax be re-examined in VGSC's next AIF or rate case following the captioned AIF in light of DEGT's acquisition of VGSC and certain companies affiliated with VGSC.

With regard to VGSC's federal income tax expense and interest expense, Staff commented that in addition to the differences between the Staff and Company discussed above for state income tax expense, Staff's adjustment removed meals and entertainment expenses from its calculation of federal income tax expense. Staff's adjustment to interest expense was \$2,188 greater than the Company's adjustment as a result of an increase in the consolidated weighted cost of debt included in a revised capital structure provided to Staff by the Company after VGSC's original application was filed.

Staff reported that after all of its adjustments, VGSC earned a 3.51% return on rate base and a .45% return on equity for the twelve months ending December 31, 2004. Staff therefore recommended that the Commission take no action with respect to the Company's rates in this AIF. Staff further recommended that: (i) the appropriate ratemaking capital structure for VGSC be re-examined in VGSC's next AIF or rate case, (ii) based on DEGT's acquisition of VGSC and VGPC, DEGT and VGSC file any affiliates agreement required by Chapter 4 of Title 56 of the Code of Virginia, (iii) the state income tax consequences resulting from DEGT's acquisition be scrutinized in VGSC's next AIF or rate case following the instant AIF, and (iv) the Company follow the cost allocation methodologies approved by the Commission until these methodologies are changed by Commission order.

On February 22, 2006, VGSC, by counsel, filed a letter advising that it did not intend to file any comments in response to the January 17, 2006, Staff Report. The Company advised that an appropriate entity within Duke Energy Corporation may utilize a different state income tax filing methodology than that employed by its prior owner. VGSC cautioned that by filing the February 22, 2006, letter, it was not waiving its ability to use a more appropriate state tax allocation methodology in future filings.

NOW, UPON CONSIDERATION of the Company's application, the January 17, 2006, Staff Report, VGSC's February 22, 2006, letter, and the applicable statutes, the Commission is of the opinion and finds that Staff's revisions to VGSC's cost of service, including Staff's accounting adjustments, and recommendations set out in the January 17, 2006, Staff Report should be adopted; that the Company should employ the cost allocation methodologies approved by the Commission until these methodologies are changed by Commission Order; that issues related to the appropriate ratemaking capital structure for VGSC resulting from the acquisition by DEGT and the state income tax consequences resulting from DEGT's acquisition should be re-examined in VGSC's next AIF or rate case following this AIF;<sup>2</sup> that DEGT and VGSC should file for approval of any affiliate agreements required by Chapter 4 of Title 56 of the Code of Virginia; 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 revisions to VGSC's cost of service, including Staff's accounting adjustments, set out in the Staff's January 17, 2006, Report are hereby adopted.

(2) 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 file for ended causes.

<sup>2</sup> To the extent VGSC wishes to use a methodology to compute its state income tax expense or to utilize other accounting adjustments that are different from those approved herein, the Company must apply for a waiver to do so as provided in 20 VAC 5-200-30 A 11 of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings.

**CASE NO. PUE-2004-00136  
MARCH 10, 2006**

APPLICATION OF  
VIRGINIA GAS PIPELINE COMPANY

For an Annual Informational Filing

**ORDER ADOPTING RECOMMENDATIONS  
AND DISMISSING PROCEEDING**

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, among other things, the scheduled time period in which VGPC had 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 asked that the Commission permit it to file its AIF on or before May 1, 2005, using the twelve months ending December 31, 2004, as the test period for the AIF. VGPC represented in its Motion that it planned to file two supplemental schedules to its 2004 AIF, namely, a balance sheet and income statement for the twelve months ended September 30, 2004.

On December 21, 2004, after further discussions with the Staff, VGPC, by counsel, filed a letter describing certain revisions to its December 20, 2004, Motion. As part of these revisions, VGPC proposed to file its FERC Form 2 in two different reports on May 1, 2005. According to the Company, the first report would include for the period October 1 through December 31, selected schedules agreed upon by the Commission Staff prior to filing this report. The second report, according to the Company, would include data for the time period from January 1, 2004, until December 31, 2004, and would contain schedules typical of a FERC Form 2. The Company represented that the Commission Staff and VGPC had reached an agreement concerning these filings and that it was modifying its December 20, 2004, Motion to reflect this agreement.

In its January 3, 2005, Order on Motion, the Commission docketed the proceeding; granted VGPC's request to file its AIF for 2004 with the Commission on or before May 1, 2005; directed VGPC to include with its 2004 AIF two supplemental schedules, namely a balance sheet and income statement for the twelve months ending September 30, 2004; authorized VGPC to file with the Commission on or before May 1, 2005, its Annual Report of Affiliated Transactions ("ARAT") for the fifteen-month period October 1, 2003, through December 31, 2004; permitted VGPC to file its FERC Form 2 with the Commission on or before May 1, 2005, consisting of all schedules typically filed in such reports for the period commencing January 1, 2004, and ending on December 31, 2004; directed VGPC to file with the Commission on or before May 1, 2005, a FERC Form 2 that would include for that period selected schedules to be agreed upon by the Company and Commission Staff prior to the filing of said report; and ordered VGPC, after December 31, 2004, ongoing and annually, to file its FERC Form 2, ARAT, and AIF for the twelve months beginning January 1 through December 31, with the Commission on or before May 1, until further order of the Commission otherwise. The January 3, 2005, Order continued the captioned proceeding to receive VGPC's AIF and accompanying documents for that AIF for the twelve months ending December 31, 2004.

On April 27, 2005, VGPC, by counsel, filed a Motion for Extension in which it requested an extension of time in which to file: (i) its AIF for the test period ending December 31, 2004, (ii) its ARAT for the period October 1, 2003, through December 31, 2004, and (iii) its FERC Form 2 for the period commencing October 1, 2003, and ending on December 31, 2004. VGPC's Motion represented that the Commission Staff did not oppose VGPC's request for an extension of time in which to file its AIF, ARAT, or FERC Form 2. The Company also asked that it be permitted to seek additional extensions for its ARAT or FERC Form 2, if necessary, on an ongoing basis from the appropriate Commission Divisions charged with the responsibility for such reports.

On April 29, 2005, the Commission entered its Order on Motion for Extension. In this Order, the Commission granted VGPC's April 27, 2005, Motion for Extension and directed VGPC to file its AIF for the test period ending December 31, 2004, with the Commission on or before June 30, 2005; ordered VGPC to file its ARAT for the period October 1, 2003, through December 31, 2004, with the Commission on or before May 31, 2005; required VGPC to file on or before May 20, 2005, with the Commission a FERC Form 2 for a period commencing on October 1, 2003, and ending on December 31, 2003; and required VGPC to file on or before May 20, 2005, with the Commission an additional FERC Form 2 for the period commencing on January 1, 2004, and ending on December 31, 2004. The April 29, 2005, Order provided that VGPC could seek extensions for filing its ARAT or FERC Form 2 directly from the appropriate Commission Divisions charged with the responsibility for such reports until further order of the Commission otherwise.

On June 28, 2005, VGPC delivered its AIF, together with financial and operating data for the twelve months ending December 31, 2004, to the Commission. The Company filed supplemental information and completed its AIF on July 19, 2005.

On January 17, 2006, the Commission Staff filed its Report on VGPC's application. That Report included both a financial and accounting analysis. In its financial analysis, the Staff employed a 13.5% cost of 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 were not going concerns. Because actual operating data was unavailable, these applications for certificates of public convenience and necessity were based on rates derived from estimated revenues and costs. Such estimates included a cost of capital based on a capital structure that assumed 25% equity and a return on equity of 13.5%. The Company received authority to provide gas storage and gas transmission service on the basis of the rates filed in its certificate applications rather than on a specified return on equity range.

In its Report, Staff commented that VGPC's stand-alone capital structure on December 31, 2004, included total capitalization of \$44,606,985, which consisted of 61.65% common equity and 38.35% long-term debt. Staff used the per books balance of equity from the capital structure to calculate VGPC's total company, per books return on equity. Staff noted that the proportion of capital in VGPC's capital structure was more subject to management discretion than market constraints. Staff observed that for ratemaking purposes, it preferred to use the proportion of capitalization reflected in VGPC's parent's company capital structure to calculate VGPC's jurisdictional per books return on equity.

Staff supported the use of the capital structure of the entity that raises debt capital in capital markets because, in Staff's opinion, that capital structure is subject to market constraints and scrutiny. Staff noted that the Commission approved the merger of NUI Corporation ("NUI"), Virginia Gas Company's<sup>1</sup> parent company, and AGL Resources Inc. ("AGLR") in a Final Order entered on October 29, 2004, in Case No. PUE-2004-00097. AGLR completed its acquisition of NUI on November 30, 2004. Since AGLR became the entity to access the capital market on behalf of VGPC during the test year, Staff used AGLR's consolidated capital structure to calculate the cost of capital for the captioned AIF. The capital structure information for AGLR was provided in response to a Staff's data request to the Company. The information provided in response to Staff's data request indicated that AGLR's test year consolidated ratemaking capital structure reflected an equity ratio of 44.773% and produced an overall cost of capital of 8.459%. Staff reserved the right to re-evaluate, correct, or revise the capital balance amounts and cost rates associated with this ratemaking capital structure in any AIF or other proceedings.

In its Report, Staff also referenced the joint application for approval of the sale and transfer of VGPC, among other entities, docketed as Case No. PUE-2005-00043. In Case No. PUE-2005-00043, AGLR and Duke Energy Corporation, together with other applicants, asked the Commission to approve the transfer and sale of VGPC to Duke Energy Gas Transmission, LLC ("DEGT"). The Commission granted approval of this transfer and sale on July 29, 2005.<sup>2</sup> According to Staff, the closing of the authorized transfer and sale occurred on August 10, 2005. In light of this acquisition, Staff

<sup>1</sup> Virginia Gas Company ("VGC") is the immediate parent company of VGPC.

<sup>2</sup> 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).

recommended that VGPC's capital structure be re-evaluated in the Company's next AIF or rate proceeding following DEGT's acquisition of VGPC's capital stock.

In the accounting analysis portion of its Report, Staff noted six areas of concern related to cost allocations and affiliate relationships, adjustments to property tax, adjustments to reflect interest expense based on a consolidated capital structure, accumulated depreciation related to capitalized interest, adjustments to remove accumulated deferred income taxes ("ADIT") on disallowed capitalized interest, and state income tax expense. With regard to the allocation of costs from NUI and AGLR to VGPC, the Staff noted that VGC received Commission approval in Case No. PUE-2003-00129 to allocate costs incurred at NUI to VGC and, in turn, to VGC's subsidiaries, including VGPC. Staff also related that VGC received Commission approval in Case No. PUE-2004-00108 to allocate corporate costs incurred by AGL Services Company ("AGL Services") to VGC and, in turn, to VGC's regulated subsidiaries. According to the Staff, VGPC did not include any costs from NUI or AGL Services in its ratemaking cost of service for purposes of the captioned AIF.

Staff advised that VGC allocated its operations and maintenance ("O&M") costs to Saltville Gas Storage Company, LLC ("Saltville"), and VGC's subsidiaries. Approximately 35% of the total amount of VGC's O&M expenses was first allocated to Saltville. The remaining costs were then allocated to VGC's three Virginia subsidiaries, including VGPC, using a three factor method that had been approved by the Commission in Case No. PUA-2001-00041. Under this three factor allocation approach, allocations were computed by taking a five quarter average for each regulated affiliate company for gross plant in service, revenues, and operating expenses, excluding purchased gas. Staff noted that the allocation of O&M expenses from VGC to Saltville was greater than the allocation that would have been made had the three-factor method approved by the Commission been used. The Staff reminded the Company that it must strictly adhere to the allocation methodologies approved by the Commission in its Orders.

Staff also reported that the Commission had approved the purchase by AGLR from NUI of all issued and outstanding shares of capital stock of Virginia Gas Storage Company ("VGSC") and VGPC in Case No. PUE-2005-00043. The Staff reported that transactions have occurred between VGPC and other VGC affiliates that include sharing of office equipment, computer usage, and office furnishings. While Staff considered the costs related to these transactions to be immaterial for purposes of the captioned AIF, Staff noted that an affiliate agreement approved by the Commission that describes the services, the common plant utilized by the participating affiliates, and how the related charges are allocated would appear to be required for these shared expenses. Staff recommended that DEGT seek approval of any agreement for affiliate transactions arising from DEGT's acquisition of VGPC.

According to Staff, DEGT's acquisition of VGPC could also affect prospective cost allocations. Staff therefore recommended that cost allocation issues should be revisited in VGPC's next AIF or rate case.

Staff commented in its Report that the Company's adjustment to property taxes differs from Staff's adjustment primarily because the Company's per books utility plant amounts for both December 31, 2003, and December 31, 2004, were incorrect and because Staff calculated VGPC's property taxes based on a methodology using gross plant rather than using net plant as VGPC did in its adjustment for property taxes. According to the Staff, the resulting difference between the Staff's and the Company's adjustments to cost of service for property taxes is \$5,864.

With respect to the adjustment to reflect interest expense based on a consolidated capital structure, Staff explained that such an adjustment was necessary to provide the amount of interest expense based on the calculation of adjusted rate base times the weighted cost of short-term and long-term debt included in the consolidated capital structure employed by Staff. Staff noted that while Staff and the Company utilized the same methodology, the difference in the interest expense adjustment results from the updated capital structure supplied by the Company to Staff after the captioned AIF was filed with the Commission. The updated capital structure reflects a higher weighted cost of debt for both short-term and long-term debt as compared to the capital structure included in the Company's application as it was originally filed.

With regard to adjustments for accumulated depreciation related to capitalized interest, Staff related that VGPC and Staff had agreed on the treatment of capitalized interest for future AIFs and rate proceedings as part of Case No. PUE-1998-00627. This agreement was accepted by the Commission in its June 3, 1999 Order Adopting Recommendations and Dismissing Proceeding entered in Case No. PUE-1998-00627. In accordance with that agreement, certain amounts of capitalized interest that have been booked by VGPC were disallowed for ratemaking purposes. As a result of this disallowance, the accumulated depreciation related to the disallowed interest also had to be removed. The Company's adjustment for accumulated depreciation related to capitalized interest applied the current depreciation rate of 2.24% to the disallowed capitalized interest that was booked in each year, even those years prior to 2002, when the approved depreciation rate was 3.33%. According to Staff, its adjustment applied the correct depreciation rate of 3.33% for years 1997 through 2001, and 2.24% for the period 2002 through 2004. The depreciation rates were applied to each year's capitalized interest to determine the amount of accumulated depreciation to be eliminated for ratemaking purposes.

With regard to the adjustment to remove ADIT on disallowed capital interest, Staff commented that its adjustment differed from that of VGPC because of the error made in the Company's adjustment to remove accumulated depreciation on disallowed capitalized interest discussed above and because VGPC used the amount removed for depreciation expense relating to disallowed capitalized interest instead of the amount of accumulated depreciation removed on disallowed capital interest. Staff noted that in computing this adjustment, capitalized interest that is removed from rate base, net of accumulated depreciation, is multiplied by a composite federal and state income tax rate. According to Staff, the effect of this adjustment reduces the ADIT applicable to disallowed capitalized interest. Staff and Company's adjustments therefore differed by \$7,866.

With respect to the state income tax expense for VGPC, Staff noted that VGPC files a consolidated Virginia corporate income tax return with several other companies comprising the AGLR-affiliated group. This multi-state group is made up of those AGLR companies having at least a portion of their property, payroll, or sales in Virginia. On the consolidated return, these affiliated companies report their adjusted federal taxable income and apply an income apportionment factor to determine the amount of income subject to Virginia income tax. This income apportionment factor reflects an average percentage of the companies' property, payroll, and sales in Virginia. The apportioned income is subject to a 6% Virginia corporate income tax rate.

The income apportionment factor reported on the 2004 Virginia corporate income tax return of VGPC and its affiliated companies was 26.6651%. This apportionment factor yields an effective state income tax rate of 1.60% for 2004, in comparison to the 6% Virginia corporate income tax rate.

Staff advised that VGPC's AIF proposes to recognize state income tax expense based upon the full 6% Virginia corporate income tax rate. According to Staff, this rate would be applicable only if VGPC was not a member of an affiliated group and filed a separate Virginia tax return. Staff asserted that this rate artificially increases cost of service for state income taxes that will never be paid by VGPC or the AGLR-affiliated group. Staff, therefore, adjusted per book state income tax expense to recognize the 1.60% effective state income tax rate in its computation of pro forma income tax

expense. Staff noted that since VGPC became a wholly-owned subsidiary of DEGT during 2005, Staff planned to scrutinize the state income tax impact, if any, arising from DEGT's acquisition of the Company in VGPC's next AIF or rate case.

Staff also analyzed VGPC's Earnings Test Schedules 9 through 12, for the twelve months ended December 31, 2004. Staff explained that the earnings test involves the use of jurisdictional earnings, five-quarter average rate base and capital structure, and limited regulatory accounting adjustments to the Company's test year cost of service. Staff reported that VGPC had only one regulatory asset on its books. That regulatory asset related to the abandonment of Segment 5 of VGPC's P-25 intrastate pipeline. The Staff's earnings test analysis indicated a 3.19% return on equity after all adjustments were made. Based on this earned return on common equity, the Staff recommended that the Commission find that no acceleration of the recovery of the amortization of the regulatory asset related to the P-25 pipeline was necessary.

Staff further recommended that the Commission take no action on VGPC's rates in this proceeding. Staff acknowledged that it will need to re-evaluate the appropriate ratemaking capital structure for VGPC in next year's AIF or rate case as a result of DEGT's acquisition of VGPC's capital stock. Staff reminded the Company that DEGT and VGPC should file any affiliate agreement required by Chapter 4 of Title 56 of the Code of Virginia. Staff also advised that it planned to analyze the state income tax consequences resulting from DEGT's acquisition of VGPC and cautioned the Company that it must use the cost allocation methodologies approved by the Commission for VGPC's AIFs and rate proceedings until these methodologies are changed by the Commission.

In a letter dated February 22, 2006, VGPC, by counsel, advised that the Company did not intend to file any comments in response to the Staff Report. The Company represented that an appropriate entity within Duke Energy Corporation may utilize a different state income tax filing methodology than that employed by VGPC's prior owner. VGPC stated that by filing the February 22, 2006, letter, it did not waive its ability to use a more appropriate state tax allocation methodology in future filings.

NOW, UPON CONSIDERATION of the Company's application, the January 17, 2006, Staff Report, VGPC's February 22, 2006, letter, and the applicable statutes, the Commission is of the opinion and finds that the Staff's recommendations and revisions to the Company's cost of service set out in the January 17, 2006, Staff Report should be adopted. With regard to the cost allocation and affiliate issues identified in the Staff Report, we remind VGPC that it must comply with the Commission's directives regarding the Company's cost allocations or file an appropriate application to request any change in these directives. To the extent DEGT's acquisition of VGPC's capital stock has resulted in new affiliate agreements and arrangements that may require Commission approval under Chapter 4 of Title 56 of the Code of Virginia or other statutes, we expect DEGT and VGPC to seek the necessary approval for such arrangements and agreements.

Further, when VGPC's next AIF or general rate case is filed, we agree that it is appropriate to revisit issues related to the ratemaking capital structure and state income tax consequences<sup>3</sup> that may arise from DEGT's acquisition of VGPC. Additionally, we find that there should be no acceleration of the amortization related to the regulatory asset associated with the abandonment of Segment 5 of VGPC's P-25 intrastate pipeline; that no action should be taken with regard to VGPC's rates, fees, and charges for natural gas service; 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 revisions to VGPC's cost of service set out in the January 17, 2006, 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 intrastate pipeline based upon the results of Staff's earnings test prepared for the test period ending December 31, 2004.

(3) 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 shall be placed in the Commission's file for ended causes.

<sup>3</sup> To the extent VGPC wishes to use a methodology to compute its state income tax expense or to make other adjustments that are different from those approved herein, the Company must apply for a waiver to do so as provided in 20 VAC 5-200-30 A 11 of our rules governing utility rate increase applications and annual informational filings.

**CASE NO. PUE-2004-00137  
JANUARY 6, 2006**

APPLICATION OF  
VIRGINIA GAS DISTRIBUTION COMPANY

For an Annual Informational Filing

**ORDER ADOPTING RECOMMENDATIONS  
AND DISMISSING PROCEEDING**

On December 20, 2004, Virginia Gas Distribution Company ("VGDC" or the "Company"), by counsel, filed a Motion with the State Corporation Commission ("Commission") requesting leave to modify the scheduled time period in which it has to file its Annual Report of Affiliated Transactions ("ARAT"), its Annual Financial and Operating Report also known as the FERC Form 2, and its Annual Informational Filing ("AIF"). VGDC also asked that the Commission permit the Company to file on May 1, 2005, 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.

On December 21, 2004, after discussions with Staff, VGDC, by counsel, filed a letter with the Clerk of the Commission describing various modifications to its December 20, 2004, Motion. In the December 21, 2004, letter describing these modifications, the Company proposed to file its FERC Form 2 in two different reports with the Commission by May 1, 2005. According to VGDC, the first FERC Form 2 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. VGDC further proposed in its letter that the second FERC Form 2 Report would include data for the time period from January 1, 2004, until December 31, 2004, and would contain schedules typical of FERC Form 2 Reports. VGDC represented that the Staff and Company had reached an agreement concerning these filings and that VGDC was modifying its Motion to reflect its agreement with Staff.

On January 3, 2005, the Commission granted VGDC's Motion, as modified; directed VGDC to file its AIF for the period January 1, 2004, through December 31, 2004, with the Commission on or before May 1, 2005; authorized VGDC to file its ARAT for the period October 1, 2003, through December 31, 2004, with the Commission on or before May 1, 2005; instructed VGDC to file a FERC Form 2, consisting of all the schedules typically filed in such reports, for a period commencing on January 1, 2004, and ending December 31, 2004, with the Commission on or before May 1, 2005; ordered VGDC to file on or before May 1, 2005, a FERC Form 2 with the Commission for the period October 1, 2003, through December 31, 2003, which filing was to include selected schedules for such report agreed upon by the Company and the Commission Staff prior to the filing of the Report; and directed VGDC to file after December 31, 2004, ongoing and annually, the ARAT, the FERC Form 2, VGDC's AIF for the twelve months beginning January 1 through December 31, with the Commission on or before May 1, after the end of each reporting period until further order by the Commission otherwise.

On April 27, 2005, VGDC, by counsel, filed another Motion. In this Motion, the Company requested that it be permitted to file its AIF with the Commission on or before June 30, 2005, and to file its ARAT for the period October 1, 2003, through December 31, 2004, with the Commission on or before May 31, 2005. The Company also requested that it be permitted on an ongoing basis to obtain any required extensions for filing the ARAT or FERC Form 2 directly from the appropriate Commission Divisions charged with the responsibility for such reports. The Company represented that it was authorized to state that the Commission Staff did not oppose VGDC's request for an extension.

In its April 29, 2005, Order on Motion for Extension, the Commission granted VGDC's April 27, 2005, Motion and continued the proceeding.

On June 28, 2005, VGDC, by counsel, delivered its Application for an AIF ("Application"), including financial and operating data for the twelve months ended December 31, 2004, ("test period") to the Commission. The Company filed supplemental information and completed its Application on July 19, 2005.

On November 22, 2005, the Staff filed its Report on VGDC's Application. That Report included both a financial and accounting analysis. In its financial analysis, the Staff employed a 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 authority granted to VGDC by the Commission in Case No. PUE-1993-00013 was based on the rates filed in that application for a Certificate of Public Convenience and Necessity rather than on a specified return. The estimates used in Case No. PUE-1993-00013 included a cost of capital that incorporated an estimated return on equity rate of 11.5%.

The Staff noted that VGDC subsequently filed an application for a \$300,000 increase in annual operating revenues, in August 1999. That application was docketed as Case No. PUE-1999-00531. In Case No. PUE-1999-00531, VGDC represented that its requested increase was premised on the recovery of higher costs related to significant system expansion. To help mitigate rate shock, according to the Staff, VGDC elected not to seek an authorized return on equity which would have supported a higher than requested rate increase and proposed to phase-in the requested rate increase over a two-year period. By Commission Order dated February 22, 2000, the Commission permitted the proposed rate increase to take effect on January 23, 2000, under the terms of a Joint Stipulation reached between the Company and Staff.

Staff further reported that AGL Resources Inc. ("AGLR") completed the acquisition of VGDC's ultimate parent, NUI Corporation, on November 30, 2004. Therefore, for the purposes of its financial analysis, Staff used AGLR's consolidated capital structure for VGDC because, according to Staff, AGLR was the ultimate source of any market capital available to VGDC during the test year. Staff reported that while it was likely that it would consider certain adjustments to the consolidated AGLR capital structure in a rate proceeding, this capital structure was sufficient to evaluate VGDC's financial performance for Staff's AIF review. The capital structure set out in the Staff Report was based on a VGDC response to a Staff data request, and indicated an equity ratio of 44.773%, and an overall cost of capital of 8.459%. Staff reserved the right to evaluate, correct or revise the capital balance amounts and cost rates in this AIF and in other proceedings.

Staff also related that AGLR has filed an application docketed as Case No. PUE-2005-00078, whereby AGLR requested authority to sell and transfer control of VGDC to ANGD LLC. Staff stated that it planned to re-evaluate VGDC's ratemaking capital structure in VGDC's next AIF based on the outcome of VGDC's pending acquisition by ANGD LLC.

In the accounting analysis portion of its Report, Staff noted five areas of concern related to cost allocations and affiliate relationships, weather normalization, state income tax expense, property tax expense, and cash working capital. With regard to cost allocations and affiliate relationships, Staff commented that Virginia Gas Company ("VGC") had received Commission approval in Case No. PUE-2003-00129 to allocate corporate costs incurred at the NUI level down to Virginia Gas Company ("VGC") and, in turn, to VGC's regulated subsidiaries - VGDC, Virginia Gas Storage Company ("VGSC"), Virginia Gas Pipeline Company ("VGPC"), and Saltville Gas Storage Company LLC ("SGSC").

Further, on November 10, 2004, VGC received Commission approval in Case No. PUE-2004-00108 to allocate corporate costs incurred by AGL Services Company down to VGC and VGC's regulated subsidiaries, including VGDC. VGDC did not include any costs from NUI or AGL Services Company in its ratemaking cost of service for purposes of the instant AIF. According to Staff, operation and maintenance ("O&M") expenses incurred at the VGC level were allocated first to SGSC based on an allocation methodology not reviewed or approved by the Commission. O&M charges remaining after the allocation to SGSC were then allocated to VGDC, VGPC, and VGSC, using the three factor method approved by the Commission in Case No. PUA-2001-00041.<sup>1</sup> Staff observed that the amount of O&M charges allocated to SGSC were greater than the O&M charges that would have been allocated under the method approved in Case No. PUA-2001-00041.

<sup>1</sup> The three factor method approved in Case No. PUA-2001-00041 was derived from a five quarter weighted average of gross plant in service, revenues, and operating expenses, excluding purchased gas.

Staff reported that with an application by ANGD LLC to acquire VGDC, Duke Energy Gas Transmission LLC's ("DEGT's") receipt of Commission approval to acquire VGPC and VGSC, and the receipt of approval by the Commission for Duke Energy Saltville Gas Storage LLC to acquire SGSC,<sup>2</sup> VGDC's affiliate relationships have changed. According to Staff, a new affiliate agreement may be required if ANGD LLC is given approval to acquire VGDC in Case No. PUE-2005-00078.<sup>3</sup> Additionally, Staff noted that VGDC has recorded the effect of impaired assets on its books, and that the ratemaking treatment of these asset impairments will need to be determined in subsequent AIFs or rate applications.

With regard to the weather normalization concern noted in the Report, Staff commented that the Company had inadvertently neglected to run a regression analysis after inputting the test year weather data. Correcting for the regression analysis accounts for a \$4,042 difference between the Company and the Staff.

With regard to state income tax expense, VGDC included gross receipts taxes in its cost of service in its last rate case docketed as Case No. PUE-1999-00531. Effective January 1, 2001, gross receipts taxes were eliminated, and state income taxes were initiated. VGDC reduced its base rates to reflect the elimination of gross receipts taxes; however, there was no change in its rates to reflect the initiation of state income taxes because VGDC was operating at a loss.

According to Staff, VGDC filed a consolidated Virginia corporate income tax return with several other members of the AGLR affiliated group in 2004. This multi-state group is comprised of those AGLR affiliated companies having at least a portion of their property, payroll, or sales located in Virginia. On the consolidated return, these affiliated companies report their adjusted federal taxable income and apply an income apportionment factor to determine the amount of income subject to Virginia income tax. The income apportionment factor reflects an average percentage of the companies' property, payroll, and sales located in Virginia. This apportioned income is currently subject to a 6% Virginia corporate income tax rate. The income apportionment factor reported on the 2004 Virginia corporate income tax return of VGDC and its affiliated companies was 26.6651%. This apportionment factor yields an effective state income tax rate of 1.60% for 2004, as compared to the 6% Virginia corporate income tax rate.

In the captioned AIF, according to Staff, VGDC proposes ratemaking adjustments to income tax expenses to reflect the full 6% Virginia corporate income tax rate as if VGDC was not a member of an affiliated group and filed a separate Virginia tax return. According to Staff, adjusting the effective rate to a separate tax rate artificially increases the cost of service for state income taxes that will never be paid by VGDC or the AGLR affiliated group.

With regard to the property tax expense, VGDC calculated its property tax expense adjustment using the net book value of taxable plant. The methodology approved in VGDC's last general rate case used historic cost rather than net book value to calculate property tax expense. Correcting for this adjustment accounts for a difference of \$1,036 between the Company and Staff.

With regard to the cash working capital concern, Staff noted that the jurisdictional cash working capital in the Company's rate base was understated. The Staff Report calculated cash working capital by dividing total adjusted O&M expenses of \$1,500,286 by 12 and comparing total adjusted cash working capital with jurisdictional cash working capital.

Staff related that the effect of differences between Staff and the Company and the use of the NUI consolidated capital structure increases VGDC's return on equity from (.60%) to (.57%) for the test year. Under these circumstances, the Staff has recommended that the Commission take no action with respect to the Company's rates.

Since VGDC's affiliate relationships have changed with the acquisition of VGPC and VGSC by DEGT and SGSC by Duke Energy Saltville Gas Storage LLC, Staff reminded the Company that it must employ the allocation methodologies approved by the Commission until these methodologies are changed by an order of the Commission. Staff advised it will need to analyze prospectively any change in asset valuation resulting from an impairment of assets or a change in VGDC's ownership.

On December 27, 2005, VGDC, by counsel, filed a letter in which it advised that it did not intend to file comments in response to the Staff Report, and requested that the Commission enter an "approval order" in this proceeding. Among other things, VGDC cautioned that its letter did not constitute agreement with any position in the Staff Report that was inconsistent with VGDC's AIF. VGDC's letter did not identify those specific issues with which it disagreed.

NOW UPON consideration of the Company's application, the November 22, 2005, Staff Report, VGDC's December 27, 2005 letter, 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 November 22, 2005, Staff Report should be adopted. With regard to the cost allocation and affiliate issues identified in the Staff Report, we remind VGDC that it must comply with the Commission's directives regarding its cost allocations or file an appropriate application to request the Commission to change its directives. We also agree that the impairment of asset issues noted in the November 22, 2005, Staff Report must be more fully investigated, and charge our Staff with pursuing this issue in VGDC's next AIF or general or expedited rate proceeding, as appropriate.

Finally, based on the record herein, we conclude that no action should be taken with regard to VGDC's rates, fees, and charges for natural gas service.

<sup>2</sup> 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, Doc. No. 360160, slip op. (July 29, 2005, Final Order).

<sup>3</sup> Since the Staff Report was filed, the Commission authorized ANGD LLC to acquire VGDC, subject to various conditions. See 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, Case No. PUE-2005-00078, Doc. No. 364139, slip op. (Dec. 9, 2005, Order Granting Authority). The Company should file an application for approval of any new affiliate arrangements or agreements that may be necessary under Chapter 4 of Title 56 of the Code of Virginia as a result of ANGD LLC's acquisition of VGDC.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, the Staff's recommendations and revisions to VGDC's cost of service set out in the November 22, 2005, Staff Report are hereby adopted.

(2) 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 file for ended causes.

**CASE NO. PUE-2005-00006  
MARCH 29, 2006**

APPLICATION OF  
ATMOS ENERGY CORPORATION

For an Annual Information Filing

**ORDER**

On February 11, 2005, Atmos Energy Corporation ("Atmos" or "Company") filed its Annual Information Filing ("AIF") for the twelve months ending September 30, 2004, with the State Corporation Commission ("Commission"). On June 8, 2005, the Staff of the Commission ("Staff") deemed the AIF complete under the Commission Rules Governing Utility Rate Increase Filings and Annual Informational Filings, 20 VAC 5-200-30 *et seq.*

On October 7, 2005, Staff filed a report on the Atmos AIF ("Staff Report"). On November 15, 2005, Atmos, by counsel, filed a *Response and Motion of Atmos Energy Corporation* ("Response and Motion") in which it took exception to four findings raised in the Staff Report<sup>1</sup> and moved the Commission to initiate a further procedural schedule for resolution of issues.

By order dated December 14, 2005, the Commission, among other things, established a procedural schedule for the filing of prepared testimony and exhibits, scheduled a hearing on the matter, and assigned the case to a Hearing Examiner to conduct all further proceedings. By Hearing Examiner Ruling of February 3, 2006, the Examiner granted the Company's request to suspend the procedural schedule and hearing date,<sup>2</sup> and the matter was continued generally.

On February 15, 2006, counsel for the Company and the Commission Staff filed a *Joint Motion to Accept Stipulation* ("Motion on Stipulation") which included a jointly-executed stipulation ("Stipulation") as Attachment 1. Counsel state that the Stipulation resolves all outstanding issues in this proceeding.

On February 27, 2006, the *Report of Deborah V. Ellenberg, Chief Hearing Examiner* ("Report") was filed with the Commission.<sup>3</sup> Therein, Chief Examiner Ellenberg found the Stipulation acceptable and recommended that the Motion on Stipulation should be granted. Moreover, Chief Examiner Ellenberg recommended that the Commission enter an order: accepting the Stipulation and striking the matter from the Commission's docket of active cases.<sup>4</sup>

NOW THE COMMISSION, upon consideration of the record herein, the Report of the Chief Hearing Examiner, and the applicable law is of the opinion and so finds that the findings and recommendations of the Chief Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The *Joint Motion to Accept Stipulation* is hereby granted.

(2) The findings and recommendations of the February 27, 2006, Hearing Examiner's Report are hereby adopted, and the terms and conditions of the attached February 15, 2006, Stipulation are incorporated herein.

(3) The case is dismissed and the papers therein are passed to the file for ended causes.

<sup>1</sup> Atmos challenged findings in the Staff Report relative to: (i) proposed adjustment for gas in storage, (ii) proposed treatment of the pipeline replacement project, (iii) amortization of merger and integration expenses, and (iv) Atmos Energy Service fees.

<sup>2</sup> On February 3, 2006, Atmos filed a *Motion to Suspend Procedural Schedule* with the Commission.

<sup>3</sup> Chief Examiner Ellenberg attached the Stipulation to the Report.

<sup>4</sup> Since Atmos and Staff, as the only parties to the proceeding, filed a Joint Stipulation resolving all outstanding issues, no comments were filed to the Report.

**CASE NO. PUE-2005-00026  
JANUARY 18, 2006**

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

v.

B&J ENTERPRISES, L.C.  
AND EDSSEL H. LESTER, INDIVIDUALLY, AND AS MEMBER OF B&J ENTERPRISES, L.C.,  
AND OF ELLETT VALLEY DEVELOPMENT COMPANY, LLC,  
Defendants

**ORDER**

On April 14, 2005, the Staff of the State Corporation Commission ("Commission") filed a motion requesting the Commission to issue a Rule to Show Cause ("Rule") against B&J Enterprises, L.C. ("B&J"), and Edsel H. Lester (collectively, "Defendants") for sanctions pursuant to Sections 12.1-13, 12.1-33, and 56-91 of the Code of Virginia ("Code") for allegedly failing to follow Commission directives relative to assets comprising rate base, debt attributable to rate base, and the proper accounting techniques for rate base, including the write-off of debt not supported by the rate base, and for transferring utility assets without obtaining prior Commission approval.

On May 19, 2005, the Commission issued a Rule, which among other things, ordered Defendants to file, on or before June 30, 2005, a responsive pleading admitting or denying the allegations contained in the Rule and presenting any affirmative defenses to the allegations contained in the Rule. Additionally, the Commission assigned the matter to a Hearing Examiner ("Hearing Examiner" or "Examiner") to conduct all further proceedings.

On June 30, 2005, Defendants filed a responsive pleading addressing the allegations contained in the Rule, and a Motion for Extension to the Rule ("Motion for Extension"). In the Motion for Extension, Defendants expressed, among other things, a desire to have time to explore settlement of this matter.<sup>1</sup> Defendants requested that a hearing on the Rule not be scheduled immediately in order to permit Staff and the Defendants to meet and confer.

A Hearing Examiner's Ruling dated July 1, 2005, established a procedural schedule and set the matter for hearing on October 12, 2005.

On September 20, 2005, Defendants and Staff jointly moved for a suspension of the procedural schedule.<sup>2</sup> A Hearing Examiner's Ruling of September 21, 2005, cancelled the hearing scheduled for October 12, 2005, and suspended the procedural schedule for forty-five days.

By Hearing Examiner's Ruling of November 4, 2005, the Examiner extended again the procedural schedule upon Staff's motion for an extension of time to review a draft stipulation offered in settlement by Defendants.

On November 18, 2005, Staff and the Defendants filed a Joint Motion to Approve Stipulation ("Motion to Approve Stipulation"). In support of the Motion to Approve Stipulation, Defendants and Staff asserted, among other things, that the Stipulation resolved all issues set forth in the Rule.

On December 1, 2005, the Report of Alexander F. Skirpan, Jr., Hearing Examiner ("Report") was filed with the Commission. Therein, the Examiner found, among other things, that the Stipulation, appended to the Report as Attachment A, offered a reasonable and just resolution to all the issues set forth in the Rule and should be adopted. The Examiner recommended that the Commission adopt his findings and dismiss this case from the docket of active matters. The Examiner provided the parties ten days to file comments to the Report.

No comments were filed to the Report.

NOW THE COMMISSION, upon review of the record herein and the applicable law, is of the opinion that the findings and recommendations of the Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner are adopted;
- (2) The Stipulation offered herein is accepted and B&J shall abide by the following terms:
  - a. The Agreement Contract dated October 1, 2003, between B&J and Ellett Valley ("Contract") is hereby rescinded *ab initio*.
  - b. B&J shall institute the regulatory accounting adjustments in order to rescind the Contract *ab initio*.
  - c. B&J will restate its regulatory books to reflect outstanding debt to Grundy National Bank of \$126,040.49, the level found reasonable in Case No. PUE-2004-00033, and apply connection fees per B&J's tariff toward the payment of utility-related debt, resulting in a balance of utility-related debt of \$106,040.49 as of September 2005. Pursuant to Commission directives, B&J will escrow future connection fees for the payment of capital improvements and utility-related debt.
  - d. B&J will make regulatory accounting adjustments to reflect Plant, Accumulated Depreciation, Contributions in Aid of Construction ("CIAC"), and Accumulated Amortization of CIAC pursuant to the Commission's Final Order in PUE-2004-00033, and to restate CIAC and Accumulated

<sup>1</sup> Defendants believed that many, if not all, of the issues raised in the Rule could be resolved through continued discussion and resolution with the Commission Staff.

<sup>2</sup> In support of the motion, the parties indicated a likelihood of reaching a resolution on the issues addressed in the Rule.

Amortization of CIAC to reflect connection fees per B&J's tariff for lots connected to the system where a connection fee is due from Ellett Valley Development Company, L.C.

e. Pursuant to the Stipulation, B&J will make regulatory accounting adjustments such that B&J's books will reflect the account balances set forth in the Reconciliation of Rate Base and Notes Payable Accounts worksheet, which is attached as Exhibit A to the Stipulation.

- (3) The Rule to Show Cause is dismissed; and
- (4) The case is removed from the Commission's active docket.

**CASE NO. PUE-2005-00034  
MAY 8, 2006**

APPLICATION OF  
POTOMAC EDISON COMPANY D/B/A ALLEGHENY POWER

2004 Informational filing

**FINAL ORDER**

On April 29, 2005, The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison" or the "Company") submitted its Annual Informational Filing ("AIF") for the test year ended December 31, 2004.

On November 14, 2005, the Staff filed its Staff Report summarizing the Staff's review and analysis of Potomac Edison's AIF. The Staff Report indicates that the Company's return on equity and various coverage ratios reflect strong performance. The Company's fully adjusted test-year return on equity is 17.56%. This return on equity falls well above the authorized 11.0-12.0% return on equity range last established by the Commission in Case No. PUE-1994-00045. Since Potomac Edison'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-2005-00035  
AUGUST 9, 2006**

APPLICATION OF  
KENTUCKY UTILITIES COMPANY d/b/a/ OLD DOMINION POWER COMPANY

2004 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, 2004. The Company submitted its AIF on April 29, 2005.

On March 30, 2006, the Staff filed its Staff Report which contains two main sections, financial review and accounting analysis. The Staff Report notes that ODP's fully adjusted return on equity for the test period was 11.11%, which is below its currently authorized return on equity range of 12.00-13.00%. The Virginia Electric Restructuring Act's capped rate period prohibits a reduction in rates, and the Staff believes no further action is necessary in this case.

On April 27, 2006, the Company filed a letter stating that it had no comment regarding 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 cases.

**CASE NO. PUE-2005-00039  
MARCH 8, 2006**

APPLICATION OF  
SKYLINE WATER CO., INC.

For changes in rates, rules, and regulations

**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 ("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 (§ 56-625-13:1 *et seq.* of the Code of Virginia). On May 9, 2005, Skyline filed its Application for Change in Rates, Rules and Regulations ("Application"). On May 17, 2005, Skyline filed a Revised Rate of Return Statement.

By June 6, 2005, the Division had received objections to the proposed increase from 184 customers, or over fifty percent of the Company's customers.

On June 22, 2005, the Commission issued a Preliminary Order which, among other things, assigned the matter to a Hearing Examiner; determined that a hearing should be scheduled on the Company's proposed rate increase; suspended the proposed rates for a period of 60 days; provided that the interim rates taking effect on August 24, 2005, shall be escrowed; and required the Company to file with the Clerk of the Commission the direct testimony and exhibits it intended to present in support of its Application.

Following the pre-filing of Skyline's case-in-chief and Staff's prefiled testimony, public hearings were convened in Culpeper, Virginia on September 19, 2005, at 2:00 p.m. and 7:00 p.m. Counsel appearing at the hearings were JoAnne L. Nolte, Esquire, and Kiva Bland Pierce, Esquire, for the Company, and Don R. Mueller, Esquire, appeared on behalf of Staff. A total of thirty-two ratepayers presented their testimony in opposition to Skyline's Application.<sup>1</sup>

On October 13, 2005, an evidentiary hearing was convened. Ms. Nolte and Ms. Pierce represented Skyline, and Mr. Mueller and Wayne Smith, Esquire, appeared on behalf of the Staff. All prefiled evidence was admitted and witnesses for the Company and Staff were examined and additional exhibits admitted.

On January 12, 2006, the Report of Alexander F. Skirpan, Jr., Hearing Examiner was filed ("Report"). The Report described the Company's operations as serving approximately 365 customers through twelve separate operating systems. Skyline was found to be requesting an increase in annual revenues of \$118,917, more than 71% of test year revenues. Staff was found to recommend an increase of \$82,709 in annual revenues, including a Plant Improvement Contribution Surcharge ("PICS") of \$14,283 that is to be held in escrow.<sup>2</sup> Staff recommended a total revenue requirement of \$234,376 which should leave a net income of \$31,126 and yield an 11.53% rate of return on a rate base of \$286,916.<sup>3</sup> Under Staff's recommendation the average Skyline customer would experience an increase of about \$18.88 per month.<sup>4</sup>

Five issues were addressed in the Report which we will label: owner's compensation; on-call expense; sufficient revenue requirement; availability fee; and inflation-adjusted rates.<sup>5</sup> The Hearing Examiner accepted all of Staff's recommendations on these issues save for owner's compensation; the Hearing Examiner found that the Company's president, Mr. Travers, should receive no increase in salary. The Hearing Examiner's recommended rates were based upon Staff's recommended rates for all twelve operating systems and were only adjusted to eliminate the effect on O&M expenses of the increase in Mr. Travers' salary recommended by Staff. The Hearing Examiner recommended that the Commission increase Skyline's rates to provide additional annual revenues of \$58,926, and implement a surcharge as recommended by Staff to provide an additional \$13,687<sup>6</sup> to be escrowed for future plant improvements. The Hearing Examiner's specific findings are as follows:

(1) The use of a test year ending December 31, 2004, is proper in this proceeding;

(2) Skyline's test year operating revenues, after all adjustments, was \$165,950 on a combined basis, including \$23,212 for the Pelham Manor System; \$36,057 for the Wildwood System; \$23,008 for the Overlook Heights System; \$7,289 for the Wolftrap System; \$5,575 for the Springwood System; \$23,974 for the Merrimac System; \$6,045 for the Gibson system; \$10,380 for the Norman Acres System; \$4,665 for the Hazel River System; \$13,130 for the Mountain View System; and \$12,616 for the Drysdale System;

(3) Skyline's test year operating revenue deductions, after all adjustments, was \$190,210 on a combined basis, including \$29,931 for the Pelham Manor System; \$31,536 for the Wildwood System; \$30,311

<sup>1</sup> The witnesses included James T. Shannon, Martha C. Balfour, and Kenneth C. Cranston, Jr., all of whom filed Notices of Participation earlier.

<sup>2</sup> Report at p. 22 (citations omitted).

<sup>3</sup> Exhibit No. 15, at 21.

<sup>4</sup> *Id.*

<sup>5</sup> Other tariff issues raised by testimony from Skyline's customers were also addressed.

<sup>6</sup> The recommended surcharge differs from Staff's recommended surcharge of \$14,283 only because O&M expenses were reduced by the Hearing Examiner to reflect his recommended freeze on salary for Mr. Travers.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

for the Overlook Heights System; \$13,972 for the Wolftrap System; \$8,148 for the Springwood System; \$19,130 for the Merrimac System; \$7,358 for the Gibson System; \$11,925 for the Norman Acres System; \$8,320 for the Hazel River System; \$14,792 for the Mountain View System; and \$14,786 for the Drysdale System;

(4) Skyline's test year adjusted net operating income or (loss), after all adjustments was (\$26,211) on a combined basis, including (\$6,719) for the Pelham Manor System; \$3,479 for the Wildwood System; (\$7,303) for the Overlook Heights System; (\$6,683) for the Wolftrap System; (\$2,574) for the Springwood System; \$3,935 for the Merrimac System; (\$1,313) for the Gibson System; (\$1,545) for the Norman Acres System; (\$3,655) for the Hazel River System; (\$1,662) for the Mountain View System; and (\$2,170) for the Drysdale System;

(5) Skyline's current rates produce a return on adjusted rate base of -8.48% on a combined basis, including -19.04% for the Pelham Manor System; 4.94% for the Wildwood System; -17.09% for the Overlook Heights System; -133.317% for the Wolftrap System; -19.47% for the Springwood System; 15.52% for the Merrimac System; -22.89% for the Gibson System; -15.33% for the Norman Acres System; -36.51% for the Hazel River System; -5.44% for the Mountain View System; and -20.33% for the Drysdale System;

(6) Skyline's adjusted test year rate base is \$286,061 on a combined basis, including \$35,296 for the Pelham Manor System; \$91,543 for the Wildwood System; \$42,724 for the Overlook Heights System; \$5,013 for the Wolftrap System; \$13,221 for the Springwood System; \$31,223 for the Merrimac System; \$5,737 for the Gibson System; \$10,082 for the Norman Acres System; \$10,013 for the Hazel River System; \$30,539 for the Mountain View System; and \$10,670 for the Drysdale System;

(7) Skyline's proposed rates increase annual water revenues by \$121,051 on a combined basis, including \$27,908 for the Pelham Manor System; \$19,348 for the Wildwood System; \$17,996 for the Overlook Heights System; \$10,642 for the Wolftrap System; \$5,035 for the Springwood System; \$9,198 for the Merrimac System; \$4,984 for the Gibson System; \$2,913 for the Norman Acres System; \$4,695 for the Hazel River System; \$9,069 for the Mountain View System; and \$9,262 for the Drysdale System;

(8) Based on the record, Skyline requires a return on adjusted rate base of 11.21% on a combined basis, including 22.83% for the Pelham Manor System; 6.62% for the Wildwood System; 6.26% for the Overlook Heights System; 25.79% for the Wolftrap System; 5.50% for the Springwood System; 19.22% for the Merrimac System; 11.72% for the Gibson System; 10.94% for the Norman Acres System; 8.29% for the Hazel River System; 4.20% for the Mountain View System; and 31.47% for the Drysdale System;

(9) To earn its required return on rate base, Skyline requires an increase in annual water revenues of \$58,926 on a combined basis, including \$15,756 for the Pelham Manor System; \$1,577 for the Wildwood System; \$10,192 for the Overlook Heights System; \$8,147 for the Wolftrap System; \$3,372 for the Springwood System; \$1,180 for the Merrimac System; \$2,028 for the Gibson System; \$2,705 for the Norman Acres System; \$5,317 for the Hazel River System; \$3,006 for the Mountain View System; and \$5,646 for the Drysdale System;

(10) Based on the record, to satisfy the requirements of Virginia Code § 56-265.13:4, Skyline requires additional gross annual revenues, to be collected via a PICS and escrowed as recommended by Staff and described above, of \$13,687 on a combined basis, including \$2,800 for the Pelham Manor System; \$1,256 for the Wildwood System; \$2,675 for the Overlook Heights System; \$646 for the Wolftrap System; \$727 for the Springwood System; \$1,697 for the Merrimac System; \$673 for the Gibson System; \$1,103 for the Norman Acres System; \$830 for the Hazel River System; \$1,281 for the Mountain View System; and \$0 for the Drysdale System;

(11) Skyline should be required to refund promptly, with interest, all revenues collected under its interim rates in excess of those recommended in this report;

(12) Skyline should be directed to implement the rate recommended herein for the Hazel River System on a prospective basis;

(13) Skyline should be directed to no longer record income tax expense or the income tax portion of "estimated taxes" on its accounting books and records;

(14) Skyline should be directed to capitalize salary and overheads related to capital projects;

(15) Skyline should be directed to retire replaced plant from its accounting books and records, and to make any offsetting entry for accumulated depreciation as required by the Uniform System of Accounts for Class C Water Utilities;

(16) Skyline should be directed to provide for recovery of loan costs through the PIS<sup>7</sup> as recommended by Staff;

<sup>7</sup> Plant Improvement Surcharge.

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- (17) Skyline's rates should be designed based upon Staff's proposed methodology;
- (18) Skyline's proposed availability fee should be denied;
- (19) Staff should be directed to examine the language of tariff provisions for Customer Service Pipes and Disconnection of Water Service as discussed herein; and
- (20) Skyline's proposed tariff Rule No. 9 (h) should be denied.

On February 8, 2006, a letter was filed, submitting the Company Response to the Report of Alexander F. Skirpan, Jr., Hearing Examiner, and was signed by David K. Travers on behalf of Skyline Water Co., Inc. ("Exceptions"). The Exceptions to the Report reiterated for the most part the arguments made on all five issues discussed in the Report. The Exceptions will be reviewed below.

With respect to the owner's compensation, the Hearing Examiner correctly notes that as the sole owner of Skyline, Mr. Travers' compensation includes both his salary and any profits or returns earned, even if those profits are reinvested in Skyline. The Hearing Examiner found that:

Mr. Travers seeks hourly pay totaling \$121,700, other compensation for being on-call of \$14,000, and additional operating income of \$31,014, or total compensation of \$166,714 (not including insurance and other fringe benefits). Staff proposes a salary of \$83,000 for devoting approximately two thirds of his time to Skyline, operating income of \$31,126, and an additional \$14,283 of income to be collected through the PICS and held in escrow for system improvements. Consequently, Staff proposes that Mr. Travers be compensated \$128,409 by Skyline and its 365 customers. (Report, p. 23).

The Hearing Examiner concluded that given the overall size of Skyline's system and the condition of its separate systems, no justification was given for increasing Mr. Travers' salary.

Mr. Travers maintains that the requested salary of \$121,700 is justified by the numerous improvements made to the quality of service of the systems and cites examples. Mr. Travers also cites Staff's recommended salary of \$83,000 as recognition of these accomplishments and requests that if his proposed salary is not approved, then at least Staff's recommendation be adopted. We find that Staff's recommended salary of \$83,000 should be accepted.<sup>8</sup>

With regard to the Company's requested on-call expense of \$14,000, the Hearing Examiner agreed with Staff that Mr. Travers will be compensated adequately for being on-call through his salary and other compensation and benefits. The Hearing Examiner did accept Staff's recommended ratemaking adjustment of \$3,883 to compensate for a non-employee to be on-call to relieve Mr. Travers during weekends and standard bank holidays, plus a provision for vacation and sick days. We agree with the Hearing Examiner's adoption of Staff's ratemaking adjustment for on-call expenses and find that the full requested on-call expense of \$14,000 should be denied.

With regard to the sufficiency of the revenue requirement, the Company is concerned that it be allowed to earn an operating income sufficient to qualify for loans. The Hearing Examiner correctly noted that Staff's proposed operating income of \$31,126 (even apart from PICS income of \$14,283), exceeds Mr. Travers' calculation of Skyline's proposed operating income of \$31,014. We are satisfied that Staff's recommended revenue requirement is sufficient for purposes of borrowing. Staff Exhibit No. 16 shows that Staff's recommended revenue requirement should produce a 1.95 debt service coverage ratio based upon existing debt service. This exceeds the 1.2 benchmark cited by Skyline as necessary to qualify for loans to make capital improvements.<sup>9</sup>

Also, with regard to the revenue requirement, Mr. Travers raises the remaining balances for Skyline's attorneys' fees of approximately \$40,000, which he states in his Exceptions are not fully addressed in the Report. However, we note from the record that the Company's evidence consists of summary pages of Skyline's legal bills, without the billing detail.<sup>10</sup> Apart from the inadequacy of the record to review the Company's continuing legal fees, the Commission notes that, even assuming such rate case expense of \$40,000 was actually incurred, the Commission is not required to approve such sums "where the evidence shows such expenses are exorbitant, unnecessary, wasteful or extravagant."<sup>11</sup> The level of attorney fees recoverable as rate case expense "must bear some reasonable relationship to the utility and to the utility's rate request."<sup>12</sup> As we have held previously, "ratepayers cannot be the guarantors of whatever the Company might choose to spend for rate case expense."<sup>13</sup> The Commission finds that the rate case expense (amortized over two years) included in Staff's O&M expense should be accepted.

With regard to the \$7,500 availability fee that Skyline requests to be added to its tariff, the Hearing Examiner agreed with Staff that no need had been shown for the fee and that no evidence of cost justification had been developed. Mr. Travers testified that the availability fee was based upon a similar

<sup>8</sup> Our adoption of Staff's recommended salary increases the Company's O&M expenses and should be reflected in the PICS as recommended by Staff.

<sup>9</sup> Tr. 187.

<sup>10</sup> See Exhibit No. 12; Tr. 158-161.

<sup>11</sup> *Commonwealth of Virginia, ex rel. Terry L. Strock, et al. v. B&J Enterprises, L.C.*, Case No. PUE-2001-00716, 2003 Va. PUC LEXIS 265, 284 (June 27, 2003) ("B&J Rate Order"). See also *Lake of the Woods Utility Co. v. State Corporation Commission, et al.*, 223 Va. 100, 109-110, 286 S.E. 2d 201, 206 (1982).

<sup>12</sup> B&J Rate Order, 2003 Va. PUC LEXIS 265, 284.

<sup>13</sup> *Id.*

charge by the Town of Culpeper. After the evidentiary record is closed, Mr. Travers argues in his Exceptions that the fee could be based upon a portion of the cost of proposed capital improvements. The Commission adopts the Hearing Examiner's finding to disallow the availability fee.

With regard to inflation adjusted rates, Skyline proposed a three percent inflation factor to be applied. The Staff opposed the inflation factor as not being fixed and certain. The Hearing Examiner noted the testimony of Staff witness Armstrong that inflation factors have been disallowed by the Commission. Witness Armstrong also testified that Skyline's operations are not necessarily tied to inflation factors, noting that efficiency and productivity gains can offset the impact of rising costs.<sup>14</sup> Skyline's Exceptions add little to its argument, other than to note that a yearly rate increase would be needed to offset inflation that the Company contends is 3% per year. We find that no inflation factor should be approved.

Finally, we note from the prefiled testimony of Staff witness Armstrong that Skyline has failed to comply with the reporting requirement ordered in Case No. PUE-2003-00274, Final Order issued June 21, 2004. The record is silent on Skyline's compliance and we conclude that Skyline has yet to file a report on its mergers and transfers of assets with journal entries.<sup>15</sup> Therefore, we find that Skyline should be given one final opportunity to comply with our reporting requirement.

NOW THE COMMISSION, having considered the Company's application and supporting evidence, the Staff testimony and exhibits, the Report, the Company's Exceptions, the record, and the applicable law, is of the opinion and finds that Skyline's rates should be set in accordance with Staff's recommended revenue requirement, and that, except as modified herein, the Hearing Examiner's findings should be adopted. The Hearing Examiner's findings numbered (3), (4), (5), (6), (8), (9), and (10) are modified to reflect Staff's recommended revenue requirement and are restated below.

(3) Skyline's test year operating revenue deductions, after all adjustments, was \$198,494 on a combined basis, including \$31,364 for the Pelham Manor System; \$32,718 for the Wildwood System; \$31,240 for the Overlook Heights System; \$14,910 for the Wolftrap System; \$8,522 for the Springwood System; \$19,983 for the Merrimac System; \$7,680 for the Gibson System; \$12,277 for the Norman Acres System; \$8,774 for the Hazel River System; \$15,432 for the Mountain View System; and \$15,593 for the Drysdale System;

(4) Skyline's test year adjusted net operating income or (loss), after all adjustments was (\$34,495) on a combined basis, including (\$8,152) for the Pelham Manor System; \$2,297 for the Wildwood System; (\$8,232) for the Overlook Heights System; (\$7,621) for the Wolftrap System; (\$2,948) for the Springwood System; \$3,082 for the Merrimac System; (\$1,635) for the Gibson System; (\$1,897) for the Norman Acres System; (\$4,109) for the Hazel River System; (\$2,302) for the Mountain View System; and (\$2,977) for the Drysdale System;

(5) Skyline's current rates produce a return on adjusted rate base of -11.34% on a combined basis, including -23.00% for the Pelham Manor System; 3.64% for the Wildwood System; -19.23% for the Overlook Heights System; -149.14% for the Wolftrap System; -22.23% for the Springwood System; 12.75% for the Merrimac System; -28.34% for the Gibson System; -18.74% for the Norman Acres System; -40.85% for the Hazel River System; -7.52% for the Mountain View System; and -27.68% for the Drysdale System;

(6) Skyline's adjusted test year rate base is \$286,916 on a combined basis, including \$35,444 for the Pelham Manor System; \$91,665 for the Wildwood System; \$42,819 for the Overlook Heights System; \$5,110 for the Wolftrap System; \$13,260 for the Springwood System; \$31,311 for the Merrimac System; \$5,770 for the Gibson System; \$10,118 for the Norman Acres System; \$10,060 for the Hazel River System; \$30,605 for the Mountain View System; and \$10,753 for the Drysdale System;

(8) Based on the record, Skyline requires a return on adjusted rate base of 11.53% on a combined basis, including 22.73% for the Pelham Manor System; 6.85% for the Wildwood System; 6.45% for the Overlook Heights System; 27.01% for the Wolftrap System; 5.75% for the Springwood System; 19.92% for the Merrimac System; 12.17% for the Gibson System; 11.22% for the Norman Acres System; 8.67% for the Hazel River System; 4.38% for the Mountain View System; and 32.97% for the Drysdale System;

(9) To earn its required return on rate base, Skyline requires an increase in annual water revenues of \$68,426 on a combined basis, including \$17,220 for the Pelham Manor System; \$3,008 for the Wildwood System; \$11,229 for the Overlook Heights System; \$9,194 for the Wolftrap System; \$3,789 for the Springwood System; \$2,294 for the Merrimac System; \$2,388 for the Gibson System; \$3,097 for the Norman Acres System; \$5,823 for the Hazel River System; \$3,721 for the Mountain View System; and \$6,662 for the Drysdale System;

(10) Based on the record, to satisfy the requirements of Virginia Code § 56-265.13:4, Skyline requires additional gross annual revenues, to be collected via a PICS and escrowed as recommended by Staff and described above, of \$14,283 on a combined basis, including \$2,933 for the Pelham Manor System; \$1,310 for the Wildwood System; \$2,761 for the Overlook Heights System; \$690 for the Wolftrap System; \$762 for the Springwood System; \$1,776 for the Merrimac System; \$703 for the Gibson System; \$1,135 for the Norman Acres System; \$872 for the Hazel River System; \$1,341 for the Mountain View System; and \$0 for the Drysdale System;

<sup>14</sup> Tr. 189; Report, p. 25.

<sup>15</sup> See Staff Exhibit 15, Part A, p.17-18.

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Accordingly, IT IS ORDERED THAT:

- (1) The Commission hereby approves Staff's recommended revenue requirement for Skyline in the total amount of \$234,376.
- (2) The Hearing Examiner's findings as modified and restated above are hereby adopted.
- (3) Skyline shall be granted an increase of \$82,709 in annual revenues, including a Plant Improvement Contribution Surcharge of \$14,283 that is to be held in escrow, consistent with the recommendations of Staff.
- (4) Skyline is hereby authorized final rates for its operating systems, consistent with Staff's recommendations, and as set out on page 9 of the Hearing Examiner's Report and restated in Appendix A to this Order, which is incorporated herein by reference.
- (5) 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 this Order.
- (6) The Company shall refund, with interest, the difference between the interim rates that became effective on August 24, 2005, and those final rates approved herein. On or before May 15, 2006, Skyline shall complete refunds from the funds held in escrow by check 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.
- (7) Interest upon the ordered refunds from the escrowed funds shall be computed on a pro-rata basis at the same rate the bank paid on the escrow account.
- (8) 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. Skyline 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. Skyline may retain refunds owed to former customers when such refund amount is less than one-dollar (\$1.00); however, Skyline 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.
- (9) On or before June 15, 2006, Skyline 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 of 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.
- (10) Skyline shall bear all costs of the refund directed in this Order.
- (11) Skyline is hereby directed to comply with the reporting requirement contained in the Commission's Final Order of June 21, 2004, Case No. PUE-2003-00274, by submitting such report to Staff within 60 days from the date of this Order, consistent with the Findings above. Failure to comply with this reporting requirement may subject Skyline to a Rule To Show Cause and financial penalties.
- (12) This case is hereby dismissed and the papers herein are placed in the files for ended causes.

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

**CASE NO. PUE-2005-00052  
JANUARY 9, 2006**

PETITION OF  
WXIII OXFORD DTC REAL ESTATE, LLC

For relief pursuant to 5 VAC 5-20-100 B

**DISMISSAL ORDER**

On December 14, 2005, WXIII Oxford DTC Real Estate, LLC ("Petitioner"), filed with the State Corporation Commission ("Commission") a Motion to Withdraw Petition Without Prejudice in the above-captioned matter.

The Petitioner had filed a Petition on June 24, 2005, which sought relief in a matter involving Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Company"). In its Motion, the Petitioner requests that the Commission allow the Petitioner to voluntarily withdraw the Petition and that the Commission dismiss this matter without prejudice.

The Company filed no response to the Motion.

NOW THE COMMISSION finds that the Motion should be granted.

Accordingly, IT IS ORDERED THAT the Motion is hereby granted, the Petition be withdrawn without prejudice, and the captioned matter be dismissed from the Commission's docket of active cases.

**CASE NO. PUE-2005-00053  
MAY 4, 2006**

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 SUPPLEMENT  
TO PETITION FOR 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 requested 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.

On October 12, 2005, the Commission granted the Petition for the purpose of continuing our jurisdiction over this matter and considering the Petition. In addition, the Commission granted the Motion such that the reporting requirement discussed above from Ordering Paragraph (6) of the September 21, 2005, Order Granting Approval was suspended pending further order of the Commission.

On April 28, 2006, CGV filed a Supplement to Petition for Reconsideration ("Supplement Petition") which requests that the Commission reconsider and eliminate the provision in Ordering Paragraph (6) of its September 21, 2005, Final Order that would require CGV to submit NiSource's Form U-5S and Form U-13-60 report as previously filed with the SEC and substitute the following Ordering Paragraph in a new Final Order:

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 the Commission with its Annual Report of Affiliate Transactions, a copy of NiSource's FERC Form 60, a list of NiSource's affiliates and investments from the prior SEC Form U-5S as posted on the SEC's EDGAR system, a list of NiSource affiliate contracts as previously reported in the prior Form U-5S as posted on the SEC's EDGAR system, an NCSC Service Category Schedule that shows annual NCSC charges by service category and by affiliate, both total and allocated charges, and an NCSC FERC Account Schedule that shows annual NCSC charges by FERC account and by affiliate.

In support of this Supplement Petition, the Company noted that Commission Staff and CGV have worked to fashion reporting requirements in light of the changing federal requirements associated with enactment of the Energy Policy Act of 2005. Specifically, the Supplement Petition notes that Forms U-5S and U-13-60 are no longer filed with the SEC. Instead, an abbreviated version of the SEC's Form U-13-60 is now reported to the Federal Energy Regulatory Commission.

The Supplement Petition further provides that after extensive analysis and discussion, CGV and Commission Staff have jointly concluded that including the following reports with CGV's Annual Report of Affiliate Transactions should be recommended to the Commission:

- a. a copy of NiSource's FERC Form 60;
- b. a list of NiSource's affiliates and investments from the prior SEC Form U-5S as posted on the SEC's EDGAR system;
- c. a list of NiSource's affiliate contracts from the prior SEC Form U-5S as posted on the SEC's EDGAR system;
- d. an NCSC Service Category Schedule that shows annual NCSC charges by service category and by affiliate, both total and allocated charges; and
- e. an NCSC FERC Account Schedule that shows annual NCSC charges by FERC account and by affiliate.

NOW THE COMMISSION, upon consideration of the filings and applicable law, is of the opinion and finds that the Supplement to the Petition for Reconsideration should be granted and that CGV should submit the reports as set forth in the Supplemental Petition with the Company's Annual Report of Affiliate Transactions to the Director of Public Utility Accounting.

Accordingly, IT IS ORDERED THAT:

- (1) The Supplement to Petition for Reconsideration is granted.
- (2) There being nothing further to be done, this case is dismissed and the papers herein placed among the Clerk's files of ended causes.

**CASE NO. PUE-2005-00056  
NOVEMBER 20, 2006**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia

**FINAL ORDER**

On July 1, 2005, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") an Application seeking adjustment of its capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia ("Code") and approval of a rate surcharge methodology by which to make adjustments to its capped rates in the future. Appalachian requested that the Commission direct expedited notice to customers and permit the proposed surcharges to be effective, as interim rates subject to refund, for bills rendered on and after August 1, 2005, or as soon thereafter as possible.

The Company stated that § 56-582 B (vi) permits recovery of incremental costs for compliance with state and federal environmental laws and regulations ("environmental costs") and for transmission and distribution system reliability ("reliability costs") after July 1, 2004, and that the cost recovery sought in its Application represents the increment of the Company's environmental and reliability costs above such costs incurred prior to July 1, 2004. The 12-month period ended June 30, 2004, is called the "Base Period" in the Application. Such incremental costs also are identified for two later 12-month periods. The first later period is the 12 months ending June 30, 2005 ("Bridge Period"), and the second later period is the 12 months ending June 30, 2006 ("Projected Period").

Appalachian asserted that at the time of the filing of the Application, it will have incurred incremental costs during the Bridge Period creating an annual revenue requirement of \$13.5 million and expects to incur incremental costs during the Projected Period that will create an additional \$48.6 million annual revenue requirement. The Company proposed to increase its capped rates during the 12-month period from August 1, 2005, through July 31, 2006, in the amount of \$62.1 million, the total revenue requirement for the Bridge Period and Projected Period. The Company proposed to recover this revenue requirement through a 9.18% surcharge factor, called the "E&R Factor," applied to customers' bills during the period August 1, 2005, through July 31, 2006. Appalachian proposed that revenue recovered through the E&R Factor would be trued-up for any over- or under-recovery of incremental environmental and reliability costs actually incurred by the Company. An over-recovery would be deducted from, and an under-recovery would be added to, the next E&R Factor approved by the Commission under § 56-582 B (vi).

The Company stated that Attachment A to its Application sets forth the E&R Factor that it seeks to implement beginning August 1, 2005, which will increase each customer's bill by an equal percentage. Appalachian asserted that this is in accordance with the Commission's practice of considering rate design issues only in general rate cases. In the event, however, that the Commission considers rate design issues in this case, the Company has prepared an exhibit filed with the Application showing the \$62.1 million revenue requirement allocated among the Company's rate schedules to recognize variations in the demand and energy usage of customers served on those rate schedules.

Next, Appalachian requested approval to continue the revenue requirement methodology proposed in its Application for 12-month Projected Periods beginning after June 30, 2006, in order to determine incremental E&R costs for purposes of future applications under § 56-582 B (vi). The Company contended that such methodology is appropriate to maintain timely recovery of such costs as required by the statute, and that with appropriate adjustments for over- or under-recoveries, the proposed methodology accomplishes the statutory direction for timely recovery while protecting customers from over-recovery of such costs.

The Company further asserted that the significant amounts and upward trend of these costs are just beginning and require that recovery of such costs through rates commence as soon as possible. For example, Appalachian stated that incremental environmental compliance costs alone in the Projected Period ending July 1, 2006, are expected to create an additional revenue requirement of at least \$31 million, which is more than double the \$13.5 million revenue requirement created by incremental costs for both environmental compliance and transmission and distribution reliability in the immediately preceding Bridge Period ending June 30, 2005.

In addition, the Company requested that in the event the Commission determines to make effective only a portion of its revenue request prior to consideration on the merits, such portion should be made effective for bills rendered on and after August 1, 2005, or as soon thereafter as possible. Appalachian stated that to the extent costs whose recovery is authorized by § 56-582 B (vi) are not recovered on a current basis under the E&R Factor as the Commission may authorize, the Company would defer such unrecovered costs. Then, when the Commission has completed its consideration of the Application and to the extent the Commission determines that such costs are eligible for recovery under § 56-582 B (vi), the Company in its next Application would seek their recovery beginning immediately after the end of the E&R Factor authorized by the Commission in this proceeding.

On July 14, 2005, the Commission issued an Order for Notice and Hearing that, among other things, docketed this proceeding, required Appalachian to give notice of its Application, established a procedural schedule, and assigned this case to a Hearing Examiner. In addition, the Order for Notice and Hearing prohibited the Company from implementing any portion of the Application until further order of the Commission. The Order for Notice and Hearing allowed the Company, each respondent, and the Commission's Staff ("Staff") to file legal memoranda on whether, and under what circumstances, the Commission has the authority to make effective, on an interim basis subject to refund, any portion of the rates proposed in the Application.

On October 14, 2005, the Commission issued an Order finding, among other things, that: (1) § 56-582 B (vi) of the Code does not permit the Commission to implement the Company's proposed rates herein on an interim basis subject to refund; and (2) the Company may not seek to adjust capped rates in this proceeding for costs that have yet to be incurred.

On February 7 and 27, 2006, public hearings were convened, with the Chief Hearing Examiner presiding, to receive testimony and evidence from public witnesses and the participants in this case. Post-hearing briefs were filed on April 11, 2006.

On May 4, 2006, Appalachian filed a separate application with the Commission requesting a net increase in base rates, pursuant to § 56-582 C of the Code, of approximately \$198.5 million. Such application is separate from the instant proceeding and was docketed by the Commission as Case No. PUE-2006-00065.<sup>1</sup> In that application the Company requests, among other things, recovery of certain E&R costs; however, Appalachian asserts that the E&R costs requested therein are not duplicative of the E&R costs sought in the instant proceeding for the period July 1, 2004, through September 30, 2005.

On September 22, 2006, Chief Hearing Examiner Deborah V. Ellenberg entered a Report in the instant Case No. PUE-2005-00056, which summarized the record, analyzed the evidence and issues in the proceeding, and made certain findings and recommendations. Specifically, the Chief Hearing Examiner's Report included the following findings:

- (1) dollar-for-dollar recovery is not provided for in § 56-582 B (vi) of the Code;
- (2) a going-forward adjustment to Appalachian's rates is necessary for it to recover incremental E&R costs that were prudently incurred as of September 30, 2005, pursuant to § 56-582 B (vi) of the Code, and should be used in subsequent E&R adjustment cases;
- (3) a return on common equity of 9.8% and an overall cost of capital using the Staff's updated capital structure of 7.306% to 7.760% are reasonable;
- (4) the Company's capped rates would be adjusted to collect an additional revenue requirement of \$29.481 million if interim rates in the pending general rate case did not supersede an increase in this case; and
- (5) Staff's proposed revenue allocation methodology, exclusive of fuel revenue, is just and reasonable.<sup>2</sup>

On October 13, 2006, the following participants filed comments on the Chief Hearing Examiner's September 22, 2006 Report: Appalachian; Old Dominion Committee for Fair Utility Rates ("Old Dominion Committee"); Virginia Municipal League and the Virginia Association of Counties APCo Steering Committee ("VML/VACo Committee"); Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); and Staff.

NOW THE COMMISSION, having considered the Chief Hearing Examiner's Report, the record, the pleadings, and the applicable law, is of the opinion and finds as follows.

#### Section 56-582 B (vi) of the Code

Appalachian seeks an adjustment to its capped rates pursuant to § 56-582 B (vi) of the Code, which provides as follows:

The Commission may adjust such capped rates in connection with the following: . . . (vi) with respect to incumbent electric utilities that were not, as of the effective date of this chapter, bound by a rate case settlement adopted by the Commission that extended in its application beyond January 1, 2002, the Commission shall adjust such utilities' capped rates, not more than once in any 12-month period, for the timely recovery of their incremental costs for transmission or distribution system reliability and compliance with state or federal environmental laws or regulations to the extent such costs are prudently incurred on and after July 1, 2004.

As required by the plain language of the statute, the Commission will adjust the Company's capped rates for incremental E&R costs prudently incurred between July 1, 2004, and September 30, 2005, which is the historical period applicable to this case.

Section 56-582 B (vi) requires the Commission to identify, and to adjust capped rates for the timely recovery of, prudently incurred incremental E&R costs. The Commission has further explained that "the statute does not permit the Commission to adjust capped rates for costs that are *expected* to be incurred."<sup>3</sup> As a result, in this proceeding we must determine, and permit recovery of, the actual incremental E&R costs prudently incurred between July 1, 2004, and September 30, 2005. This necessarily requires the Company to defer such costs on its books to allow timely recovery according to the statute.<sup>4</sup>

We therefore reject the Chief Hearing Examiner's recommendations that the Company expense all incremental E&R costs as incurred, that the Company write-off specific incremental E&R costs prudently incurred after July 1, 2004, and that Appalachian's general rate case supersede any rate increase resulting from the instant proceeding.<sup>5</sup> We recognize that the Chief Hearing Examiner's recommendations are consistent with fundamental ratemaking and accounting principles. For example, for purposes of setting just and reasonable rates under traditional ratemaking statutes, the Company would typically – consistent with the Chief Hearing Examiner's recommendations – expense and capitalize incremental E&R costs as incurred pursuant to the Uniform System of Accounts. Section 56-582 B (vi), however, does not reflect traditional principles of ratemaking.

The Chief Hearing Examiner, supported by Staff testimony, attempts to reconcile the dichotomy of (i) the unique limited-issue ratemaking required in § 56-582 B (vi), and (ii) the general rate case increases also permitted to the Company pursuant to § 56-582 C. The Chief Hearing Examiner establishes an annualized E&R revenue requirement designed to collect costs on a going-forward basis. This result, however, violates the directives in § 56-582 B (vi). Recovery of annualized costs is not the same as dollar-for-dollar recovery of costs actually incurred during a specific time period and may

<sup>1</sup> *Application of Appalachian Power Company For an increase in electric rates*, Case No. PUE-2006-00065, Order for Notice and Hearing and Suspending Rates (May 30, 2006).

<sup>2</sup> Chief Hearing Examiner's September 22, 2006 Report at 46.

<sup>3</sup> October 14, 2005 Order at 8 (emphasis in original).

<sup>4</sup> The utility, however, may not defer such costs for an unreasonable amount of time. Rather, in order to receive timely recovery of its prudently incurred incremental E&R costs under the statute, a utility has an obligation to file timely requests for recovery thereunder.

<sup>5</sup> Chief Hearing Examiner's September 22, 2006 Report at 30.

result in disallowance of costs otherwise recoverable under § 56-582 B (vi). As explained by Consumer Counsel, the Chief Hearing Examiner in effect "recommend[s] that Appalachian not recover any E&R costs as a result of this case."<sup>6</sup>

Indeed, Consumer Counsel highlights the fact that the Chief Hearing Examiner's proposed treatment of incremental E&R costs would undoubtedly "benefit consumers."<sup>7</sup> Section 56-582 B (vi), however, is an atypical, limited-issue ratemaking statute that requires the Commission to permit recovery of certain E&R costs without analyzing, for example, whether such costs are offset by other decreased costs or increased revenues. Accordingly, even though consumers would benefit, Consumer Counsel acknowledges that the Chief Hearing Examiner's result goes beyond that permitted by § 56-582 B (vi) and does not request the Commission to adopt such result.<sup>8</sup> We agree with Consumer Counsel's conclusion. Although the Chief Hearing Examiner's treatment of incremental E&R costs is consistent with established ratemaking principles and would benefit consumers, we are bound to follow the statute.

Finally in this regard, the distinctly different ratemaking paradigms encompassed in §§ 56-582 B (vi) and 56-582 C in no manner permit double-recovery of incremental E&R costs. Any measures needed to ensure that there is no double-recovery may be addressed in Appalachian's general rate cases under § 56-582 C, and in any subsequent limited-issue E&R case under § 56-582 B (vi). Furthermore, although we have determined herein that the Company may defer certain incremental E&R costs on its books to permit recovery under § 56-582 B (vi), we have not concluded that such deferral is appropriate for incremental E&R costs that are otherwise reflected in capped rates. Indeed, under the heading Revenue Apportionment and Rate Design, below, we explain in more detail the deferred accounting and the method of cost recovery approved herein under § 56-582 B (vi).

#### Incremental E&R Costs

The Company's requested "E&R revenue requirement, based on actual costs incurred July 1, 2004 through September 30, 2005, is \$21,138,000."<sup>9</sup> The Chief Hearing Examiner explained that the "Company presented extensive testimony detailing its incremental E&R costs," and that most of the factual differences among the participants in this regard were resolved during the proceeding for the purposes of this case.<sup>10</sup> The Report, however, identifies the following costs for which there remains disagreement among one or more of the participants: depreciation expense; emission allowances; employee labor costs; Wyoming-Jackson's Ferry transmission line costs; and carrying costs. Based on the Chief Hearing Examiner's Report and our findings below, we approve a revenue requirement of \$21.337 million for recovery of incremental E&R costs prudently incurred from July 1, 2004, through September 30, 2005.

#### *Depreciation Expense*

We agree with the Chief Hearing Examiner's conclusion that the Company may not recover, as part of this case, depreciation associated with capital costs incurred prior to July 1, 2004. As explained in the Report, the "Staff and the Company . . . disagree on the allowed ratemaking treatment of depreciation expenditures associated with additions to plant in service recorded prior to July 1, 2004, and depreciation associated with construction work in progress ('CWIP') prior to July 1, 2004. Staff excluded depreciation expense booked after July 1, 2004, but incurred on actual E&R plant recorded in service prior to July 1, 2004. Staff witness Pate contends that the incremental costs recoverable under Virginia Code § 56-582 B (vi) must be related to investments made on or after July 1, 2004."<sup>11</sup>

The Chief Hearing Examiner agreed with Staff and found "that depreciation is the allocation of a facility's costs over the useful life of the plant. . . . The depreciation associated with those capital costs incurred prior to July 1, 2004, therefore should not be included in the adjusted capped rates in this proceeding."<sup>12</sup> Appalachian objects and argues that such a conclusion "of course, is contrary to fundamental accounting and ratemaking principles."<sup>13</sup> As explained above regarding cost deferrals, however, implementation of § 56-582 B (vi) necessarily requires results that may be contrary to fundamental accounting and ratemaking principles. The statute only permits limited-issue recovery of incremental E&R costs incurred on and after July 1, 2004. E&R costs incurred prior to July 1, 2004, may be allocated, via depreciation expense, in subsequent periods; the actual cost, however, was incurred prior to July 1, 2004. Thus, under § 56-582 B (vi) the Commission only will recognize depreciation expense booked on actual E&R investments incurred on or after July 1, 2004.

#### *Emission Allowances*

The Chief Hearing Examiner finds, as requested by the Company, that if the depreciation expense on E&R investment incurred prior to July 1, 2004, is disallowed in this case, then incremental E&R costs likewise should not be *credited* to include gains on the disposition of emission allowances related to pollution control facilities in service prior to July 1, 2004.<sup>14</sup> We agree. As explained by the Chief Hearing Examiner, "the Company will be entitled to address depreciation costs and gains from the disposition of emission allowances associated with plants in service prior to July 1, 2004, without

<sup>6</sup> Consumer Counsel's October 13, 2006 Comments at 3 n.2.

<sup>7</sup> *Id.* at 7.

<sup>8</sup> *Id.*

<sup>9</sup> Chief Hearing Examiner's September 22, 2006 Report at 26 (citation omitted).

<sup>10</sup> *Id.* at 30.

<sup>11</sup> Chief Hearing Examiner's September 22, 2006 Report at 30-31 (citations omitted).

<sup>12</sup> *Id.* at 31.

<sup>13</sup> Appalachian's October 13, 2006 Comments at 29.

<sup>14</sup> Chief Hearing Examiner's September 22, 2006 Report at 31.

the 'bright line' limitation established in the E&R statute, in its pending base rate case, but recovery in this case should be limited in accordance with the line drawn in the statute."<sup>15</sup>

#### *Employee Labor Costs*

We agree with the Chief Hearing Examiner's finding that the Company's own employee labor costs are properly included as incremental E&R costs to the extent the cost is capitalized and associated with plant booked in service after June 30, 2004.<sup>16</sup>

#### *Wyoming-Jackson's Ferry Transmission Line Costs*

The Chief Hearing Examiner concluded that all high voltage transmission lines are not by definition proposed and built solely for reliability purposes.<sup>17</sup> The Chief Hearing Examiner found, however, that the Wyoming-Jackson's Ferry high voltage transmission line "is primarily reliability-related" and, thus, incremental costs associated with the line should be included in the incremental E&R revenue requirement.<sup>18</sup> We agree.

The Chief Hearing Examiner also stated that "any E&R rate adjustment should disallow such costs in the future if the Company receives FERC approval to recover costs through rates designed to recover costs for regional transmission facilities including the Wyoming-Jackson's Ferry line, from all who benefit from use of the facilities on an equitable, region-wide basis."<sup>19</sup> We agree that the Company should not be permitted to recover costs through retail rates that it is also recovering through wholesale rates. Any decision to reject E&R costs on this basis in a future proceeding must be based on the record in that proceeding.

#### *Carrying Costs*

We find that the E&R revenue requirement should include carrying costs as requested by Appalachian for the period July 1, 2005, through September 30, 2005. The Chief Hearing Examiner, Staff, Consumer Counsel, Old Dominion Committee, and VML/VACo Committee, however, conclude that no such carrying costs should be included in this case. The Chief Hearing Examiner acknowledged that "this case has taken some time to resolve," but found that "this case will establish the process for adjusting capped rates for timely recovery of E&R costs" and suggested that future E&R cases would proceed more expeditiously.<sup>20</sup> The Chief Hearing Examiner also noted, as asserted by Staff, that "the Commission generally does not authorize a return on regulatory assets resulting from deferred accounting even when dollar-for-dollar recovery is allowed."<sup>21</sup>

As explained above, the implementation of § 56-582 B (vi) requires us to look beyond traditional and fundamental ratemaking principles found just and reasonable in the context of other cases, and this statute neither mandates nor prohibits recovery of the carrying costs requested herein. Based on the plain language of the statute and the length of this proceeding, we grant the Company's request that the incremental E&R revenue requirement include three months of carrying costs.<sup>22</sup> This finding is based on the particular circumstances of this proceeding and does not permit the Company to accrue such carrying costs on a going-forward basis.

#### Capital Structure and Return on Common Equity

Appalachian asserted that "[a]n independent reanalysis of the Company's authorized ROE is not within the plain meaning of § 56-582 B (vi) and is not properly at issue in this proceeding based on any other authority cited by any party or the Staff."<sup>23</sup> The Chief Hearing Examiner, however, found that "ROE is properly at issue as a necessary element of determining incremental E&R costs in a § 56-582 B rate proceeding."<sup>24</sup>

As explained by the Chief Hearing Examiner, the Company includes a return component as part of the incremental E&R costs for which it seeks recovery herein. Specifically, Appalachian "proposes to use a current capital structure and cost of debt in the calculation of that return, yet it argues that the cost of equity should be determined based on an ROE that resulted from a settlement approved by the Commission in the Company's last base rate case almost seven years ago."<sup>25</sup> As recognized by the Company's proposal herein, the Commission must use *some* return component in determining incremental E&R cost recovery. We agree with the Chief Hearing Examiner that, like the Company's capital structure and cost of debt, such "ROE should also be determined based on current conditions."<sup>26</sup>

<sup>15</sup> *Id.* at 31-32.

<sup>16</sup> *Id.* at 32.

<sup>17</sup> *Id.* at 39.

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 40.

<sup>21</sup> *Id.* at 39.

<sup>22</sup> This results in a one-time carrying cost of \$335,000, which is based on the return on equity approved below.

<sup>23</sup> Appalachian's January 20, 2006 Reply to Responses to Appalachian Power Company's Motion In Limine and to Strike Prepared Testimony at 3.

<sup>24</sup> Chief Hearing Examiner's January 27, 2006 Ruling at 3.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

The Chief Hearing Examiner further states that the "Company complains that the Commission has traditionally applied one rate of return for a utility's entire rate base and it should continue to do so . . ." <sup>27</sup> The Chief Hearing Examiner, however, correctly explains that "the General Assembly has directed the Commission to engage in incremental ratemaking in this instance. [T]he statute clearly requires this incremental approach which may well result in a different rate of return on the incremental rate base, including ROE." <sup>28</sup> We agree.

In this regard, the Chief Hearing Examiner found that: (1) "Staff's updated capital structure [is] reasonable and consistent with Commission practice;" and (2) "the more convincing studies offered in this case by Messrs. Oliver and Gorman support a cost of equity range of 9.3% to 10.3%, and that a midpoint of 9.8% is reasonable to calculate the incremental revenue requirement." <sup>29</sup> We have considered the evidence and pleadings presented on this matter and agree with the Chief Hearing Examiner's conclusion that a "return on common equity of 9.8% and an overall cost of capital using Staff's updated capital structure of 7.306% to 7.760% are reasonable." <sup>30</sup>

Finally, this conclusion is applicable to the determination of the revenue requirement in the instant proceeding. We do not intend that our findings herein be taken as a capital structure or a cost of equity range that must be applied in future cases. For example, we note that Staff's proposed ROE, which we approve herein, did not assume dollar-for-dollar recovery of E&R costs and, thus, subsequent cases may address the impact of such recovery on ROE. We also do not intend that our findings herein be taken as a capital structure or a cost of equity range that must be applied in Appalachian's pending rate case, Case No. PUE-2006-00065. Such findings in that case will be based on the evidence and argument adduced in that proceeding.

### Revenue Apportionment and Rate Design

#### *Inter-Class Revenue Apportionment*

As explained by the Chief Hearing Examiner, the Company contends that the Commission should not consider rate design changes in this limited-issue proceeding and, thus, should "spread[] its incremental E&R revenue requirement on an equal percentage of revenue basis among all customers." <sup>31</sup> The Chief Hearing Examiner, however, rejects the Company's assertion that rate design changes should not be addressed in this proceeding. <sup>32</sup> Rather, the Chief Hearing Examiner explains that "[o]ne of the most significant issues in this proceeding is to establish, not change, an incremental E&R revenue recovery method." <sup>33</sup> We agree. The Chief Hearing Examiner also concludes that it is reasonable to apply Staff's proposed revenue apportionment method, which "maintains the relative relationships between customer classes that were established by the Commission upon its last consideration of a complete class cost of service study." <sup>34</sup> We also agree.

Staff's proposal "divide[s] the class functional revenues by the overall functional revenues to calculate the ratio of functional revenues that each class contributes to the entire revenue requirement. The ratios were then applied to the incremental E&R revenue requirement to apportion those costs 'to the various classes and functions, thus maintaining the relative relationships that exist between the customer classes in the current Commission approved rate design.'" <sup>35</sup> For example, the Chief Hearing Examiner notes that since "residential customers are responsible for 64.88% of all of the Company's current distribution revenue, [Staff] allocated 64.88% of the incremental E&R distribution-related revenue requirement to those residential customers." <sup>36</sup>

The Chief Hearing Examiner states that "[i]n support of its allocation, Staff explained, the Company has unbundled rates for its services under Virginia law. In the Company's function[al] separation case, the Commission approved rates designed by the Company 'to recover its revenue requirements in a manner reflective of the functionalized (generation, transmission, and distribution) costs incurred to provide service for each customer class. As a result, the Company's overall revenues can be identified by the customer class and function from which each dollar comes.'" <sup>37</sup> This, in turn, allows the Commission to apportion incremental E&R revenues consistent with the revenue relationships in the Company's currently approved rate design.

In addition, we also adopt Staff's proposal not to include *generation* revenues produced through the fuel factor, and which are recovered via a different methodology than base rates, as part of total generation revenues in calculating the ratios to be applied to the incremental E&R *generation*-related revenue requirement. As explained by the Chief Hearing Examiner, Staff testified that "excluding fuel factor revenues from the calculation that determines the ratios for apportioning the incremental revenue requirement to the various customer classes allows the recovery of the incremental revenue requirement to be indifferent to changes in the fuel factor." <sup>38</sup>

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> Chief Hearing Examiner's September 22, 2006 Report at 40, 42.

<sup>30</sup> *Id.* at 46.

<sup>31</sup> *Id.* at 43-44.

<sup>32</sup> *Id.* at 44.

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 42-43 (citation omitted).

<sup>36</sup> *Id.* at 43.

<sup>37</sup> *Id.* at 42 (citations omitted).

<sup>38</sup> *Id.* at 43 (citation omitted).

The Chief Hearing Examiner further notes that "Consumer Counsel supports Staff's cost allocation proposal as consistent with the Company's functional separation and the limited nature of this proceeding. VML/VACo [Committee] also supports removing fuel from the allocation, but takes no position on the revenue allocation among the rate classes as its members are billed according to various rate classifications and individual members may have differing views."<sup>39</sup> The Old Dominion Committee, however, strongly opposes Staff's revenue allocation. The Old Dominion Committee "disagrees with the [Chief Hearing Examiner's] recommended adoption of Staff's proposed revenue apportionment and rate design methodologies, which reflect novel departures from the Commission's traditional methodologies and impose unfair burdens on high load factor customers."<sup>40</sup>

Specifically, the Old Dominion Committee asserts that the Commission should reject "Staff's method for apportioning revenues among Appalachian's rates classes because (1) contrary to Staff's claim, it does not 'maintain existing rate relationships;' (2) contrary to Staff's claim, it is not supported by high load factor customers' disproportionately higher generation use in terms of kWh; (3) it does not properly account for differences between high and low load factor customers; (4) it apportions E&R revenue responsibility among jurisdictional rate classes in a way that is inconsistent with the use of cost-based allocators to apportion the E&R revenue requirement among jurisdictional and non-jurisdictional customers; (5) it apportions E&R revenue responsibility on the basis of current functional revenue, which is unrelated to the incremental, demand-related E&R costs; and (6) it produces results that are unfair to high load factor customers."<sup>41</sup>

Although the Old Dominion Committee complains that Staff's proposal "reflect[s] novel departures from the Commission's traditional methodologies," as repeatedly observed herein § 56-582 B (vi) is, in and of itself, a novel departure from traditional ratemaking methodologies. The Old Dominion Committee asserts that this case is "dominated by demand-related costs."<sup>42</sup> Consumer Counsel, on the other hand, argues that "[w]ere it proper to conduct a fully-allocated cost of service study in this case, however, we believe it would likely be found that most of the environmental costs at issue in this proceeding – the largest category of costs at issue – are energy, rather than demand, costs."<sup>43</sup> Neither the Old Dominion Committee's nor Consumer Counsel's assertions of cost causation (*i.e.*, demand v. energy) are supported by a fully-allocated cost of service study. Indeed, as recognized by the Chief Hearing Examiner, "[n]one of the cost-allocation alternatives proposed in this case are based on a fully-allocated cost of service study, nor is one contemplated or necessary for purposes of this limited-issue proceeding."<sup>44</sup> Thus, in the absence of a new cost of service study, Staff's proposed revenue apportionment is based on the ratio of functional revenue that each customer class contributes to the entire functional revenue requirement as a result of the Company's most recently approved rate design and revenue allocation. We find that Staff's proposal is reasonable for purposes of implementing this limited-issue ratemaking statute.

#### *Intra-Class Revenue Apportionment*

Staff also asserts that its "approach to apportionment among classes 'may be applied on an intra-class basis to maintain the relative relationships that exist between billing tiers of multi-tiered rate designs.'"<sup>45</sup> The Chief Hearing Examiner agrees with Staff and finds that "[i]t is also consistent and reasonable to apply Staff's allocation method within each class."<sup>46</sup> The Old Dominion Committee, however, claims that the Chief Hearing Examiner's "recommendation *must* be rejected," asserting that "[i]t does not reflect cost causation, and it would cross-subsidize low load factor customers at the expense of high load factor customers."<sup>47</sup>

The Old Dominion Committee argues that: (1) Staff's "approach would increase all demand-related, energy-related, and customer rate elements for the specific function (distribution, transmission, or generation) by the same percentage determined for that function" even though "[a]lmost all of the incremental E&R costs are demand-related, none are customer-related, and all energy-related items are credits to costs, not a cost itself;" and (2) since the "incremental E&R costs are overwhelmingly demand-related," Staff's approach again "means that high load factor customers cross-subsidize low load factor customers."<sup>48</sup> The Old Dominion Committee concludes that "this case is overwhelmingly dominated by demand-related costs," that demand-related costs should be recovered "in the same way that demand-related costs are incurred and *traditionally* recovered," and that "demand-related E&R costs should be recovered, wherever possible, by adjusting demand charges, and energy credits should be returned to customers through adjustments to energy charges."<sup>49</sup>

We disagree with the Old Dominion Committee's assertion that the Commission *must* reject Staff's methodology. As explained below, § 56-582 B (vi) does not prescribe any particular method of cost recovery. Again, this is not a traditional rate case, and there is no fully-allocated cost study herein for purposes of allocating specific costs as demand or energy. We agree with the Chief Hearing Examiner that under the circumstances of this proceeding, it is appropriate to apply the same functional revenue ratio to all billing components within a rate schedule. Thus, we find that Staff's proposal is reasonable for purposes of implementing this limited-issue ratemaking statute.

<sup>39</sup> *Id.*

<sup>40</sup> Old Dominion Committee's October 13, 2006 Comments at 3.

<sup>41</sup> *Id.* at 10.

<sup>42</sup> *Id.* at 16 (emphasis added).

<sup>43</sup> Consumer Counsel's October 13, 2006 Comments at 10 (citation omitted) (emphasis added).

<sup>44</sup> Chief Hearing Examiner's September 22, 2006 Report at 44.

<sup>45</sup> *Id.* at 45 (citation omitted).

<sup>46</sup> *Id.* at 45.

<sup>47</sup> Old Dominion Committee's October 13, 2006 Comments at 22 (emphasis added).

<sup>48</sup> *Id.* at 23-24.

<sup>49</sup> *Id.* at 24-25 (citation omitted) (emphasis added).

### *Surcharge and True-Up*

Finally, we find that it is reasonable to collect the incremental E&R revenue requirement – as apportioned herein – through a surcharge that is listed as a separate line item on customers' bills and designated as "Environmental & Reliability Cost Surcharge." We also find that it is reasonable to apply a true-up mechanism to ensure that there is not an over- or under-recovery of prudently incurred incremental E&R costs under this limited-issue ratemaking statute. We conclude that this represents a just and reasonable implementation of our discretion under the statute.

We therefore reject arguments that § 56-582 B (vi) prohibits a dollar-for-dollar recovery of incremental E&R costs. In our October 14, 2005 Order, we explained that, "[f]or example, § 56-582 B (i) permits changes to capped rates for recovery of fuel costs pursuant to § 56-249.6, which expressly contemplates adjustments for over- or under-recovery of costs previously incurred. There are no analogous provisions in § 56-582 B (vi)."<sup>50</sup> Indeed, § 56-582 B (vi) does not mandate true-ups for over- or under-recovery; it also does not prohibit such. Furthermore, the directive in § 56-582 B (vi) to adjust "capped rates" does not mandate that the Commission adjust capped rates via any particular mechanism. As noted by Appalachian, "the 'capped rates' established in § 56-582 'include rates, tariffs, electric service contracts, and rate programs. . .', not just unit rates."<sup>51</sup>

As stated by the Company, the plain language of this statute "neither prescribes nor prohibits any specific method of cost recovery."<sup>52</sup> Appalachian explains that the Commission, for example, could require a surcharge with a true-up, a surcharge without a true-up, or revisions to tariff rates.<sup>53</sup> Having concluded that the Company may defer incremental E&R costs as prescribed above, we find that it is reasonable to adjust capped rates via a surcharge that assures no under- or over-recovery of prudently incurred incremental E&R costs under § 56-582 B (vi). The surcharge shall be calculated in accordance with Staff's proposed revenue apportionment methodology as approved above.

Accordingly, the line-item surcharge approved herein will recover incremental E&R costs prudently incurred from July 1, 2004, through September 30, 2005. As found herein, the revenue requirement for such recovery is \$21.337 million.<sup>54</sup> The surcharge shall be effective for service rendered on and after December 1, 2006. This surcharge shall be designed to recover the above revenue requirement for service rendered during the 12 months ending November 30, 2007. The surcharge we are approving in this proceeding shall cease after that date. Any future E&R surcharge may address incremental E&R costs prudently incurred after September 30, 2005, and not otherwise recovered in rates.

As a result, in this and future cases under § 56-582 B (vi), the *cumulative incremental costs* incurred between July 1, 2004, and the date through which Appalachian seeks recovery of costs incurred<sup>55</sup> are compared to the *cumulative recoveries* over the same period. The difference is the under- or over-recovery position that should be deferred by the Company on its books. The surcharge is then designed to include a recovery, or a return, of this amount over 12 months. The *cumulative incremental costs* are defined as the sum of: (1) costs related to E&R plant added after June 30, 2004; plus (2) incremental E&R-related operation and maintenance ("O&M") expense incurred after June 30, 2004. Moreover, O&M expense during any 12-month period is considered incremental to the extent it exceeds E&R-related O&M expense that was incurred during the 12 months ended June 30, 2004.

The Company may recover its incremental E&R costs through a surcharge under § 56-582 B (vi), and through its base rates. As a result, the *cumulative recoveries* are defined as the sum of: (1) cumulative surcharge revenues collected; plus (2) cumulative amounts of incremental costs that have been built into and recovered through base rates. There have been no surcharge revenues collected to date; such recovery will commence for service rendered on and after December 1, 2006, per this Final Order. As noted above, the Company filed a base rate application, in Case No. PUE-2006-00065, on May 4, 2006. An interim base rate increase was implemented in Case No. PUE-2006-00065 on October 2, 2006; thus, there was no base rate recovery of incremental E&R costs prior to October 2, 2006. To the extent the final base rates we approve in Case No. PUE-2006-00065 include any recovery of incremental E&R costs, there will be an amount of base rate recovery after that date in addition to the surcharge recovery beginning December 1, 2006. Accordingly, that base rate recovery must be quantified in order to take it into consideration in any future case involving E&R costs, and the Company shall be required to keep track of all base rate and surcharge recoveries on a continuing basis.

### Jurisdiction over Retail Transmission

The Chief Hearing Examiner found that the Federal Energy Regulatory Commission ("FERC") has not exercised jurisdiction over the Company's retail transmission services, which are unbundled by law in a functional separation plan but are still being offered to customers as a bundled package.<sup>56</sup> The Chief Hearing Examiner also found no evidence that the Company's FERC Open Access Transmission Tariff includes retail transmission, or that the Company has a separate retail transmission tariff on file with FERC.<sup>57</sup> We agree.

<sup>50</sup> October 14, 2005 Order at 8.

<sup>51</sup> Appalachian's October 13, 2006 Comments at 8 n.2 (citation omitted).

<sup>52</sup> *Id.* at 20.

<sup>53</sup> *Id.* at 21.

<sup>54</sup> This results from: (1) the Company's proposed revenue requirement of \$21.138 million; minus (2) \$5.185 million for the depreciation expense disallowed above; plus (3) \$5.879 million for the emission allowance credit disallowed above; minus (4) \$0.495 million to reflect the return on equity of 9.80% approved herein.

<sup>55</sup> The cumulative costs through September 30, 2005, are at issue in the instant case.

<sup>56</sup> Chief Hearing Examiner's September 22, 2006 Report at 35.

<sup>57</sup> *Id.* at 36.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The Company's Application seeking adjustment of its capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia is granted in part, and denied in part, as set forth herein.

(2) The Chief Hearing Examiner's September 22, 2006 Report is adopted in part, and rejected in part, as set forth herein.

(3) Section 56-582 B (vi) of the Code requires the Commission to adjust the Company's capped rates for the timely recovery of Appalachian's incremental E&R costs prudently incurred on and after July 1, 2004.

(4) The Company shall implement a line-item surcharge, designated on customer bills as "Environmental & Reliability Cost Surcharge," to recover the \$21.337 million revenue requirement approved herein for incremental E&R costs prudently incurred from July 1, 2004, through September 30, 2005.

(a) Such surcharge shall be effective for service rendered on and after December 1, 2006, and shall be calculated in accordance with Staff's proposed revenue apportionment methodology as approved above.

(b) Such surcharge shall be designed to recover the \$21.337 million revenue requirement approved herein for service rendered during the 12 months ending November 30, 2007.

(c) Such surcharge shall cease for service rendered after November 30, 2007.

(d) Any future E&R surcharge shall address any under- or over-recovery of the revenue requirement approved herein.

(5) Consistent with the findings made herein, the Company shall forthwith file with the Commission's Division of Energy Regulation revised tariffs, effective for service rendered on and after December 1, 2006.

(6) The Company shall keep track of all base rate and surcharge recoveries of incremental E&R costs on a continuing basis and shall provide reports of same to Staff as may be reasonably requested.

(7) This case is dismissed.

Commissioner Jagdmann did not participate in this matter.

**CASE NO. PUE-2005-00056  
DECEMBER 11, 2006**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia

**ORDER GRANTING RECONSIDERATION**

On November 20, 2006, the State Corporation Commission ("Commission") issued a Final Order in this docket. On December 8, 2006, the Commission's Staff filed a Petition for Rehearing, and the Old Dominion Committee for Fair Utility Rates filed a Petition for Rehearing and Reconsideration (collectively, "Petitions").

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purpose of continuing our jurisdiction over this matter and considering the above-referenced Petitions.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing our jurisdiction over this matter and considering the above-referenced Petitions.

(2) This matter is continued pending further order of the Commission.

Commissioner Jagdmann did not participate in this matter.

**CASE NOS. PUE-2005-00057 and PUE-2005-00062  
JULY 24, 2006**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For approval of a performance based rate regulation methodology pursuant to Virginia Code § 56-235.6

GENERAL RATE CASE FILING OF  
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

**ORDER**

This Order addresses two cases that have been heard concurrently. In Case No. PUE-2005-00062, the Commission required Virginia Natural Gas, Inc. ("VNG" or "Company"), to file a fully-adjusted cost of service study and the accompanying rate schedules in accordance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30, for the investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service ("General Rate Case Filing"). In Case No. PUE-2005-00057, VNG seeks approval of a performance based rate regulation methodology pursuant to § 56-235.6 of the Code of Virginia ("Code") ("PBR Plan").

In our July 14, 2005 Order for Notice and Hearing, we explained that: (1) the evidence in this proceeding shall be received concurrently in both of the above-captioned dockets; and (2) if the PBR Plan is not approved or is modified by the Commission in a manner the Company does not choose to accept,<sup>1</sup> the Commission, without additional notice, may take action in the General Rate Case Filing docket establishing just and reasonable rates for VNG pursuant to § 56-235.2 of the Code. A hearing examiner was appointed to conduct all further proceedings in these matters on behalf of the Commission and to issue final reports herein.

General Rate Case Filing (Case No. PUE-2005-00062)

On May 18, 2006, Hearing Examiner Alexander F. Skirpan, Jr., issued a Report on the General Rate Case Filing. The Hearing Examiner made findings regarding the following issues: (1) return on equity; (2) capital structure; (3) data updates; (4) class cost of service studies; (5) rate design; (6) tariff changes; (7) state income taxes; and (8) acquisition adjustment.

Specifically, the Hearing Examiner found that: (1) "the cost of equity for VNG in this case should fall within the range of 9.5% to 10.5%, and that revenue requirements should be calculated based upon the midpoint of this range or 10.0%";<sup>2</sup> (2) revenue requirements should be based upon the actual consolidated capital structure of AGL Resources, Inc. ("AGLR");<sup>3</sup> (3) updates are limited to data that can be examined by the parties and the Commission's Staff ("Staff") and, thus, VNG's proposed updates to rate base and operating expenses should not be accepted, and Staff's other adjustments should be used to determine revenue requirements in this case;<sup>4</sup> (4) VNG's class cost of service study should continue to assign fixed costs to interruptible customers, VNG's proposed margin sharing adjustment should be denied, and averaging class cost of service studies as proposed by Staff provides a reasonable basis for allocating costs to specific customer classes;<sup>5</sup> (5) "it is appropriate to follow Staff's customer charge recommendations and other apportionment recommendations";<sup>6</sup> (6) "VNG should implement the proposed changes in miscellaneous charges, its proposed revisions to Schedule 9, Section III D, Section VII B, and the revision to Section IV, Paragraph E of VNG's tariff dealing with meters and billings as reflected in the rebuttal testimony of VNG witness Hickerson," and "VNG's [Weather Normalization Adjustment ("WNA"),] as modified by Staff witness Abbott, should be made permanent";<sup>7</sup> (7) "state income taxes in this case should be based on the statutory corporate income tax rate of 6.0%";<sup>8</sup> and (8) "VNG has demonstrated that [AGLR's purchase of VNG] was an investment made prudently for the benefit of the customers and the utility, even considering the revenue requirements related to return on the unamortized balance," and, thus, "the Commission [should] approve VNG's acquisition adjustment."<sup>9</sup>

Based on the above findings, the Hearing Examiner concluded that VNG requires \$7,614,226 in additional gross annual revenues to earn its overall cost of capital. On June 8, 2006, the following participants filed comments supporting and/or opposing various aspects of the Hearing Examiner's

<sup>1</sup> Pursuant to § 56-235.6 C of the Code, "[i]f the Commission approves the [PBR Plan] application with modifications, the gas utility may, at its option, withdraw its application and continue to be regulated under the form of regulation that existed immediately prior to the filing of the application." The Company may not, however, withdraw its General Rate Case Filing in this matter without further Order of the Commission.

<sup>2</sup> Hearing Examiner's May 18, 2006 Report at 52.

<sup>3</sup> *Id.* at 52-53.

<sup>4</sup> *Id.* at 55.

<sup>5</sup> *Id.* at 57.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 58.

<sup>8</sup> *Id.* at 54.

<sup>9</sup> *Id.* at 48.

findings: VNG; AGLR; Staff; the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); and the Virginia Industrial Gas Users' Association ("VIGUA").

PBR Plan (Case No. PUE-2005-00057)

On February 3, 2006, Hearing Examiner Alexander F. Skirpan, Jr., issued a Report recommending approval of the PBR Plan. Specifically, the following parties supported a Stipulation and Recommendation on the PBR Plan ("Second Stipulation") and requested the Hearing Examiner to issue an expedited report thereon: VNG; AGLR; Consumer Counsel; and VIGUA. Staff opposed the PBR Plan and Second Stipulation.

The Hearing Examiner explained that the PBR Plan as modified by the Second Stipulation includes the following provisions: (1) base rates are frozen for five years beginning January 1, 2006; (2) base rates nevertheless may be adjusted for changes in taxation of VNG's revenues by Virginia and for any financial distress of VNG beyond its control; (3) at the expiration of the five-year freeze, VNG agrees not to seek further regulatory treatment of any outstanding portion of the unrecovered acquisition premium; (4) construction of additional capacity for the Company's southern region ("Project") during the five-year PBR Plan period; (5) implementation of measures designed to reduce the gas cost for the First Quarter of 2006; (6) establishment of a Project schedule and quarterly reports to Staff; and (7) retention of the rights of the stipulating parties to petition the Commission for termination of the PBR Plan if at any time they believe the Second Stipulation is not being observed.<sup>10</sup>

In describing the Project, the Hearing Examiner explained that: (1) the "Project will include construction of a pipeline across the James River/Hampton Roads Channel to connect VNG's northern and southern systems, to allow for the physical flow of gas from the northern system to the southern system;"<sup>11</sup> (2) "VNG estimates the cost of the project to be approximately \$48 million to \$60 million;"<sup>12</sup> (3) "the Project will involve adding appurtenances to VNG's system and constructing a new gate station to allow for the transportation of additional volumes of gas;"<sup>13</sup> (4) "[t]he Project is subject to VNG obtaining the approval of its Board of Directors no later than forty-five days from a recommendation of approval of the Second Stipulation by the Hearing Examiner, and subject to VNG obtaining all necessary regulatory approvals, permits, and any other approvals required by law;"<sup>14</sup> (5) "the Project is subject to the technical feasibility of the Project consistent with industry standards;"<sup>15</sup> (6) "the Second Stipulation also provides for modification of the timing and scope of the Project if U.S. Gypsum Company or a similarly situated interruptible customer of VNG should leave the system;"<sup>16</sup> (7) "[t]he Second Stipulation provides for modification or termination by mutual agreement of all signatories for a more favorable alternative project to provide a similar amount of added deliverability;"<sup>17</sup> and (8) as part of the Project, VNG agrees to seek Commission approval of tariff revisions to Schedules 6, 7, and 9 regarding transporting and delivering customers' gas to customers' facilities.<sup>18</sup>

In addition, the Hearing Examiner noted that the measures to reduce gas costs for the First Quarter of 2006, as referenced in the Second Stipulation, are as follows: (1) access storage pursuant to Transco Rate Schedule WSS (approximately \$3 million reduction); (2) access storage pursuant to Transco Rate Schedule ESS (approximately \$0.8 million reduction); and (3) accelerate Sequent Energy Management's ("Sequent") sharing credit for the 12 months ended October of 2005, to the First Quarter (approximately \$5.0 million reduction). In the Second Stipulation, VNG agreed to implement the above measures irrespective of any events that may result in termination or non-approval of the Stipulation.<sup>19</sup>

The Hearing Examiner concluded that the PBR Plan as modified by the Second Stipulation satisfies the five requirements of § 56-235.6 B of the Code. Specifically, the Hearing Examiner found that the PBR Plan as modified by the Second Stipulation: (i) preserves adequate service to all classes of customers, including transportation-only customers; (ii) does not unreasonably prejudice or disadvantage any class of gas utility customers; (iii) provides incentives for improved performance by the gas utility in the conduct of its public duties; (iv) results in rates that are not excessive; and (v) is in the public interest. The following parties submitted comments in support of the Hearing Examiner's findings: VNG; Consumer Counsel; and VIGUA. Staff filed comments in opposition to those findings.

NOW THE COMMISSION, having considered the record, the pleadings, the Hearing Examiner's Reports, and the applicable law, is of the opinion and finds as follows. We adopt in part, and reject in part, the Hearing Examiner's findings in the General Rate Case Filing. The effective date of the rates, fees, charges, and terms and conditions of service found just and reasonable in the General Rate Case Filing shall be as further explained below. We approve the Company's application for a PBR Plan as modified and described below. The Company's current base rates are hereby made interim and subject to refund (with interest) as of the date of this Order, pending VNG's election to accept, or to reject, the PBR Plan as modified herein.

<sup>10</sup> Hearing Examiner's February 3, 2006 Report at 6.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 7.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.* at 6.

<sup>19</sup> *Id.* at 7.

General Rate Case Filing (Case No. PUE-2005-00062)*Rate Investigation*

VNG asserts that if the PBR Plan is approved, the Commission should dismiss the General Rate Case Filing without addressing the issues raised in this Case No. PUE-2005-00062.<sup>20</sup> Likewise, Consumer Counsel and VIGUA state that the Commission need not decide the ratemaking issues in the General Rate Case Filing if we approve the PBR Plan.<sup>21</sup> We disagree. The General Rate Case Filing: (1) is a rate investigation initiated at the Commission's direction; (2) is directly related to the PBR Plan application; and (3) will be necessary to establish just and reasonable rates in the event the PBR Plan as modified herein is not in effect.

On April 29, 2005, the Commission issued an Order on Motions in Case Nos. PUE-2002-00237 and PUE-2005-00028. As explained in the Order on Motions, Staff argued that VNG's rates were no longer just and reasonable. Staff also asserted that VNG's rates should be made interim and subject to refund pending the establishment of just and reasonable rates. VNG responded that "the only proper way to address these disputes is in the context of a rate case" and committed to file a rate case on or before December 31, 2005. In the Order on Motions, the Commission: (1) stated that it would not make VNG's existing rates interim and subject to refund without affording the Company an opportunity to submit testimony and be heard; (2) agreed with VNG that these matters should be addressed in a rate case; and (3) directed the Company to file a general rate case on or before July 1, 2005.

On July 1, 2005, VNG submitted the General Rate Case Filing as directed by the Commission. In our July 14, 2005 Order for Notice and Hearing, the Commission explained that "consistent with and in furtherance of our April 29, 2005 Order requiring the Company to file a general rate case, we find that VNG's General Rate Case Filing shall be accepted for the *investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service* in compliance with the April 29, 2005 Order and docketed separately from the PBR Plan."<sup>22</sup> The Commission further noted that VNG did not have independent authority to end the Commission's rate investigation by withdrawing the General Rate Case Filing.<sup>23</sup> In accordance with our orders, the Hearing Examiner's May 18, 2006 Report addresses ratemaking issues relevant to the justness and reasonableness of VNG's current rates, charges, and terms and conditions of service.

In addition, the General Rate Case filing is directly related to the PBR Plan application. Specifically, the Company relies upon the General Rate Case Filing to support its claim that the PBR Plan does not result in excessive rates and is in the public interest. VNG witness Carter testified that "[t]he Company has filed general rate case schedules herein pursuant to the Commission's rate case rules *as part of its PBR Plan*, which show that the PBR Plan results in rates that are not excessive and is in the public interest."<sup>24</sup> Mr. Carter further concludes that "[c]learly, the Company's filed cost of service study provides that rates frozen at their 1996 level would not be excessive."<sup>25</sup>

Furthermore, the General Rate Case Filing will be necessary to establish just and reasonable rates in the event the PBR Plan as modified herein is not in effect. For example, the July 14, 2005 Order for Notice and Hearing explained that, pursuant to Virginia statute, "[i]f the Commission approves the [PBR] application with modifications, the gas utility may, at its option, withdraw its application and continue to be regulated under the form of regulation that existed immediately prior to the filing of the application."<sup>26</sup> The Second Stipulation also includes specific provisions that could result in termination of the PBR Plan. The Second Stipulation "is subject to termination by VNG or the other parties" to the extent VNG is unable to obtain "necessary approvals and/or permits."<sup>27</sup> Nothing in the Second Stipulation "shall preclude the rights of the parties to petition the Commission for termination of the PBR Plan if at any time they believe the Stipulation is not being observed."<sup>28</sup> Pursuant to § 56-235.6 C of the Code, the Commission may revoke the PBR Plan or authorize VNG to discontinue the same after notice and opportunity for hearing. Absent an approved performance based ratemaking methodology, the Commission must establish just and reasonable rates under § 56-235.2 A of the Code.

Accordingly, we herein address the issues in the General Rate Case Filing. We adopt the findings in the Hearing Examiner's May 18, 2006 Report on the following matters: (1) return on equity; (2) capital structure; (3) data updates; (4) class cost of service studies; (5) rate design; and (6) tariff changes, including the WNA. We do not adopt the Hearing Examiner's findings regarding treatment of state income taxes and VNG's proposed acquisition adjustment.

<sup>20</sup> VNG's June 8, 2006 Comments at 4-5, 31.

<sup>21</sup> Consumer Counsel's June 8, 2006 Comments at 2-3, 7; VIGUA's June 7, 2006 Comments at 2.

<sup>22</sup> Order for Notice and Hearing at 4-5 (emphasis added).

<sup>23</sup> *Id.* at 5 n.5.

<sup>24</sup> Carter, Ex. 8 at 6 (emphasis added).

<sup>25</sup> *Id.* at 9.

<sup>26</sup> Order for Notice and Hearing at 5 n.5 (quoting Virginia Code § 56-235.6 C).

<sup>27</sup> Second Stipulation at para. 1(a).

<sup>28</sup> *Id.* at para. 6. In addition: (1) if U.S. Gypsum or a similarly situated customer who is an interruptible customer leaves VNG's system prior to beginning of construction, "the signatories reserve their right to withdraw their support for the Stipulation unless they can reach agreement on modifications to such plan" (*Id.* at para. 1(b)); and (2) in the event the Commission does not approve the PBR Plan and Second Stipulation within the time frame set forth therein, "any of the signatories to the Stipulation would be entitled to give notice exercising its right to terminate the Stipulation" (*Id.* at para. 5).

*State Income Taxes*

VNG participates in AGLR's consolidated federal, and consolidated state, income tax returns. AGLR has shown consolidated losses on its recent Virginia state income tax returns and, thus, has paid no Virginia state income taxes on a consolidated basis.<sup>29</sup> As noted by the Hearing Examiner, the Commission typically calculates *federal* income tax expense on a stand-alone basis.<sup>30</sup> For ratemaking purposes, VNG and Staff calculate VNG's federal income tax expense by multiplying VNG's stand-alone taxable income by the statutory federal corporate income tax rate of 35%.<sup>31</sup> Both Staff and VNG properly calculate the Company's federal income tax expense on a stand-alone basis, as does the Hearing Examiner.<sup>32</sup> By determining federal income tax expense in this manner, the Commission assures that consolidated tax savings generated by losses incurred from non-jurisdictional activities are not allocated to jurisdictional cost of service, thus enabling VNG to recognize a greater federal income tax expense than actually incurred.<sup>33</sup>

The treatment of *state* income taxes for VNG is a matter of first impression. This is VNG's first rate case subsequent to the statutory changes implementing a Virginia state income tax for public utilities such as VNG.<sup>34</sup> The Hearing Examiner adopts VNG's proposal to calculate the Company's state income tax expense on a stand-alone basis. That is, the Hearing Examiner calculates VNG's state income tax expense by multiplying VNG's stand-alone taxable income by the statutory corporate income tax rate of 6%.<sup>35</sup> Conversely, Staff multiplies VNG's stand-alone taxable income by a rate of 1.6%. Staff arrives at a rate of 1.6% by multiplying the statutory rate of 6% by the apportionment factor (26%) used to apportion consolidated income to Virginia on AGLR's 2004 consolidated Virginia corporate income tax return.<sup>36</sup> We find that Staff's methodology results in an appropriate state income tax expense that reasonably should be included in the "aggregate actual costs incurred by the public utility in serving customers within the jurisdiction of the Commission."<sup>37</sup>

VNG and other AGLR affiliates file a consolidated state income tax return in accordance with Virginia tax law.<sup>38</sup> This consolidated return utilizes an income apportionment factor to determine the taxable income on the consolidated return. The income apportionment factor measures the percent of business conducted in Virginia by VNG and its affiliates.<sup>39</sup> This factor is calculated based on the average percentage of plant, payroll, and sales located in Virginia of all the companies included in the consolidated return.<sup>40</sup> The income apportionment factor does not represent tax savings generated by losses incurred from non-jurisdictional activities. As a result, utilizing the apportionment factor does not allocate the affiliates' tax deductions or losses to VNG.<sup>41</sup> Rather, using the income apportionment factor for ratemaking purposes appropriately reflects jurisdictional tax benefits generated from filing a consolidated return.

This finding is consistent with prior Commission treatment of jurisdictional tax benefits. As noted, the Commission typically computes *federal* income tax expense by the stand-alone method so as not to reflect affiliates' non-jurisdictional losses in jurisdictional cost of service – and we likewise find that *state* income tax expense should not be reduced to reflect affiliates' non-jurisdictional losses. We nevertheless have adopted federal tax adjustments that incorporate jurisdictional tax benefits generated from filing a consolidated return. Staff witness Peterson provided the following examples: (1) for The Potomac Edison Company, "the Commission has adopted an adjustment reducing jurisdictional income tax expense to recognize an allocation of tax savings attributable to the parent company's tax losses;" (2) in cases involving Virginia-American Water Company and GTE South, Inc., "the Commission found it proper to allocate tax benefits to utility ratepayers in recognition of the parent corporation's leveraged investment in its regulated subsidiaries;" and (3) "the Commission also adopted a similar adjustment to recognize the sharing of federal income tax savings associated with GTE Corporation's leveraged funding arrangement of its Employee Stock Ownership Plan."<sup>42</sup> In addition, Mr. Peterson testified that for Washington Gas Light Company and its affiliate, Shenandoah Gas, the Commission recognized "tax benefits [that] would not be available absent the filing of a consolidated return, and [recognized that these tax benefits] represented reductions in the current payment of income taxes by Washington Gas and Shenandoah per the tax sharing agreement of the consolidated group."<sup>43</sup> We find that utilizing the income apportionment factor from the state tax return appropriately incorporates jurisdictional tax benefits generated from filing a consolidated state return.

<sup>29</sup> Hearing Examiner's May 18, 2006 Report at 53.

<sup>30</sup> *Id.* at 53-54.

<sup>31</sup> *Id.* at 53.

<sup>32</sup> *Id.* at 53-54.

<sup>33</sup> Peterson, Ex. 23 at 7.

<sup>34</sup> See Virginia Code § 58.1-400.2.

<sup>35</sup> Hearing Examiner's May 18, 2006 Report at 53-54.

<sup>36</sup> *Id.*

<sup>37</sup> See Virginia Code § 56-235.2 A.

<sup>38</sup> Peterson, Tr. 528-529.

<sup>39</sup> Peterson, Ex. 23 at 4.

<sup>40</sup> Peterson, Tr. 529.

<sup>41</sup> *Id.*

<sup>42</sup> Peterson, Ex. 23 at 7-8.

<sup>43</sup> *Id.* at 8.

Finally, we find that utilizing the income apportionment factor to determine state income tax expense does not violate federal normalization requirements. The federal income tax expense approved herein satisfies the federal normalization requirement. Such normalization requirement, however, does not apply to state income tax expense.<sup>44</sup> Staff witness Peterson explains that "[f]ederal regulations under Section 1.167(1) state that the normalization requirements with respect to public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation and do not pertain to other book tax timing differences with respect to state income taxes, FICA taxes, construction costs, or any other taxes and items."<sup>45</sup>

#### *Acquisition Adjustment*

The requested acquisition adjustment is the difference between (i) the amount paid by AGLR to Consolidated Natural Gas Company ("CNG") (as a subsidiary of Dominion Resources, Inc. ("DRI")) for the Company's stock, and (ii) VNG's book value at the time of purchase in 2000.<sup>46</sup> The purchase price was \$550.0 million, and the resulting acquisition adjustment at the time of purchase was \$156.1 million.<sup>47</sup> VNG has amortized this premium since the time of purchase so that, for purposes of this proceeding, the amount of the acquisition adjustment requested to be amortized and included in rate base is \$117.6 million.<sup>48</sup> The annual amortization increases revenue requirements by about \$3.8 million.<sup>49</sup> Inclusion of the unamortized acquisition premium balance in rate base increases revenue requirements by approximately \$12.6 million.<sup>50</sup> Thus, the acquisition adjustment increases total annual revenue requirements in this case by about \$16.4 million.

Here, it is worth recalling that the fundamental definition of rate base is the value of a utility's property, tangible or intangible, used and useful in its public service minus accrued depreciation.<sup>51</sup> The sum of \$550.0 million, which includes an acquisition premium of \$156.1 million, was paid to CNG and ultimately inured to the benefit of its holding company parent, DRI.

The Commission established a standard for approval of an acquisition adjustment in *Application of Virginia Elec. and Power Co.*, Case No. 11788, 1954 S.C.C. Ann. Rep. 57, 62, *aff'd*, *Board of Supervisors of Arlington County v. Virginia Elec. and Power Co.*, 196 Va. 1102 (1955):

... the amounts so paid were in fact paid in arm's length bargaining and constituted prudent investment on the part of the purchasers. . . . [I]t is our view that, since this investment was made prudently for the benefit of the customers and utility, it is proper that the utility should earn a return on it and that this investment may properly be amortized by charges against income over a period of years.

The participants do not contest the Hearing Examiner's conclusion that the "general standard for approval of an acquisition adjustment . . . permits recovery of an acquisition adjustment where: (i) the purchase price was determined in an arms-length bargaining, and (ii) the purchase was an investment made prudently for the benefit of the customers and the utility."<sup>52</sup>

The Commission approved AGLR's purchase of VNG in 2000.<sup>53</sup> The Hearing Examiner explained that in requesting the Commission's approval, both AGLR and VNG acknowledged that the Commission's approval therein "neither obligates nor otherwise binds the Commission to allow VNG's cost of service recovery of an acquisition adjustment. . . ."<sup>54</sup> Similarly, the Hearing Examiner noted that in VNG's annual informational filing subsequent to AGLR's acquisition, the Commission reiterated that it "has not decided the issues of VNG's entitlement to and recovery of an acquisition adjustment; . . . those issues should be reserved for decision in a rate proceeding. . . ."<sup>55</sup> Given the foregoing disclaimers of any decision to approve the recovery of an acquisition adjustment, any assertion by AGLR of an unqualified "expectation" to receive an acquisition adjustment has no reasonable foundation.<sup>56</sup> We now find that VNG is not entitled to recover the acquisition adjustment premium from ratepayers.

<sup>44</sup> Peterson, Tr. 530.

<sup>45</sup> *Id.* at 531.

<sup>46</sup> Carr, Ex. 22 at 12.

<sup>47</sup> Hearing Examiner's May 18, 2006 Report at 41.

<sup>48</sup> See Hearing Examiner's May 18, 2006 Report at Attachments 1 and 2 (*compare* Column 5, Line 26).

<sup>49</sup> Ex. 50.

<sup>50</sup> This is based on the Hearing Examiner's cost of capital recommendation. See Hearing Examiner's May 18, 2006 Report at Attachments 1 and 2 (*compare* Column 4, Line 1).

<sup>51</sup> See, e.g., Charles F. Phillips, Jr., *The Regulation of Public Utilities* at 301 (Public Utilities Reports, Inc., 1988).

<sup>52</sup> Hearing Examiner's May 18, 2006 Report at 39. See also VNG's June 8, 2006 Comments at 7; AGLR's June 8, 2006 Comments at 3-4; Consumer Counsel's June 8, 2006 Comments at 3; Staff's June 8, 2006 Comments at 7.

<sup>53</sup> *Joint Petition of Dominion Resources, Inc., Consolidated Natural Gas Company, and AGL Resources Inc., For approval of a stock purchase agreement under Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUA-2000-00054, 2000 S.C.C. Ann. Rep. 217.

<sup>54</sup> Hearing Examiner's May 18, 2006 Report at 38 (citation omitted).

<sup>55</sup> *Id.* at 39 (citation omitted).

<sup>56</sup> See, e.g., Tr. at 153. AGLR also states that it "purchased VNG in good faith and with the expectation that it would be allowed to fully recover the purchase price it paid for the Company, if it met Virginia's legal standard regarding acquisition premiums." AGLR's April 3, 2006 Post-Hearing Brief at 9. As discussed herein, we find that such legal standard has not been met in this instance.

The "determination to authorize a utility to make an acquisition adjustment must rest on the particular facts developed in each case."<sup>57</sup> An "acquisition adjustment is allowed only in extraordinary circumstances and may be authorized if the applicant utility satisfies certain criteria."<sup>58</sup> As noted above, one of those criteria is that the investment was made prudently *for the benefit of the customers*. The Commission has explained that to satisfy such criterion, "the utility must demonstrate that its customers have benefited from the acquisition."<sup>59</sup> In evaluating whether customers have benefited from the acquisition, the "Commission has considered both qualitative and quantitative benefits. . . ."<sup>60</sup> Moreover, as part of the analysis of quantitative benefits, the Commission considers the impact on rates – including the rate impact resulting from amortization and rate base treatment of the acquisition adjustment.<sup>61</sup>

We have considered the various customer benefits, both quantitative and qualitative, that VNG asserts have resulted from the acquisition. As for quantitative benefits, the Hearing Examiner included \$2.9 million in annual savings for group insurance and \$3.5 million in annual savings for the cost to connect new customers.<sup>62</sup> The Hearing Examiner reduced these benefits by Staff's calculation of \$1.3 million in net merger costs, resulting in "net merger savings of \$5.1 million."<sup>63</sup> In contrast, as noted above, VNG's annual revenue requirements *increase* by approximately \$16.4 million if the acquisition adjustment is amortized and included in rate base in this proceeding.

From this disparity between the alleged cost saving benefits to consumers and the substantial increase in the revenue requirement, it can be readily concluded that the allowance of the acquisition adjustment results in a quantitative net detriment to customers. Moreover, any prior savings achieved since the acquisition by AGLR which are claimed to benefit customers are quite illusory since VNG has taken no action to translate such savings into reduced customer charges. The Company's most recent rate case was decided utilizing a test year ending June 30, 1996.<sup>64</sup> The claim of customer benefits in the form of savings might not ring as hollow had the Company filed, pursuant to § 56-40 of the Code, proposed revisions to its rate schedules in order to deliver these savings to its customers in an expedited manner.

As for qualitative benefits identified by the Company, the Hearing Examiner included VNG's assertion of improved service, realization of operating efficiencies, and devotion of additional capital:

VNG presented evidence regarding improvements to operations including: (i) \$63 million in new capital invested; (ii) improvements in customer service for turn-ons, reconnections, new sets, leaks, and access needed to the premises; (iii) reduction in average leak response time by almost half; and (iv) improved reliability through communications and control used to manage or monitor natural gas in the pipeline network. VNG has operated five years without an increase in base rates and seeks to operate for another five years without increasing base rates if its PBR Plan is approved. In addition, VNG stated that it has refunded approximately \$17 million to its customers through its asset management agreement with Sequent.<sup>65</sup>

<sup>57</sup> *Application of Virginia Suburban Water Company, To revise its tariffs*, Case No. PUE-1989-00082, 1991 S.C.C. Ann. Rep. 267, 268.

<sup>58</sup> *Application of Virginia Gas Pipeline Company, For a Certificate of Public Convenience and Necessity Pursuant to the Utility Facilities Act*, Case No. PUE-1996-00093, 1997 S.C.C. Ann. Rep. 363, 365 ("*Virginia Gas Pipeline*"). Staff gave an example of why recovery of an acquisition premium is considered extraordinary:

According to J. Bonbright, *et al.*, *Principles of Public Utility Rates*, p. 240-241 (1998), the unfairness of permitting a company to claim the purchase price as a measure of ratemaking investment was noted by Judge Learned Hand. Judge Hand stated that if the rate base were to be set at the price paid by the purchaser then: "If the builder can persuade the buyer to pay more than the original cost the difference becomes part of the base and the public must pay rates computed upon the excess. *Surely this is a most undesirable distinction.* (Niagara Falls Power Co. v. Federal Power Commission, 1943 pp. 787, 793) (emphasis added)."

Staff's June 8, 2006 Comments at 32.

<sup>59</sup> *Virginia Gas Pipeline* at 365.

<sup>60</sup> Hearing Examiner's May 18, 2006 Report at 38. *See also* VNG's June 8, 2006 Comments at 10; Staff's June 8, 2006 Comments at 21.

<sup>61</sup> *See, e.g., Application of Potomac Electric Power Company and Virginia Electric and Power Company*, Case No. PUE-1985-00062, 1986 S.C.C. Ann. Rep. 290 ("The record is clear that the transaction will result immediately in lower rates for present Virginia customers of Pepco. . . . Credible forecasts indicate that this purchase and the suggested treatment of the acquisition adjustment will . . . result in slightly decreased costs for Virginia Power. . . ."). The rate impact, however, is not dispositive in determining whether customers have benefited from the acquisition. *See, e.g.,* Hearing Examiner's May 18, 2006 Report at 40 (discussing cases where the Commission found that customers benefited from an acquisition even though the acquisition resulted in a rate increase).

<sup>62</sup> Hearing Examiner's May 18, 2006 Report at 46-48; *see also* VNG's June 8, 2006 Comments at 9-10. The Company also calculated test year savings of \$28.6 million by comparing its operation and maintenance expense and plant investment to what operation and maintenance expense and plant investment would have been if such costs had grown by the same rates experienced under prior ownership from 1992 to 1998. Ex. 9 at 14. We reject this calculation. We find insufficient basis to conclude that the assumptions in such calculation are reasonable to support a finding of customer benefits.

<sup>63</sup> Hearing Examiner's May 18, 2006 Report at 48.

<sup>64</sup> *Application of Virginia Natural Gas, Inc., For an expedited increase in gas rates*, Case No. PUE-1996-00227, 1998 S.C.C. Ann. Rep. 338.

<sup>65</sup> Hearing Examiner's May 18, 2006 Report at 44 (citations omitted). *See also* VNG's June 8, 2006 Comments at 9.

The Hearing Examiner also considered, as a qualitative benefit, the "benefits realized by all electric customers in the Commonwealth, since the very auction by which VNG was acquired by AGLR was found to be necessary for the development of effective electricity competition."<sup>66</sup> We find, however, that these alleged qualitative benefits – even if accepted and viewed with the alleged quantitative benefits – are insufficient to offset the quantitative detriment discussed above.

This Commission did not order that an auction be held as a condition of the approval of the merger between DRI and CNG. It simply required the legal divestiture by CNG of VNG and its intrastate pipeline facilities.<sup>67</sup> Indeed, the Commission stated that the divestiture could be accomplished by a "sale to a third party, or a 'spin-off' to shareholders."<sup>68</sup> This requirement was motivated in part because of the articulated public policy of the Virginia Electric Utility Restructuring Act, Chapter 23 of Title 56 of the Code.<sup>69</sup> Any "benefits realized by all electric customers in the Commonwealth"<sup>70</sup> are clearly too remote, much less unrealized, so as to be synonymous with benefits to customers of VNG.

There is nothing so extraordinary about this case as to require the allowance of an acquisition adjustment. Comments to the Hearing Examiner's Report filed by Staff provide a useful illustration of the type of extraordinary circumstances which might warrant the award of an acquisition adjustment. Staff cites *Po River III*,<sup>71</sup> a case in which the utility had a lengthy history of inadequate operational, managerial, and financial resources, all of which could be enhanced by the purchaser. We agree with Staff that, by contrast, as to purported qualitative benefits, "there is no evidence to suggest that VNG, under the previous ownership of [CNG], was anything but an efficient and well run gas utility, and certainly no evidence that VNG or its ratepayers required a transfer in ownership at a significant premium – \$156 million out of the \$550 million purchase price – to ensure continued good operations."<sup>72</sup>

We find that the purported benefits discussed above, both qualitative and quantitative, are together insufficient to offset the detriment to customers resulting from an annual rate increase of \$16.4 million.

#### *Just and Reasonable Rates under § 56-235.2 A*

Our findings in this rate investigation result in an approximately \$9.83 million reduction to VNG's gross annual revenues in order to earn the overall cost of capital approved herein.<sup>73</sup> In the absence of an approved performance based ratemaking methodology under § 56-235.6 of the Code, VNG's rates "shall be considered to be just and reasonable"<sup>74</sup> only if established in accordance with the revenue requirements and rate design found just and reasonable by the Commission in this Case No. PUE-2005-00062.

#### PBR Plan (Case No. PUE-2005-00057)

##### *Performance Based Ratemaking*

We approve a performance based ratemaking methodology for VNG comprised of the following three provisions: (1) base rates are frozen at current levels for five years, beginning August 1, 2006;<sup>75</sup> (2) during this five-year period, the Company will construct a "pipeline from its northern system that will cross the James River/Hampton Roads Channel and tie into VNG's distribution system in Norfolk to allow for the physical flow of gas from the northern system to the southern system;"<sup>76</sup> and (3) VNG will submit quarterly progress reports to Staff, providing such information as the Staff may determine necessary to monitor the Company's compliance with the terms of the PBR Plan approved herein and progress on the completion of the Project,<sup>77</sup> and VNG will file comprehensive status reports on the Project (which also include the information required in the quarterly reports prescribed above) as a part of the Company's Annual Informational Filings.

We do not, however, adopt the remaining provisions of the PBR Plan as modified by the Second Stipulation. We find that the provisions throughout the Second Stipulation allowing VNG and other parties independently and/or mutually to terminate or to modify the PBR Plan during its five-year life are not in the public interest. The measures in the Second Stipulation designed to reduce gas costs on a short-term basis have already been

<sup>66</sup> Hearing Examiner's May 18, 2006 Report at 44.

<sup>67</sup> *Joint Petition of Dominion Resources, Inc., and Consolidated Natural Gas Co., For approval of agreement and plan of merger under Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUA-1999-00020, 1999 S.C.C. Ann. Rep. 169, 170-171.

<sup>68</sup> *Id.* at 171 (emphasis added).

<sup>69</sup> *Id.*

<sup>70</sup> Hearing Examiner's May 18, 2006 Report at 44.

<sup>71</sup> *Commonwealth of Virginia, ex rel. State Corporation Commission v. Po River Water & Sewer Co.*, Case No. PUE-1992-00039, 1994 S.C.C. Ann. Rep. 310 (Final Order), 1995 S.C.C. Ann. Rep. 272 (Opinion) ("*Po River III*").

<sup>72</sup> Staff's June 8, 2006 Comments at 11.

<sup>73</sup> *See Id.* at Appendix A (line 1, column 4).

<sup>74</sup> Virginia Code § 56-235.2 A.

<sup>75</sup> This modifies the Company's request, as referenced in the PBR Plan application and Second Stipulation, for frozen rates to begin January 1, 2006.

<sup>76</sup> Second Stipulation at 1-2. In addition, "the Project will also involve adding appurtenances to VNG's system and will enable VNG to meet the forecasted demand for VNG's residential and commercial customers." *Id.* at 2.

<sup>77</sup> VNG also shall mail copies of such reports to the parties to the Second Stipulation (*i.e.*, Consumer Counsel and VIGUA).

implemented.<sup>78</sup> The Company's agreement in the Second Stipulation to seek revisions to certain delivery service tariffs, which the Commission must necessarily approve prior to becoming effective, can be implemented by VNG without formal adoption by the Commission as part of the PBR Plan approved herein.<sup>79</sup> In addition, we find that it is not necessary to include, as part of the PBR Plan approved herein, the provision in the Second Stipulation requiring the stipulating parties subsequently to agree on a particular Project schedule.<sup>80</sup> VNG has committed to the Project as part of the PBR Plan, and any interested person or persons (including Consumer Counsel, VIGUA, and Staff) may initiate a proceeding to terminate the PBR Plan approved herein in accordance with § 56-235.6 C of the Code if they believe, for example, that VNG is not complying with the same. Finally, we do not adopt VNG's proposed provisions allowing the Company to adjust base rates "in connection with either: (i) any changes in the taxation by the Commonwealth of incumbent natural gas distribution utility revenues, and (ii) any financial distress of VNG beyond its control."<sup>81</sup> We are not summarily rejecting such base rate changes; we find that it is not in the public interest to include these provisions as part of the PBR Plan. Rather, we find that VNG should be required to file an application with the Commission if it seeks to modify base rates for changes in taxation, or due to emergency conditions pursuant to § 56-245 of the Code.<sup>82</sup>

*Section 56-235.6 B of the Code*

Consistent with the findings in the February 3, 2006 Report of Alexander F. Skirpan, Jr., we conclude that – based on the particular circumstances of this case - the three-part performance based ratemaking methodology approved herein satisfies the statutory requirements in § 56-235.6 B of the Code, in that it: (i) preserves adequate service to all classes of customers, including transportation-only customers; (ii) does not unreasonably prejudice or disadvantage any class of gas utility customers; (iii) provides incentives for improved performance by the gas utility in the conduct of its public duties; (iv) results in rates that are not excessive; and (v) is in the public interest.

There is significant public and customer support for the Company's PBR Plan. Senator Frank W. Wagner, representing the 7th Senatorial District, testified in support of the PBR Plan and the proposed pipeline project. Senator Wagner explained the importance of infrastructure and diversity of supply and stated that VNG's proposed investment in infrastructure will provide a long term payoff in terms of more economical prices by providing greater access to lower cost alternatives.<sup>83</sup> Brett Vassey, President of the Virginia Manufacturers Association, also testified in support of the PBR Plan. Mr. Vassey asserted that the pipeline project is a very positive move by VNG, is an economic development tool, and is key to the growth of industry.<sup>84</sup> The PBR Plan also is supported by U.S. Gypsum Company, the Hampton Roads Chamber of Commerce (representing Norfolk, Chesapeake, Portsmouth, Suffolk, and Virginia Beach), and the Virginia Peninsula Chamber of Commerce (representing Hampton, Newport News, Williamsburg, and the Virginia Peninsula region).<sup>85</sup>

In addition, Consumer Counsel – the division within the Attorney General's Office with the statutory obligation to represent the interests of the people as consumers – continues its strong support for the PBR Plan: "The project would furnish VNG with a long term solution to its capacity constraints and bring more affordable natural gas to all of VNG's Virginia customers. . . . [T]he PBR, as modified by the Stipulation . . . offers a good and desirable outcome for VNG's customers."<sup>86</sup> Likewise, VNG's firm and interruptible industrial customers represented by VIGUA also continue to support the PBR Plan and Second Stipulation.<sup>87</sup>

*Excessive Rates under § 56-235.6 B*

In approving a performance based ratemaking methodology, the Commission must find that such "results in rates that are not excessive."<sup>88</sup> This is not the same standard as in § 56-235.2 A, which requires rates to be "just and reasonable." For example, Consumer Counsel argues that the General Rate Case Filing supports a rate *reduction*, yet asserts – and we agree – that "viewing the proposed PBR together with the proposed Project, Consumer Counsel concludes that VNG's current and future customers will benefit more in the long term from the PBR and the Project than from the moderate rate reduction recommended by its expert witnesses."<sup>89</sup>

The Hearing Examiner reached the same conclusion and similarly explained that "Consumer Counsel's decision to support the proposed PBR Plan and Second Stipulation, despite presenting testimony that VNG's current rates were \$6.2 million above its cost of service is an example of the analysis required by § 56-235.6 B for a determination of whether the proposed PBR Plan and Second Stipulation produces rates that are excessive."<sup>90</sup> The Hearing

<sup>78</sup> Second Stipulation at 3-4.

<sup>79</sup> *Id.* at 2.

<sup>80</sup> *Id.* at 4.

<sup>81</sup> PBR Plan application, Ex. 2 at 8.

<sup>82</sup> We also note that the portions of the PBR Plan addressing VNG's treatment of its requested acquisition adjustment are now inapposite due to our rejection of the acquisition adjustment in Case No. PUE-2005-00062.

<sup>83</sup> Wagner, Tr. 14-15.

<sup>84</sup> Vassey, Tr. 18-19.

<sup>85</sup> Ex. 3; Hearing Examiner, Tr. 62.

<sup>86</sup> Consumer Counsel's June 8, 2006 Comments at 2.

<sup>87</sup> VIGUA's June 8, 2006 Comments at 1-2.

<sup>88</sup> Virginia Code § 56-235.6 B (iv).

<sup>89</sup> Consumer Counsel's April 3, 2006 Comments at 4-5.

<sup>90</sup> Hearing Examiner's February 3, 2006 Report at 28.

Examiner found that the benefits of the PBR Plan and Second Stipulation include, among other things: (1) \$48 to \$60 million of investment in a pipeline linking VNG's Northern and Southern systems and the construction of a new gate station; (2) significant reductions in the annual cost of gas to both the Company's firm and transportation customers as a result thereof; and (3) the fact that the lower costs that are projected with the construction of the pipeline Project, relative to available alternatives, are long term savings extending over the life of the Project.<sup>91</sup>

In evaluating whether rates are excessive under § 56-235.6 B of the Code, the Hearing Examiner also compared the benefits of the PBR Plan to Staff's proposed \$10.3 million revenue reduction, which could decrease the average residential customer bill by approximately \$2.78<sup>92</sup> per month. The Hearing Examiner concluded that "based on the record and assuming for the sake of this analysis that Staff is correct that VNG's current rates are \$10.3 million *above* its cost of service, I find such rates are not excessive when the benefits to be obtained by the PBR Plan and Second Stipulation are given proper consideration."<sup>93</sup> We agree and conclude that the performance based ratemaking methodology approved herein will not result in excessive rates when compared to the benefits thereunder and VNG's cost of service.

*Withdrawal or Termination of Performance Based Ratemaking Methodology*

As referenced above, pursuant to § 56-235.6 C of the Code, "[i]f the Commission approves the [PBR Plan] application with modifications, the gas utility may, at its option, withdraw its application and continue to be regulated under the form of regulation that existed immediately prior to the filing of the application." Our Order herein approves the PBR Plan application and Second Stipulation with the modifications noted above. As a result, we direct the Company to notify the Commission, within thirty (30) days from the date of this Order, of its election to accept the performance based ratemaking methodology approved herein or to withdraw its PBR Plan application. Based on our findings above in the General Rate Case Filing (Case No. PUE-2005-00062), the Company's current base rates are hereby made interim and subject to refund (with interest) as of the date of this Order, pending VNG's election to accept, or to reject, the PBR Plan as modified herein.

If VNG rejects the PBR Plan as modified herein, then the rates conforming to this Order and reflected in the revised tariffs filed with the Commission as directed below shall be effective as of the date of this Order, and VNG will make refunds (with interest) to its customers to the extent VNG's current base rates are higher than those ordered to be substituted herein. If VNG accepts the PBR Plan as modified herein, then the Company's current base rates shall be effective while the PBR Plan as modified herein is in effect, and the current base rates will no longer be deemed interim and subject to refund.

We intend to monitor closely VNG's efforts to fulfill its commitment to build the pipeline within the time frames set forth in its PBR Plan. Pursuant to § 56-235.6 C of the Code, after notice and opportunity for hearing the Commission may revoke the PBR Plan if we find, for example, that VNG is not in compliance with the terms thereof or is not proceeding with due diligence to carry out in good faith its pledge to construct the promised pipeline. As noted above, Staff or any interested person also may initiate a proceeding to terminate the PBR Plan approved herein in accordance with § 56-235.6 C of the Code. As part of any such proceeding, the Commission may make the existing base rates interim and subject to refund (with interest), effective no earlier than the initiation of such proceeding, pending the outcome thereof. The PBR Plan approved herein also is of limited duration, automatically terminating five (5) years from its effective date of August 1, 2006. If the PBR Plan is withdrawn or terminated, and absent a subsequent rate case or performance based ratemaking methodology, VNG's rates shall be established in accordance with the revenue requirements and rate design found just and reasonable by the Commission under § 56-235.2 A of the Code in Case No. PUE-2005-00062.

Finally, consistent with the statutory requirements for a PBR Plan, we expect VNG's service and reliability to remain at, or to exceed, present levels during the five-year period.<sup>94</sup> As explained in a prior Commission decision adopting a five-year rate plan for electric service: "We recognize that a rate plan could create incentives for [the public utility] to reduce expenses which might adversely impact service to its customers. If we find a deterioration in service, we will not hesitate to act to ensure that service is maintained at least at current standards."<sup>95</sup>

Accordingly, IT IS HEREBY ORDERED THAT:

(1) In Case No. PUE-2005-00062 (General Rate Case Filing):

(a) The findings in the May 18, 2006 Report of Alexander F. Skirpan, Jr., Hearing Examiner, are adopted in part and rejected in part as set forth herein.

(b) The rates, fees, charges, and terms and conditions of service found just and reasonable herein shall become effective, if at all, pending further order of the Commission as set forth above.

(c) The Company shall forthwith file with the Division of Energy Regulation tariffs conforming with the rates, fees, charges, and terms and conditions of service found just and reasonable in this Order, which shall become effective, if at all, pending further order of the Commission as set forth above.

(d) The Company's current base rates are made interim and subject to refund (with interest) as of the date of this Order, pending VNG's election to accept, or to reject, the performance based ratemaking methodology approved in Case No. PUE-2005-00057.

<sup>91</sup> *Id.* at 27.

<sup>92</sup> *See* Tr. 43-44.

<sup>93</sup> Hearing Examiner's February 3, 2006 Report at 28 (emphasis added).

<sup>94</sup> *See, e.g.*, Virginia Code §§ 56-235.6 B (i) and 56-235.6 C (i).

<sup>95</sup> *Virginia Electric and Power Co. 1995 Annual Informational Filing, and Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: Investigation of Electric Utility Industry Restructuring – Virginia Electric and Power Co.*, Case Nos. PUE-1996-00036 and PUE-1996-00296, 1998 S.C.C. Ann. Rep. 322, 324.

(2) In Case No. PUE-2005-00057 (PBR Plan):

(a) The findings in the February 3, 2006 Report of Alexander F. Skirpan, Jr., Hearing Examiner, are adopted in part and rejected in part as set forth herein.

(b) The Company's application for a PBR Plan is granted as modified in accordance with the findings made herein.

(c) The PBR Plan as modified herein contains the following three provisions: (i) base rates are frozen at current levels for five (5) years, beginning August 1, 2006; (ii) during this five-year period, the Company shall construct a pipeline from its northern system that will cross the James River/Hampton Roads Channel and tie into VNG's distribution system in Norfolk to allow for the physical flow of gas from the northern system to the southern system; and (iii) VNG shall submit quarterly progress reports to Staff, with copies to Consumer Counsel and VIGUA, providing such information as the Staff may determine necessary to monitor the Company's compliance with the terms of the PBR Plan approved herein and progress on the completion of the Project, and VNG shall file comprehensive status reports on the Project (which also include the information required in the quarterly reports prescribed herein) as a part of the Company's Annual Informational Filings.

(d) Consistent with the findings herein, on or before thirty (30) days from the date of this Order, VNG shall file notice with the Clerk of the Commission of the Company's election to accept the PBR Plan as modified herein or to withdraw the Company's PBR Plan application.

(3) The Company shall forthwith file a motion in Case No. PUE-2002-00237 to make the WNA permanent, consistent with the findings herein, and to dismiss such docket.

(4) These matters are continued pending further order of the Commission.

Commissioner Jagdmann did not participate in this matter.

**CASE NOS. PUE-2005-00057 and PUE-2005-00062  
AUGUST 10, 2006**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For approval of a performance based rate regulation methodology pursuant to Virginia Code § 56-235.6

GENERAL RATE CASE FILING OF  
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

**ORDER CLOSING CASES**

On July 24, 2006, the Commission entered an Order in the above-captioned cases. On August 4, 2006, Virginia Natural Gas, Inc. ("VNG" or the "Company"), filed notice of its election to accept the performance based rate regulation methodology ("PBR Plan") as modified by the Commission in the July 24, 2006 Order in Case No. PUE-2005-00057. The term of the modified PBR Plan accepted by the Company is five years, beginning August 1, 2006.

In Case No. PUE-2005-00062, the July 24, 2006 Order directed VNG to file forthwith with the Commission's Division of Energy Regulation tariffs conforming with the rates, fees, charges, and terms and conditions of service found just and reasonable by that Order. As provided in the July 24, 2006 Order, if the PBR Plan is withdrawn or terminated, and absent a subsequent rate case or performance based ratemaking methodology, VNG's rates shall be established in accordance with the revenue requirements and rate design found just and reasonable by the Commission under § 56-235.2 A of the Code of Virginia in Case No. PUE-2005-00062.

Moreover, the July 24, 2006 Order directed VNG to file a motion in Case No. PUE-2002-00237 requesting that the Company's weather normalization adjustment ("WNA"), modified consistent with the Commission findings in Case No. PUE-2005-00062, be made permanent and the docket dismissed.

NOW THE COMMISSION, upon consideration of the foregoing, finds that the captioned cases should be closed as set forth below.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) VNG's PBR Plan shall be modified and made effective as set forth in the July 24, 2006 Order entered herein.

(2) In accordance with the provisions of the July 24, 2006 Order, VNG's current base rates shall no longer be deemed interim and subject to refund at this time.

(3) VNG shall forthwith file with the Division of Energy Regulation tariffs conforming with the rates, fees, charges, and terms and conditions of service found just and reasonable in accordance with the Commission findings in Case No. PUE-2005-00062. These tariffs shall be filed no later than October 2, 2006, and will be placed in effect on and after August 1, 2011, unless otherwise ordered by the Commission.

(4) VNG shall file a motion in Case No. PUE-2002-00237, requesting that the Company's WNA, modified consistent with the Commission's findings in Case No. PUE-2005-00062, be made permanent and Case No. PUE-2002-00237 be dismissed. The Company shall file the motion no later than August 18, 2006.

(5) These matters are dismissed, with leave granted for interested persons (including the Commission's Staff) to move the Commission to reinstate these cases as active dockets.

Commissioner Jagdmann did not participate in this matter.

**CASE NO. PUE-2005-00069  
MARCH 22, 2006**

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 STRIKING CONFIDENTIAL INFORMATION FROM THE PUBLIC RECORD**

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 ("Commission") requesting approval of a transaction by which Hydro Star will acquire indirect ownership of Utilities, Inc., and, therefore, Massanutten PSC from Nuon Global under Chapter 5 of Title 56 of the Code of Virginia. Approval was granted by the Commission in an Order dated December 2, 2005.

On March 17, 2006, counsel for the Petitioners filed a request to have confidential information that was inadvertently disclosed during the discovery phase of this proceeding removed from the public record. It appears that an attachment provided on behalf of the Petitioners on October 17, 2005, in response to a data request from the Commission's Staff should have been redacted by the Petitioners but was not. A redacted version of the document has been submitted to the Clerk of the Commission on behalf of the Petitioners.

NOW UPON CONSIDERATION of the request and the record herein, the Commission is of the opinion and finds that the request should be granted; that the redacted version submitted by the Petitioners to the Clerk should be included in the public record; and that the Clerk should retain the confidential version of the document in his protected files.

Accordingly, IT IS ORDERED THAT:

- (1) The request to strike confidential information from the public record is hereby granted.
- (2) A redacted version of the document from the Petitioners shall be included in the public record.
- (3) The Clerk shall retain the confidential version of the document in his protected files.
- (4) There being nothing further to be done, the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2005-00075  
APRIL 6, 2006**

APPLICATION OF  
ROANOKE GAS COMPANY

For an expedited increase in its rates

**FINAL ORDER**

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 sought to increase its annual revenues by \$2,000,781, an increase of approximately 2.2%. The Company also requested that 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 23, 2005.

By Order dated October 5, 2005, the Commission authorized the Company to place its rates into effect on an interim basis, effective October 23, 2005, 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, 2006, to receive evidence on the Company's application.

The hearing was convened as scheduled on March 29, 2006. Renata M. Manzo, Esquire, appeared as counsel for the Company. Don R. Mueller, Esquire, appeared as counsel for the Staff. No public witnesses appeared at the hearing.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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. The Stipulation sets forth the agreement of the Company and Staff that the record supports a fair and reasonable annual increase in revenues of \$1,663,295 based on the capital structure reflected in the Staff's testimony and exhibits. The increase is based on a return on equity of 10.0% and a range of 9.5% to 10.5%. The Stipulation also adopts Staff witness Abbott's two recommended changes to the method of calculating the Company's Weather Normalization Adjustment Rider ("WNA") and clarifies when the WNA factor will be applicable. 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 (including supplemental testimony), the prefiled Staff testimony of Thomas P. Handley, Gregory L. Abbott, 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, 2005, were designed to recover and such action would decrease the Company's ultimate refund liability. Pursuant to the Chief Hearing Examiner's Report of March 29, 2006, Roanoke was directed to implement the rates contained in the Stipulation as interim rates.

On March 29, 2006, Chief Hearing Examiner Deborah V. Ellenberg 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 the difference between the stipulated tariffs and the tariffs that went into effect on October 23, 2005. By their Stipulation, we deem the Company and the Staff to have waived comments on the Report based upon acceptance of the Stipulation on the record of the hearing by the Chief Hearing Examiner.

The Commission accepts the recommendations of the Chief Hearing Examiner and finds, pursuant to the Stipulation and supporting testimony, as follows:

- (1) The use of a test year ending June 30, 2005, is proper in this proceeding;
- (2) Roanoke's test year operating revenues, after all adjustments, were \$79,109,689;
- (3) Roanoke's test year operating income and adjusted net operating income, after all adjustments were \$3,326,358 and \$3,253,304, respectively;
- (4) Roanoke's test year operating deductions, after all adjustments, were \$75,783,331;
- (5) Roanoke's current rates produce a return on adjusted rate base of 6.404% and a return on equity of 6.225%;
- (6) Roanoke's current cost of equity is in the range of 9.5% to 10.5%, and the midpoint of 10.0% 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 8.424%;
- (8) Roanoke's adjusted test year rate base is \$50,800,091;
- (9) Roanoke requires \$1,663,295 in additional gross annual revenues to earn a reasonable return on rate base;
- (10) The rates stipulated and provided in Attachment 1 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 9.5% to 10.5% 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%;
- (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; and
- (14) In accordance with the Stipulation adopting Staff witness Abbott's recommended changes to calculating the Company's WNA factor, the Company should base its WNA calculation on a regression analysis using the three most recent WNA periods on a going forward basis and remove base non-heating usage from the WNA calculation on individual customer bills. These two changes to the WNA methodology should apply to the WNA period for April 1, 2006, to March 31, 2007, and to all WNA periods thereafter. However, the WNA factor should not be applied to any month in which the calculated weather sensitive therms is less than zero.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the March 29, 2006, Chief 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, 2006, 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, 2005. 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, 2006, 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) Roanoke shall calculate and apply its WNA factor in accordance with the Stipulation and the Commission's findings above.

(9) 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-2005-00080  
SEPTEMBER 21, 2006**

APPLICATION OF  
AQUA VIRGINIA, INC.

For a general increase in rates

**ORDER APPROVING STIPULATION**

On September 27, 2005, Aqua Virginia, Inc. ("Aqua Virginia" or the "Company") filed an application, supporting testimony, and exhibits for a general increase in rates ("Application") with the State Corporation Commission ("Commission"). In its Application, Aqua Virginia requested a two-phase general increase in rates pursuant to Chapter 10 of Title 56 of the Code of Virginia and 20 VAC 5-200-30 of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings. The Company requested a rate increase that would produce total additional annual jurisdictional revenues of \$2,483,000. The Company proposed to implement the increase 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 and \$335,000 in additional water revenues. The Phase 2 increase is comprised of \$739,200 in additional sewer and \$243,800 in additional water revenues. The Company also proposed to discontinue its annual \$90 availability fee. The Company requested that its Phase 1 revenue increase be allowed to go into effect on an interim basis, subject to refund, on January 1, 2006, and that its Phase 2 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 entered on September 3, 1997, in Case No. PUE-1996-00064, when the utility was formerly known as Lake Monticello Service Company ("LMSC"). Aqua Virginia stated that expansion, improvements to its facilities, and general cost increases since 1996 are the principal reasons for its request for a rate increase.

On December 6, 2005, the Commission entered an Order for Notice and Hearing. The Commission allowed Aqua Virginia to place its Phase 1 rates and charges into effect on February 24, 2006, on an interim basis, subject to refund or credits, with interest. In addition, the Commission granted Aqua Virginia's request to discontinue its availability fee on February 24, 2006, on an interim basis, subject to reinstatement only on a prospective basis. The Commission scheduled an evidentiary hearing for May 24, 2006; established a procedural schedule for the parties to prefile testimony and exhibits; directed the Company to provide notice of its proposed rate increase to its customers; and assigned the matter to a Hearing Examiner to conduct all further proceedings.

The public hearing was convened on May 24, 2006, as scheduled. Anthony Gambardella, Esquire, Kathy L. Pape, Esquire, and Janet A. Arnold, Esquire, appeared on behalf of Aqua Virginia. Francis L. Buck, Esquire, appeared on behalf of Lake Monticello Owners' Association ("LMOA"). Don R. Mueller, Esquire, and Donald H. Wells, Jr., Esquire, appeared on behalf of the Commission's Divisions of Energy Regulation, Public Utility Accounting, and Economics and Finance (collectively, the "Staff"). No public witnesses appeared at the hearing.

At the commencement of the hearing, counsel for Aqua Virginia and the Staff advised that they had reached agreement in principal on a number of the issues in controversy. They stated they were in further negotiations over the language of a stipulation that would resolve their differences. Counsel requested an opportunity to file the stipulation as a late-filed exhibit. As part of the agreement, the Company and the Staff agreed to waive cross-examination of each other's witnesses. The other party in the case, LMOA, was not a party to the stipulation between the Company and the Staff. LMOA was afforded an opportunity to file a response to the late-filed stipulation.

The Company then presented the testimony of three witnesses: Gregory K. Odell, division manager for Aqua Virginia; Pauline M. Ahern, vice president, AUS Consultants - Utility Services; and Burnice C. Dooley, partner with the firm Dooley & Vicars, CPAs, LLP. All of the Company's prefiled testimony and exhibits were admitted into the record and the witnesses were cross-examined by LMOA.

The Staff presented the testimony of three witnesses: Scott C. Armstrong, principal public utility accountant with the Division of Public Utility Accounting; John R. Ballsrud, principal financial analyst with the Division of Economics and Finance; and Marc A. Tufaro, utilities analyst with the

Division of Energy Regulation. All of Staff's prefiled testimony and exhibits were admitted into the record and the witnesses were cross-examined by LMOA.

LMOA presented the testimony of two witnesses: Otis Collier, the former general manager of LMSC; and Edward J. Donahue, III, president of Municipal & Financial Services Group, a management and consulting firm that focuses on infrastructure issues for water, wastewater, and solid waste utilities. Both witnesses were cross-examined by the Company and all of their prefiled testimony and exhibits were admitted into the record, over the Company's objection to portions of witness Donahue's prefiled testimony.

The hearing concluded with the Hearing Examiner setting a post-hearing filing schedule for the submission of a stipulation and responsive pleadings by all parties and Staff.

The Company and the Staff filed their Joint Motion for Approval of a Stipulation ("Stipulation") on June 19, 2006. The Company and the Staff represented that the Stipulation reaches results that are supported by the evidentiary record and are in the public interest. The Stipulation is attached hereto as Attachment A and incorporated herein by reference.

LMOA filed its Response to the Motion and Stipulation ("Response") on July 6, 2006. LMOA argues the Stipulation should be rejected because it "sacrifices the best interest of the consumers in exchange for an 'expeditious resolution of this proceeding by establishing excessive and unfair rates for water and sewer services at Lake Monticello.'"<sup>1</sup> LMOA raises three issues in support of its argument. First, the stipulated 10.0% Return on Equity ("ROE") falls barely within the 9.1% - 10.1% ROE range recommended by Staff witness Ballsrud. LMOA argues that the ROE should be set in the lower half of Mr. Ballsrud's recommended range with a maximum ROE set at 9.6%. Second, the stipulated common cost allocation methodology, which assigns a factor of 1.5 as one component of the allocation for each customer receiving both water and sewer service, unfairly penalizes the customers of Aqua Virginia and fails to take into account efficiencies and cost savings realized by providing water and sewer service to one household. LMOA believes the factor should be 1.10 or 1.25. Third, the Staff erred in computing the negative acquisition adjustment. LMOA contends that the adjustment is grossly insufficient, and the rate base for the utility's assets should be accordingly reduced to \$500,000 to recognize the condition of the systems at the time they were acquired by Aqua America, Inc. ("Aqua America").

The Company filed its Reply to the Response of LMOA on July 12, 2006. The Company argues the Stipulation represents a fair balance of the interests of the Company and its customers, and is, therefore, in the public interest. The Company noted that both the water and sewer systems serving Aqua Virginia had service and environmental issues before they were acquired by Aqua America. In support, the Company noted that LMOA witness Collier attested to the fact that service was abysmal. The Company explained the improvements that were made to the systems and how those improvements were funded. Finally, the Company explained that it requested a two-phase rate increase to mitigate the impact of the overall rate increase on its customers.

The Company addressed each of the issues raised by LMOA in its Response. First, the Company argues the stipulated 10.0% ROE is reasonable and should be adopted by the Commission. The Company noted the record in this proceeding supports a ROE range from a low of 9.1% to a high of 11.2%, and Staff witness Ballsrud indicated any point within this range would be a reasonable ROE. The Company believes the 10.0% stipulated ROE is supported by the evidence as a whole, recent Commission precedent, and the Staff's recommendation in this case. Second, the Company noted that it adopted the Staff's proposed customer count allocation of 1.5 for customers who receive both water and sewer service. The Company further noted that the appropriate allocation factors for all service company charges are currently being reviewed as required in Case No. PUE-2005-00060, in which the Company's affiliates agreement with Aqua Services, Inc., was approved by the Commission. The Company observed there is no basis in the evidentiary record to support the 1.10 or 1.25 factors urged by LMOA. Third, the Company explained that while adjustments were made in the purchase price of the stock when Aqua America purchased AquaSource Utility Inc. ("AquaSource") and several other related AquaSource companies, the book value of the assets of Aqua Virginia, Inc. was not affected. The Company stated that it should be authorized to earn a return on the depreciated original cost (book value) of its assets rather than on the difference between the book value of those assets and some allocated portion of the purchase price for the stock of AquaSource. However, the Company agreed that a portion of the \$69 million acquisition adjustment should be mathematically allocated to Aqua Virginia for ratemaking purposes. The Company supports the Staff's methodology for computing the adjustment and argues there is no basis in the record to support LMOA's arbitrary increase in the adjustment and arbitrary decrease in the Company's rate base.

The Staff filed its Reply to the Response of LMOA on July 12, 2006. The Staff stated that the Stipulation is not only supported by the applicable law and evidentiary record, but also is equitable to all affected parties, the Company, and its customers. The Staff believes LMOA failed to show that the Stipulation is unreasonable; therefore, there is no basis to support its rejection by the Commission.

The Staff addressed the three issues raised by LMOA. First, the Staff noted there is Commission precedent for the proposition that a ROE anywhere within the range recommended by the experts may be found to be reasonable.<sup>2</sup> The Staff stated the stipulated 10.0% ROE is within the range supported by the expert testimony entered into the record in this case. Second, the Staff explained the three-part cost allocation methodology agreed to in the Stipulation is the result of extensive research that is documented in the testimony of Staff witness Armstrong. The Staff noted there is ample evidence in the record to support Mr. Armstrong's customer count allocation of 1.5. The Staff further noted there was no quantification of other efficiencies that would warrant a further reduction of this factor to 1.1 or 1.25, as urged by LMOA. Third, the Staff explained that Virginia law requires that all property that is "used and useful" to the utility in providing its service must be taken into consideration for ratemaking purposes.<sup>3</sup> The Staff stated that the Company's rate base and the acquisition adjustment were correctly calculated. The Staff believes there is no justification given to support LMOA's recommended \$500,000 rate base, other than its assertion that a nominal value should have been assigned to the system at the time it was acquired by Aqua America. Staff concluded that LMOA failed to show that the Stipulation is unreasonable and LMOA provided no basis for its rejection.

On August 3, 2006, the Report of Michael D. Thomas, Hearing Examiner ("Hearing Examiner's Report") was filed. After reviewing the testimony of both parties and Staff,<sup>4</sup> and the Stipulation and responses thereto, the Hearing Examiner found that the Stipulation represents a reasonable

<sup>1</sup> Response at 1.

<sup>2</sup> See, *Commonwealth v. The Potomac Edison Co.*, 233 Va. 165,171,353 S.E.2d 785, 788 (1987).

<sup>3</sup> See, *Howell v. C. & P. Tel. Co. of Va.*, 215 Va. 549, 558, 211 S.E.2d 265, 271 (1975).

<sup>4</sup> Hearing Examiner's Report, 4-7.

compromise of the interests of the Company and its customers. The Hearing Examiner further found that the Stipulation reasonably addresses the other substantive issues in this case and recommended adoption of the Stipulation and the rates as provided for in the Stipulation. The Hearing Examiner found no merit to the issues raised by LMOA in its Response to the Stipulation and recommended its rejection. Concerning the issues addressed by LMOA in contesting the Stipulation, the Hearing Examiner specifically found the stipulated 10% ROE, the stipulated common cost allocation methodology, and the stipulated acquisition adjustment and computation of the rate base, all to be reasonable.

The Hearing Examiner recommended that the Commission enter an order that: (1) adopts the findings of his Report; (2) adopts the Stipulation; (3) approves the Company's rates as provided for in the Stipulation;<sup>5</sup> and (4) retains jurisdiction to effect certain provisions of the Stipulation.

On August 24, 2006, the Company filed its Response to the Hearing Examiner's Report and LMOA filed its Exceptions and Memorandum ("Exceptions") in response to the Hearing Examiner's Report. The Company's Response agrees with the findings of the Hearing Examiner and maintains the positions taken in its Reply to the Response of LMOA to the Joint Motion for Approval of Stipulation, discussed above. LMOA's Exceptions are fourfold: (1) the Hearing Examiner improperly considered the Stipulation between the Company and Staff as an agreement and findings which are controlling unless proven to be unreasonable by LMOA; (2) the Hearing Examiner incorrectly found that the Company was entitled to a 10.0% return on equity as "stipulated by the Company and Staff"; (3) the Hearing Examiner incorrectly found that the Company was subject to a negative acquisition adjustment credit of only \$1,420,540; and (4) the Hearing Examiner incorrectly found that the proposed common cost allocation was appropriate.

Contrary to LMOA's first exception to the effect that the Stipulation has been given a rebuttable presumption of reasonableness, we have reviewed the entire evidentiary proceeding in this case to determine what rate relief is reasonable and whether the Stipulation is supported by the evidence and is reasonable.<sup>6</sup> We begin with the Company's evidence.

The Company's witness Odell testified as to the Company's operating history from the time LMOA owned the utility until the hearing. Specifically, Mr. Odell addressed the Company's improvements to the utility to bring operations into compliance with a Consent Order that was entered between the former owner (AquaSource) and the Virginia Department of Environmental Quality ("DEQ").<sup>7</sup> The Company has made \$14.1 million in capital improvements.<sup>8</sup>

The Company's witness Ahern then gave testimony addressing a fair rate of return, including common equity cost rate, long-term debt cost rate, and a proposed capital structure from which to establish a weighted cost of capital to be applied to the jurisdictional rate base. Ms. Ahern employed four market-based cost of common equity models<sup>9</sup> to support her recommended overall rate of return of 8.7% applicable to a hypothetical capital structure consisting of 50% long-term debt and 50% common equity capital, at a recommended hypothetical debt cost rate of 6.00% and a recommended common equity cost rate of 11.40%.<sup>10</sup>

The Company's witness Dooley's testimony addressed the revenue requirement based on a Phase 1 increase of \$1,500,000 (\$1,165,000 in sewer revenues and \$335,000 in water revenues) and a Phase 2 increase of \$983,000 (\$739,000 in sewer revenues and \$243,800 in water revenues). He stated the Company's cost of service would support an initial increase of \$2,438,435, rather than the \$1,500,000 the Company requests, as the additional revenue needed for the Company to earn an 11.4% return on equity. He noted, however, that the Company is deferring a portion of the increase to Phase 2 to ease the impact on its customers. Mr. Dooley addressed his ratemaking adjustments to the per-books cost of service. Mr. Dooley's testimony also discussed the organizational structure of Aqua America and its affiliates, the services those affiliates provide to Aqua Virginia, and his analysis which showed the cost of services provided by the affiliates to be just and reasonable and lower than those the Company could obtain on a stand-alone basis. Finally, Mr. Dooley addressed the Company's proposed rate design, which brings rates closer to cost-of-service. The Company now segregates the costs of its water and sewer operations, and the proposed rates separate base charges and usage charges for each service. Under the previous rate design, the Company charged the same rates for both water and wastewater services. The Company also proposed eliminating its \$90.00 annual availability fee.

The Staff presented Mr. Armstrong's testimony which addressed the accounting review of the Company's operations and the costs allocated to the Company for services from Aqua Services, Inc., in Bryn Mawr, Pennsylvania; an operations center in Cary, North Carolina; and the Company's Virginia parent. Mr. Armstrong developed a revenue requirement based on the Company's cost of service. After making corrections to his testimony and updating certain costs, Mr. Armstrong recommended a Phase 1 increase in revenues of \$1,497,721 (\$1,165,000 in sewer revenues and \$332,721 in water revenues) and a Phase 2 increase of \$382,540 (\$382,540 in sewer revenues and \$0 water revenues). In addition, Mr. Armstrong made the following recommendations:

- (1) the Company should be required to seek approval under the Affiliates Act for its consolidated tax sharing arrangement separately, or through an amendment to its existing service company agreement that incorporates the consolidated tax sharing arrangement;
- (2) the Company should prepare a depreciation study for its plant in service by December 31, 2007;

<sup>5</sup> The stipulated Phase 1 and Phase 2 rates and charges are set out in the two columns on the far right of Attachment A of the Hearing Examiner's Report.

<sup>6</sup> Nowhere in the Hearing Examiner's Report do we find an indication that the Stipulation was presumed to be reasonable apart from the evidence (which was given before the Stipulation was offered). The Hearing Examiner's Report contains a thorough summary of all the evidence (Hearing Examiner's Report, pp. 3-7).

<sup>7</sup> Exhibit No. 1, pp. 3-5.

<sup>8</sup> Exh. No. 9. Aqua Virginia's capital improvements include \$11.5 million for wastewater and \$2.6 million for the water system. Funding was provided by the Company's parent, Aqua America. Tr. 166.

<sup>9</sup> Discounted Cash Flow ("DCF"), Risk Premium, Capital Asset Pricing, and Comparable Earnings Models were used.

<sup>10</sup> Hearing Examiner Report, p. 4. Ms. Ahern subsequently revised her recommended overall rate of return for the Company to 8.6% and an updated common equity cost rate of 11.2%. (Hearing Examiner Report, p. 7).

- (3) the Company should begin capitalizing costs of transportation and power-operated equipment when used in association with capital projects; and
- (4) the Company should properly segregate the books and transactions of the water and wastewater operations.

Mr. Armstrong explained the negative acquisition adjustment of \$1,420,540 used by the Staff to reduce the Company's rate base to \$17.1 million. The adjustment recognized the fact that Aqua America paid \$69 million under book value when it purchased AquaSource. The Company represented approximately 2.1% of AquaSource's net book value at the time of the purchase. Mr. Armstrong multiplied the \$69 million by 2.1% to arrive at the \$1,420,540 negative acquisition adjustment.

Finally, Mr. Armstrong addressed the allocation factor the Staff proposed to replace Aqua Services, Inc.'s current methodology for allocating expenses of the service company and the operations company. Presently, Aqua Services, Inc. allocates these expenses using a customer count in which a household that receives water and sewer service is counted as two customers, one water and one sewer customer. Since Aqua Virginia represents 85% of Aqua America, Inc.'s Virginia sewer customers, it might be argued that such a methodology has a disproportionate impact on the Company's customers. To address this concern, Mr. Armstrong proposed a three-part allocation factor composed of the simple average of plant, payroll, and modified customer count of 1.5. Mr. Armstrong stated Aqua Services, Inc., is currently studying the allocation methodology it used in Virginia and would be filing a report of its findings with the Commission on June 30, 2006.<sup>11</sup>

Staff witness Ballsrud's testimony was next presented and supported a recommended cost of equity range for the Company of 9.1% - 10.1%. He used a Discounted Cash Flow ("DCF") analysis of a proxy group of water utility companies and several risk premium methodologies using market data through March 2006, to arrive at his recommendation. In addition, he recommended using a consolidated Aqua America capital structure as of December 31, 2005, updated to reflect short-term interest rates and the impact of recently issued long-term debt. Based on his recommended capital structure and his recommended cost of equity range of 9.1% - 10.1%, he opined the Company's overall cost of capital range is 7.265% - 7.706%. Mr. Ballsrud recommended the Company's rates be set at the midpoint of those ranges, which results in a 9.6% return on equity and a 7.486% overall cost of capital.<sup>12</sup>

Staff witness Tufaro's testimony addressed the Staff's proposed Phase 1 water rates (\$12.00 Base and \$4.06 Usage Charge) and sewer rates (\$20.45 Base and \$6.12 Usage Charge) and Phase 2 water rates (\$12.00 Base and \$4.06 Usage Charge) and sewer rates (\$23.96 Base and \$7.15 Usage Charge). Mr. Tufaro recommended that the Company's \$90 availability fee, which is assessed annually for each unimproved lot within the Company's certificated area, be maintained since many of the improvements made to the water and sewer systems will benefit future customers and the availability fee accounts for \$54,585 in revenues for the Company. Mr. Tufaro confirmed that under the Staff's recommended rates, the Company's usage customers would pay less than under the Company's proposed rates because the availability fee revenue would be allocated to the Company's overall revenues.<sup>13</sup> Mr. Tufaro recommended that the Company be required to reinstate the \$90 annual availability fee. Mr. Tufaro further recommended that in its next rate proceeding, the Company file a cost-of-service study for both its water and wastewater operations, so that the customer charge can be set at a proper level and the variable costs related to usage are identified.<sup>14</sup>

LMOA's witness Collier presented testimony that focused on the history of LMSC, the acquisition of LMSC by AquaSource, and the various service problems faced by LMSC; the Consent Order entered by LMSC with DEQ; and LMSC's efforts to correct its service problems and meet growing demand in its service territory.<sup>15</sup>

LMOA's witness Donahue testified his firm reviewed the Application for reasonableness, compliance with typical industry practice, and adherence to previous decisions related to the utility's rates and finances. Based on his reading of *Lake Monticello Service Co. v. Board of Sup.*, 233 Va. 111, 353 S.E.2d 767 (1987) and *Lake Monticello Service Co. v. Board of Sup.*, 237 Va. 434, 311 S.E.2d 446 (1989), Mr. Donahue concludes that the use of original cost less depreciation for valuing this specific utility was inappropriate and cannot be used as a basis for setting rates. Mr. Donahue believes the 11.4% ROE originally requested by the Company is excessive and should be lowered to reflect the lack of market risk faced by the Company. Mr. Donahue testified that while he is not an economist, he believed that the rate of return would be at the low end of what had been recommended. Mr. Donahue also questions the initial cost data used by the Company to develop its rates, particularly the valuation of the utility's assets at the time of purchase by AquaSource.<sup>16</sup> Regarding the valuation of the utility assets, Mr. Donahue infers his rate base valuation from historical operating conditions.

We need not further review the rebuttal testimony of the Company and Staff, as they subsequently presented their Stipulation.

NOW THE COMMISSION, having considered the record in this case, the Hearing Examiner's Report, and the applicable law, is of the opinion and finds that the findings and recommendations of the 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. With regard to the objections of LMOA to the

<sup>11</sup> Hearing Examiner's Report, pp. 4-5.

<sup>12</sup> Hearing Examiner's Report, p. 5.

<sup>13</sup> Hearing Examiners' Report, p. 6.

<sup>14</sup> Exh. 6, p. 7.

<sup>15</sup> Ex. 7, at 1-5; Tr. at 142-144.

<sup>16</sup> Ex. 8, at 1-7; Tr. at 146-159.

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stipulated ROE, cost allocators, and rate base, LMOA's witnesses Collier and Donahue fail to offer any evidentiary support for the calculation of LMOA's own recommended 9.6% ROE, common cost allocators of 1.10-1.25, or \$500,000 rate base valuation.<sup>17</sup>

Accordingly, we will approve the Stipulation in its entirety and find that the Phase 1 rates resulting from the Stipulation should be approved as set out below:

Water: Base Charge - \$12.00; Usage Charge (per 1,000 gal.) - \$4.07

Sewer: Base Charge - \$20.49; Usage Charge (per 1,000 gal.) - \$6.12

Availability Fee: Annual Charge - \$90.00

The Company should file an amended tariff reflecting the Phase 1 rates approved. If the revenues produced by the interim rates exceed the revenues to be produced by the Phase 1 rates with the exception of the availability rate which is reinstated prospectively, then the difference must be refunded with interest compounded quarterly.

Pursuant to paragraph 6 of the Stipulation, this case will remain open to allow for a rate base update, as of December 31, 2006, to be used in making any adjustment to Phase 2 rates, if necessary, and to order implementation of Phase 2 rates.<sup>18</sup> Accordingly, this case is remanded to the Hearing Examiner to conduct further proceedings to review the Company's updated rate base as stipulated. Such proceedings shall include an opportunity for LMOA to respond to the Company's filing and request a hearing.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the August 3, 2006 Hearing Examiner's Report are hereby adopted, and the terms and conditions of the June 19, 2006 Stipulation are incorporated herein by attachment hereto.

(2) Aqua Virginia shall be granted an increase in Phase 1 gross annual water operating revenues of \$335,001 and an increase in Phase 1 gross annual wastewater operating revenues of \$1,165,000. Based on test year operations, the Phase 1 rate revisions will produce a return on equity of 10.0%.

(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 Phase 1 annual operating revenues authorized herein and are consistent with the terms of the June 19, 2006 Stipulation.

(4) The Company shall refund, with interest, the difference between the interim rates that became effective on February 24, 2006, and those Phase 1 rates, with the exception of the availability rate which is reinstated prospectively, provided for by 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 Order Approving Stipulation in this case.

(5) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H.15) for the three months of the preceding calendar quarter.

(6) Refunds ordered in Ordering 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. Aqua Virginia 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. Aqua Virginia may retain refunds issued to former customers for which the refund is less than \$1. Aqua Virginia 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) The Order Approving Stipulation is made final for purposes of appeal.

(8) This case shall be continued for approval and implementation of Phase II rates as stipulated and is hereby remanded to the Hearing Examiner, consistent with the findings above.

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

<sup>17</sup> Regarding LMOA's valuation of utility assets, we note Mr. Donahue is in error in his testimony reported by the Hearing Examiner that "[b]ased on his reading of *Lake Monticello Service Co. v. Board of Sup.*, 233 Va. 111, 353 S.E.2d 767 (1987) and *Lake Monticello Service Co. v. Board of Sup.*, 237 Va. 434, 377 S.E.2d 446 (1989), the use of original cost less depreciation for valuing this specific utility was inappropriate and cannot be used as a basis for setting rates." Witness Donahue misapplies his cited case authorities, both tax appraisal cases, to Virginia law on ratemaking and utility rate base valuation (See 20 VAC 5-200-30). Further, the Commission's assessments of equalized assessed values for 1984, 1985, and 1986, were considered by the Supreme Court in these two cases. The nature and value of the Company's property devoted to utility service has certainly changed in 20 years. This Commission has long determined rate base beginning with the net (depreciated) original cost. (See *Norfolk v. Chesapeake, Etc., Tel. Co.*, 192 Va. 292, 303-304 (1951); *City of Lynchburg v. Telephone Company*, 200 Va. 706, 710 (1959); *Henry E. Howell, Jr. v. Chesapeake and Potomac Telephone Company of Virginia*, 215 Va. 549, 553 (1975).

<sup>18</sup> Case No. PUE-2005-00080, Order for Notice and Hearing, pp. 2-3, issued December 16, 2005, directs that implementation of Phase 2 rates shall be by separate order.

**CASE NO. PUE-2005-00087  
FEBRUARY 1, 2006**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For Authorization to Implement a Gas Cost Hedging Program

**FINAL ORDER**

On October 17, 2005, Columbia Gas of Virginia, Inc. ("CGV" or the "Company"), filed an application with the State Corporation Commission ("Commission") to implement a Gas Cost Hedging Plan program (the "Hedging Plan") to allow CGV to engage in financial hedging activities as part of its gas purchasing strategy effective January 1, 2006. The Company requests authority to pass through all of the associated transaction costs of the Hedging Plan as well as any of the financial gains and losses that would result from the purchase and sale of future contracts as part of such financial hedging through the Company's Purchased Gas Adjustment/Actual Cost Adjustment ("PGA/ACA") mechanism. The Hedging Plan is intended to provide greater gas cost stability in the Company's natural gas procurement strategy, beginning with CGV's 2006-2007 winter season and thereafter.

On November 8, 2005, the Commission issued an Order Prescribing Notice and Inviting Comments and Requests for Hearing ("Order of November 8, 2005"). On December 30, 2005, the Office of Attorney General, Division of Consumer Counsel, filed comments supportive of the application. Pursuant to the Order of November 8, 2005, the Staff prefiled its Staff Report on January 17, 2006.

The Staff recommended that CGV be authorized to implement its proposed Hedging Plan through the direct use of NYMEX gas futures contracts<sup>1</sup> and that the Company's PGA mechanisms be amended to allow for the recovery of such prudently incurred costs associated with the proposed gas price hedging transactions. The Staff recommended that the authority for the Hedging Plan be limited to the period ending with the conclusion of the 2008-2009 winter heating season. The Staff further recommended that the Company be required to file a report on or before June 30th of each year from 2007 through 2009, which details the terms of the hedged gas contracts utilized in the prior heating season, any costs associated with the hedged gas contracts, the calculation of the volumes to be hedged through the use of futures contracts during the upcoming heating season, and the schedule for purchasing those volumes. Staff recommended that this docket should remain open to receive the Company's reports.

The Staff also recommended that the Company's tariff language be modified to include costs associated with hedged gas contracts that do not cumulatively exceed 50% of the forecasted non-storage winter purchase requirements for the Company's PGA/ACA. Lastly, the Staff recommended that the Company account for its hedging activities as indicated in the Company's response to Staff's Interrogatory No. 1, which was attached to the Staff Report.

On January 25, 2006, CGV filed its Response to the Staff Report. CGV takes exception to Staff's recommendation that approval be granted only through the 2008-2009 winter heating season. CGV maintains that permanent approval is justified, based upon the experience gained by its out-of-state affiliated local distribution companies ("LDCs") in hedging transactions and the fact that permanent hedging programs have already been approved for Virginia LDCs including Roanoke Gas Company ("Roanoke"),<sup>2</sup> Atmos Energy Corporation ("Atmos")<sup>3</sup> and Washington Gas Light Company ("WGL").<sup>4</sup> CGV argues that the Commission can well maintain continuing oversight over CGV's Hedging Plan as it does with the other LDCs that have permanent hedging programs in Virginia without limiting CGV's approval and without leaving this docket open to receive the annual reports recommended by Staff.<sup>5</sup>

CGV further maintains in its Response that its 24-month period of hedging purchases for each winter heating season would require that it file a renewed hedging plan application in early 2007, a little over a year from now, in order to continue hedging for the 2009-2010 winter heating season. At that point, CGV explains, CGV will not yet have had experience with even a single 24-month hedging purchase period with which to support a renewed application. CGV submits that a valid analysis of the effectiveness of its Hedging Plan would require review of data from at least two or three winter seasons utilizing the full 24-month hedging purchase period, which would not be available under Staff's recommended approval through the 2008-2009 winter heating season.

NOW THE COMMISSION, having considered the Company's application, the Staff Report and the Company's Response, and having taken judicial notice of the orders approving other gas cost hedging programs in Virginia (discussed in footnotes 2-4), and of the applicable law, is of the opinion and finds as indicated below.

The Commission finds that CGV should be authorized to implement its proposed Hedging Plan through the direct use of NYMEX gas futures contracts and that the Company's PGA mechanisms be amended to allow for the recovery of such prudently incurred costs associated with the proposed gas price hedging transactions.

<sup>1</sup> The Gas Futures Contract is traded on the New York Mercantile Exchange.

<sup>2</sup> *Application of Roanoke Gas Company for Authorization to Implement a Pilot Gas Cost Hedging Program*, Case No. PUE-1997-00420, Dismissal Order (March 9, 2004). The pilot program to employ financial hedges was first authorized by Order dated July 24, 1997, and extended by Orders dated April 27, 1998, and January 9, 2001. Permanent tariff authority was granted in Roanoke's last general rate case, PUE-2002-00373, Final Order issued January 7, 2003.

<sup>3</sup> *Application of Atmos Energy Corporation for Approval of an Amendment to Purchased Gas Adjustment Rider*, Case No. PUE-2004-00036, Final Order (August 13, 2004) (hereinafter "Atmos Final Order"). The Atmos Final Order granted permanent approval, with modifications, of gas price hedging activities earlier approved by Order dated September 15, 2001, in Case No. PUE-2001-00305, 2001 S.C.C. Ann. Rept. 567.

<sup>4</sup> *Application of Washington Gas Light Company for Approval of an Amendment to its Purchased Gas Charge Program*, Case No. PUE-2001-00354, Final Order (October 5, 2005). The Final Order granted permanent approval, with modifications, of the hedging authority approved in Case No. PUE-2001-00354, Final Order issued, September 2, 2001, and Case No. PUE-2002-00364, 2003 S.C.C. Ann. Rept. 383.

<sup>5</sup> CGV fully agrees, nevertheless, to supply the annual reports recommended by Staff.

With respect to the permanent authority that CGV has requested, the Commission finds that CGV's arguments are unpersuasive. CGV relies upon the implemented hedging programs of its out-of-state affiliated LDCs to demonstrate the Company's experience in hedging transactions, yet this Commission has never reviewed these hedging transactions. The Commission, however, has reviewed the hedging transactions of the other Virginia LDCs (Roanoke, Atmos, and WGL) before granting permanent authority for their hedging programs. The Commission agrees with CGV that its Hedging Plan is not an experimental program under § 56-234 of the Code. While permanent approval of the Hedging Plan is not forestalled as experimental, the Commission must nevertheless assure that the Company's rates remain reasonable and just under that same statute. Thus, the Commission will review the hedging transactions over a reasonable period before granting the Company permanent authority for its Hedging Plan. This period of review is consistent with the review periods ordered for Roanoke, Atmos, and WGL.

CGV does persuade us that the review period recommended by Staff is insufficient to adequately review the 24-month purchasing period that CGV will use for each winter heating season. We agree with CGV that a valid analysis of the effectiveness of the Hedging Plan requires the review of data from at least a couple of winter heating seasons utilizing the full 24-month hedging purchase period.<sup>6</sup> Accordingly, the Commission finds that CGV's authority for the Hedging Plan should extend to the period ending with the conclusion of the 2009-2010 winter heating season. This will allow data analysis for the truncated Window Periods associated with the 2006-2007 and 2007-2008 Winter Seasons and the full Window Periods for the 2008-2009 and 2009-2010 Winter Seasons.

We find that Staff's recommended reporting requirements and schedule of reporting should be approved, consistent with our extended approval of the Hedging Plan through the 2009-2010 winter heating season.

CGV agreed with Staff's recommended tariff language to implement this Hedging Plan and has set this out in its appended Sixteenth Sheet No. 385 as Exhibit 1 to its Response. The Commission finds that CGV's tariff amendment should be filed as shown in Exhibit 1 to its Response.

CGV should be further ordered to account for its hedging activities as recommended by Staff and as shown in the Company's response to Staff's Interrogatory No. 1, attached to the Staff Report.

Finally, the Commission finds that this case should remain open to receive the annual reports recommended by Staff. CGV should also be directed to file a further pleading to address renewal or termination of the Hedging Plan following analysis of the data from its hedging transactions.

Accordingly, IT IS ORDERED THAT:

(1) CGV's Hedging Plan is hereby approved and authorized, beginning with the 2006-2007 winter heating season through the 2009-2010 winter heating season, consistent with the Findings above.

(2) CGV is hereby ordered to file in this case annual reports on or before June 30th of each year from 2007 through 2010, consistent with the recommendations of Staff adopted above.

(3) The amended tariff language contained in Sixteenth Sheet No. 385 appended to the Company's Response is hereby approved and the Company is ordered to file the tariff amendment with the Division of Energy Regulation.

(4) CGV is hereby ordered to account for its hedging activities as indicated in the Company's response to Staff's Interrogatory No. 1, attached to the Staff Report.

(5) On or before June 30, 2009, the Company is ordered to file a pleading in this case requesting authority to continue the Hedging Plan, amend the Hedging Plan, or terminate the Hedging Plan.

(6) This case shall remain open until further order.

<sup>6</sup> The 24-month purchase period is otherwise referred by CGV as the Window Period for the applicable Winter Season. The initial Window Periods are termed truncated, because less than 24 months will elapse before the Winter Season.

**CASE NO. PUE-2005-00087  
FEBRUARY 17, 2006**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For Authorization to Implement a Gas Cost Hedging Program

**ORDER ON RECONSIDERATION**

On October 17, 2005, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed an Application with the State Corporation Commission ("Commission") to implement a Gas Cost Hedging Plan program ("Hedging Plan") to allow CGV to engage in financial hedging activities as part of its gas purchasing strategy effective January 1, 2006. The Company requested authority to pass through all of the associated transaction costs of the Hedging Plan, as well as any of the financial gains and losses that would result from the purchase and sale of future contracts as part of such financial hedging, through the Company's Purchased Gas Adjustment/Actual Cost Adjustment mechanism. The Company stated that the Hedging Plan is intended to provide greater gas cost stability in its natural gas procurement strategy, beginning with CGV's 2006-2007 winter heating season and thereafter.

On February 1, 2006, the Commission issued a Final Order that, among other things: (i) approved and authorized the Hedging Plan, from the 2006-2007 winter heating season through the 2009-2010 winter heating season, consistent with the findings in the Final Order (Ordering Paragraph (1) of the

Final Order); and (ii) directed the Company to file a pleading in this case, on or before June 30, 2009, requesting authority to continue, amend, or terminate the Hedging Plan (Ordering Paragraph (5) of the Final Order).

On February 15, 2006, CGV filed a Petition for Reconsideration, which requests the Commission to reconsider: (i) the date through which the Hedging Plan is approved; and (ii) the date by which the Company is required to file a pleading requesting authority to continue, amend, or terminate the Hedging Plan. The Company asserts, among other things, that the dates for such in the Final Order do not properly account for the fact that a full "Window Period" for the Hedging Plan encompasses 24 months. The Company proposes modifications to Ordering Paragraphs (1) and (5) of the Final Order and states that the Commission's Staff agrees with such modifications.

NOW THE COMMISSION, having considered the Petition for Reconsideration, is of the opinion and finds as follows. We do not adopt CGV's proposed modifications. Rather, we find that the Final Order shall be amended: (i) to provide approval of the Hedging Plan for an additional winter heating season; and (ii) to require the Company to file, on or before May 1, 2009, its pleading requesting authority to continue, amend, or terminate the Hedging Plan. As such, when the Company submits its required filing on or before May 1, 2009, CGV will have Hedging Plan results from one full Window Period and two truncated Window Periods. In addition, the Company's Hedging Plan authority will not lapse prior to its May 1, 2009, filing, and the Company will have authorization for a full Window Period ending with the 2010-2011 winter heating season.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Petition for Reconsideration is granted in part, and denied in part, as set forth herein.
- (2) Ordering Paragraph (1) of the February 1, 2006, Final Order is stricken and replaced with the following: "CGV's Hedging Plan is hereby approved and authorized, beginning with the 2006-2007 winter heating season through the 2010-2011 winter heating season, consistent with the findings above."
- (3) Ordering Paragraph (5) of the February 1, 2006, Final Order is stricken and replaced with the following: "On or before May 1, 2009, the Company is ordered to file a pleading in this case requesting authority to continue the Hedging Plan, amend the Hedging Plan, or terminate the Hedging Plan."
- (4) This case shall remain open pending further order of the Commission.

Commissioner Jagdmann did not participate in this proceeding.

**CASE NO. PUE-2005-00089  
JANUARY 23, 2006**

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 ON 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 (§§ 56-55 *et seq.* and 56-76 *et seq.*) of Title 56 of the Code of Virginia 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 Authority which, among other things, contained the following Ordering Paragraphs:

- (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; and

(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 certain conditions. 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 CGV shall immediately withdraw all of its investment in the Money Pool.

On December 7, 2005, CGV filed a Petition for Reconsideration ("Petition") and Motion to Partially Suspend Order Granting Authority ("Motion"). The Company requested that the Commission reconsider and eliminate the condition in Ordering Paragraph (2) 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"). CGV requested that the Commission suspend the Borrowing Restriction during the period of reconsideration. In support of elimination of the Borrowing Restriction, CGV asserted, in part, that the Company would likely exceed the \$20 million threshold triggering the Borrowing Restriction in at least May of each upcoming year and, therefore, that the Borrowing Restriction effectively denies the Company the authority to issue long-term debt and, therefore, that the Commission would be controlling an important part of CGV's capital structure.

On December 9, 2005, the Commission entered an Order Granting Reconsideration continuing the Commission's jurisdiction over the matter for the purpose of considering the Company's Petition. The Commission denied the Company's Motion to suspend the Borrowing Restriction during the period of reconsideration.

On January 11, 2006, CGV filed a Supplement to the Petition proposing the following alternatives as safeguards to the Borrowing Restriction ("Alternative Safeguards"):

- (1) The Company commits to make all of its short-term investments outside of the Money Pool;
- (2) The Company would not be authorized to issue any New Notes if, in the previous twelve-month period prior to issuing any New Notes, the simple 12-month, month-end average balance of borrowed Money Pool debt is less than the simple 12-month, month-end average balance for short-term investments; and
- (3) The Company would not be authorized to issue any New Notes if, in the previous twelve-month period, it had month-end short-term investment balances for more than a total of six of the twelve months.

CGV states that the Commission Staff has reviewed the Alternative Safeguards and agrees that such safeguards would be appropriate alternatives to the Borrowing Restriction. The Company requests the Commission to vacate the condition found in Ordering Paragraph (2) of the November 21, 2005, Order Granting Authority and replace it with the following condition: "The Commission acknowledges CGV's commitment to not make any investments in the Money Pool from the date of this Order through December 31, 2008. CGV is not authorized to issue any New Notes if, in the previous twelve-month period prior to any such issuance, (1) the simple 12 month, month-end average balance of CGV's borrowed Money Pool debt is less than the simple 12 month, month-end average balance for CGV's temporary money market investment, (2) CGV has month-end temporary money market investment balances for more than a total of six of the twelve months."

NOW THE COMMISSION, upon reconsideration of the matter, is of the opinion and finds that it would be appropriate to accept the proposal made by CGV in its Supplement to the Petition for Reconsideration. We find that the proposal will reduce the exposure to the financial risks of non-regulated affiliate borrowers through the Money Pool. We will strike the condition that 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 and amend Ordering Paragraph (2) to reflect the Alternative Safeguards. We will vacate current Ordering Paragraph (4) and replace it with language reflecting the Company's commitment to make all of its short-term investments outside of the Money Pool.

Accordingly, IT IS ORDERED THAT:

- (1) Ordering Paragraph (2) of our November 15, 2005, Order Granting Authority is hereby amended to read as follows:

CGV is hereby authorized 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 is not authorized to issue any New Notes if, in the previous twelve-month period prior to any such issuance: (i) the simple 12-month, month-end average balance of CGV's borrowed Money Pool debt is less than the simple 12-month, month-end average balance for CGV's temporary money market investment; or (ii) CGV has month-end temporary money market investment balances for more than a total of six of the twelve months.

(2) Ordering Paragraph (4) is hereby vacated and replaced as follows:

CGV is not authorized to make any investments in the Money Pool between the date of this Order and December 31, 2008.

(3) All other provisions of our November 21, 2005, Order Granting Authority shall remain in full force and effect.

**CASE NO. PUE-2005-00090  
JANUARY 18, 2006**

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 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 Company stated that this revision is necessary to reflect the appropriate level of fuel expense recovery over the period January 1, 2006, through December 31, 2006.

On November 4, 2005, the Commission issued an Order establishing a procedural schedule in this case and setting a hearing date for January 12, 2006. 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, 2006. 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 December 15, 2005, the Company filed with the Clerk of the Commission proof of service and notice.

On December 29, 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 1.785¢ per kWh fuel factor that became effective with bills rendered on and after January 1, 2006.

On January 5, 2006, Appalachian filed a letter notifying the Commission that the Company would not be filing any rebuttal testimony or exhibits.

The hearing was convened on January 12, 2006. 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's proof of service and notice, 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 1.785¢ 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 1.785¢ 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 1.785¢ per kWh, established by Commission Order dated November 4, 2005, effective with bills rendered on and after January 1, 2006, shall remain in effect.

(2) This case is continued generally.

**CASE NO. PUE-2005-00093  
FEBRUARY 8, 2006**

APPLICATION OF  
MANAKIN WATER & SEWERAGE CORPORATION

For changes in rates, rules and regulations

**ORDER**

By notice dated September 7, 2005, pursuant to the Small Water or Sewer Public Utility Act,<sup>1</sup> Manakin Water and Sewerage Corporation ("Manakin" or "Company") notified its customers and the State Corporation Commission ("Commission") of its intent to increase rates and fees effective for service rendered on or after November 1, 2005.

On October 31, 2005, the Commission entered a Preliminary Order which, among other things, determined that the Company's proposed rates and charges could take effect for sewerage service provided in billing periods commencing subsequent to December 30, 2005, subject to refund with interest;<sup>2</sup> directed the Company to file certain financial information with the Commission's Division of Public Utility Accounting ("Staff") on or before December 1, 2005; and assigned a hearing examiner ("Hearing Examiner" or "Examiner") to conduct all further proceedings therein.

On January 18, 2006, Manakin, by letter from David G. Petrus, requested leave to withdraw its application for a rate increase without prejudice. Staff does not object to Manakin's request.

On January 24, 2006, the Report of Michael D. Thomas, Hearing Examiner was filed with the Commission. Therein, Examiner Thomas found good cause for leave to be granted to the Company to withdraw its application without prejudice. The Examiner recommended that the Commission adopt the findings in his report, grant the Company leave to withdraw its application without prejudice, dismiss the matter from its docket of active cases, and pass the papers therein to the file for ended causes. Additionally, the Examiner provided Manakin an opportunity to comment on the report.

No comments were filed to the report of the Hearing Examiner.

NOW THE COMMISSION, upon consideration of the record herein and the findings and recommendations of the Hearing Examiner, hereby adopts those findings and recommendations.

Accordingly, IT IS ORDERED THAT:

- (1) The Commission adopts the findings and recommendations of the Hearing Examiner.
- (2) Manakin's request for leave to withdraw its application without prejudice is granted.
- (3) This case is dismissed and the papers herein are passed to the file for ended causes.

<sup>1</sup> Section 56-265.13:1 *et seq.* of the Code of Virginia.

<sup>2</sup> Interim rates were not implemented; consequently, no customer refunds are necessary.

**CASE NO. PUE-2005-00094  
MAY 4, 2006**

APPLICATION OF  
SOUTHWESTERN VIRGINIA GAS COMPANY

Annual Informational Filing for the period ending June 30, 2005

**FINAL ORDER**

On October 31, 2005, Southwestern Virginia Gas Company ("Southwestern" or the "Company") completed its Annual Informational Filing ("AIF") for the fiscal year ended June 30, 2005.

On January 6, 2006, 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, 20 VAC 5-200-30 *et seq.*, 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 January 31, 2006, the Staff filed its Staff Report which included a financial review of Southwestern's profitability, capital structure, and cost of capital as well as an accounting analysis. The Staff Report indicates 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 concerning the Company's rates is required at this time.

However, the Staff Report notes that the Company's calculation of payroll tax expense incorporates an expense percentage of 91.67% derived from the test year portion of payroll taxes that were expensed. The Staff believes that the portion of payroll taxes expensed should closely match the portion

of payroll expensed. Therefore, Staff incorporated the test year payroll expense percentage of 86.85% into its calculation. The difference in expense percentages results in the difference of \$4,208 between the Company and Staff. The Staff Report recommends that the Commission require Southwestern to adopt an accounting methodology where the expense percentages for payroll and payroll taxes are more closely matched.

The Company provided no comments on or objections 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 Southwestern should be directed to undertake an accounting methodology where the expense percentages for payroll and payroll taxes are more closely matched and that the matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) Southwestern shall adopt an accounting methodology where the expense percentages for payroll and payroll taxes are more closely matched.
- (2) 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 cases.

**CASE NOS. PUE-2005-00098 and PUE-2005-00100  
APRIL 14, 2006**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6

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

Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service

**ORDER**

On November 2, 2005, Columbia Gas of Virginia, Inc., ("Columbia" or "Company") filed an Application with the State Corporation Commission ("Commission") for approval of a performance based ratemaking methodology ("PBR Plan") pursuant to § 56-235.6 of the Code of Virginia ("Code").

On November 9, 2005, the Commission issued a Preliminary Order that, among other things: (1) docketed the PBR Plan Application; (2) initiated an investigation into the justness and reasonableness of Columbia's current rates, charges, and terms and conditions of service; and (3) required the Company to file, on or before February 3, 2006, the schedules required for a general rate application in full compliance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30 ("Rate Case Rules"). By Order dated January 4, 2006, the Commission granted the Company's subsequent request to extend the filing date for the Company's general rate case schedules from February 3, 2006, to May 1, 2006.

On April 12, 2006, Columbia filed a Motion for Waiver ("Motion"), pursuant to 20 VAC 5-200-30 A (11) of the Rate Case Rules, requesting a waiver of the requirement to file Schedules 31, 32, and 33. In support of its Motion, Columbia stated that the Commission's investigation of the justness and reasonableness of the Company's rates was initiated as a result of the Company's Annual Information Filings ("AIFs") in Case Nos. PUE-2005-00031 and PUE-2004-00042.<sup>1</sup> The Company further stated that it "believes the justness and reasonableness of its current rates and the differences between Company and Staff in the AIFs can be evaluated without the necessity of analyzing potential tariff modifications, designing tariffs, or developing typical bills concerning an additional annual revenue requirement", which the Company represents it will forego in its PBR Plan (Motion at 2). The Company further represented that it did not intend to request approval of an increase in its rates and charges, modifications to its rate design, or modifications to its tariff provisions in the rate investigation.

NOW THE COMMISSION, having considered the Motion, is of the opinion and finds that the Staff of the Commission ("Staff") and other interested parties should be given an opportunity to respond to the April 12, 2006, Motion. We further find that Columbia should be allowed to file a reply to any responses filed by the Staff and other interested parties as provided herein.

Accordingly, IT IS ORDERED THAT:

- (1) On or before April 21, 2006, the Staff and other interested parties shall with the Clerk of the Commission an original and fifteen (15) copies of their response to Columbia's Motion, and shall on the same day serve a copy of the same on counsel for the Company.
- (2) On or before April 26, 2006, Columbia shall file with the Clerk of the Commission an original and fifteen (15) copies of its reply, if any, to the responses filed by the Staff and other interested parties, and shall on the same day serve a copy of its response on counsel for the Staff and on all interested parties filing responses.
- (3) This matter shall be continued pending further Order of the Commission.

<sup>1</sup> *Application of Columbia Gas of Virginia, Inc., For an Annual Informational Filing for 2004*, Case No. PUE-2005-00031, and *Application of Columbia Gas of Virginia, Inc., For an Annual Informational Filing for 2003*, Case No. PUE-2004-00042.

**CASE NOS. PUE-2005-00098 and PUE-2005-00100  
APRIL 27, 2006**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6

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

Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service

**ORDER DENYING MOTION**

On November 2, 2005, Columbia Gas of Virginia, Inc. ("Columbia" or "Company"), filed with the State Corporation Commission ("Commission") an Application for approval of a performance based ratemaking methodology ("PBR Plan") pursuant to § 56-235.6 of the Code of Virginia ("Code"). On November 9, 2005, the Commission issued a Preliminary Order that, among other things: (1) docketed the PBR Plan Application; (2) initiated an investigation into the justness and reasonableness of Columbia's current rates, charges, and terms and conditions of service; and (3) required the Company to file, on or before February 3, 2006, the schedules required for a general rate application in full compliance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30.

On December 2, 2005, Columbia filed a Motion to Extend Filing Date and for Waiver of Annual Informational Filing ("AIF") Rules. On January 4, 2006, the Commission issued an Order that: (1) required the Company, on or before May 1, 2006, to file the schedules required for a general rate application in full compliance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30, based on a calendar year ended December 31, 2005; and (2) granted the Company a waiver from filing a duplicative AIF for calendar year 2005.

On April 12, 2006, Columbia filed a Motion for Waiver ("Motion"). The Company requests "a waiver under the Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30 and, specifically, paragraph A(11), of the requirement to file Schedule 31 (Proposed Rates and Tariffs), Schedule 32 (Present and Proposed Revenues), and Schedule 33 (Sample Billing)."<sup>1</sup> The Company explains that it

seeks such waiver because it does not propose to change its terms and conditions or propose an annual increase in rates and charges in its PBR Plan. Similarly, the Company does not intend to request approval of an increase in its rates and charges, modifications to its rate design, or modifications to its tariff provisions in the rate investigation.<sup>2</sup>

On April 21, 2006, the Staff of the Commission ("Staff") filed a Response, requesting that the Commission deny the Motion. On April 26, 2006, Columbia filed a Reply to the Staff's Response.

NOW UPON CONSIDERATION of this matter, the Commission is of the opinion and finds that the Motion should be denied. Our November 9, 2005, Preliminary Order initiated an investigation into the justness and reasonableness of Columbia's current rates, charges, and terms and conditions of service – and required the Company to file all of the schedules in full compliance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30. Subsequently, we granted the Company a three-month extension within which to provide this information. We still conclude, as we did in our November 9, 2005, Preliminary Order, that all of the schedules required by 20 VAC 5-200-30 are necessary for purposes of investigating the justness and reasonableness of Columbia's current rates, charges, and terms and conditions of service.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) The Company's Motion is denied.
- (2) The Company shall file Schedules 31, 32, and 33 on or before May 8, 2006.
- (3) These matters are continued pending further order of the Commission.

<sup>1</sup> Motion at 1.

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

**CASE NO. PUE-2005-00098 and PUE-2005-00100  
DECEMBER 28, 2006**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a performance based rate regulation methodology pursuant to Va. Code § 56-235.6

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

Ex Parte, In Re: Investigation of the justness and reasonableness of current rates, charges, and terms and conditions of service

**FINAL ORDER**

On November 2, 2005, Columbia Gas of Virginia, Inc. ("Columbia," "CGV," or the "Company") filed with the State Corporation Commission ("Commission") an application for approval of a performance-based ratemaking methodology ("PBR Plan") pursuant to § 56-235.6 of the Code of Virginia ("Code"). CGV explained in its application that its PBR Plan: (1) freezes non-gas base rates at then current levels for five years beginning January 1, 2006; (2) foregoes regulatory treatment of merger savings associated with NiSource, Inc.'s ("NiSource"), acquisition of the stock of the Columbia Energy Group ("CEG"), including Columbia Gas of Virginia, Inc.,<sup>1</sup> savings that Columbia alleged were approximately \$3.9 million annually; (3) prohibits the Company from seeking, at the expiration of the five-year base rate freeze, recovery of CGV's merger savings; and (4) allows Columbia to request an increase in frozen rates in connection with (i) any changes in federal, state, or local taxation of incumbent natural gas distribution utility revenues, or (ii) any financial distress of the Company beyond its control. The Company requested that the Commission approve its PBR Plan so that the Plan became effective on January 1, 2006.

On November 9, 2005, the Commission entered its Preliminary Order in this matter. That Order docketed Columbia's application as Case No. PUE-2005-00098 and initiated an investigation docketed as Case No. PUE-2005-00100 into the justness and reasonableness of Columbia's current rates, fees, charges, and terms and conditions of service. The Commission directed that the Company's PBR Plan would not be implemented unless and until it was approved by the Commission, and ordered CGV to file the schedules required for a general rate application in full compliance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30 *et seq.* ("Rate Case Rules"), on or before February 3, 2006. The November 9, 2005 Order provided that the evidence produced in either Case No. PUE-2005-00098 or Case No. PUE-2005-00100 be received concurrently in both of these dockets.

On December 2, 2005, Columbia filed a Motion to Extend Filing Date and for Waiver of Annual Informational Filing Rules ("Motion"). Columbia requested that the Commission extend the date by which it was to file the schedules required for a general rate application as directed by the Commission's Preliminary Order from February 3, 2006, through and including May 1, 2006, an extension Columbia advised was needed to file the required Schedules based on a calendar year ended December 31, 2005. In the alternative, CGV proposed to use a split test year for the twelve months ended September 30, 2005, and requested a thirty-day extension to and through March 6, 2006, in which to file the required schedules. Additionally, the Company requested a waiver of the requirement that it file a duplicative Annual Informational Filing ("AIF") for the calendar year 2005.

On December 14, 2005, the Commission Staff filed a Response to CGV's Motion. On December 29, 2005, the Company filed a Reply to the Staff's Response.

On January 4, 2006, the Commission issued its Order on Motion, wherein the Commission directed the Company to file on or before May 1, 2006, the schedules required for a general rate application in full compliance with the Rate Case Rules, based on calendar year 2005 as its test period. The Commission also granted Columbia a waiver from filing a duplicative AIF, using financial and operating data for the calendar year 2005.

On April 12, 2006, Columbia, by counsel, filed a Motion for Waiver requesting a waiver of the requirements set out in the Rate Case Rules to file Schedule 31 (Proposed Rates and Tariffs), Schedule 32 (Present and Proposed Revenues), and Schedule 33 (Sample Billing).

On April 27, 2006, after considering the Staff's Response and Columbia's Reply, the Commission entered its Order Denying Motion and directed the Company to file Schedules 31, 32, and 33, on or before May 8, 2006.

On May 1, 2006, the Company filed with the Commission Schedules 1-30, provided for in the Rate Case Rules. In the cover letter accompanying these Schedules, counsel for the Company advised that "[t]he Schedules show an additional annual revenue requirement of \$19,288,735."

On May 8, 2006, the Company filed with the Commission Schedules 31, 32, and 33, provided for in the Rate Case Rules. The Schedules included in the general rate investigation filing reflected an effective date of rates and tariffs of October 5, 2006. However, pursuant to the terms and conditions of the Company's PBR Plan, the Company proposed to forego any rate increase, and the Company did not intend to place the Schedules submitted in the general rate investigation filing in effect on an interim basis during the pendency of the application for approval of the PBR Plan.

On May 19, 2006, the Commission issued its procedural order in these cases. This Order assigned a Hearing Examiner to the cases, set the matters for hearing on November 29, 2006, and established a procedural schedule governing participation in the captioned cases for the Company, respondents, public witnesses, and the Commission Staff.

<sup>1</sup> NiSource is the parent holding company of Columbia. On July 14, 2000, the Commission entered a Final Order approving NiSource's acquisition of CEG, subject to certain terms and conditions set out in a stipulation entered into by NiSource, New NiSource Inc., Columbia Energy Group, Columbia Gas of Virginia, Inc., and Commission Staff. See Joint Petition of NiSource Inc., New NiSource Inc., and Columbia Energy Group. For approval of agreement and Plan of merger under Chapter 5 of Title 56 of the Code of Virginia, Case No. PUA-2000-00024, 2000 S.C.C. Ann. Rep. 179.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In the May 19, 2006 Order for Notice and Hearing, interested parties were provided the opportunity to participate as respondents. The Office of the Attorney General, Division of Consumer Counsel ("OAG") gave notice of its intent to participate in these proceedings. In addition, the following parties also filed Notices of Participation: Virginia Industrial Gas Users' Association ("VIGUA"); the Fairfax County Board of Supervisors ("Fairfax County"); Buchanan County;<sup>2</sup> Chaparral (Virginia) Inc. ("Chaparral"); Glen Gery Corporation ("Glen Gery"); Hess Corporation ("Hess"); Stand Energy Corporation ("Stand"); and Dominion Transmission, Inc. ("DTI"), Columbia Gas Transmission Corporation ("TCO"), and Transcontinental Gas Pipe Line Corporation ("Transco") (hereafter collectively referred to as the "Pipelines").

On November 27, 2006, counsel for the Pipelines filed a Motion requesting a continuance of the November 29, 2006 hearing to permit the parties and Commission Staff to explore whether the issues raised in the proceedings could be settled. The Pipelines' Motion requested that the hearing scheduled to commence on November 29, 2006, be held for the limited purpose of hearing from public witnesses, at the conclusion of which the hearing would be continued until Monday, December 4, 2006, or as otherwise ordered by the Chief Hearing Examiner.

On November 27, 2006, the Chief Hearing Examiner entered a Ruling granting the Pipelines' Motion for Continuance, and directing that the hearing scheduled for November 29, 2006, be convened for the sole purpose of receiving testimony from public witnesses.

On November 29, 2006, the public hearing was conducted, and six (6) public witnesses appeared. These witnesses supported the Company's PBR Plan, but objected to CGV's proposed revisions to the Banking and Balancing tariff provisions.

On December 1 and 5, 2006, with the concurrence of the parties hereto and Commission Staff, the hearings were continued in order to accommodate further settlement discussions among the parties and Commission Staff. On December 8, 2006, the Chief Hearing Examiner granted Staff's request to continue the proceedings further to permit the continuation of settlement discussions, and rescheduled the captioned cases to be heard on December 12, 2006.

At the hearing convened on December 12, 2006, an Amended PBR Plan set out in a Proposed Stipulation and Recommendation was presented to the Chief Hearing Examiner for her consideration. Counsel appearing during the course of these proceedings included: Edward L. Flippen, Esquire, Stephen H. Watts, II, Esquire, Bernard L. McNamee, Esquire, and Kristian M. Dahl, Esquire, counsel for the Company; Sherry H. Bridewell, Esquire, and Glenn P. Richardson, Esquire, counsel for the Commission Staff; James C. Roberts, Esquire, Donald G. Owens, Esquire, and Michael J. Thompson, Esquire, counsel for the Pipelines; C. Meade Browder, Jr., Esquire, and Ashley C. Beuttel, Esquire, counsel for the OAG; Guy T. Tripp, III, Esquire, Richard D. Gary, Esquire, and Renata M. Manzo, Esquire, counsel for Stand; Louis R. Monacell, Esquire, and Michael J. Quinan, Esquire, counsel for VIGUA; Dennis R. Bates, Esquire, counsel for Fairfax; Brian R. Greene, Esquire, counsel for Hess; Ralph L. "Bill" Axselle, Jr., Esquire, and Travis G. Hill, Esquire, counsel for Glen Gery; and R. Brian Ball, Esquire, Ralph L. "Bill" Axselle, Jr., Esquire, and Travis G. Hill, Esquire, counsel for Chaparral (hereafter all collectively referred to as "the case participants"). During the December 12, 2006 hearing, all pre-filed testimony and exhibits, together with various errata thereto, were marked and admitted into the record without cross-examination. The Company also submitted proof of compliance with the notice requirements set forth in the Commission's Order for Notice and Hearing, which was received as Exhibit 3 herein. The case participants also jointly supported a "Proposed Stipulation and Recommendation" ("Stipulation" or "Amended PBR Plan") that they requested the Chief Hearing Examiner recommend that the Commission adopt, together with a "Motion for Proposed Stipulation and Recommendation" prepared by the Company and supported by the other case participants. The Stipulation and accompanying Motion were collectively identified as Exhibit 2 and received into the record. At the conclusion of the proceeding, the Chief Hearing Examiner advised that she anticipated accepting the Stipulation. Thereafter, the case participants waived their right to comment on the Chief Hearing Examiner's Report recommending adoption of the Amended PBR Plan.

On December 21, 2006, the Chief Hearing Examiner issued her Report in the captioned cases. After summarizing and discussing the provisions of the Amended PBR Plan, the Chief Hearing Examiner found that the proposed Amended PBR Plan: (i) preserves adequate service to all classes of customers, including transportation-only customers; (ii) does not unreasonably prejudice or disadvantage any class of gas utility customers; (iii) provides incentives for improved performance by the gas utility in the conduct of its public duties; (iv) results in rates that are not excessive; and (v) is in the public interest. The Chief Hearing Examiner recommended adoption of the Stipulation, approval of the Amended PBR Plan, and that the cases be dismissed. The Hearing Examiner noted that no comment period was necessary, as the case participants had waived their rights to file comments responsive to her Report.

NOW UPON CONSIDERATION of the Company's application, the record herein, and the Chief Hearing Examiner's Report dated December 21, 2006, the Commission is of the opinion and finds that the findings and recommendations of the Chief Hearing Examiner's Report are supported by the record herein and should be adopted and that the proposed Stipulation (Attachment A hereto) sets forth a performance based regulatory plan that satisfies the requirements of § 56-235.6 of the Code, to-wit, that the Amended PBR Plan, set forth in Attachment A hereto: (i) preserves adequate service to all classes of customers, including transportation-only customers; (ii) does not unreasonably prejudice or disadvantage any class of gas utility customers; (iii) provides incentives for improved performance by the gas utility in the conduct of its public duties; (iv) results in rates that are not excessive; and (v) is in the public interest. Consequently, we find that the Amended PBR Plan set out in Attachment A hereto should become effective for a period commencing January 1, 2007, and terminating December 31, 2010.

Further, among other things, in accordance with the terms of the Stipulation, we find that the Company shall in each of the first two years of the Amended PBR Plan, calendar year 2007 and calendar year 2008, provide a \$2.0 million one-time non-gas credit to be distributed among all CGV rate classes, with the exception of Rate Schedules LVTS and LVEDTS, based on the test year, twelve months ending December 31, 2005, per books non-gas revenues. The allocation and true-up at the end of each rate pass back period will ensure that a total non-gas rate credit of \$2.0 million will be made as described at pages 2-3 of the Stipulation (Attachment A hereto). The Company also will discontinue the Virginia Sales and Use Tax Surcharge on the effective date of the Amended PBR Plan.

In addition, as provided at pages 3-4 in item 9 of the Stipulation, the Company will share earnings over a 10.5% return on equity, as determined by an Earnings Test, adjusted to remove any and all effects of SFAS No. 158, allocated 75% to CGV's ratepayers and 25% to the Company for each year of the Amended PBR Plan. Item 9, page 4 of the Stipulation describes how the shared earnings will be distributed to CGV's rate classes and how the non-gas rate credit shared will be trueed up.

<sup>2</sup> Counsel for Buchanan County filed a letter dated November 15, 2006, with the Commission withdrawing Buchanan County's Notice of Participation.

Further, the Amended PBR Plan accepted herein anticipates in item 11, at page 5 of Attachment A that by May 1 of the fourth year of the Amended PBR Plan, the Company will file with the Commission its proposal for a new performance based regulatory plan, an extension of the Amended PBR Plan accepted herein, or a general rate case. Such filing must be made in accordance with the Commission's Rate Case Rules and must include all supporting documentation and testimony and a class cost of service ("CCOS") that, among other things, allocates costs specifically to the TS Rate Schedules separately from the Large General Service Rate Schedule. Further, the CCOS study must allocate costs separately to the Aggregation Service ("AS") rate class. As part of the Stipulation, the AS Schedule has been made permanent, and CGV has agreed to refund the Aggregation Service Fees collected since the implementation of the AS Schedule on an interim basis in 2003. While we accept this result, we concur that the Stipulation's resolution of the tariff issues accepted herein do not completely and finally resolve the cost causation issues raised in our October 3, 2003 Order entered in Case No. PUE-2001-00587 for the AS, TS-1 and TS-2 Rate Schedules, and the banking and balancing tariff provisions. Therefore, we expect the Company to provide the detailed CCOS information provided for in Item 11 of the Stipulation. In addition to the detailed CCOS study, the Company should plan to provide such other data as may be necessary to analyze fully any future proposals for CGV's banking and balancing service.

The Stipulation also recognizes the rights of the parties to petition the Commission for termination of the Amended PBR Plan, if at any time they believe the Amended PBR Plan is not being observed prior to its termination on December 31, 2010. In this regard, we note that if at any time during the term of the Amended PBR Plan, such plan fails to meet the statutory criteria set out in Subsection C of § 56-235.6 of the Code, we have the discretion, after notice and opportunity for hearing, to alter, amend, revoke, or authorize CGV to discontinue the performance-based form of regulation approved herein.

Consistent with the statutory requirements for a performance based regulatory plan, we expect Columbia's service and reliability to remain at or to exceed present levels during the term of the Amended PBR Plan. As we explained in a prior Commission decision adopting a five-year rate plan for electric service: "We recognize that a rate plan could create incentives for [the public utility] to reduce expenses which might adversely impact service to its customers. If we find a deterioration in service, we will not hesitate to act to ensure that service is maintained at least at current standards."<sup>3</sup> We expect the Company to cooperate fully with the Staff in developing meaningful metrics to assist us in monitoring compliance with the Amended PBR Plan approved herein.

Finally, we find that the Company should forthwith file revised tariffs and Terms and Conditions of Service consistent with Attachment A.2 to the Stipulation (Attachment 2) with our Division of Energy Regulation for bills rendered on and after February 1, 2007.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the December 21, 2006 Report of the Chief Hearing Examiner are hereby adopted.
- (2) In accordance with the findings made herein, the proposed Stipulation and Amended PBR Plan set out as Attachment A hereto are hereby adopted.
- (3) Columbia shall forthwith file revised tariffs and Terms and Conditions of Service with the Commission's Division of Energy Regulation, in accordance with the findings made herein, for bills rendered on and after February 1, 2007.
- (4) The Company shall comply fully on a timely basis with the provisions of the Stipulation adopted herein.
- (5) These matters are dismissed, with leave granted for interested persons (including the Commission's Staff) to move the Commission to reinstate these cases as active dockets.

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

<sup>3</sup> Virginia Electric and Power Co., 1995 Annual Informational Filing, and Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: Investigation of Electric Utility Industry Restructuring--Virginia Electric and Power Co., Case Nos. PUE-1996-00036 and PUE-1996-00296, 1998 S.C.C. Ann. Rep. 322, 324. Accord, Application of Virginia Natural Gas, Inc., For approval of a performance based rate regulation methodology pursuant to Virginia Code § 56-235.6, Case No. PUE-2005-00057 and General Rate Case Filing of 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, Case No. PUE-2005-00062, slip op. at 26 (July 24, 2006 Order).

**CASE NO. PUE-2005-00103  
JANUARY 27, 2006**

JOINT APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER  
AND  
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For revision of certificates under the Utility Facilities Act

**ORDER FOR REVISION OF CERTIFICATES**

On October 24, 2005, Northern Virginia Electric Cooperative ("NOVEC") and Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or the "Company" ) 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-G50 to change the boundary lines between their service territories.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 two residential subdivisions known as New Bristow Village and Bristow Heights in Prince William County, Virginia. 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 subdivisions 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-G50. 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-G50 is hereby amended as delineated on Map G50.
- (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-2005-00107  
JANUARY 6, 2006**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For authority to receive cash capital contribution from an affiliate

**ORDER GRANTING AUTHORITY**

On December 12, 2005, Appalachian Power Company ("APCO or "Applicant") and American Electric Power Company, Inc. ("AEP") completed the filing of a joint application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia requesting authority for AEP to make cash capital contributions to APCO from time to time prior to January 1, 2008, up to an aggregate amount of \$250,000,000.

APCO states that the proceeds of such capital contributions will be applied to the Applicant's construction program, to repay short-term debt, and for other proper corporate purposes. APCO states that there will be no costs allocated or charged for such capital contributions and that cash capital contributions will help provide an adequate equity component in order to maintain Applicant's financial integrity.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- (1) APCO is hereby authorized to receive cash capital contributions from AEP, at AEP's discretion, from time to time prior to January 1, 2008, up to an aggregate amount of \$250,000,000.
- (2) Within ten (10) days after any of the cash capital contributions are received pursuant to Ordering Paragraph (1), Applicant shall file with the Commission's Division of Economics and Finance a Report of Action to include the amount of cash capital contributions paid from AEP to APCO, the date of the cash capital contribution, and the amount of cash capital contribution authority remaining under the authority granted herein.
- (3) Applicant shall file a final Report of Action with the Clerk of the Commission on or before March 1, 2008, which shall include the information required in Ordering Paragraph (2) in a cumulative summary of actions taken during the period authorized.
- (4) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.
- (5) The Commission reserves the right, 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.
- (6) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2005-00110  
MARCH 3, 2006**

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 CERTIFICATES**

On October 5, 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-M46 to change the boundary lines between their service territories.

REC and the Company have reached an agreement for the adjustment of the electric utility service territory boundary line between them as it relates to one property in Louisa County owned by Mr. Allen Jennings. Mr. Jennings' property is approximately 300 feet on REC's side of the territorial boundary line between REC and Dominion Virginia Power. REC was unable to obtain a distribution right-of-way across the adjacent parcel of property to Mr. Jennings' property from either direction.

REC and Dominion Virginia Power have determined that it is in the best interest of the affected property owner to be served by Dominion Virginia Power, whose facilities are in close proximity to this area. 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-M46. We are advised that the property owner affected by the proposed revisions has notice thereof, and is in agreement with the revision of boundary lines.

ACCORDINGLY, IT IS ORDERED that:

- (1) Certificate E-M46 is hereby amended as delineated on Map M46.
- (2) The amended certificates and maps 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-2005-00112  
JANUARY 6, 2006**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue \$3.0 billion in debt and preferred securities and establish trust financing facilities

**ORDER GRANTING AUTHORITY**

On December 14, 2005, 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 requesting authority to issue debt and preferred securities and to establish trust financing facilities. Applicant has paid the requisite fee of \$250.

Virginia Power proposes to sell through January 31, 2008, up to \$3,000,000,000 aggregate principal amount of its Senior Notes, Junior Subordinated Notes, Sub-Junior Subordinated Notes, and preferred securities (collectively "the Securities"). The Securities will be registered with the Securities and Exchange Commission through a shelf registration being filed in early January 2006.

Virginia Power also requests authority to establish Trust Preferred Securities Financing Facilities, ("Trusts"). According to Virginia Power, the Trusts will exist only for the purpose of issuing its own preferred and common securities, investing the proceeds from the sales in Virginia Power's Junior Subordinated Notes or Sub-Junior Subordinated Notes, and conducting other incidental activities. Since the Trusts will be an affiliate of Virginia Power, Applicant has sought approval under Chapter 4 of Title 56 of the Code of Virginia.

The Securities may be issued in various series with various maturities and will bear interest or pay dividends at rates determined by their maturities, features, and conditions in the financial markets at the time of sale. Virginia Power proposes to market the Securities on a competitive basis at market rates to or through underwriters and dealers to the public or through private placement with financial institutions, depending on the most economically desirable circumstances at the time of issuance. The Securities may also be sold directly to purchasers or through agents at market rates.

The proceeds from the Securities will be used to meet a portion of Applicant's capital requirements such as construction, upgrade and maintenance expenditures, capacity expansion, and the refunding of outstanding debt and preferred securities.

Virginia Power also proposes to enter into anticipatory hedging transactions such as treasury locks and similar pre-issuance hedging activities related to the issuance of the Securities. Virginia Power states that the purpose of entering into a Treasury lock transaction is, in effect, to set the underlying Treasury rate that is used in pricing the new security at the Treasury yield effective as of the date of the lock. Further, Applicant states that the authority to execute anticipatory hedging transactions will provide a mechanism to mitigate the risk that economic circumstances underlying decisions to refund an outstanding security or to issue a new security will change adversely by the time the transaction can be executed.

Applicant proposes to limit such hedging authority in a manner similar to the limitations related to the authority granted by the Commission in Case No. PUF-1997-00019<sup>1</sup> that authorized the execution of interest rate swap agreements. Specifically, Virginia Power states that it will not enter into any hedging transaction with counterparties having a credit rating less than investment grade and that it will abide by certain reporting requirements.

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: 1) issue up to \$3,000,000,000 in aggregate of its Senior Notes, Junior Subordinated Notes, Sub-Junior Subordinated Notes, and preferred securities, and 2) establish Trusts for the issuance of trust preferred securities, under the terms and conditions and for the purposes set forth in the application though January 31, 2008, provided that any refinancings prior to maturity result in demonstrated cost savings to Virginia Power.

(2) Applicant shall submit a preliminary report of action within ten (10) days after the issuance of any Securities pursuant to this Order to include the type of security, the date of issuance, the amount of issuance, the applicable interest rate or dividend rate, the maturity date, and net proceeds to Applicant.

(3) Within sixty (60) days of the end of the calendar quarter in which Securities are issued, Applicant shall file a more detailed report to include the information required in Ordering Paragraph (2), as well as an itemized list of actual expenses to date associated with the Securities issuances, a comparison of the effective rate of Securities issued and any refunded securities, use of proceeds, cumulative amount of securities issued and remaining amount of remaining but unused issuance authority, and a balance sheet reflecting the actions taken.

(4) On or before April 1, 2008, Applicant shall file a final report of action to include all information required in Ordering Paragraph (3) which incorporates then-current actual expenses and fees paid for the proposed Securities issuances.

(5) 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.

(6) 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.

(7) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

<sup>1</sup> In the Matter of Virginia Electric and Power Company, Interest Rate Swap Agreements, Order dated November 24, 1997, and Final Order dated March 12, 1999.

**CASE NO. PUE-2005-00115  
FEBRUARY 10, 2006**

APPLICATION OF  
CAROLINE WATER COMPANY, INC. D/B/A LADYSMITH WATER COMPANY

For changes in rates, rules, and regulations

**PRELIMINARY ORDER**

On December 27, 2005, Caroline Water Company, Inc., d/b/a Ladysmith Water Company ("Caroline Water" or "Company") filed with the State Corporation Commission ("Commission") an application for a temporary emergency increase in rates ("Application") pursuant to § 56-245 of the Code of Virginia ("Code"). The Application requests approval of (1) a "lock box" surcharge in the amount of \$47.19 per month to all usage customers and (2) a prohibition against filling of swimming pools and against water sprinkler installations and/or mobile sprinklers for lawn soaking to become effective March 1, 2006.<sup>1</sup>

On January 10, 2006, Caroline Water, by counsel, filed a request that its Application be considered pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 *et seq.* of the Code), rather than under the emergency provisions of § 56-245 of the Code. The Company also requested leave to supplement the Application to satisfy the requirements of § 56-65.13:6 C of the Code. The Company further indicated that notice, as required by § 56-265.13:5 of the Code, would be mailed to the Company's customers, as required by the Small Water or Sewer Public Utility Act.

On January 20, 2006, a copy of the Notice of Changes in Rates, Charges, Rules, and Regulations for Service of the Ladysmith Water Company ("Notice") was filed by the Company's counsel. The filing indicated that the Notice was mailed to the utility's customers on January 13, 2006.

<sup>1</sup> Caroline Water also requests approval of revisions to its rates, rules, and regulations to enforce water conservation. (Application, p. 3.)

On January 27, 2006, Caroline Water, by counsel, filed a supplement to the Company's Application, consisting of four pages setting forth rate of return documentation for the test period ended August 31, 2005 ("Supplement"). The Supplement was filed to satisfy the requirements of § 56-265.13:6 C of the Code. On February 3, 2006, the Staff filed a memorandum of completeness, indicating that the Application was complete as of January 27, 2006, for consideration under the Small Water or Sewer Public Utility Act.

On February 2, 2006, the Lake Caroline Property Owners Association, Inc. ("Association"), by counsel, filed a Notice of Participation, requesting the Commission to: (1) allow the Association to participate as a respondent; (2) suspend the proposed rates for 150 days from the Application's completion date; and (3) establish a procedural schedule leading to an evidentiary hearing on the Application.

NOW THE COMMISSION, having considered the Company's Application and Supplement, finds that the Company should be granted its request to consider the Application pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 *et seq.*). The Commission further finds that Caroline Water'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.<sup>2</sup>

The Commission grants the Association its request to participate as a respondent and reserves ruling on the remainder of the Association's request, pending further responses to the notice sent by the Company.<sup>3</sup> In the meantime, the Commission finds that the funds produced by this increase in rates, fees, and charges should be held in escrow until the Commission has rendered a final decision on the Application, pursuant to § 56-265.13:6 C. Caroline Water should place such funds in an escrow account with a non-affiliated Virginia 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.

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, including the determination of the pending request for hearing and suspension of rates. In the event that a hearing is required, 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) Caroline Water is hereby granted its request that the Application filed on December 27, 2005, be considered pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 *et seq.* of the Code).

(2) Caroline Water is hereby ordered to place all funds produced by such increased rates, charges, and fees in an escrow account in a Virginia financial institution not affiliated with Caroline Water. 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. Copies of all escrow account transaction documents shall be sent to the Division of Public Utility Accounting.

(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, consistent with our findings above.

(4) The Lake Caroline Property Owners Association is hereby made a respondent in this case and shall be served through its counsel, Brian R. Greene, Esquire, Law Offices of Brian R. Greene, PLC, Riverfront Plaza - West Tower, 901 East Byrd Street, 17th Floor, Richmond, Virginia 23219.

(5) As provided by SCC Rules of Practice 5 VAC 5-20-80, written comments on the application may be filed by March 13, 2006, or until otherwise determined by the Hearing Examiner. Comments may be filed by either of the following methods:

A. Comments may be submitted in writing to Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Diskettes, compact disks, or any other form of electronic storage medium may not be filed with comments. All correspondence shall refer to Case No. PUE-2005-00115.

Or

B. Comments may be submitted electronically by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(5) On or before February 24, 2006, 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 fifteen (15) copies of a Notice of Participation with the Clerk of the Commission and shall serve a copy of the same upon Kenworth E. Lion, Jr., Esquire, Lion Law Offices, 212 West Main Street, gallery Building, Suite 304, P.O. Box 79, Salisbury, Maryland 21803; 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.

(6) Caroline Water 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 Caroline Water, 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.

<sup>2</sup> Caroline Water did not file the required financial data simultaneously with providing customer notice of the change, as required by § 56-265.13:6.1 C. The required financial data was filed on January 27, 2006, after customer notice was sent on January 13, 2006.

<sup>3</sup> Any suspension of the rates that may be ordered shall begin as of January 27, 2006, the completion date of the Application.

**CASE NO. PUE-2006-00001  
JANUARY 10, 2006**

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, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia ("Restructuring Act"), directs the State Corporation Commission ("Commission") to determine annually, on or before July 1st, 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-2006-00001.
- (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 17, 2006, 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.

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-2006-00001

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, 2006, 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, 2006.

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>.

On or before March 24, 2006, 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 24, 2006, 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 24, 2006, 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.

Interested persons should consult a copy of the Commission's Order Establishing Investigation for additional information about participation in this matter.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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-2006-00001.

STATE CORPORATION COMMISSION

(4) On or before March 24, 2006, any interested person may comment on this matter by filing an original and fifteen (15) copies of such comments or requests with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested parties shall refer in their comments to Case No. PUE-2006-00001. 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 24, 2006, 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-2006-00001.

(6) On or before March 24, 2006, persons filing a request for hearing and 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-2006-00001. 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 24, 2006, 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 28, 2006, 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-2006-00001  
MAY 17, 2006**

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, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia ("Restructuring Act"), directs the State Corporation Commission ("Commission") to determine annually, on or before July 1st, 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 10, 2006, 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 24, 2006. 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 28, 2006.

Appalachian Power Company d/b/a American Electric Power ("APCO"); Constellation NewEnergy, Inc. ("Constellation"); Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"); and Virginia Electric and Power Company ("Dominion Virginia Power") filed comments addressing whether there is a sufficient degree of competition and whether default service should be modified or terminated. Old Dominion Electric Cooperative, VML/VACo APCo Steering Committee, and the Virginia electric cooperatives<sup>1</sup> filed notices of participation, but no additional comments or request for hearing.

<sup>1</sup> Collectively, A & N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, Southside Electric Cooperative, and the Virginia, Maryland & Delaware Association of Electric Cooperatives.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On April 28, 2006, the Staff filed its Report. The Staff Report 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 contains four findings. First, as of April 24, 2006, 1,406 of over three million eligible customers have chosen a competitive supplier. At this time last year, 1,683 customers were receiving service from a competitive supplier. Second, all of these customers are in Dominion Virginia Power's service territory and 1,386 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. Finally, there have been no developments with respect to competitive retail activity which should effect the Commission's Order in Case No. 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 2006 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.

NOW THE COMMISSION, 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, in fact, there is no effective competition for retail electric service in the Commonwealth. We find that default service should not be eliminated or otherwise modified at the current time.

Accordingly, IT IS ORDERED THAT:

- (1) The Commission's findings and recommendations shall be reported to the General Assembly and the CEUR in the Commission's 2006 annual report on the status of competition in Virginia.
- (2) 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-2006-00002  
MAY 18, 2006**

COMMONWEALTH OF VIRGINIA *ex rel.*  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of considering § 1251 of the Energy Policy Act of 2005

**FINAL ORDER**

On January 6, 2006, the State Corporation Commission ("Commission") established a proceeding to consider for implementation in the Commonwealth new federal net metering, fuel sources, and fossil fuel generation efficiency standards for electric utilities under the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. 2601 *et seq.* ("PURPA"), which were enacted in § 1251 of the Energy Policy Act of 2005, P.L. 109-58, 119 Stat. 594 (the "Energy Policy Act").

Section 1251(a) of the Energy Policy Act amends § 111(d) of PURPA, 16 U.S.C. 2621(d), and provides the following standards for consideration:

- (11) NET METERING – Each electric utility shall make available upon request net metering service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term 'net metering service' means service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.
- (12) FUEL SOURCES - Each electric utility shall develop a plan to minimize dependence on [one] fuel source and to ensure that the electric energy it sells to consumers is generated using a diverse range of fuels and technologies, including renewable technologies.
- (13) FOSSIL FUEL GENERATION EFFICIENCY - Each electric utility shall develop and implement a 10-year plan to increase the efficiency of fossil fuel generation.

In the January 6, 2006, Order Establishing Proceeding, the Commission found that Va. Code § 56-594, the net metering statute contained in the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia ("Restructuring Act"), and the Regulations Governing Net Energy Metering Rules, 20 VAC 5-315-10 *et seq.* ("Net Energy Metering Rules"), establish a net metering standard sufficiently comparable to that contained in the Energy Policy Act such that no further action is required by the Commission with respect to the federal net metering standard. The Commission permitted interested persons to comment on this finding. The Commission also invited interested persons to comment on the following issues with respect to the fuel sources and fossil fuel generation efficiency standards: (1) whether any prior state action exists such that these standards or comparable ones have already been implemented in the Commonwealth; (2) whether the Commission has the authority to consider the standards and

whether the implementation of such standards would be consistent with otherwise applicable Virginia law; and (3) whether electric utilities over which the Commission has ratemaking authority should develop the required plans.

Comments were submitted by Mr. Stephen H. Brown, Mr. James K. Crowley, Mr. Robert A. Vanderhye, Allegheny Energy Supply Company, Appalachian Power Company, The Potomac Edison Company, Stand Energy Corporation, Virginia Electric and Power Company, and the Virginia Electric Distribution Cooperatives.<sup>1</sup> The Staff also filed comments summarizing the comments filed by interested persons, responding to certain of those comments, and presenting the Staff's findings and recommendations.

With respect to the federal net metering standard, several of the comments filed expressed concerns about Va. Code § 56-594 and the Net Energy Metering Rules. Such comments argued that, as a general matter, Va. Code § 56-594 and the Net Energy Metering Rules have the effect of failing to permit every electric customer to take net metering service as required by the federal standard. One commenter raised the issue of the Net Energy Metering Rules currently prohibiting customers from being both a time-of-use and net metering customers and argued that §§ 1251 and 1252<sup>2</sup> of the Energy Policy Act require that a customer can both net meter and time-of-use meter. Several other comments indicated that no further action is necessary with respect to the federal net metering standard.

The Staff submitted that certain of the concerns expressed in the comments would be more appropriately addressed by the General Assembly. The Staff then noted that a policy for net metering has already been developed in the Commonwealth through Va. Code § 56-594 and the Net Energy Metering Rules and asserted that the Commission need take no further action on the federal net metering standard contained in § 1251 of the Energy Policy Act. The Staff also noted that time-of-use rates for net metering customers is an issue that is somewhat open, but that the issue would be more appropriately considered at a future net metering rulemaking.

With respect to the federal fuel sources and fossil fuel generation efficiency standards, only one of the comments recommended that such standards should be implemented. Other comments suggested that the federal fuel sources and fossil fuel generation efficiency standards would conflict with the Code of Virginia. These comments noted, among other things, that the Restructuring Act largely divested the Commission of its authority to regulate electric generation and, further, that the General Assembly recently enacted legislation providing for the creation of a Virginia Energy Plan and that the issues of fuel source diversity and fossil fuel generation efficiency would be addressed there.<sup>3</sup> The comments generally indicated that fuel source requirements would result in higher overall generation costs and increased prices for consumers and that the utilities may already use diverse fuel sources or should be able to determine their own generation mix. The comments also suggested that a specific plan for fossil fuel generation efficiency would limit the utilities' flexibility and that efficiency is essential in any event. The Virginia Electric Distribution Cooperatives further argued that they should not be required to develop a fuel sources or fossil fuel generation efficiency plan, as the Cooperatives do not own or operate significant generation assets, their wholesale power contracts do not give them control over fuel mix, wholesale suppliers have little control over dispatch, and a diverse fuel mix already exists in Virginia.

The Staff noted that the Restructuring Act largely deregulated the generation of electric energy after January 1, 2002, and, further, that the General Assembly recently mandated development of a 10-year comprehensive Virginia Energy Plan which would be considering fuel source diversity and fossil fuel generation efficiency. The Staff asserted that the Commission need take no further action on the federal fuel sources and fossil fuel generation efficiency standards contained in § 1251 of the Energy Policy Act.

NOW THE COMMISSION, upon consideration of the comments filed herein and the applicable law, finds that the federal net metering, fuel sources, and fossil fuel generation efficiency standards as established by § 1251 of the Energy Policy Act are not appropriate for implementation in the Commonwealth. These federal standards are not mandated. Further, we find that action by the General Assembly and this Commission has been taken, or will be taken in the near term, with respect to net metering service, diversity of fuel sources, and efficiency of fossil fuel generation.

The General Assembly has previously enacted a net metering statute to provide customer eligibility and criteria for net metering service in a manner that has been determined appropriate for Virginia. This policy continues to evolve as is demonstrated by the enactment of Chapter 470 of the 2006 Acts of Assembly to, among other things, expand the definition of an eligible customer-generator. This Commission has conducted proceedings to implement net metering in Virginia and will continue to conduct such proceedings as is necessary.

Likewise, we find that the General Assembly has recently enacted legislation to address, among other things, issues that the federal fuel sources and fossil fuel generation efficiency standards seek to accomplish. The objectives of SB 262 passed by the General Assembly on April 19, 2006, include ensuring the availability of reliable energy at reasonable costs and in quantities that will support the Commonwealth's economy, managing the rate of consumption of existing energy resources in relation to economic growth, establishing sufficient supply and delivery infrastructure to maintain reliable energy availability, using energy resources more efficiently, and facilitating conservation. To promote these objectives in the Commonwealth, pursuant to the legislation, the Commission is to take part in the development of a Virginia Energy Plan. This plan will include, among other things, an analysis of fuel diversity for electricity generation and analysis of efficient use of energy resources and conservation initiatives.

We will take no further action with respect to the federal net metering, fuel sources, and fossil fuel generation efficiency standards. We find that this proceeding should be closed.

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<sup>1</sup> Collectively, A & N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, Southside Electric Cooperative, and the Virginia, Maryland & Delaware Association of Electric Cooperatives.

<sup>2</sup> The Commission has established in Case No. PUE-2006-00003, a proceeding similar to the instant case to consider the implementation of § 1252 of the Energy Policy Act, which establishes a federal time-based metering and communications standard.

<sup>3</sup> The General Assembly passed Senate Bill 262 on April 19, 2006.

Accordingly, IT IS ORDERED THAT:

(1) This proceeding is hereby closed.

(2) 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-2006-00003  
JULY 18, 2006**

COMMONWEALTH OF VIRGINIA *ex rel.*  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of considering § 1252 of the Energy Policy Act of 2005

**FINAL ORDER**

On February 6, 2006, the State Corporation Commission ("Commission") established a proceeding to consider for implementation in the Commonwealth the new federal standard under the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. 2601 *et seq.* ("PURPA"), that, if adopted, would require utilities to offer time-of-use rates and attendant "smart metering" capability to each of its customer classes. Such standard was enacted by the U.S. Congress in § 1252 of the Energy Policy Act of 2005, P.L. 109-58, 119 Stat. 594 (the "Energy Policy Act"). As noted in the Order Establishing Proceeding, § 111(a) of PURPA requires each state regulatory authority, with respect to each electric utility for which it has ratemaking authority, to consider certain federal standards for electric utilities established by PURPA. Each such state regulatory authority is required to determine whether or not it is appropriate, to the extent consistent with otherwise applicable state law, to implement these standards.<sup>1</sup>

Section 1252(a) of the Energy Policy Act amends § 111(d) of PURPA, 16 U.S.C. 2621(d), by adding the following standard for consideration:

- (14) TIME-BASED METERING AND COMMUNICATIONS – (A) Not later than 18 months after the date of enactment of [this standard], each electric utility shall offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology.
  - (B) The types of time-based rate schedules that may be offered under the schedule referred to in subparagraph (A) include, among others -
    - (i) time-of-use pricing whereby electricity prices are set for a specific time period on an advance or forward basis, typically not changing more often than twice a year, based on the utility's cost of generating and/or purchasing such electricity at the wholesale level for the benefit of the consumer. Prices paid for energy consumed during these periods shall be pre-established and known to consumers in advance of such consumption, allowing them to vary their demand and usage in response to such prices and manage their energy costs by shifting usage to a lower cost period or reducing their consumption overall;
    - (ii) critical peak pricing whereby time-of-use prices are in effect except for certain peak days, when prices may reflect the costs of generating and/or purchasing electricity at the wholesale level and when consumers may receive additional discounts for reducing peak period energy consumption;
    - (iii) real-time pricing whereby electricity prices are set for a specific time period on an advanced or forward basis, reflecting the utility's cost of generating and/or purchasing electricity at the wholesale level, and may change as often as hourly; and
    - (iv) credits for consumers with large loads who enter into pre-established peak load reduction agreements that reduce a utility's planned capacity obligations.
  - (C) Each electric utility subject to subparagraph (A) shall provide each customer requesting a time-based rate with a time-based meter capable of enabling the utility and customer to offer and receive such rate, respectively.
  - ....
  - (E) In a [s]tate that permits third-party marketers to sell electric energy to retail electric consumers, such consumers shall be entitled to receive the same time-based metering and communications device and service as a retail electric consumer of the electric utility.

<sup>1</sup> 16 U.S.C. § 2621.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(F) [E]ach [s]tate regulatory authority shall not later than 18 months after the date of enactment of this [standard] conduct an investigation . . . and issue a decision whether it is appropriate to implement the standards set out in subparagraphs (A) and (C).

In the February 6, 2006, Order Establishing Proceeding, the Commission noted that, pursuant to § 1252 (i) of the Energy Policy Act, the Commission is not obligated to consider the time-based metering and communications standard where certain prior state action has occurred. The Commission invited interested persons to comment on the following issues: (1) whether any prior state action has occurred such that the standard or a comparable one has already been implemented or considered in the Commonwealth; (2) whether the Commission has the authority to consider the standard and whether the implementation of such standard would be consistent with otherwise applicable Virginia law; (3) whether electric utilities over which the Commission has ratemaking authority should be required to offer each of its customer classes and to provide customers upon request a time-based rate schedule that will enable the customer to manage energy use and cost through advanced metering and communications technology; (4) whether electric utilities over which the Commission has ratemaking authority should be required to provide each customer requesting a time-based rate with a time-based meter capable of enabling the utility and customer to offer and receive such rate; (5) whether customers buying electricity from third-parties should be entitled to the same time-based metering and communications device and service as a retail electric customer of the electric utility; and (6) if advocating implementing the time-based metering and communications standard, how such standard would best be implemented.

Comments were submitted by Mr. John F. Angle, Mr. Stephen H. Brown, Mr. Alden M. Hathaway, Ms. Debra A. Jacobson, Mr. Michel A. King, Appalachian Power Company, the Demand Response and Advance Metering Coalition, Delmarva Power, Potomac Edison Company, Itron, Inc., the Maryland-District of Columbia-Virginia Solar Energy Industries Association, Virginia Electric and Power Company, and the Virginia Electric Distribution Cooperatives.<sup>2</sup> The Staff also filed comments summarizing the comments filed by interested persons, responding to certain of those comments, and presenting the Staff's findings and recommendations.

The comments from interested electric customers and others advocating the federal standard generally indicated that time-based metering and communications are appropriate and desirable and, therefore, that the Commission should require the utilities to provide all classes of customers, including those buying electricity from third-party suppliers, with the opportunity to employ time-based metering and be on time-based rate schedules. Such comments also advocated the ability to both time-of-use meter and net-meter, which is currently prohibited by the Regulations Governing Net Energy Metering Rules, 20 VAC 5-315-10 *et seq.*

The investor owned utilities indicated that they already offer time-of-use metering and rates to certain classes of customers and that customers may request an interval meter. These utilities also noted that those who purchase electricity from third parties are entitled to the same time-based metering and communications devices as retail utility customers. Several of the utilities submitted that there is no real demand for time-based metering options and limited participation in such offerings as are already available. The comments also submitted that the utilities must have flexibility to define and design time-based rate schedules and should be able to recover any costs associated with time-based metering. Further, the comments raised the issue of existing rate caps.

The Cooperatives noted, among other things, that they purchase their power through wholesale supplier contracts that presently offer no time-based pricing and argued that the Cooperatives should be permitted to decide whether to offer time-based metering data and equipment based on the market.

Based on the comments filed, the Staff submitted that the federal time-based metering and communications standard requiring utilities to offer time-of-use rates and smart metering capability to each of its customer classes should not be implemented at this time. The Staff noted the current tariff offerings by the investor owned utilities and that both utility customers and those who buy from third parties may request a time-based metering and communications device. The Staff noted the circumstances under which the cooperatives purchase electricity. The Staff also indicated, however, that implementation of a program requiring utilities to offer time-based rates and system-wide deployment of smart metering and communications technology should not be completely dismissed pending the expiration of capped rates and the outcome of electric restructuring pursuant to the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia ("Restructuring Act"). The Staff submits that such a program may provide customers with protection against more volatile rates and possible increases to customer bills.

NOW THE COMMISSION, upon consideration of the comments filed herein and the applicable law, finds that the federal time-based metering and communications standard established by § 1252 of the Energy Policy Act should not be implemented in the Commonwealth at this time.

The Commission is not convinced that adoption of this standard is, at this juncture, in the public interest. The investor owned utilities already provide certain opportunities for customers to take service pursuant to time-of-use rate schedules. Even without any limitations that the Restructuring Act may impose with respect to requiring utilities to provide time-based rate schedules, we find that utilities or third party service providers should not at present be required to provide each customer class a time-based rate schedule or a time-based meter capable of enabling a customer to receive such rate. There appears to be minimal customer demand for such schedules, even for those that currently exist. Customers may not be capable of or willing to, among other things, vary demand and usage in response to changes in prices based on specific time periods, manage costs by shifting usage to lower cost or off-peak time periods, or reducing consumption. As any competitive market develops, it may be that requiring utilities to offer time-based rates and provide time-based meters and communications to all customers would be appropriate. However, we decline to implement such requirement in the instant proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This proceeding is hereby closed.

(2) 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.

<sup>2</sup> Collectively, A & N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, Southside Electric Cooperative, and the Virginia, Maryland & Delaware Association of Electric Cooperatives ("Cooperatives").

**CASE NO. PUE-2006-00004  
JUNE 23, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY D/B/A CONECTIV POWER DELIVERY

To extend Cogeneration and Small Power Production Rates under Service Classification X

**ORDER ESTABLISHING COGENERATION TARIFF**

On January 11, 2006, Delmarva Power & Light Company d/b/a Conectiv Power Delivery ("Delmarva" or the "Company") filed an Application and Briefing Sheet, with the State Corporation Commission ("Commission") related to the biennial update<sup>1</sup> of its rates for electricity purchased from qualifying Cogeneration and Small Power Producers ("Qualifying Facilities" or "QFs") under Service Classification "X." Service Classification "X" reflects the terms, conditions, and avoided energy and capacity cost payments governing the Company's power purchases from QFs of 100 kW or less, pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978. Delmarva requests approval to extend for two years under the presently effective tariffs.<sup>2</sup> The Company also proposes to maintain the existing customer and meter charges. Delmarva notes that there currently are no customers served under Service Classification "X."

On March 24, 2006, the Commission issued an Order Establishing Cogeneration Proceeding which docketed the application and established a procedural schedule providing an opportunity for interested parties to comment or to request a hearing, directing the Staff to investigate and file a report, and permitting the Company to file any reply. 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 was appointed to conduct all further proceedings in this matter on behalf of the Commission.

No comments or requests for hearing on the Application were filed.

The Staff investigated the Application and filed its Staff Report on April 27, 2006. The Staff does not object to extending the current tariff provisions and states that since avoided costs are updated to reflect current wholesale market conditions, there is no longer a need for Delmarva to file an application every two years. The Staff believes that Delmarva should be permitted to file a revised Service Classification "X" tariff for electricity purchased from QFs as necessary or as required by changes in circumstances, rather than as a biennial update. The Staff proposes that at any time in the future, the Company, the Commission, or any interested party could initiate a proceeding to review and modify Service Classification "X" as appropriate.

On June 6, 2006, the Hearing Examiner filed his Report. Based on the record of the case, the Hearing Examiner found that: (1) the Company's current Service Classification "X" tariff should be extended and remain in effect until further order of the Commission; (2) there is no need for the Company to file a biennial application for its Service Classification "X" tariff; (3) the Company should be permitted to file a revised Service Classification "X" tariff as may be necessary or as circumstances warrant; and (4) at any time in the future, a proceeding to review and modify the Company's Service Classification "X" may be initiated by the Commission, the Company, or any interested party. The Hearing Examiner recommended that the Commission enter an Order adopting his findings, approving Delmarva's proposed Service Classification "X" rates, and dismissing the case from the Commission's docket of active cases.

On June 9, 2006, Delmarva filed a response supporting the Hearing Examiner's recommendations to the Commission.

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

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations contained in the Hearing Examiner's report are hereby adopted.
- (2) The Company's current Service Classification "X" tariff shall be extended and remain in effect until further order of the Commission.
- (3) The Company shall no longer be required to file a biennial application for its Service Classification "X" tariff.
- (4) The Company shall file a revised Service Classification "X" tariff as shall be necessary or as circumstances shall warrant.
- (5) At any time in the future, a proceeding to review and modify the Company's Service Classification "X" may be initiated by the Commission, the Company, or any interested party.
- (6) There being nothing further to be done herein, this matter should be dismissed from the Commission docket of active cases, and the papers filed herein placed in the Commission's file for ended causes.

<sup>1</sup> Application of Delmarva Power & Light Company, To revise its cogeneration tariff pursuant to PURPA section 210, Case No. PUE-1996-00072, 1998 S.C.C. Ann. Rep. 326, directed Delmarva to file a revised cogeneration schedule on a biennial basis.

<sup>2</sup> On May 28, 2004, in Application of Delmarva Power & Light Company d/b/a Conectiv Power Delivery, To revise Cogeneration and Small Power Production Rates under Service Classification "X", Case No. PUE-2004-00604, the Commission issued an Order Establishing Cogeneration Tariff approving a change in the structure of the Service Classification "X" energy purchase rates and capacity payments rates from fixed rates to prices determined by the PJM wholesale market. The Commission approved the Company's methodology to determine avoided energy costs based on the actual PJM hourly locational marginal prices ("LMP") and avoided capacity costs based on the PJM capacity market. According to the Company, the rates therefore fluctuate according to their respective prevailing prices in the competitive market and there is no need to make periodic tariff revisions to reflect changed market conditions.

**CASE NO. PUE-2006-00005  
JANUARY 30, 2006**

JOINT APPLICATION OF  
WASHINGTON GAS AND LIGHT COMPANY  
and  
COLUMBIA GAS OF VIRGINIA, INC.

For revision of certificates under the Utility Facilities Act

**ORDER FOR REVISION OF CERTIFICATES**

On January 9, 2006, Washington Gas and Light Company ("Washington Gas") and Columbia Gas of Virginia, Inc. ("Columbia") submitted to the Division of Energy Regulation ("Division") of the State Corporation Commission ("Commission") a letter, along with copies of detailed maps, requesting a revision to Certificates G-37k and G-51o to change the boundary lines between their service territories.

Washington Gas and Columbia have reached an agreement for the adjustment of the natural gas utility service territory boundary line between them as it relates to one commercial project being developed within the City of Manassas ("City"), at the boundary line between the City and Prince William County. Washington Gas and Columbia have determined that it is in the best interest of the affected property owner to be served by Washington Gas, whose facilities are in close proximity to this area. 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 Certificates G-37k and G-51o. We are advised that the property owner affected by the proposed revisions has notice thereof, and is in agreement with the revision of boundary lines.

ACCORDINGLY, IT IS ORDERED that:

- (1) Certificates G-37k and G-51o are hereby amended as delineated on the Prince William County and City of Manassas maps.
- (2) The amended certificates and maps shall be sent to Washington Gas and Columbia 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-2006-00007  
FEBRUARY 23, 2006**

APPLICATION OF  
THE POTOMAC EDISON COMPANY D/B/A ALLEGHENY POWER

To Exempt From Chapter 4 Filing and Prior Approval Requirement of Certain Agreements Between The Potomac Edison Company and its Affiliates to Participate in the Securitized Financing of Pollution Control Facilities to be Installed in West Virginia

**ORDER**

On January 20, 2006, The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison" or the "Company") filed a letter application with the State Corporation Commission ("Commission") pursuant to § 56-77 B of the Code of Virginia ("Code") to exempt from the filing and prior approval requirement under Chapter 4 of Title 56 of the Code two agreements between its affiliates. These two agreements allow Potomac Edison to participate in the securitized financing of pollution control facilities to be installed at the Fort Martin Generating Station located in Monongalia County, West Virginia. The basis for the request for exemption is that the two contracts or arrangements to be entered into have no impact on Potomac Edison's Virginia jurisdictional business.<sup>1</sup>

On February 9, 2006, Potomac Edison filed an Amended Exhibit A to the letter application, which removed an erroneous description of the proposed transaction as involving a loan. The securitized financing transaction described in the letter application is now clarified to show that the Company's subsidiaries will dividend up the net proceeds of an environmental control bond financing installation of pollution control equipment to the Company.

NOW THE COMMISSION, having considered the Company's letter application and amendment, and having been advised by the Staff of its recommendation that the requested exemption is in the public interest and should be granted, is of the opinion and finds that the Company should be granted an exemption pursuant to § 56-77 B of the Code to enter into the affiliate agreements described in its letter application.

<sup>1</sup> Potomac Edison represents that these two agreements relate entirely to transactions that will occur exclusively for West Virginia and will have no impact on Potomac Edison's Virginia jurisdictional business. Those agreements are identified as the Environmental Control Property Transfer Agreement between Potomac Edison and its First Tier Subsidiary and the Environmental Control Property Servicing Agreement between Potomac Edison and a Special Purpose Entity to be formed (Application, p. 4.)

Accordingly, IT IS ORDERED THAT:

- (1) Potomac Edison is hereby granted an exemption from the filing and prior approval requirement pursuant to § 56-77 B of the Code.
- (2) This case is hereby dismissed.

**CASE NO. PUE-2006-00010  
FEBRUARY 23, 2006**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility

**ORDER GRANTING AUTHORITY**

On February 3, 2006, Virginia Electric and Power Company ("Virginia Power" or the "Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia. In its application, the Company requests authority to establish a \$200,000,000, five-year syndicated revolving credit facility ("Dedicated Facility"). The Company paid the requisite fee of \$250.

The Dedicated Facility will be provided on a committed basis, and any borrowings under the Facility will be used to purchase tax-exempt variable rate securities in the event that these securities cannot be remarketed by the Remarketing Agent for any reason. The Dedicated Facility will replace the Company's existing \$200,000,000 revolving credit facility authorized by the Commission in Case No. PUE-2003-00191.

The interest rate on borrowings under the Dedicated 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 Wachovia Capital Markets, LLC ("Wachovia") at its Charlotte, North Carolina 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"). If the Facility is drawn more than 50%, the interest margin for each loan will be increased by 0.10%.

Commitment fees on the Dedicated Facility will be based on the Category level of the Company's senior unsecured long-term credit rating by Standard & Poor's Rating Group, Moody's Investor Service, Inc. and Fitch Ratings Ltd., as described in Exhibit B of the application, payable in arrears at the end of each calendar quarter. Other expenses will be incurred to establish the Dedicated Facility and are estimated to be \$625,000.

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 \$200,000,000 syndicated revolving credit facility 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 Dedicated Facility promptly after it becomes available.
- (3) On or before February 28 of 2007, 2008, 2009, 2010, and 2011, Virginia Power shall file a report detailing the use of the Dedicated Facility for the preceding calendar year to include the date, amount, and applicable interest rate of each loan under the Dedicated Facility during the previous twelve month period.
- (4) The authority granted herein shall replace and supersede the authority granted in Case No. PUE-2003-00191.
- (5) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2006-00011  
FEBRUARY 23, 2006**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility with affiliates

**ORDER GRANTING AUTHORITY**

On February 3, 2006, Virginia Electric and Power Company ("Virginia Power" or the "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.*). In its application, the Company requests authority to establish a \$3,000,000,000, five-year syndicated revolving credit and competitive loan facility with affiliates. 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. The Company paid the requisite fee of \$250.

Virginia Power, along with its corporate parent, Dominion Resources, Inc. ("Dominion"), and its affiliate, Consolidated Natural Gas Company ("CNG"), propose to establish a shared facility ("Shared Facility"). All borrowings under the Shared Facility will be due at the end of the five-year term. The Shared Facility will be available for borrowings by Virginia Power, Dominion and CNG, subject to the maximum aggregate limit of \$3,000,000,000, with the maximum amount fully available to each borrower. The Shared Facility will consist of two borrowing arrangements: 1) a revolving credit loan facility; and 2) a competitive loan facility. The revolving credit loan 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. The Shared Facility will replace the Company's existing revolving credit and loan facility authorized by the Commission in Case No. PUE-2005-00027.

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 Shared Facility based on the lowest Category level among Dominion, CNG and the Company with respect to their senior unsecured long-term debt credit rating by Standard & Poor's Rating Group, Moody's Investor Service, Inc., and Fitch Ratings Ltd., as contained in Exhibit B of the application. Dominion will be responsible for paying the commitment fees. The commitment fees, as well as other costs associated with establishing the Shared 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 \$3,000,000,000 syndicated revolving credit and competitive loan facility with Dominion 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 Shared Facility promptly after it becomes available.
- (3) All fees allocated to Virginia Power in connection with this Shared Facility shall be calculated based on an implied borrowing capacity of \$900,000,000 using Virginia Power's most recent, stand-alone ratings by Standard and Poor's Ratings Group, Moody's Investors Service, Inc., and Fitch Ratings Ltd., for senior unsecured long-term debt as stated in the application.
- (4) On or before February 28 of 2007, 2008, 2009, 2010, and 2011, Virginia Power shall file a report detailing the use of the Shared Facility for the preceding calendar year 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 supersede the authority granted in Case No. PUE-2005-00027.
- (9) Should Virginia Power wish to amend or obtain authority beyond the period authorized herein, it shall file an application requesting such authority no later than sixty days prior to the requested effective date of any new Shared Facility.
- (10) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2006-00012  
MARCH 13, 2006**

APPLICATION OF  
COMMUNITY ELECTRIC COOPERATIVE

For authority to extend a line of credit to an affiliate

**ORDER GRANTING AUTHORITY**

On February 6, 2006, Community Electric Cooperative ("Community" or "Cooperative") filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia for authority to lend additional monies to its affiliate, Tidewater Energy Services, LLC ("Tidewater").

In Case No. PUF-2002-00004, by Commission Order dated March 7, 2002, Community was authority to extend a \$1,000,000 line of credit to Tidewater. The line of credit has term of one-year which will automatically renew for subsequent one year periods unless either party gives 30-day notice of

intent to cancel prior to the renewal date. The rate charged by the Cooperative to Tidewater was set at the bank prime plus 2%. Community now proposes to increase the existing line of credit to Tidewater to \$5,000,000. All other terms and conditions will remain the same as those approved in Case No. PUF-2002-00004.

The Cooperative represents that the purpose of the line of credit is to support the operations of Tidewater and to purchase assets. The increase in the line of credit was approved by Community's Board of Directors on January 19, 2006.

THE COMMISSION, upon consideration of the application, Community's Board Resolution adopted in support of the \$5,000,000 line of credit, and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. However, in approving the \$5,000,000 line of credit, we will depend on management to protect the financial well-being of the Cooperative. We do note that the \$5,000,000 line of credit is substantial given the size of the Cooperative. It represents a large percentage of Community's total assets and over three years' worth of its margins.

The General Assembly has enacted legislation that permits electric cooperatives to engage in unregulated activities, provided such activities occur through an affiliate. Community's members, through their Board and management, authorized the increase in the line of credit to \$5,000,000. Although the Cooperative authorized the \$5,000,000 line of credit we, in our analysis, must consider the possibility of a catastrophic loss of the entire \$5,000,000. If there were such a loss, it would likely have an impact on the Cooperative's rates and will certainly have an impact on Community's patronage capital. Our Staff, however, has advised us that it believes that the loss of \$5,000,000 should not affect Community's ability to continue to provide safe and reliable electric service. Therefore, based on the particular facts presented, we do not believe it is appropriate for our concerns to override the wishes of Community's members, as expressed by their Board and managers.

Accordingly, IT IS ORDERED THAT:

- 1) Community is authorized to extend a \$5,000,000 line of credit to its affiliate, Tidewater, under the terms and conditions and for the purposes stated in its application.
- 2) 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.
- 3) The Commission reserves the right to examine the books and records of any affiliate of Community in connection with the authority granted herein whether or not the Commission regulates such affiliate.
- 4) The transactions authorized herein shall be included in Community's Annual Report of Affiliate Transactions due to the Director of Public Utility Accounting by no later than May 1 of each year. Such report shall provide the amount of each loan, the repayment history for each loan, and the interest rate on each loan.
- 5) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2006-00013  
NOVEMBER 27, 2006**

JOINT PETITION OF  
LAKE HOLIDAY ESTATES UTILITY COMPANY, INC.,  
LAKE HOLIDAY COUNTRY CLUB, INC.,  
and  
AQUA LAKE HOLIDAY UTILITIES, INC.

For authority to transfer utility assets and certificates of public convenience and necessity pursuant to the Utility Transfers Act and the Utility Facilities Act

**ORDER**

On February 10, 2006, Lake Holiday Estates Utility Company, Inc. ("Lake Holiday Utility"); Lake Holiday Country Club, Inc. ("Lake Holiday Country Club"); and Aqua Lake Holiday Utilities, Inc. ("Aqua Lake Holiday") (collectively, "Joint Petitioners"), filed with the State Corporation Commission ("Commission") a joint petition for authority for Lake Holiday Utility and Lake Holiday Country Club to transfer utility assets and certificates of public convenience and necessity ("CPCNs") pursuant to the Utility Transfers Act, §§ 56-88 *et seq.* of the Code of Virginia ("Code"), and Utility Facilities Act, §§ 56-265.1 *et seq.* of the Code, to Aqua Lake Holiday. In addition, the Joint Petitioners requested approval of the proposed rates, fees, and charges for Aqua Lake Holiday. Finally, the Joint Petitioners requested that the Commission set Aqua Lake Holiday's rate base equal to the purchase price for the utility assets and approve specific accounting procedures proposed by Aqua Lake Holiday.

**Joint Petition**

Lake Holiday Utility is certificated by the Commission to provide water and wastewater service to the Lake Holiday subdivision in Frederick County, Virginia. Lake Holiday Country Club is the subdivision's property owners association and owns all of the stock of Lake Holiday Utility. Lake Holiday Utility and Lake Holiday Country Club request transfer of the certificated water and sewer utility facilities and certificates to Aqua Lake Holiday. Aqua Lake Holiday is owned ultimately by Aqua America, Inc. ("Aqua America"), the nation's largest publicly traded water and wastewater holding company. Lake Holiday Utility and Lake Holiday Country Club maintain that the proposed transfer is needed to curb their operating losses.<sup>1</sup> Lake Holiday

<sup>1</sup> The need for professional management of the utility was underscored by Lake Holiday Utility's claim that it incurred an operating loss of \$225,000 in 2004. (Joint Petition at paragraph 7.)

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Utility and Lake Holiday Country Club represent the sale will ensure that the systems are professionally managed and that Aqua Lake Holiday will provide the expertise and resources necessary to meet the challenges involved in providing quality services to current and future customers.

The terms and conditions of the Purchase Agreements require Aqua Lake Holiday to: (i) pay Lake Holiday Country Club a cash payment at closing of \$800,000; (ii) reimburse Lake Holiday Utility for certain improvements to the water and wastewater systems made prior to closing; (iii) assume certain construction contracts for the expansion of the water and wastewater systems; and (iv) potentially make a series of contingency payments over fifteen (15) years that equal up to \$76,000 a year.

The rates, fees, and charges proposed in the Joint Petition include the following:

|                                      |                                      |
|--------------------------------------|--------------------------------------|
| Water Connection Fee                 | \$5,000.00                           |
| Wastewater Connection Fee            | \$7,000.00                           |
| Monthly Water Rates:                 |                                      |
| Metered:                             |                                      |
| First 3,000 gallons                  | \$32.00                              |
| Use over 3,000 gallons               | \$ 4.50 per 1,000 gallons            |
| Unmetered                            | \$32.00                              |
| Monthly Wastewater Rates:            |                                      |
| Residential                          |                                      |
| Monthly Minimum Charge               | \$43.00 per equivalent unit          |
| Non-Residential                      |                                      |
| Monthly Minimum Charge               | \$43.00 per equivalent unit          |
| or                                   |                                      |
| Monthly Minimum Charge               | \$43.00 plus                         |
| Monthly First 5,000 gallons          | \$ 1.13 per 1,000 gallons            |
| Monthly Over 5,000 gallons           | \$ 0.68 per 1,000 gallons            |
| or                                   |                                      |
| Monthly Minimum Charge               | \$43.00 plus                         |
| Quarterly First 15,000 gallons       | \$ 1.13 per 1,000 gallons            |
| Quarterly Over 15,000 gallons        | \$ 0.68 per 1,000 gallons            |
| Grinder Pump Maintenance Service Fee | \$ 5.00 per month                    |
| Availability Fees for Vacant Lots    |                                      |
| Water                                | \$10.00 per month                    |
| Wastewater                           | \$10.00 per month                    |
| Transfer of Service Charges          | \$30.00                              |
| Turn on Charges                      |                                      |
| During Regular Business Hours        | \$50.00                              |
| After 4 pm or on weekends, holidays  | \$100.00                             |
| Returned Check Charge                | \$20.00                              |
| Late Charge                          | 1 1/2 % per month on unpaid balances |

The Purchase Agreements attached to the Joint Petition include a main extension policy that requires a requesting owner or developer to pay the cost of the main extension and be reimbursed \$1,000 for each water and \$1,000 for each wastewater customer connecting in an intervening lot to the extension over the next five (5) years, up to a maximum of the total cost of the extension. The provision for reimbursement will not apply in certain sections where lots are predominantly owned by developers who have agreed to forgo this reimbursement to further the development of the Lake Holiday subdivision.

### Proceedings

On March 14, 2006, the Commission issued its Order for Notice and Comment and Assigning Hearing Examiner ("Order for Notice") in which, among other things, the Commission appointed a Hearing Examiner to conduct all further proceedings.<sup>2</sup>

On March 15, 2006, Ogunquit Development, LLC ("Ogunquit"), filed its notice to participate and its opposition to the petition, especially the proposed rates, connection and extension policies, and fee structures.

On March 28, 2006, Joint Petitioners filed their Motion to Amend Order for Notice and Comment. Joint Petitioners noted they requested that the transfer of CPCNs be made pursuant to § 56-265.3 D of the Code. Nonetheless, the Commission, in its Order for Notice, provided that the Joint Petition should be considered under § 56-265.3 A of the Code for the issuance of new CPCNs to Aqua Lake Holiday. Joint Petitioners requested that the Order for Notice be amended to provide for consideration of the transfer of the CPCNs pursuant to § 56-265.3 D of the Code. However, Joint Petitioners' Motion to Amend Order for Notice and Comment was later withdrawn by filing on July 21, 2006.

<sup>2</sup> An Order Nunc Pro Tunc was issued on March 16, 2006, correcting the prescribed notice to eliminate an error in the notice for sewage service connection fees.

On May 24, 2006, Joint Petitioners filed their Motion for Leave to Amend Joint Petition and Supplement Testimony and Amendment to Joint Petition ("Motion to Amend"). Joint Petitioners sought to reflect an increase in the amount of reimbursement that Aqua Lake Holiday would make to Lake Holiday Utility for capital expenditures prior to closing.

On May 30, 2006, a pre-hearing conference was convened as scheduled. During the pre-hearing conference, Joint Petitioners, Ogunquit, and Staff agreed upon a hearing date and procedural schedule for this matter. Furthermore, Ogunquit and Staff did not oppose Joint Petitioners' Motion to Amend. The procedural schedule as agreed to by the parties and Staff was adopted in a Hearing Examiner's Ruling dated May 31, 2006. In addition, Joint Petitioners' Motion to Amend was approved in another Hearing Examiner's Ruling dated May 31, 2006.

On June 15, 2006, Ogunquit prefiled testimony and on July 25, 2006, Joint Petitioners prefiled testimony rebutting Ogunquit. On August 9, 2006, Staff prefiled testimony ("Staff Report").<sup>3</sup> On September 5, 2006, Joint Petitioners prefiled testimony in rebuttal to the Staff Report. Supplemental exhibits to Joint Petitioners' rebuttal testimony prefiled September 5, 2006, were prefiled September 8, 2006.

On September 13, 2006, the public hearing in this matter was convened as scheduled. Joint Petitioners and Staff appeared and participated in the hearing. Counsel for Respondent Ogunquit was excused from participation pursuant to an agreement to stipulate into the record Ogunquit's prefiled testimony. One public witness appeared and testified in support of the Joint Petition. Following the admission of all prefiled testimony and exhibits into the record with waiver of cross-examination, the Staff presented the testimony of Staff witnesses Sartelle, Larsen,<sup>4</sup> and Tufaro, who summarized the agreements reached with Joint Petitioners regarding Staff's recommended conditions for approval of the Joint Petition. The Staff witnesses testifying at the hearing referred to the Joint Petitioners' rebuttal testimony and exhibits prefiled on September 5 and 8, 2006, which evidence the agreements reached on Staff's recommendations.<sup>5</sup>

On October 13, 2006, the Report of Alexander F. Skirpan, Jr., Hearing Examiner ("Hearing Examiner Report") was filed. After reviewing all of the evidence prefiled and considering the testimony adduced at hearing, the Hearing Examiner concluded that all issues appeared to have been resolved among the Joint Petitioners, Staff, and the parties. Based on the Joint Petition and review of the record, the Hearing Examiner found that the transfer of assets and proposed rates and tariffs, as amended, offer a reasonable and just resolution of all of the issues in this case and that the Joint Petition, as amended, should be adopted. The Hearing Examiner Report contains the following findings:

- (1) It is in the public interest to issue certificates of public convenience and necessity, pursuant to § 56-265.3 A, authorizing Aqua Lake Holiday to provide water and wastewater service in the Lake Holiday subdivision in Frederick County, Virginia;
- (2) Aqua Lake Holiday's proposed rates, terms and conditions, as amended, shall be implemented on an interim basis and subject to refund;
- (3) Within thirty days of completing the proposed transfer, Aqua Lake Holiday shall file a Report of Action ("Report") with the Commission. The Report shall include the date of transfer, the actual sales price, the settlement sheet, any legal documentation, a schedule showing all capital reimbursements through the closing date, and all accounting entries recording the transfer;
- (4) Aqua Lake Holiday shall maintain its books and records in accordance with the Uniform System of Accounts; and
- (5) Aqua Lake Holiday shall file a balance sheet, income statement, and a rate of return statement within ninety days following the first full calendar year that Aqua Lake Holiday has ownership of the Company.

The Hearing Examiner Report contains the following recommendations for the Commission to enter an Order that:

1. **ADOPTS** the findings in this Report;
2. **GRANTS** Aqua Lake Holiday certificates of public convenience and necessity pursuant to § 56-265.3 A; and
3. **DISMISSES** this case from the Commission's docket of active cases and passes the papers herein to the file for ended causes.

On October 26, 2006, Joint Petitioners filed a Response to the Hearing Examiner's Report, which requests that the Hearing Examiner's findings and recommendations be adopted with one modification to reflect the record made. Rather than all of Aqua Lake Holiday's proposed rates, terms, and conditions, as amended, being implemented on an interim basis and subject to refund, the Joint Petitioners request that only the proposed metered water rate be implemented on an interim basis, subject to refund, and that all other proposed rates, terms, and conditions, as amended, be given final approval.

On November 3, 2006, the Staff filed a Response to the Hearing Examiner's Report. The Staff agreed with Joint Petitioners that interim approval should only be given to the proposed metered water rate and that final approval should be given to Aqua Lake Holiday's proposed "flat" water and sewer rates, as well as the proposed fees, charges, terms, and conditions, as amended. The Staff further requested that the case not be dismissed as recommended, but that the case be continued to receive the recommended financial reporting and to approve final metered water rates. The Staff suggested that the case be

<sup>3</sup> The Staff Report noted, among other matters, the receipt of a letter from the Frederick County Board of Supervisors endorsing the proposed transfer and several written or e-mailed comments from the public expressing varying concerns about the transfer.

<sup>4</sup> Staff witness Larsen sponsored the prefiled testimony of Staff witness Armistead.

<sup>5</sup> The Joint Petitioners' rebuttal testimony and supplemental exhibits prefiled September 5 and 8, 2006, also address respondent Ogunquit's earlier objections.

remanded to the Hearing Examiner to conduct such further proceedings as may be necessary to finalize Aqua Lake Holiday's metered water rates. Finally, the Staff requested the Commission approve the Staff recommendations not found or recommended in the Hearing Examiner's Report.<sup>6</sup> We note from the record of proceedings that Staff's recommendations are now uncontested by Joint Petitioners.

Ogunquit filed no response to the Hearing Examiner's Report.

### Summary of the Proposed Transfer and Rates

Aqua Lake Holiday's witness Kropilak sponsored and explained the Purchase Agreements for the Lake Holiday water and wastewater utilities. Witness Kropilak described Lake Holiday Utility as an aging system requiring substantial repairs and upgrades, operating at a loss, and lacking funds to make required improvements. Witness Kropilak listed needed improvements, including a new treatment plant for the wastewater system and additional water supply and treatment for the water system. The total cost of required improvements is estimated to be \$12 million. Aqua Lake Holiday, backed by the resources of its parent, Aqua America,<sup>7</sup> plans to make all of the required improvements during the period 2006-2011. Witness Kropilak testified that Aqua Lake Holiday will be professionally managed and employ three full-time employees.

The Purchase Agreements were made contingent upon the Commission's determination that a rate base for Aqua Lake Holiday will be equal to or greater than the initial investment in the system, approval of the proposed rates, fees and charges, and approval of the transfer of assets and approval of operating certificates by the Commission and State Water Control Board.

The initial investment to be made by Aqua Lake Holiday pursuant to the amended Purchase Agreements remains undetermined. In addition to the initial purchase price of \$800,000 cash, payable at closing, witness Kropilak explained that Aqua Lake Holiday will reimburse the other Joint Petitioners for capital expenditures between August 1, 2005, and closing for up to \$220,000 for the water system and \$300,000 for the wastewater system. The reimbursement ceiling for wastewater was later agreed to increase to \$500,000, due to problems of infiltration and inflow. Additionally, costs associated with the design of the wastewater plant from January 1, 2006, to the time of closing will also be reimbursed by Aqua Lake Holiday.

Staff witness Sartelle provided the latest estimate of transfer costs to Aqua Lake Holiday as of June 1, 2006, totaling \$649,000 for the water assets and \$1,110,000 for the wastewater assets. Witness Sartelle added that these transfer costs do not include reimbursements made after June 1, 2006. Therefore, Staff recommended that Joint Petitioners be required to include in its report of action on the transfer an updated transfer costs schedule showing all capital reimbursements through the closing date.

Witness Kropilak explained that the development of Aqua Lake Holiday's proposed fixed monthly rates are based upon the current rates of Lake Holiday Utility. Witness Kropilak stated that certain rate changes were necessary to: (i) establish a new, initial rate for grinder pump maintenance; (ii) correct the unused volumetric rate of \$1.25 per thousand gallons which he regards as insufficient to promote conservation;<sup>8</sup> and (iii) recognize the major funding need for the water and wastewater systems in the tapping fee/capacity fee.<sup>9</sup>

Staff witness Armistead's prefiled testimony stated that the proposed increase in flat rates above would produce additional annual revenue of \$53,373, but would fail to eliminate annual operating losses projected at (\$304,305).

The Staff initially opposed the implementation of the proposed metered rates, chiefly because Aqua Lake Holiday's cost of service after the transfer is unknown, and it cannot be determined at this time whether the metered rates would therefore be reasonable. Witness Larsen then testified in the hearing that Staff is in agreement with the metered water rates being implemented on an interim basis, subject to refund and with subsequent reporting by Aqua Lake Holiday to allow the Staff to review the reasonableness of the rates before the Commission grants final approval.

While we have reviewed the record of the agreements reached between Joint Petitioners and Staff regarding the terms for approval of the joint petition, we will review also the objections of Ogunquit which remain in the respondent's prefiled testimony and which have been addressed in rebuttal to determine if any issues remain.

### Ogunquit's Objections

Ogunquit owns thirty-two lots in the Lake Holiday subdivision, with nine served by existing utility lines and twenty-three unserved. Ogunquit's first objection is to Aqua Lake Holiday's proposed line extension policy, which Ogunquit contends is a departure from the current line extension policy of Lake Holiday Utility in that it: (i) eliminates any utility contribution; (ii) caps refunds at \$1,000 per new customer; and (iii) reduces the time period for refunds from ten years to five years. Ogunquit further objects to the proposed line extension policy for: (i) the introduction of a "prerequisite" of providing a road in order to obtain a line extension; and (ii) the recognition of an "Established Applicant" who is entitled to no reimbursements when intervening lots are connected to the extended main. These two changes, Ogunquit contends, create the potential for discriminatory treatment, as the "Established Applicant" is identified as the owner of undeveloped lots which presumably has control over road improvements and is otherwise entitled by contract to avoid paying for assessments for wastewater treatment facilities.<sup>10</sup>

<sup>6</sup> These include Staff witness Sartelle's recommendations 2, 3, 4, and 5 in Exhibit No. 12; Staff witness Armistead's recommendations A., B., and C. in Exhibit No. 13; and Staff witness Tufaro's recommendations 1, 2, 3, 4, as to permanent flat rates and fees; and 5 and 6 in Exhibit No. 14.

<sup>7</sup> Witness Kropilak stated that Aqua America provides service to an estimated 2.5 million customers in thirteen states, including Virginia. Aqua America's Virginia operations include seventeen water and wastewater companies that serve approximately 25,000 customer accounts, or about 70,000 people.

<sup>8</sup> Witness Kropilak testified that the proposed water volumetric rate will encourage conservation and delay the need to bring additional water supply on line. He estimated that migration to volumetric rates after meters are installed would increase monthly water revenue per customer from \$32.00 to \$36.50.

<sup>9</sup> Witness Kropilak explained that the \$5,000 water connection fee and \$7,000 wastewater connection fee is intended to recover part of the \$12 million in capital improvements to be made over the next six years.

<sup>10</sup> As noted, the exemption allowed to "Established Applicant" is offset by the relinquishment of any claim for refunds of line extension payments when intervening lots are connected.

Ogunquit next objects to the accounting for undeveloped lots that are due connection credits, contained in the Purchase Agreements. Finally, Ogunquit generally objects to the structure of the transaction between Joint Petitioners, which Ogunquit contends will not afford utility customers reasonable rates, fair access to treatment facilities, and non-discriminatory line extension policies.

#### **Joint Petitioners' Rebuttal**

Joint Petitioners addressed the concerns of Ogunquit and Staff in rebuttal, which we will review in the order of Ogunquit's objections set out above. Aqua Lake Holiday's witness Kropilak agreed to provide a contribution by the utility to line extensions by modifying the proposed line extension policy to provide that Aqua Lake Holiday will contribute three and one-half times the estimated normal annual revenues from the applicant's lot. (See proposed Rule 20 to tariff, Exhibit No. 10.) Mr. Kropilak clarified that the cap on refunds to connection charges is actually \$1,000 for water and an additional \$1,000 for wastewater connections made to intervening lots, rather than the \$1,000 cap per new customer complained of by Ogunquit. Mr. Kropilak then agreed to extend the refund period of the proposed line extension policy from five years to ten years.

Witness Allison's prefiled rebuttal testimony established with regard to the supposed road construction prerequisite for Ogunquit obtaining a line extension that no road need be built; rather, the requirement is only to clear for a road. Witness Allison confirmed that no lot owned by Ogunquit would, therefore, be prohibited or delayed with respect to extension of utility lines. With regard to Ogunquit's claim that undeveloped lots due certain credits are not accounted for, witness Allison gave an updated accounting of lots due credits, confirmed that Aqua Lake Holiday has agreed to assume liability for these credits, and acknowledged that Lake Holiday Utility or Lake Holiday Country Club remain responsible for any credits not specifically assumed by Aqua Lake Holiday.

With regard to Ogunquit's concern that there be fair access to wastewater treatment facilities, witness Kropilak testified on rebuttal that there is no need to ration capacity, as Aqua Lake Holiday is committed to meeting the needs of up to ninety new homes a year and that the current capacity of the wastewater treatment plant is sufficient to serve 1,000 homes.

NOW THE COMMISSION, having considered the record in this case, the Hearing Examiner Report and Responses thereto, and the applicable law, is of the opinion and finds that all issues have been resolved in this case. The Commission further finds that the proposed transfer of utility assets to Aqua Lake Holiday, pursuant to the Purchase Agreements, as amended and subject to the Staff's recommended conditions, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates.

The Commission finds that a determination of Aqua Lake Holiday's rate base, as requested, is premature at this time. Instead, Aqua Lake Holiday should be required to make a final report upon the transfer closing. The Commission determines that the findings and recommendations of the Hearing Examiner's Report should be adopted with the modifications requested in the Responses of the Joint Petitioners and Staff.

Accordingly, IT IS ORDERED THAT:

(1) Lake Holiday Utility and Lake Holiday Country Club are hereby granted authority pursuant to the Utility Transfers Act and Utility Facilities Act to transfer utility assets to Aqua Lake Holiday in accordance with their Purchase Agreements, as amended, subject to all recommendations of the Staff, which are adopted and approved herein, and subject to the findings of the Hearing Examiner Report except for finding (2).

(2) Aqua Lake Holiday is hereby granted, pursuant to § 56-265.3 A of the Code, CPCN W-320 to provide water utility service in the territory presently certificated in Frederick County to Lake Holiday Utility, and Lake Holiday Utility's CPCN W-191 to provide water utility service shall be terminated.

(3) Aqua Lake Holiday is hereby granted, pursuant to § 56-265.3 A of the Code, CPCN S-93 to provide wastewater utility service in the territory presently certificated in Frederick County to Lake Holiday Utility, and Lake Holiday Utility's CPCN S-63 to provide wastewater utility service shall be terminated.

(4) Aqua Lake Holiday is hereby authorized to implement its proposed metered water rates as set out above on an interim basis, subject to refund.

(5) Aqua Lake Holiday is hereby granted final approval of its proposed "flat" water and sewer rates, as well as the proposed fees, charges, terms, and conditions, as amended and as set out above.

(6) Aqua Lake Holiday, upon closing the purchase and transfer of the utility assets, shall promptly file tariffs and terms and conditions of service, in accordance with the findings above, with the Division of Energy Regulation. Contemporaneous with the filing of Aqua Lake Holiday's tariffs, Lake Holiday Utility shall cancel all tariffs and terms and conditions of service.

(7) Aqua Lake Holiday is hereby granted approval of its Rule 20 as revised in the proposed tariff in its Exhibit No. 10.

(8) Within thirty (30) days of completing the proposed transfer, the Joint Petitioners shall file a Report of Action with the Commission that shall include the date of transfer, the actual sale price, the settlement sheet, any legal documentation, and Aqua Lake Holiday's accounting entries recording the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts, which shall include separately booking the difference between the purchase price and the utility's assets' net book values as any acquisition adjustment to Account 114.

(9) Lake Holiday Utility is ordered to provide all records related to the transferred assets at closing to Aqua Lake Holiday, and Aqua Lake Holiday is hereby ordered to maintain such records transferred in accordance with the Uniform System of Accounts.

(10) The Commission's Utility Transfers Act approval ordered above shall have no ratemaking implications and shall not be deemed to guarantee recovery of any costs directly or indirectly related to the transfer.

(11) The Commission hereby defers any ratemaking decision on the contingency payments provided for in the Purchase Agreements until such time as they actually occur and are potentially includible in Aqua Lake Holiday's cost of service in the context of a rate proceeding. Upon notification by Aqua Lake Holiday that a contingency payment has been made, the Staff is directed to develop and provide accounting guidance to Aqua Lake Holiday so that appropriate data is available for the Commission's consideration in future rate proceedings.

(12) Aqua Lake Holiday is hereby ordered to maintain all invoices in the utility's files that pertain to both expenses and capital disbursements.

(13) Aqua Lake Holiday is hereby ordered to maintain both historical and current property records on capitalized plant items and to maintain records to enable an analysis of the costs between water and sewer operations.

(14) Within ninety (90) days following the first full calendar year that Aqua Lake Holiday takes ownership of the utility assets, Aqua Lake Holiday shall file in this case a balance sheet, income statement, and a rate of return statement.

(15) Aqua Lake Holiday is hereby ordered to prevent any deterioration in the quality of utility service due to a lack of maintenance or capital investment; to prevent deterioration in quality of utility service due to a reduction in the number of employees providing utility services; and to maintain a high degree of cooperation with the Commission's Staff and take all actions necessary to ensure timely response to Staff's inquiries regarding Aqua Lake Holiday's provision of utility services in Virginia.

(16) This case shall be continued for finalization of Aqua Lake Holiday's metered water rates and is hereby remanded to the Hearing Examiner to conduct such further proceedings as are necessary to finalize Aqua Lake Holiday's metered water rates.

**CASE NO. PUE-2006-00014  
MARCH 13, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For authority to borrow up to \$275 million in short-term debt and for continued participation in the Pepco Holdings System Money Pool

**ORDER GRANTING AUTHORITY**

On February 15, 2006, Delmarva Power & Light Company ("Delmarva", or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapters 3 and 4 of Title 56 of the Code of Virginia requesting authority to incur short-term debt up to \$275,000,000 and for continued participation in the Pepco Holdings System Money Pool ("Money Pool"). The amount of short-term debt proposed in this application is in excess of twelve percent of total capitalization as defined in § 56-65.1 of the Code of Virginia. Applicant has paid the requisite fee of \$250.

Applicant requests authority to borrow short-term debt up to \$275,000,000 through March 31, 2009. Applicant requests authority to borrow either directly from the capital markets or through the Money Pool which is currently being administered by PHI Services Company, a wholly owned subsidiary of Pepco Holdings, Inc. ("PHI"). Applicant intends to issue short-term debt through its commercial paper program, borrowings under credit agreements entered into, or other forms of short-term debt.

Delmarva also requests authority to invest excess cash in the Money Pool. All investments by Money Pool participants, including Delmarva, are guaranteed by PHI. Delmarva states that PHI has substantial liquidity supporting this guarantee. PHI has credit facility commitments from major lenders totaling \$700,000,000 to support its guarantee. As of December 31, 2005, the entire commitment was undrawn and, except for \$25.8 million of letters of credit, available to PHI. PHI is rated investment-grade by Moody's Investors Services, Standard and Poor's, and Fitch Investment Services, nationally recognized rating agencies. Delmarva represents that it will only borrow from the Money Pool when it is advantageous to do so. Applicant notes that such direct and affiliate borrowings were most recently authorized in Case No. PUE-2004-00007 by Commission Order dated March 4, 2004. Interest rates will vary depending on market conditions and reflect the average Money Pool cost for both borrowing and investment.

Applicant states that the short-term borrowings will be used to meet temporary working capital requirements and as interim or bridge financing for long-term capital requirements and for other proper corporate purposes. Applicant also represents that it has obtained authorization to operate the Money Pool through June 30, 2008, pursuant to an order issued by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935 ("PUHCA"). Under rules formulated by the Federal Energy Regulatory Commission ("FERC") dealing with repeal of PUHCA, Delmarva has the option to seek new financing authorizations from FERC or to continue to operate under the existing PUHCA order. At this time, Applicant has opted to continue to comply with the authorizations included in the PUHCA order. Delmarva stated it will notify the Commission if the situation changes.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application is in the public interest.

The Commission notes that participants in the Money Pool include both regulated utilities and non-utility participants. The non-utility participants likely 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 bankruptcy by one of the non-utility participants, Delmarva's investment in the Money Pool may be lost. Delmarva has proposed a safeguard that can insulate its exposure to this additional risk. Delmarva's parent, PHI, through the Money Pool Agreement, has guaranteed all Delmarva deposits in the Money Pool. PHI maintains substantial independent committed lines of credit to support this guarantee. We find this safeguard to be sufficient in this case to protect Delmarva's short-term investments in the Money Pool from the risks associated with unregulated affiliates.

We also find that the authority granted in Case No. PUE-2004-00007 should be terminated and superceded by the approval granted herein.

Accordingly, IT IS ORDERED THAT:

- (1) Applicant is hereby authorized to incur short-term indebtedness in excess of twelve percent of total capitalization in an aggregate amount not to exceed \$275,000,000 at any one time from the date of this order through March 31, 2009, for the purposes and under the terms and conditions set forth in the application. Such indebtedness may be incurred either through the Pepco Holdings System Money Pool or directly through the capital or credit markets.
- (2) Applicant shall seek subsequent approval from the Commission if the terms and conditions of the Pepco System Money Pool Agreement approved herein should change, or if PHI'S \$700,000,000 committed credit facility is ever reduced.
- (3) Approval of this application does not preclude the Commission from exercising the provision of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- (4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not the Commission regulates such affiliate.
- (5) Approval of this application shall have no implications for ratemaking purposes.
- (6) Applicant shall file semi-annual reports of action on or before August 30, 2006, March 1, 2007, August 30, 2007, March 2, 2008, August 30, 2008, and March 1, 2009, for the preceding semi-annual period to include:
  - a) schedules showing (1) monthly Pepco Holdings System Money Pool balances for each participant including beginning balance for the month, ending balance for the month, and net activity for the month; (2) the Pepco Holdings System Money Pool interest rate for each month and an explanation of how the rate is calculated; (3) an average comparable external borrowing or lending rate for each month; and (4) each type of allocated fee, and an explanation of how the fees were allocated;
  - b) monthly schedules of the participating companies' average borrowings (balances and rates) through any short-term debt instrument other than the Pepco Holdings System Money Pool; and
  - c) a monthly schedule of Delmarva's maximum investment balance in the Pepco Holdings System Money Pool.
- (7) The authority granted in Case No. PUE 2004-00007 is hereby terminated and superseded by the authority granted herein.
- (8) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00015  
APRIL 5, 2006**

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 2006-2007 FUEL FACTOR**

On February 15, 2006, Kentucky Utilities Company d/b/a Old Dominion Power Company ("ODP" or the "Company"), filed with the State Corporation Commission ("Commission") an application, testimony, exhibits, and a proposed tariff, intended to increase its current fuel factor from 2.013¢/kWh to 2.862¢/kWh, effective for bills rendered on and after April 1, 2006. The Company cites continued increasing fuel costs in support of its application.

By Order dated February 27, 2006, the Commission established a procedural schedule and set a hearing date for March 30, 2006. 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 March 23, 2006, 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 a modification to the Company's Definitional Framework of Fuel Expenses to achieve consistency with the actual ratemaking treatment of the Company's off-system sales.<sup>1</sup> The Staff also recommended a change to the proposed fuel factor involving a minor adjustment that reduces the correction factor from .457¢ kWh to .436¢/kWh, and which reflects ODP's February 2006 actual fuel recovery results and the March reversal of the Company's February 2006 unbilled fuel revenue accrual using the then current fuel factor rate rather than the proposed fuel factor rate. Accordingly, the Staff recommended a total proposed fuel factor of 2.841¢ kWh to be placed into effect with bills rendered on and after April 1, 2006. The Staff noted that its recommended fuel factor will have a relatively large impact on customer bills.

On March 27, 2006, the Company prefiled the rebuttal testimony of Robert M. Conroy, who recommended the Commission accept the recommendations of Staff, including the revision to the Definitional Framework for Fuel Expenses, and Staff's revisions to the determination of the proposed Levelized Fuel Factor ("LLF"). The Company responded through witness Conroy's rebuttal testimony to Staff's concern over the large impact of the

<sup>1</sup> The following language was recommended: Energy revenues associated with off-system sales and recorded in account 447 (formerly recorded as a credit to expense in Account 555-Purchase and Interchange Power) shall be credited against fuel factor expenses.

recommended fuel factor by proposing to mitigate the impact through recovery of the portion of its under-recovered fuel expense that accrued during the 2005-2006 fuel year over a two year period.<sup>2</sup>

The hearing was convened on March 30, 2006. 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. At the conclusion of the hearing, pursuant to the stipulation of the Company and Staff, the total fuel factor of 2.676¢/kWh as proposed by the Company was approved for bills rendered on and after April 1, 2006.

NOW THE COMMISSION, upon consideration of the record in this case, remains of the opinion that an increase in the Company's fuel factor to 2.676¢/kWh for bills rendered on and after April 1, 2006, is reasonable and appropriate. The Commission further finds that Staff's recommended revision to the Definitional Framework for Fuel Expenses should be approved.

Approval of the fuel 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 under recovery 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 2.676¢/kWh effective for bills rendered on and after April 1, 2006, is hereby approved.
- (2) The Staff's recommended revision to the Company's Definitional Framework for Fuel Expenses is hereby approved.
- (3) The Company is directed to file the approved fuel factor revision to its tariffs within twenty-one (21) days from the date of this Order.
- (4) This case is continued generally.

<sup>2</sup> By its proposal, the Company is not waiving its right to a one-year recovery period under the statute.

**CASE NO. PUE-2006-00016  
JUNE 20, 2006**

PETITION OF  
SOUTH WALES UTILITY, INC.  
SOUTH WALES L.P.  
and  
CLEVENGERS VILLAGE UTILITY, INC.

For Authority to Transfer Utility Assets and Certificates of Public Convenience and Necessity Pursuant to the Utility Transfers Act and Utility Facilities Act

and

APPLICATION OF  
CLEVENGERS VILLAGE UTILITY, INC.

For Authority to Serve the Area Certificated to South Wales Utility, Inc., in Culpeper County

**FINAL ORDER**

On February 17, 2006, South Wales Utility, Inc. ("South Wales"), South Wales, L.P., and Clevengers Village Utility, Inc. ("Clevengers") (collectively, "Petitioners"), petitioned the State Corporation Commission ("Commission") for authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code") and for authority to transfer certificates of public convenience and necessity ("CPCNs") pursuant to Chapter 10.1 of Title 56 of the Code to Clevengers. Clevengers also applied for authority to serve the area certificated to South Wales in Culpeper County, Virginia (the "County"). South Wales presently provides water and wastewater treatment utility services to the South Wales Property located in Culpeper County, Virginia.

On March 23, 2006, the Commission issued an Order for Notice and Comment, which directed that prescribed notice be published and served upon South Wales' customers and the Culpeper County Board of Supervisors and further directed that the Commission Staff file a report of its investigation.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On April 25, 2006, Petitioners filed a Certificate of Compliance with Order Prescribing Public Notice. On May 1, 2006, a Staff Report was filed. No requests for hearing or comments (either to the Petition or Staff Report) were received.

South Wales is a Virginia public service corporation that provides water and wastewater treatment services to approximately 341 residential customers and a golf shop, all of which are located on South Wales Property, a 2,500 acre parcel of land located near the intersection of Routes 229 and 211 and straddling Route 229 in Culpeper County, Virginia. South Wales L.P. is a limited partnership that leases to South Wales most of the utility's assets.<sup>1</sup>

Clevengers is a Virginia public service corporation newly created to provide water and wastewater treatment service to the South Wales Property after the proposed transfer takes place. Clevengers is a wholly owned subsidiary of Centex Homes, a Nevada General partnership (hereinafter "Centex").

On January 24, 2005, after negotiations between Petitioners and Culpeper County, the County rezoned South Wales Property and certain adjoining parcels for mixed residential, retail, and commercial use, allowing up to 774 new personal residences and up to 133 new retail, commercial, and/or employment sites.

This Petition is brought to satisfy one of several Culpeper County rezoning requirements, which includes consolidating ownership and operation of existing and proposed utility facilities with Clevengers. Petitioners have entered into a commitment with Culpeper County for the financing and construction of a new water and wastewater treatment system (the "New Utility System") to provide service to an area designated by the County as Clevengers Corner Village Center, which covers several areas, including the South Wales Property, adjacent to the intersection of U.S. Routes 229 and 211. As part of the rezoning approval, the County is requiring the Petitioners to transfer the Old Utility System to Clevengers in order to consolidate ownership and operation of the Old and New Utility Systems<sup>2</sup> with Clevengers prior to their ultimate transfer to the County.<sup>3</sup>

Most of the Old Utility System assets to be transferred from South Wales to Clevengers are owned by South Wales, L.P., and leased to South Wales. The Old Utility System consists of the Old Sewer Plant, three wells, a 27,000 gallon equalization tank, and the mains, laterals, valves, meters, pumps, and other appurtenances that are connected to the water distribution system and wastewater collection system. The real estate underlying the Old Utility System will be retained by South Wales, L.P., and leased to Clevengers until the existing sewer plant is decommissioned and removed. The purchase price to be paid for the Old Utility System by Clevengers and Centex is \$10, plus Clevengers and Centex will reimburse South Wales for any interim operating deficit for the Old Utility System until the transfer takes place.

Concerning the New Utility System, the Petitioners entered into a Water and Sewer Agreement with Culpeper County (Petition, Exhibit 1), which contains detailed proffers that describe the improvements required to serve the projected additional residential and retail/commercial development in Clevengers.<sup>4</sup> The utility-related provisions of the proffers are as follows:

- (1) Culpeper County will design, construct and operate the New Utility System on land provided by the Petitioners at their expense, and make its best effort to put the New Utility System into operation by January 24, 2008.
- (2) The Petitioners (through Centex) shall supply approximately \$17,669,000 to pay for Culpeper County's design and construction of the New Utility System. The Petitioners may supply more funds if needed, but may also receive a credit if the total is deemed excessive.
- (3) The Petitioners shall supply approximately \$3,825,000 to provide operating and capital reserves as well as to cover any possible operating losses.
- (4) The total cost of \$21,494,000 for the New Utility System will be financed by assessing availability fees of \$23,698 to each of approximately 907 equivalent residential connections ("ERC").
- (5) New development in Clevengers shall be limited to a specified number of water and sewer connections for residential and retail/commercial use.
- (6) The Petitioners shall pay for any necessary repairs to the Old and New Utility Systems according to Culpeper County's plans.
- (7) The Petitioners shall transfer the Old and New Utility Systems to Culpeper County, including all utility-related real property, within sixty (60) days of Culpeper County's request to do so, subject to Commission approval.
- (8) Culpeper County shall maintain and adjust service fees to "assure that they continue to be fair, reasonable, just and equitable."

The Staff has analyzed the proposed transfer of utility assets in the context of Petitioners' rezoning proffers and concluded that the proposed transactions ensure the continuation of existing water and wastewater services to the South Wales Property with no rate increase before January 2008 and provide a feasible mechanism for ensuring the proper design, construction, and financing of the new water and wastewater infrastructure that will be required. The Staff reports that the new owner and operator, Clevengers, has sufficient managerial and financial resources through its parent Centex to

<sup>1</sup> The utility assets ("Old Utility System") consist of a 1960's vintage, 70,000 gallons per day wastewater treatment plant (the "Old Sewer Plant") and water wells, tanks, pumps, and lines installed between 1988 and 2000. The lease was approved by the Commission in *Application of South Wales Utility, Inc., For approval to lease the water and sewerage facilities of South Wales Limited Partnership*, Case No. PUA-1996-00007, 1997 S.C.C. Ann. Rep. 138.

<sup>2</sup> The New Utility System will be built by Culpeper County with Centex financing between now and 2008.

<sup>3</sup> Culpeper County has bargained with Petitioners to ultimately acquire the Old and New Utility Systems and to operate the New Utility System after retiring the Old Sewer Plant. The County does not yet want to acquire or operate the Old Utility System. (Petition p. 9.)

<sup>4</sup> Under Virginia Code § 15.2-2298, high growth counties such as Culpeper County are authorized to accept, in exchange for rezoning approvals, the landowners' voluntary written commitments ("proffers") to provide the County, with real property of substantial value or substantial cash payments for, or commitments to, construct substantial public improvements.

operate the post-transfer utility. The Staff concludes that the proposed transfer of utility assets neither impairs nor jeopardizes the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved subject to certain conditions.<sup>5</sup> The Staff further recommends that the Commission should direct Clevengers as follows:

- (a) The quality of service in Clevengers' service territory should not deteriorate due to a lack of maintenance or capital investment;
- (b) the quality of service in Clevengers' service territory should not deteriorate due to a reduction in the number of employees providing services; and
- (c) Clevengers should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure Clevengers' timely response to Staff inquiries with regard to Clevengers' provision of service in Virginia.

NOW THE COMMISSION, upon consideration of these matters, finds that the requested transfer of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia should be approved and Clevengers should be authorized and certificated to provide water and wastewater utility service to the South Wales Property, consistent with the recommendations of Staff.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, South Wales and South Wales, L.P., are granted approval to transfer their utility assets to Clevengers, consistent with the findings above.

(2) Certificate Nos. W-285 and S-81 authorizing South Wales to provide water and wastewater service to the South Wales Property in Culpeper County, Virginia, are hereby canceled.

(3) Clevengers is hereby granted Certificate Nos. W-318 and S-92 to provide water and wastewater utility service to the South Wales Property, consistent with the findings above.

(4) The recommendations of the Staff as set out above are hereby approved and incorporated into this Order by reference.

(5) Within thirty (30) days of completing the proposed transfer, Clevengers shall submit new rates, rules, and regulations with the Commission's Division of Energy Regulation, which should evidence the change in the certificated entity from South Wales to Clevengers.

(6) Within thirty (30) days of completing the transaction, subject to administrative extension by the Commission's Director of Public Utility Accounting, Clevengers shall file a Report of Action ("Report") with the Commission. Included in the Report shall be the date of the transfer and any legal document, settlement sheet, or accounting entries recording the transfer. The accounting entries shall reflect a zero net book value for the net assets transferred and be in accordance with the USOA.

(7) The authority granted herein shall have no ratemaking implications. In particular, this approval shall not guarantee recovery of any costs directly or indirectly related to the transfer.

(8) Clevengers shall submit to the Commission's Director of Public Utility Accounting definitive information regarding the tax consequences of the utility asset transfer as referenced in the petition as soon as available.

(9) There appearing nothing further to be done in this matter, it hereby is dismissed.

<sup>5</sup> Staff's recommended conditions include: (1) South Wales' Certificates of Public Convenience and Necessity Nos. W-285 and S-81 should be cancelled, and new Certificates of Public Convenience and Necessity Nos. W-318 and S-92 should be issued to Clevengers.

(2) Within thirty (30) days of completing the proposed transfer, Clevengers should file new rates, rules, and regulations with the Commission's Division of Energy Regulation, which should evidence the change in the certificated entity from South Wales to Clevengers.

(3) Within thirty (30) days of completing the proposed transfer, 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 Clevengers accounting entries recording the transfer. Such accounting entries should reflect a zero net book value for the net assets transferred and be in accordance with the Uniform System of Accounts ("USOA").

(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) Clevengers should submit to the Commission's Director of Public Utility Accounting definitive information regarding the tax consequences of the utility asset transfer as soon as it becomes available.

**CASE NO. PUE-2006-00017  
FEBRUARY 23, 2006**

APPLICATION OF  
LAKE HOLIDAY ESTATES UTILITY COMPANY

For an increase in water and sewer rates

**ORDER NULLIFYING RATE INCREASE**

By notice dated November 3, 2005, pursuant to the Small Water or Sewer Public Utility Act (§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")), Lake Holiday Estates Utility Company ("Lake Holiday" or the "Company"), apparently notified its customers of its intent to increase its rates effective for service rendered on and after January 1, 2006, but the State Corporation Commission's ("Commission's") Division of Energy Regulation was not notified of the proposed increase until January 31, 2006.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that, pursuant to § 56-265.13:5 of the Code of Virginia, Lake Holiday's notice regarding its proposed rate increase was defective and should be given no effect. Moreover, the Commission takes official notice of a recently filed proceeding, Case No. PUE-2006-00013, in which Lake Holiday, Lake Holiday Country Club, Inc., and Aqua Lake Holiday Utilities, Inc. have jointly petitioned for authority to transfer utility assets and certificates of public convenience and necessity pursuant to the Utility Transfers Act and the Utility Facilities Act. That application also seeks a change in water and sewer rates. Consequently, Lake Holiday will have an opportunity to pursue any needed rate relief in that proceeding. The Company shall immediately reimplement those rates that were in effect prior to January 1, 2006, and shall refund with interest any amounts collected from customers in excess of those preexisting rates.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUE-2006-00017.
- (2) The Company shall immediately reimplement its preexisting rates and shall refund with interest any amounts collected from customers in excess of those preexisting rates.
- (3) The refunds with interest 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 offset the credit or refund against any undisputed balance. No offset shall be permitted against any disputed portion of an outstanding balance.
- (4) 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.
- (5) The refund amounts 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.
- (6) On or before May 1, 2006, 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.
- (7) The Company shall not recover the interest paid or the expenses incurred in performing this refund in rates and charges subject to the Commission's jurisdiction.
- (8) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2006-00017  
MARCH 14, 2006**

APPLICATION OF  
LAKE HOLIDAY ESTATES UTILITY COMPANY

For an increase in water and sewer rates

**ORDER ON RECONSIDERATION**

By notice dated November 3, 2005, pursuant to the Small Water or Sewer Public Utility Act, Section 56-265.13: 1 *et seq.* of the Code of Virginia ("Code"), Lake Holiday Estates Utility Company ("Lake Holiday" or "Company") apparently notified its customers of its intent to increase its rates effective for service rendered on or after January 1, 2006. However, the Company failed to notify the Division of Energy Regulation of the State Corporation Commission ("Commission").

On February 23, 2006, by *Order Nullifying Rate Increase* ("Nullification Order"), the Commission, pursuant to Section 56-265.13:5 of the Code determined that the Company's notice regarding its proposed rate increase was defective and should be given no effect. Additionally, the Commission directed the Company to immediately reimplement its preexisting rates and refund with interest any amount collected from customers in excess of those

preexisting rates by May 1, 2006. Moreover, the Commission took judicial notice of Case No. PUE-2006-00013, wherein Lake Holiday jointly petitioned the Commission for authority to transfer utility assets and its certificate of public convenience and necessity, and seeks to change water and sewer rates.

On February 28, 2006, Lake Holiday filed a *Petition for Reconsideration and Emergency Relief* ("Petition") requesting, among other things, that the Commission: (i) suspend its Nullification Order of February 23, 2006; (ii) authorize the Company to charge and collect water and sewer fees of \$49.98 for monthly water service, \$58.65 for monthly sewer service, and \$16,000 for connection fees<sup>1</sup> retroactively to January 1, 2006; and (iii) affirm that the Company may expend the applicants' deposits in the course of extending water and sewer lines within its territory.

On March 3, 2006, the Company filed a *Supplement to the Petition for Reconsideration and Emergency Relief* ("Supplemental Petition"). The Supplemental Petition addresses nearly the same issues as the original Petition and includes a prayer for supplemental relief. In addition to the relief requested in the Petition, the Supplemental Petition requests, alternatively, that: (i) the November 3, 2005, Notice of Rate Changes be renewed to the extent that the forty-five (45) days notice period required by Section 56-265.13:5 (B) be considered to have begun on January 31, 2006; (ii) the effective date of the rates sought by the notice to customers dated November 3, 2005, be adjusted to March 17, 2006, exactly forty-five days following January 31, 2006; and (iii) the refunds required by the February 23, 2006, Nullification Order to be completed by May 1, 2006, instead be required to be completed no later than August 31, 2006.

On March 6, 2006, Lake Holiday filed a *Supplement to the Petition for Reconsideration and Emergency Relief* which sought the same relief as the Supplemental Petition, and corrected the number of customers notified in its November 3, 2005, customer notice.

NOW THE COMMISSION, having considered the Petition and Supplemental Petition, denies reconsideration for the reasons set forth in the Nullification Order. In addition, as noted in the Nullification Order, Lake Holiday, Lake Holiday Country Club, Inc., and Aqua Lake Holiday Utilities, Inc., have jointly petitioned the Commission for authority to transfer utility assets and certificates of public convenience and necessity in pending Case No. PUE-2006-00013. That petition also seeks a change to water and sewer rates. As a result, Lake Holiday currently is seeking rate modifications in Case No. PUE-2006-00013, and the Commission will address requested rate changes as part of that proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition and Supplemental Petition are hereby denied.
- (2) The Commission's February 23, 2006, *Order Nullifying Rate Increase* remains in full force and effect, except that the refund obligation is extended from May 1, 2006 to August 31, 2006.
- (3) This matter is dismissed and the papers herein are passed to the file for ended causes.

<sup>1</sup> Connection fees total \$16,000 and are comprised of the following: (i) \$3,716 for water connection; (ii) \$3,190 for sewer connection; and (iii) \$9,094 for reclamation of costs associated with the water treatment plant expansion, and repair and replacement of lift stations.

**CASE NO. PUE-2006-00018  
APRIL 18, 2006**

APPLICATION OF  
CITY OF FAIRFAX

For a license to conduct business as an electric aggregator

**ORDER GRANTING LICENSE**

On February 21, 2006, the City of Fairfax filed an application with the State Corporation Commission ("Commission") for a license to provide electric aggregation service. The application seeks authority to serve residential, commercial and industrial customers within the City of Fairfax's geographic boundaries. The City of Fairfax attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

On March 8, 2006, 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 Staff to analyze the reasonableness of the City of Fairfax's application and to present its findings in a Staff Report.

The City of Fairfax filed proof of publication of its notice on March 20, 2006. Virginia Electric and Power Company filed comments in support of the City of Fairfax's application.

The Staff filed its Report on March 29, 2006, concerning the City of Fairfax's fitness to conduct business as an electric aggregator. In its Report, the Staff summarized the City of Fairfax's proposal and evaluated its financial condition and technical fitness. The Staff recommended that the City of Fairfax be granted a license to conduct business as an electric aggregator for residential, commercial, and industrial customers within the City of Fairfax's geographic boundaries.

The City of Fairfax filed a response to the Staff Report on April 10, 2006, in which it stated that it was pleased with the findings of the Commission's Staff report.

NOW UPON CONSIDERATION of the application and the Staff Report, the Commission finds that the City of Fairfax's application to provide electric aggregation service should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) The City of Fairfax is hereby granted license No. A-24 to provide competitive electric aggregation service to residential, commercial, and industrial customers within its geographic boundaries. 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-2006-00019  
MARCH 3, 2006**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION NUCLEAR NORTH ANNA, LLC

For Exemption from approval or, alternatively, for Approval of an Information, Services and Site Access Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia

**ORDER GRANTING WITHDRAWAL**

On February 22, 2006, Virginia Electric and Power Company and Dominion Nuclear North Anna, LLC (collectively, the "Petitioners"), filed a *Petition for Exemption from Approval or, Alternatively, for Approval of an Information, Services and Site Access Agreement Pursuant to Chapter 4, Title 56 of the Code of Virginia, as Amended* ("Petition") with the State Corporation Commission ("Commission") requesting an exemption from approval or, alternatively, for approval of an Information, Services, and Site Access Agreement ("Agreement"). Additionally, Petitioners requested the Commission grant exemption from or approval of the Agreement prior to March 1, 2006, or grant interim authority, to the extend necessary, for Petitioners to begin conducting activities described in the Petition on or after March 1, 2006, subject to final Commission Order.

On February 28, 2006, Petitioners, by letter to the Commission, requested withdrawal of the Petition without prejudice. Having considered the Petitioners' request, the Commission finds that it should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Petitioners' request to withdraw its Petition without prejudice is granted.
- (2) There being nothing further to come before the Commission, this case is dismissed and the papers herein are passed to the file for ended causes.

**CASE NO. PUE-2006-00020  
JULY 27, 2006**

APPLICATION OF  
DUKE ENERGY VIRGINIA PIPELINE COMPANY F/K/A VIRGINIA GAS PIPELINE COMPANY

For an Annual Informational Filing for the calendar year ending December 31, 2005

**ORDER GRANTING EXTENSION**

On February 23, 2006, Duke Energy Virginia Pipeline Company f/k/a Virginia Gas Pipeline Company (the "Company" or "Duke Energy"), by counsel, filed a Motion with the Clerk of the State Corporation Commission ("Commission"). In its Motion, the Company requested an extension of time until September 1, 2006, in which to file its Annual Informational Filing ("AIF") for the calendar year ending December 31, 2005, with the Commission.

Duke Energy explained in its February 23, 2006 Motion that it required an extension of time in which to file its AIF because it had only recently received the information from AGL Resources Inc. ("AGLR") necessary to prepare its AIF. The Company represented that the information received from AGLR was voluminous and needed to be assimilated into Duke Energy Gas Transmission, LLC's ("DEGT's") internal systems so that accounting personnel could prepare the Company's AIF for 2005. Among other things, Duke Energy advised that it had contacted Staff counsel and was authorized to state that the Commission Staff did not oppose Duke Energy's request for an extension of time to file its AIF.

On March 7, 2006, the Commission entered its Order on Motion. In that Order, the Commission docketed the captioned proceeding, directed Duke Energy to file its AIF for the period January 1, 2005, through December 31, 2005, with the Commission on or before September 1, 2006, and continued the matter generally to receive the Company's AIF and accompanying financial and operating data for the calendar year ending December 31, 2005. The Commission directed that if Duke Energy determined to file a rate application rather than an AIF, the Company must file its rate application with the Commission on or before September 1, 2006.

On July 17, 2006, Duke Energy, by counsel, filed a second Motion for extension and asked that the time in which it had to file its AIF herein be extended from September 1, 2006, to October 31, 2006. In support of its Motion, Duke Energy advised that it had received accounting data from AGLR but had not had an opportunity to review, assimilate, inspect, and properly record the information provided by AGLR to determine if the data was complete. Counsel for Duke Energy represented that it was authorized to state that the Commission Staff did not oppose Duke Energy's request for an additional extension of time in which to file its AIF.

NOW THE COMMISSION, having considered Duke Energy's July 17, 2006 Motion, is of the opinion and finds that the Company's Motion requesting an extension of time from September 1, 2006, to October 31, 2006, in which to file its AIF for the period January 1, 2005, through December 31, 2005, should be granted; that Duke Energy should file its AIF for 2005, together with its accompanying documents, on or before October 31, 2006, with the Commission; and that this matter should be continued generally to receive Duke Energy's application for an AIF together with the financial and operating data accompanying this AIF.

Accordingly, IT IS ORDERED THAT:

- (1) Duke Energy's July 17, 2006 Motion is hereby granted.
- (2) Duke Energy shall file its AIF for the period January 1, 2005, through December 31, 2005, with the Commission on or before October 31, 2006. If Duke Energy determines to file a rate application rather than an AIF, the Company shall file its rate application with the Commission on or before October 31, 2006.
- (3) This matter shall be continued generally to receive Duke Energy's application for an AIF and the financial and operating data for the calendar year ending December 31, 2005, accompanying Duke Energy's AIF.

**CASE NO. PUE-2006-00021  
JULY 27, 2006**

APPLICATION OF  
DUKE ENERGY EARLY GROVE COMPANY F/K/A VIRGINIA GAS STORAGE COMPANY

For an Annual Informational Filing for the calendar year ending December 31, 2005

**ORDER GRANTING EXTENSION**

On February 23, 2006, Duke Energy Early Grove Company f/k/a Virginia Gas Storage Company ("Early Grove" or the "Company"), by counsel, filed a Motion with the Clerk of the State Corporation Commission ("Commission"). In its Motion, the Company requested an extension of time until September 1, 2006, in which to file its 2005 Annual Informational Filing ("AIF") for the calendar year ending December 31, 2005, with the Commission.

Among other things, Early Grove explained in its February 23, 2006 Motion that it required an extension of time in which to file its AIF because it had only recently received the information from AGL Resources Inc. ("AGLR") necessary to prepare its AIF. The Company represented that the information received from AGLR was voluminous and would take time to be assimilated into Duke Energy Gas Transmission, LLC's ("DEGT's") internal systems so that accounting personnel could prepare the Company's AIF for 2005. Counsel for Early Grove advised that it had contacted Staff counsel and was authorized to state that the Commission Staff did not oppose Early Grove's request for an extension of time in which to file its AIF.

In its March 7, 2006 Order on Motion, the Commission docketed the captioned proceeding, directed Early Grove to file its AIF for the period January 1, 2005, through December 31, 2005, with the Commission on or before September 1, 2006, and continued the matter generally to receive the Company's AIF and accompanying financial and operating data. The Commission directed that if Early Grove determined to file a rate application rather than an AIF, the Company must file its rate application with the Commission on or before September 1, 2006.

On July 17, 2006, the Company, by counsel, filed a Motion requesting a further extension of time in which Early Grove had to file its 2005 AIF with the Commission. In its July 17, 2006 Motion, the Company requested a sixty (60) day extension in which to file its AIF for the calendar year ending 2005, *i.e.*, an extension through October 31, 2006. The Company explained that it had received accounting data from AGLR but had not had an opportunity to review, assimilate, inspect, and properly record the information provided by AGLR to determine if this data was complete. Counsel for Early Grove advised that she was authorized to state that the Commission Staff did not oppose Early Grove's request for a further extension of time in which to file its AIF.

NOW THE COMMISSION, having considered Early Grove's Motion, is of the opinion and finds that the Company's July 17, 2006 Motion requesting an extension of time from September 1, 2006, to October 31, 2006, in which to file its AIF for the period January 1, 2005, through December 31, 2005, should be granted; that Early Grove should file its AIF for 2005, together with its accompanying financial and operating data, on or before October 31, 2006, with the Commission; and that this matter should be continued generally to receive Early Grove's application for an AIF together with the financial and operating data accompanying its AIF.

Accordingly, IT IS ORDERED THAT:

- (1) Early Grove's July 17, 2006 Motion is hereby granted.
- (2) Early Grove shall file its AIF for the period January 1, 2005, through December 31, 2005, with the Commission on or before October 31, 2006. If Early Grove determines to file a rate application rather than an AIF, the Company shall file its rate application with the Commission on or before October 31, 2006.

(3) This matter shall be continued generally to receive Early Grove's application for an AIF and the financial and operating data for the calendar year ending December 31, 2005, accompanying Early Grove's AIF.

**CASE NO. PUE-2006-00023  
JUNE 20, 2006**

APPLICATION OF  
ROANOKE GAS COMPANY

For approval of certain transactions pursuant to the Affiliates Act of the Code of Virginia

**ORDER GRANTING APPROVAL**

On March 3, 2006, Roanoke Gas Company ("Roanoke Gas" or the "Applicant") filed an application (the "Initial Application") with the State Corporation Commission (the "Commission") requesting approval pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code") of certain revisions and clarifications to the existing shared services agreement (the "Existing Agreement") between Roanoke Gas and RGC Resources, Inc. ("RGC"), in the allocation of costs for affiliate transactions and arrangements as described in Attachment A to the Existing Agreement. Subsequent to the initial filing, certain inconsistencies and ambiguities were found in the Initial Application. Therefore, on May 1, 2006, the Applicant filed a revised application (the "Revised Application") with a revised service agreement (the "Revised Agreement").

The Commission approved the Existing Agreement in a March 30, 2001, Order Granting Approval (the "2001 Order").<sup>1</sup> Among other things, the 2001 Order directed that: "Should there be any changes in the terms of the Agreement from those contained herein, Commission approval shall be required for such changes." The Initial and Revised Applications comply with that directive.

Roanoke Gas is a Virginia public service corporation engaged primarily in the distribution and sale of natural gas to more than 50,000 residential, commercial and industrial customers in the counties of Bedford, Botetourt, Franklin, Montgomery and Roanoke and the City of Roanoke in southwestern Virginia.

RGC is a holding company established on July 1, 1999, and the parent company for Roanoke Gas, Bluefield Gas Company (Bluefield"), Diversified Energy Company ("Diversified") and RGC Ventures, Inc. ("RGC Ventures").

Roanoke Gas and RGC are considered affiliated interests under § 56-76 of the Code. As such, Roanoke Gas and RGC must obtain prior approval 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.

Revised Agreement

The Revised Agreement provides for the exchange of services and costs between RGC and Roanoke. The major provisions are as follows. First, RGC shall provide executive, administrative, accounting, information technology support, regulatory and human services to Roanoke Gas. RGC expenses incurred on Roanoke Gas' behalf will be assigned to Roanoke Gas and recorded in Roanoke Gas' accounting records. Second, Roanoke Gas represents that it will provide information systems software, facilities, and equipment services to RGC. Roanoke Gas expenses incurred on RGC's behalf will be assigned to RGC and recorded in RGC's accounting records. Third, RGC expenses incurred on its subsidiaries' behalf that are not directly assignable, and RGC corporate governance, capital acquisition, external reporting, investor relations, and stock listing costs, will be allocated to subsidiaries and recorded in their accounting records. Fourth, RGC will be able make periodic equity infusions into Roanoke Gas. Finally, either RGC or Roanoke Gas has the right to terminate the Revised Agreement upon 60-days notice and the approval of RGC's Board of Directors. The Revised Agreement includes Attachment A, which specifies the allocation methodologies that RGC and Roanoke will use to distribute charges to each other.

Cost Allocations

The Applicant represents that RGC and Roanoke Gas allocate most of the charges incurred under the Revised Agreement. For the latest fiscal year, RGC allocated approximately 78% of its charges to Roanoke Gas and Roanoke Gas allocated approximately 82% of its charges to RGC.

The Applicant also indicates that RGC will allocate legal, public relations, benefit plan, actuarial, accounting, internal audit, investor, Board of Director, capital acquisition, corporate governance and stock listing costs that are not directly assignable to Roanoke Gas based on the simple arithmetic average of net plant and operating margin (the "2-part Factor"). RGC will also employ the 2-part Factor to allocate Account 930.2 (Investor Relations & Corporate Governance) costs to the Bluefield division.

Market Pricing

The Applicant represents that the shared services provided by RGC to Roanoke Gas cannot be provided internally by the utility without creating duplicative affiliate services and greatly increasing the costs to Roanoke Gas. Roanoke Gas also asserts that it is familiar with many of the consulting services that are available in the industry and that it is not aware of any management company that can provide general management services to Roanoke Gas with the same level of experience as RGC. In addition, the Applicant represents that there are no alternative providers of corporate services in the Roanoke Gas service territory, and hence there are no markets or market prices. However, the Applicant does not provide any documentation to support this assertion.

<sup>1</sup> *Application of Roanoke Gas Company, For approval of certain transactions pursuant to the Affiliates Act*, Case No. PUA-2001-00011, Order Granting Approval (March 30, 2001), 2001 S.C.C. Ann. Rep. 179-180.

NOW THE COMMISSION, upon consideration of the Revised Application and the representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the Revised Agreement is in the public interest and should be approved. The Applicant represents that Roanoke Gas benefits from providing services to and receiving services from RGC, its parent. We agree. Members of a public utility holding company that consolidate and centralize corporate services can normally achieve significant economies of scale and other business efficiencies through the elimination of duplicative personnel and facilities across the holding company's system.

However, we also find it necessary to place certain conditions on our approval. First, corporate service agreements are among the largest and most comprehensive affiliate arrangements that public utilities have. The type, nature and scope of the corporate services provided under such agreements can change significantly over time. In addition, RGC, Roanoke Gas, and the natural gas industry have experienced significant changes over the last few years. The future is likely to see more of the same. Therefore, we will limit the duration of our approval to five years, which will provide for a regular, comprehensive review of the Revised Agreement to ensure that it remains in the public interest. We have ordered this time limitation in several previous cases.<sup>2</sup>

Second, the Revised Agreement contains some non-specific language concerning expense assignments and cost allocations between Roanoke Gas and RGC. For example, Paragraph (2) of the Revised Agreement states that "expenses of [RGC] incurred by it on behalf of Roanoke Gas will be assigned to Roanoke Gas." Paragraphs (3) and (4) contain similar language. Our practice is to discourage such general language in affiliate agreements. Therefore, we will limit our approval of expense assignments and cost allocations between Roanoke Gas and RGC to expenses and costs specifically identified in the Revised Agreement and Attachment A.

Third, we are concerned that the Revised Agreement does not specifically identify Roanoke Gas' provision of information systems, software, facilities, and equipment services to RGC. Exhibit A-1 of Attachment A, which covers the related transactions, discusses expense assignments and cost allocations rather than identifying and describing services. Therefore, we will direct Roanoke Gas to file, within 30 days of the Order in this case, either an executed copy of the Revised Agreement containing modified language that specifically identifies Roanoke Gas' provision of the above-referenced services to RGC, or an executed copy of an attachment to the Revised Agreement containing the language modifications.

Fourth, the Applicant indicates that more than three-fourths of the charges covered by the Existing Agreement are allocated. We prefer to see more direct charging of affiliate service costs. Therefore, we will order RGC and Roanoke Gas to increase the percentage of directly charged or assigned affiliate costs under the Revised Agreement to the extent that it is reasonably practicable.

Fifth, RGC plans to make extensive use of the 2-part Factor to allocate to Roanoke Gas certain shared service costs that are not directly assignable. We accept the 2-part Factor as a valid allocation basis for now. However, we will require our Staff to monitor the 2-part Factor to ensure that it remains an appropriate allocation basis over the term of the Revised Agreement. Therefore, we will require Roanoke Gas to submit with its Annual Report of Affiliate Transactions ("ARAT") a schedule listing the 2-part factor and the net plant, operating margin, payroll, and number of customers allocation bases for the latest fiscal year.

Finally, the Applicant asserts that no alternative providers of services to RGC or Roanoke Gas exist in Roanoke Gas' service territory and, therefore, no market or market price exists. However, Roanoke Gas has not provided any documentation to support this assertion. Code §§ 56-78 and 56-79 and Virginia case law require the Applicant to bear the affirmative burden of proof of demonstrating that 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, our practice of requiring affiliates to charge regulated utilities the "lower of cost or market" for affiliate charges, as described in the *Application of GTE South Incorporated, For revisions to its local exchange, access and intraLATA long distance rates*, 1997 S.C.C. Ann. Rept. 216, 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 shared corporate services, pricing at cost may be appropriate. However, some shared services may be obtainable from unaffiliated parties and, therefore, a market and a market price may exist. Examples of such shared services may include, but are not limited to, accounting, legal, accounts payable, and information technology.

Therefore, we find that Roanoke Gas should develop and maintain records that demonstrate the provision of corporate services by RGC to Roanoke Gas and from Roanoke Gas to RGC is cost beneficial to Virginia consumers. Roanoke Gas has an affirmative burden to ascertain whether a local market and market price exists for the shared services it receives or provides. This may require Roanoke Gas to call local service providers, conduct market surveys, document unsuccessful competitive bids, or even contract for a formal market study to support its assertion that no alternative service providers, markets, or market prices exist in the Roanoke area. We will require these market research efforts to be documented and made available to Staff upon request.

We also find that the Applicant should bear the burden to show that, for corporate services obtained from RGC where a market and a market price exists, Roanoke Gas paid the lower of cost or market. Likewise, Roanoke Gas should bear the burden to show that, for corporate services provided to RGC where a market and a market price exists, Roanoke Gas charged the higher of cost or market.

<sup>2</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 Reconsideration and Granting Approval (July 8, 2005), Doc. Con. Cen. No. 359379, Order on Reconsideration (November 1, 2005), Doc. Con. Cen. No. 362969; *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, Order Granting Approval (September 30, 2004), 2004 S.C.C. Ann. Rep. 477-480, Order on Reconsideration (December 1, 2004), 2004 S.C.C. Ann. Rep. 480-482.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Roanoke Gas Company is hereby granted approval to enter into the Revised Agreement as described herein, consistent with the findings above.
- 2) The approval granted herein for the Revised Agreement is limited to five years from the date of this Order. Any subsequent operation under the Revised Agreement shall require further Commission approval.
- 3) Expense assignments and cost allocations between Roanoke Gas and RGC shall be limited to expenses and costs specifically identified in the Revised Agreement and Attachment A.
- 4) Within 30 days of the Order in this case, Roanoke Gas shall either file an executed copy of the Revised Agreement with modified language that specifically identifies Roanoke Gas' provision of information systems, software, facilities, and equipment services to RGC, or file an executed copy of an attachment to the Revised Agreement containing the language modifications.
- 5) RGC and Roanoke Gas shall endeavor to increase the percentage of directly charged or assigned affiliate costs under the Revised Agreement to the extent that it is reasonably practicable.
- 6) Roanoke Gas shall develop and maintain records to demonstrate that the provision of corporate services by RGC to Roanoke Gas and from Roanoke Gas to RGC is cost beneficial to Virginia consumers. Roanoke Gas shall bear the affirmative burden to ascertain whether a local market and market price exists for all services it receives or provides under the Revised Agreement. Such market research efforts shall be documented and made available to the Commission's Staff upon request. Roanoke Gas shall also bear the burden to show that, for corporate services obtained from RGC where a market and a market price exist, Roanoke Gas paid the lower of cost or market. Likewise, Roanoke Gas shall bear the burden to show that, for corporate services provided to RGC where a market and a market price exist, Roanoke Gas charged the higher of cost or market.
- 7) Commission approval shall be required for any changes in the terms and conditions of the Revised Agreement, including successors and assigns.
- 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 approvals granted herein, whether or not such affiliate is regulated by this Commission.
- 10) Roanoke Gas shall include the transactions associated with the Revised Agreement approved herein in its 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 Commission's Director of Public Utility Accounting. Roanoke Gas shall include in the ARAT a schedule listing the 2-part Factor and the net plant, operating margin, payroll, and number of customers allocation bases for the latest fiscal year, which the Commission Staff shall monitor.
- 11) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Roanoke Gas Company shall include the affiliate information contained in the ARAT in such filings.
- 12) This case is hereby continued for further orders.

**CASE NO. PUE-2006-00024  
MAY 1, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY  
and  
CONECTIV ENERGY SUPPLY, INC.

For approval of, or exemption from the filing and prior approval requirements for, out-of-state transactions under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING EXEMPTION**

On March 3, 2006, Delmarva Power & Light Company ("Delmarva," the "Company") and Conectiv Energy Supply, Inc. ("CESI") (collectively, the "Applicants"), filed an application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia ("Code") requesting approval of, or exemption from the filing and prior approval requirements for, out-of-state transactions.

As more specifically described in the application, the Applicants request approval of transactions where Delmarva will purchase electric power from CESI under a Full Requirements Services Agreement ("Delaware FSA") for a portion of Delmarva's Standard Offer Service ("SOS") load requirements in its Delaware service territory. Alternatively, the Applicants request an exemption from the filing and prior approval requirements of the Affiliates Act for the Delaware FSA and future power supply agreements between Delmarva and CESI for Delmarva's non-Virginia load requirements that are awarded pursuant to a state regulatory commission supervised solicitation process. The Applicants represent that no costs in connection with the 2006 FSA will be charged to Virginia customers, and none of the power purchased pursuant to the 2006 FSA supplies customers in Virginia.

Delmarva is a Delaware and Virginia corporation that provides electric service to approximately 22,055 retail customers and one wholesale customer in Accomack and Northampton Counties on Virginia's Eastern Shore. Delmarva is a wholly owned subsidiary of Conectiv, which is incorporated in Delaware and is a wholly owned subsidiary of Pepco Holdings, Inc., also a Delaware corporation.

CESI is a Delaware corporation wholly owned by Conectiv Energy Holding, Inc. ("CEH"). CEH is, in turn, a wholly owned subsidiary of Conectiv. CESI engages in competitive wholesale electric power and natural gas transactions at market-based rates subject to Federal Energy Regulatory Commission ("FERC") jurisdiction.

In addition to the customers it serves in Virginia, Delmarva serves approximately 488,076 electric service customers in Delaware and Maryland. Delmarva also provides natural gas service to approximately 119,781 customers in Delaware. The Company provides its retail electric and gas service in Delaware pursuant to the regulatory jurisdiction of the Delaware Public Service Commission ("DPSC") and provides its retail electric service in Maryland pursuant to the regulatory jurisdiction of the Maryland Public Service Commission.

Delmarva's retail electric customers in Delaware have been given the ability to select their own competitive power supplier. Delmarva is required to deliver all such competitive power supply to its retail customers in Delaware under delivery rates approved by the DPSC. Delmarva has also been designated as the default supplier for its customers in Delaware that do not purchase their power from a competitive supplier.

Delmarva currently acquires the wholesale power required to meet its Delaware SOS load obligations from CESI under a wholesale power supply arrangement approved by the Commission in its December 21, 2001 Order in Case No. PUA-2001-00057. That power supply arrangement is scheduled to expire on May 1, 2006.

NOW THE COMMISSION, having considered the application and having been advised by its Staff, is of the opinion and finds that the requested exemption is in the public interest and that Delmarva should be granted an exemption from the filing and prior approval requirements of the Affiliates Act for the 2006 FSA and such future power supply agreements between Delmarva and CESI that do not provide power supplies to, and do not result in charges to, Virginia customers.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77B of the Code, Delmarva is hereby granted an exemption from the filing and prior approval requirements of the Affiliates Act for the 2006 FSA and future power supply agreements between Delmarva and CESI for Delmarva's non-Virginia SOS load requirements that are awarded pursuant to a state regulatory commission supervised solicitation process and that do not provide power supplies to, and do not result in charges to, customers in Virginia.

(2) Delmarva shall include such transactions in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting.

(3) This case is hereby dismissed.

**CASE NO. PUE-2006-00025  
MARCH 8, 2006**

APPLICATION OF  
DUKE ENERGY EARLY GROVE COMPANY (f/k/a VIRGINIA GAS STORAGE COMPANY)

For amendment of its certificate of public convenience and necessity to reflect applicant's new name

**ORDER**

On February 17, 2006, Duke Energy Early Grove Company ("DEEG" or "Company") submitted a letter request to the State Corporation Commission's ("Commission") Division of Energy Regulation, seeking the cancellation of certificate of public convenience and necessity GS-1, which was issued to Virginia Gas Storage Company. By action of the Commission dated February 10, 2006, Virginia Gas Storage Company changed its name to Duke Energy Early Grove Company. The Company seeks the re-issuance of this certificate in its new name.

For good cause shown, the Commission will grant the request with regard to the certificate identified above.

Accordingly, IT IS ORDERED that:

(1) This matter should be docketed and assigned Case No. PUE-2006-00025.

(2) Certificate No. GS-1 is cancelled and Certificate No. GS-1(a) shall be issued in the name of Duke Energy Early Grove Company.

(3) The certificate approved herein shall be effective as of February 18, 2006.

(4) Duke Energy Early Grove Company shall provide revised tariffs and service territory maps reflecting its new corporate name to the Commission's Division of Energy Regulation on or before May 9, 2005.

(5) There being nothing further to come before the Commission, this matter is dismissed.

**CASE NO. PUE-2006-00026  
MARCH 8, 2006**

APPLICATION OF  
DUKE ENERGY VIRGINIA PIPELINE COMPANY (f/k/a VIRGINIA GAS PIPELINE COMPANY)

For amendment of its certificates of public convenience and necessity to reflect applicant's new name

**ORDER**

On February 17, 2006, Duke Energy Virginia Pipeline Company ("DEVPG" or "Company") submitted a letter request to the State Corporation Commission's ("Commission") Division of Energy Regulation, seeking the cancellation of certificates of public convenience and necessity GT-67, GT-68 and GS-2(a), which were issued to Virginia Gas Pipeline Company. By action of the Commission dated February 10, 2006, Virginia Gas Pipeline Company changed its name to Duke Energy Virginia Pipeline Company. The Company seeks the re-issuance of these certificates in its new name.

For good cause shown, the Commission will grant the request with regard to the certificate identified above.

Accordingly, IT IS ORDERED that:

- (1) This matter should be docketed and assigned Case No. PUE-2006-00026.
- (2) Certificates No. GT-67, GT-68 and GS-2(a) are cancelled and Certificates No. GT-67(a), GT-68(a) and GS-2(b) shall be issued in the name of Duke Energy Virginia Pipeline Company.
- (3) The certificates approved herein shall be effective as of February 18, 2006.
- (4) Duke Energy Virginia Pipeline Company shall provide revised tariffs and service territory maps reflecting its new corporate name to the Commission's Division of Energy Regulation on or before May 9, 2005.
- (5) There being nothing further to come before the Commission, this matter is dismissed.

**CASE NO. PUE-2006-00027  
MAY 1, 2006**

APPLICATION OF  
DUKE ENERGY VIRGINIA PIPELINE COMPANY  
and  
EAST TENNESSEE NATURAL GAS, LLC

For approval of a firm pipeline service agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia, and for such other relief as may be required by law

**ORDER GRANTING APPROVAL**

On March 8, 2006, Duke Energy Virginia Pipeline Company ("Virginia Pipeline") and East Tennessee Natural Gas, LLC ("ETNG") (collectively the "Applicants"), filed an application with the State Corporation Commission (the "Commission") seeking approval of a firm pipeline service agreement ("FPSA") pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code"), and for such other relief as may be required by law.

Virginia Pipeline is a Virginia public service corporation incorporated in 1994 that provides high-deliverability underground natural gas storage service via its Saltville gas storage field and supplies intrastate gas transportation service via its P-25 natural gas pipeline located in southwestern Virginia. Virginia Pipeline is owned by Duke Energy Gas Transmission, LLC ("DEGT"), which is a subsidiary of Duke Energy Corporation ("Duke Energy").

ETNG owns and operates an interstate natural gas pipeline that extends from western Tennessee to southwestern Virginia. ETNG is owned by DEGT.

Duke Energy is a Fortune 500 diversified energy company based in Charlotte, North Carolina, that supplies, delivers and processes natural gas and electricity for customers in North America and selected international markets. Duke Energy also owns a real estate company. Duke Energy owns and operates more than 30,000 megawatts of generation, more than 17,500 miles of natural gas transmission pipelines, and approximately 250 billion cubic feet of natural gas storage capacity.

The Applicants represent that the proposed FPSA will allow ETNG to transport, during the heating season months of December, January and February, up to 4,000 dekatherms per day ("dth/day") of natural gas on Virginia Pipeline's P-25 pipeline system from Saltville to ETNG's interconnection near Radford, Virginia. Under the FPSA, ETNG will acquire Firm Transportation Service ("FTS") from Virginia Pipeline during the heating season months of December, January and February at Virginia Pipeline's tariff rate of \$9.50 per million British Thermal Units per year ("MMBtu/yr").<sup>1</sup> The FPSA will have an initial term of approximately eleven years commencing on the date of the Commission's approval in this case and ending on February 28, 2017. The FPSA provides for successive renewal terms of one year after the initial term, and either Applicant can cancel the FPSA by providing one hundred eighty days' written notice.

<sup>1</sup> One MMBtu is equivalent to one dekatherm.

According to the Applicants, the proposed FPSA will provide mutual benefits. In the past, ETNG has experienced system constraints during the heating season, which has limited its ability to supply FTS to its customers along the Saltville-Radford route. The FPSA will enhance ETNG's ability to supply FTS to its customers during peak demand periods. From Virginia Pipeline's perspective, the FPSA offers incremental commercial revenues and the stability of a long-term customer relationship.

The Applicants also represent that Virginia Pipeline has sufficient excess capacity on its P-25 pipeline system to accommodate ETNG's requirements without adversely affecting its existing customers. The maximum capacity of the P-25 pipeline is 65,783 dth/day downstream of Saltville and 37,577 dth/day downstream of Chilhowie. Virginia Pipeline's contract obligations, including ETNG's 4,000 dth/day request, are 52,206 dth/day downstream of Saltville and 24,000 dth/day downstream of Chilhowie.

Virginia Pipeline will account for the FPSA transactions by debiting Account 146.2 (Accounts Receivable from Associated Companies) and crediting Account 489.2 (Revenues from Transporting Gas of Others). ETNG will book the transaction by debiting Account 858 (Transmission of Gas by Others) and crediting Account 234 (Accounts Payable to Associated 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 FPSA is in the public interest and should be approved. The FPSA will enhance the reliability of ETNG's pipeline service and generate additional revenues for Virginia Pipeline while not adversely impacting Virginia Pipeline's existing customers.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Duke Energy Virginia Pipeline Company and East Tennessee Natural Gas, LLC, are hereby granted approval to enter into the firm pipeline service agreement as described herein, consistent with the findings above.
- 2) The approval granted herein is limited to the initial eleven-year term of the firm pipeline service agreement, commencing with the date of this Order. Any subsequent operation under the firm pipeline service agreement shall require further Commission approval.
- 3) Commission approval shall be required for any changes in the terms and conditions of the firm pipeline service agreement.
- 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 approvals granted herein, whether or not such affiliate is regulated by this Commission.
- 6) Duke Energy Virginia Pipeline Company shall include the transactions associated with the firm pipeline 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.
- 7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Duke Energy Virginia Pipeline Company 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-2006-00029  
APRIL 3, 2006**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For authority to enter into lease agreements

**ORDER GRANTING AUTHORITY**

On March 9, 2006, Appalachian Power Company ("APCO, or "Applicant") filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia to increase its authority to enter into lease agreements. Applicant has paid the requisite fee of \$250.

APCO is presently authorized to enter into financing lease agreements up to the aggregate unamortized value of \$35,000,000 for automotive equipment, communications equipment, office furniture, computer equipment and software, and other such general business equipment (collectively, the "Equipment"). This authority was granted by Commission Order dated June 10, 1994, in Case No. PUF-1994-00006. APCO requests that its authority to enter into lease agreements for Equipment be increased such that the aggregate unamortized value of the leases will not exceed \$75,000,000.

APCO proposes to file with the Commission a report of action, on an annual basis, that includes the aggregate unamortized value of the property leased in the preceding year and the aggregate lease payments made during that same period. Applicant also proposes that the Equipment leased would also be indicated the annual report of action.

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 lease Equipment, provided that the aggregate unamortized value of the Equipment under existing leases and any additional leases will not exceed \$75,000,000, all under the terms and conditions and for the purposes set forth in the application.
- (2) The authority granted in Case No. PUF-1994-00006 is hereby terminated and superseded by the authority granted herein.
- (3) Applicant shall file with the Division of Economics and Finance an annual report of action on or before April 1 of each calendar year regarding the lease transactions approved herein, with such report to include:
  - a) the aggregate unamortized value of the property leased in the preceding year;
  - b) the aggregate lease payments made during the same period;
  - c) a summary of the types of equipment leased during the preceding year; and,
  - d) a copy of one of the lease purchase analyses conducted by APCO to determine whether to lease or purchase a category or piece of Equipment during the preceding year, along with a description of the assumptions incorporated in that analysis.
- (4) The authority granted herein shall have no implications for ratemaking purposes.
- (5) 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.
- (6) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to § 56-79 of the Code of Virginia.
- (7) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2006-00030  
MAY 24, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
ROSCOE CALLAWAY,  
Complainant

v.

VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

**FINAL ORDER**

This Order addresses a formal complaint ("Complaint") dated January 13, 2006, filed by Roscoe Callaway ("Complainant") with the State Corporation Commission ("Commission") against the Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"). The Complaint alleges that the Company's customer deposit requirements imposed by the Company causes undue hardship generally, and, by extension, to the Complainant personally. The Complaint also requests that the Commission conduct a hearing concerning the subject of the Complaint.

By Order dated March 15, 2006, the Commission docketed the Complaint, directed the Company to respond to the Complaint on or before April 14, 2006, and further directed the Complainant to file a reply thereto not later than May 5, 2006. Upon review and consideration of the pleadings filed herein, including the Complaint, the Company's April 14, 2006, Response and Motion to Dismiss ("Company Response and Motion") thereto, and the Complainant's May 2, 2006, Reply ("Complainant's Reply" or "Reply"),<sup>1</sup> the Commission grants the Company's Motion to Dismiss the Complaint without a hearing for the reasons set forth below.

Stated briefly, the Complainant challenges the Company's demand that the Complainant pay an additional security deposit in accordance with the Company's tariffs on file with the Commission. Specifically, Section IX.A. of the Company's Terms and Conditions for the Provision of Electric Service permit the Company to require—for the purpose of securing it against loss—that customers place on deposit with the Company an amount of money that "shall not exceed the Customer's liability for two months' usage." Accordingly, we take official notice of the Company's tariff on file with the Commission authorizing the lawful imposition of customer deposits.<sup>2</sup>

We would note further that the Complainant does not allege that the Company's actions regarding the requirement for an additional security deposit were not in accordance with Section IX.A. of the Company's Terms and Conditions for the Provision of Electric Service. Nor does the Complainant take issue with the Company's detailed recitation of the Complainant's account and payment history since his account with the Company was established on September 24, 2000. Specifically, the Company describes the Complainant's account history as one marked by (i) payment arrearages and delinquencies, including payments returned for insufficient funds; (ii) a service disconnection related to nonpayment; and (iii) several instances in which the Company made demand for additional deposit but later waived its demand at the request of the Complainant.

<sup>1</sup> While the Complainant's Reply is undated, the Commission will refer to it as the "May 2, 2006, Reply" inasmuch as attached thereto is an affidavit of the Complainant stating that a copy was mailed to Dominion on May 2, 2006.

<sup>2</sup> Section 56-236 of the Code of Virginia requires that the rates and charges of a public utility subject to the Commission's jurisdiction be kept on file with the Commission.

According to the Company, however, more recently the Complainant's irregular payment pattern culminated in the Company's September 19, 2005, demand that the Complainant furnish an additional deposit of \$526, and billed such deposit in three installments, beginning on October 18, 2005. The Company states that the Complainant requested that the Company, once again, waive the additional deposit on the basis that the Complainant could not afford to pay it; the Company declined to grant such a waiver. Based on the pleadings before us, it is apparent that such deposit has not been paid. The Company has suspended its request for the additional deposit, pending the outcome of this proceeding.

Thus, the Company, by way of defense to this Complaint (and the basis for its Motion to Dismiss), emphasizes that its actions in demanding payment by the Complainant of an additional security deposit are lawful, and in accordance with its tariffs on file with the Commission. Significantly, the Complainant has not alleged otherwise.<sup>3</sup>

Most importantly, the matters raised by the Complainant in his Complaint and Reply—including the possible payment delinquencies of others; hardship associated with electric service disconnections experienced by others; and Dominion's dominance as a sole supplier in its certificated service territory, to name several—do not present us with a claim or claims upon which we can or must afford him relief, including excusing the Complainant from paying the additional security deposit requested by the Company pursuant to the terms of its lawful tariff on file with this Commission. Accordingly, we will dismiss this case.

Accordingly, IT IS ORDERED THAT:

- (1) This complaint shall be dismissed; and
- (2) This case is removed from the Commission's docket of active proceedings.

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<sup>3</sup> We would also emphasize that in his Reply to the Company's Response and Motion, the Complainant does not dispute the Company's account of the Complainant's payment history, and incidents related thereto. Consequently, we conclude that the material facts in this case are not in dispute, and that a hearing is not necessary, therefore, for their determination.

**CASE NO. PUE-2006-00033 and PUE-2006-00032  
MAY 16, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY  
and  
CONNECTIV ENERGY SUPPLY, INC.

For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia

**ORDER**

On March 10, 2006, Delmarva Power & Light Company ("Delmarva" or "Company") filed an application with the State Corporation Commission ("Commission") in which Delmarva seeks an increase in its fuel factor pursuant to the provisions of §§ 56-582 B (i) and 56-249.6 of the Code of Virginia ("Code") ("Capped Rate Adjustment Application").<sup>1</sup> Delmarva serves "approximately 22,000 customers in the Eastern Shore counties of Accomack and Northampton, Virginia."<sup>2</sup> Delmarva explains that "[b]ecause the Company owns no electric generating facilities, it must purchase all of the power its supplies to its customers."<sup>3</sup> Delmarva states that as a result of a competitive bidding process it has contracted with its affiliate, Conectiv Energy Supply, Inc. ("CESI"), "to supply all of Delmarva's electric power requirements for its Virginia retail customers beginning June 1, 2006."<sup>4</sup> Thus, Delmarva requests "an increase in the Company's rates to include its cost of purchasing wholesale electric power to serve its Virginia customers beginning June 1, 2006."<sup>5</sup> Delmarva states that the "revised rates would result in an annual increase in charges to Delmarva's Virginia retail customers of approximately \$20 million, a 49.5% increase above current rates based on the 12 months ended December 31, 2005."<sup>6</sup>

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<sup>1</sup> On April 18, 2006, Delmarva filed a Motion to Update Application, with revisions to Attachment C and page 6. Such motion was previously granted.

<sup>2</sup> Capped Rate Adjustment Application at 1.

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

<sup>4</sup> *Id.* at 4-5.

<sup>5</sup> *Id.* at 1.

<sup>6</sup> *Id.* at 3.

Also on March 10, 2006, Delmarva and CESI filed an application with the Commission seeking "such authority under Chapter 4 of Title 56 of [the Code] (the 'Affiliates Act' or 'Act') as may be required for Delmarva to purchase electric power from CESI" ("Affiliates Act Application").<sup>7</sup> The Company and CESI state that pursuant to the "competitive solicitation" process referenced above, "Delmarva has entered into a contract with CESI (the '2006 Full Requirements Service Agreement' or '2006 FSA') that provides for CESI to supply 100% of Delmarva's Virginia retail customers' default service requirements for a 12-month term commencing on June 1, 2006."<sup>8</sup> Delmarva and CESI assert that "[i]t is appropriate that the transaction described in [the Affiliates Act Application] be approved because it will not result in any subsidization by Delmarva's Virginia electric service customers," that the rate "increase is reasonable and in the public interest because it was the result of a competitive bidding process," and that "[t]his transaction is designed to permit Delmarva to recover its actual costs of purchased power."<sup>9</sup>

On April 3, 2006, the Commission entered an Order for Notice and Hearing that, among other things: (1) docketed the Capped Rate Adjustment Application and the Affiliates Act Application, noting that these dockets will be considered together without consolidation; (2) extended the review period for the Affiliates Act Application for an additional thirty (30) days pursuant to § 56-77 of the Code; (3) provided interested persons an opportunity to submit comments on the applications; (4) provided for the participation of respondents; (5) directed the Commission's Staff ("Staff") to investigate the reasonableness of the applications; (6) established a schedule for the filing of testimony; (7) scheduled a public hearing for May 16, 2006 to receive comments from members of the public and evidence on the applications; (8) directed Delmarva to publish notice of its applications on or before April 15, 2006 and to serve a copy of the Order for Notice and Hearing on the Chairman of the Board of Supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns and cities having alternate forms of government) in which the Company provides service on or before April 11, 2006; and (9) permitted the parties to file legal memoranda addressing the applicability – to the instant dockets – of the Memorandum of Agreement ("MOA") adopted and approved by the Commission in approving Delmarva's proposed divestiture of its generation assets in Case Nos. PUE-2000-00086 and PUA-2000-00032.

On May 10, 2006, Delmarva filed two documents. First, Delmarva filed a letter with the Clerk of the Commission explaining that it had not fully complied with the notice requirements contained in the Commission's April 3, 2006 Order for Notice and Hearing:

Delmarva published the Notice in the Tasley Eastern Shore Post and the Onley Eastern Shore News on April 12, 2006. Through an oversight, the Order was not, however, served on the governmental officials within Delmarva's Virginia service territory. Delmarva served the Commission's Order and the attached letter on the government officials on the attached list primarily by fax on May 9, 2006. As you will see on the attached list, several officials were served by email or regular mail when we could not locate a fax number or street address for overnight delivery. Delmarva believes that the publicity of this filing has likely ensured that these governmental officials have knowledge of its fuel factor filing but sincerely regrets and apologizes for its oversight in not serving these officials as required by the Commission's Order.<sup>10</sup>

Second, Delmarva filed a Motion, whereby "Delmarva places before the Commission and can support the implementation of the voluntary [Residential Rate] Mitigation Plan set forth on Exhibit A to this Motion."<sup>11</sup> Specifically, the Company's proposed Mitigation Plan allows customers to opt-in to a three-step phase-in of the rate increase requested by Delmarva in this proceeding.

On May 11, 2006, Staff filed a Response to Delmarva's May 10, 2006 Motion. If the Commission decides to consider Delmarva's Mitigation Plan, Staff urges the Commission to require the Company to amend its application, to permit another round of pre-filed direct and rebuttal testimony, and to reschedule the evidentiary hearing. In addition, Staff includes a copy of a letter to Staff dated May 10, 2006 from Katherine H. Nunez, County Administrator of Northampton County, requesting the Commission to reschedule the May 16, 2006 hearing as a result of Delmarva's untimely notice.<sup>12</sup> Thus, Staff requests that the Commission "postpone the hearing of this case at least until Tuesday, June 6, 2006, to accommodate the right of local governments to participate fully in this case, and the right of all parties, as well as the Staff, to respond to the Company's evidentiary support for its proposed mitigation plan (as should be directed by the Commission) through pleadings on the record."<sup>13</sup>

On May 11, 2006, Delmarva filed a letter in response to Ms. Nunez' May 10, 2006 letter. The Company states that it published notice of its application in accordance with the Commission's Order for Notice and Hearing, and that it "met with Ms. Nunez on March 24, 2006 to explain the application but this meeting took place prior to the Commission's Order so the Company could not inform Ms. Nunez of the procedural dates."<sup>14</sup> The Company asserts that its "current power supply contract will expire on Wednesday, May 31, 2006 so it is essential that the Company's new power supply

<sup>7</sup> Affiliates Act Application at 1.

<sup>8</sup> *Id.* at 5.

<sup>9</sup> *Id.* at 8.

<sup>10</sup> Delmarva's May 10, 2006 Letter at 1-2.

<sup>11</sup> Delmarva's May 10, 2006 Motion at 4.

<sup>12</sup> In the letter Ms. Nunez states, among other things, that: (1) she received facsimile notification from Delmarva on May 10, 2006; (2) Delmarva's failure to provide timely notice denied the Northampton Board of Supervisors the ability to submit written comments; (3) it is not feasible for many of the impacted parties to attend the scheduled hearing, especially with such late notice; and (4) their ability to submit written comments has also passed without any knowledge that this opportunity was closed since they were not notified of the Order for Notice and Hearing.

<sup>13</sup> Staff's May 11, 2006 Response at 6.

<sup>14</sup> Delmarva's May 11, 2006 letter at 1.

contract effective June 1, 2006 be approved by the Commission prior to that date and that a rate adjustment be approved by the Commission for recovery of those increased purchased power costs."<sup>15</sup>

On May 12, 2006, Delmarva filed a Response to Staff's May 10, 2006 Response. Delmarva states that it would support moving the evidentiary hearing to a later date if the Commission:

(1) approves preliminarily the implementation of the purchase power supply contract between Delmarva and CESI effective June 1, 2006, subject to further hearing and order of the Commission; (2) permits the 15% increase in total charges to all customers to go into effect on June 1 pursuant to the Mitigation Plan that provides for the deferral and eventual recovery of the actual cost of purchased power, subject to further hearing and order of the Commission; and (3) allows the uncollected purchased power costs as of June 1, 2006 to be deferred as a regulatory asset, without a carrying charge, subject to further hearing and order of the Commission.<sup>16</sup>

On May 12, 2006, Staff filed a Motion to Dismiss the Affiliates Act Application. Staff states that on June 29, 2000 the Commission issued a Final Order in Case Nos. PUE-2000-00086 and PUA-2000-00032 that, among other things, permitted Delmarva and CESI to enter into contracts of one year or less without prior Commission approval ("June 29, 2000 Order"). Staff notes that the Commission subsequently described its action therein as follows: "In its June 29, 2000 Order, the Commission permitted CESI and Delmarva to enter into transactions of one year or less ('Short-term Transactions') without first seeking Commission approval."<sup>17</sup> Thus, Staff argues that the Affiliates Act Application should be dismissed "because the Commission has already determined that transactions between Delmarva and CESI of 'one year or less' duration do not require prior Commission approval...."<sup>18</sup>

On May 12, 2006, Consumer Counsel filed a Response "to the May 12, 2006 'Response to Staff Response' filed by [Delmarva]."<sup>19</sup> Consumer Counsel states as follows:

A delay of the procedural schedule is appropriate due to the Company's deficient notice. This delay – brought about by the Company's own oversight – should not serve as a means to benefit the Company and prejudice ratepayers. Because the interim rate period was created by the Company's mistake, an interim fuel factor should be set at the level of the current fuel factor. The Company's [Mitigation Plan] should be rejected because it ignores the MOA, which provides the parameters of the fuel factor proceeding and a better result for ratepayers than the deal now being offered by the Company.<sup>20</sup>

On May 12, 2006, the Commission issued an Order, which found as follows:

As a result of Delmarva's failure to provide notice in accordance with our Order for Notice and Hearing, the evidentiary hearing currently scheduled for May 16, 2006 will be held for the limited purpose of receiving public witness testimony. In addition, the Commission will hear argument on relevant issues necessary to establish a procedural schedule for the remainder of this proceeding.<sup>21</sup>

A public hearing was held on May 16, 2006. Richard D. Gary, Esquire, and Guy T. Tripp III, Esquire, appeared on behalf of Delmarva. Maureen Riley Matsen, Esquire, C. Meade Browder, Jr., Esquire, and D. Mathias Roussy, Jr., Esquire, appeared on behalf of Consumer Counsel. William H. Chambliss, Esquire, and Arlen K. Bolstad, Esquire, appeared on behalf of Staff. The Commission received testimony from public witnesses<sup>22</sup> and heard argument on relevant issues necessary to establish a procedural schedule for the remainder of this proceeding.

NOW THE COMMISSION, upon consideration of these matters, finds as follows. First, Delmarva's current fuel factor shall remain unchanged pending further order of the Commission. These proceedings will not conclude prior to June 1, 2006 as a result of Delmarva's failure to provide notice in accordance with our Order for Notice and Hearing. The Company shall not modify its existing fuel rate absent express order from the Commission.

Second, pursuant to § 56-77 A of the Code, the Commission must approve or disapprove the Affiliates Act Application within ninety (90) days from filing. As referenced above, these proceedings are being extended due to the Company's failure to comply with the Order for Notice and Hearing. Accordingly, we hereby disapprove the Affiliates Act Application without prejudice. In addition, pending further order of the Commission, we grant Delmarva an interim exemption under § 56-77 B of the Code to engage in transactions with CESI or any other affiliate for purposes of purchasing power as necessary to fulfill the Company's public service obligations.

<sup>15</sup> *Id.* at 1-2.

<sup>16</sup> Delmarva's May 12, 2006 Response at 3.

<sup>17</sup> *Application of Delmarva Power & Light Co. and Conectiv Energy Supply, Inc., For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUA-2001-00057, 2001 S.C.C. Ann. Rep. 217 (Dec. 21, 2001).

<sup>18</sup> Staff's May 12, 2006 Motion to Dismiss at 5.

<sup>19</sup> Consumer Counsel's May 12, 2006 Response at 1.

<sup>20</sup> *Id.* at 5.

<sup>21</sup> May 12, 2006 Order at 6.

<sup>22</sup> The Final Order in this matter will address the public witness testimony and written public comments received in this case.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Third, a public evidentiary hearing will be held on June 6, 2006 to receive comments from members of the public and to receive evidence.

Fourth, we grant Delmarva's Motion to consider its Mitigation Plan to the extent that the Commission will receive *ore tenus* testimony, and hear argument, on the Mitigation Plan from all participants at the evidentiary hearing on June 6, 2006. We also note that the participants may issue discovery on the Mitigation Plan pursuant to the Commission's Rules of Practice and Procedure and the Order for Notice and Hearing.

Fifth, we extend the date for submitting written and/or electronic comments from April 25, 2006 to June 1, 2006.

Sixth, we extend the date for filing a notice of participation as a respondent from April 25, 2006 to June 1, 2006. In addition, such parties may present *ore tenus* testimony at the June 6, 2006 evidentiary hearing.

Finally, on or before May 17, 2006, Delmarva shall serve a copy of this Order by first class mail to government officials as directed below.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Delmarva's current fuel factor shall remain unchanged pending further order of the Commission.
- (2) The Affiliates Act Application is disapproved without prejudice.
- (3) Pending further order of the Commission, Delmarva is granted an interim exemption under § 56-77 B of the Code to engage in transactions with CESI or any other affiliate for purposes of purchasing power as necessary to fulfill the Company's public service obligations.
- (4) A public hearing shall be convened on June 6, 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. Any person not participating as a respondent may give oral testimony as a public witness at the hearing. Public witnesses desiring to make statements at the public hearing need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above prior to 10:00 a.m. on the day of the hearing and sign up to speak.
- (5) Delmarva's May 10, 2006 Motion to consider its Mitigation Plan is granted to the extent that the Commission will receive *ore tenus* testimony, and hear argument, on the Mitigation Plan from all participants at the evidentiary hearing on June 6, 2006.
- (6) The date for submitting written and/or electronic comments is extended from April 25, 2006 to June 1, 2006.
- (7) The date for filing a notice of participation as a respondent is extended from April 25, 2006 to June 1, 2006. An original and fifteen (15) copies of a notice of participation as a respondent shall be filed with the Clerk of the Commission, and a copy shall simultaneously be served on counsel to the Company. In addition, such parties may present *ore tenus* testimony at the June 6, 2006 evidentiary hearing.
- (8) On or before May 17, 2006, the Company shall serve a copy of this Order on the Chairman of the Board of Supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns and cities having alternate forms of government) in which the Company provides service. Service shall be made by first-class mail to the customary place of business or residence of the person served.
- (9) These matters are continued.

**CASE NOS. PUE-2006-00033 and PUE-2006-00032  
JUNE 19, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY  
and  
CONNECTIV ENERGY SUPPLY, INC.

For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia

**FINAL ORDER**

On March 10, 2006, Delmarva Power & Light Company ("Delmarva" or "Company") filed an application with the State Corporation Commission ("Commission") in which Delmarva seeks an increase in its fuel factor pursuant to the provisions of §§ 56-582 B (i) and 56-249.6 of the Code of Virginia ("Code") ("Capped Rate Adjustment Application").<sup>1</sup> Delmarva serves "approximately 22,000 customers in the Eastern Shore counties of Accomack and Northampton, Virginia."<sup>2</sup> Delmarva explains that "[b]ecause the Company owns no electric generating facilities, it must purchase all of the power it

<sup>1</sup> On April 18, 2006, Delmarva filed a Motion to Update Application, with revisions to Attachment C and page 6. Such motion was previously granted.

<sup>2</sup> Capped Rate Adjustment Application at 1.

supplies to its customers."<sup>3</sup> Delmarva states that as a result of a competitive bidding process it has contracted with its affiliate, Conectiv Energy Supply, Inc. ("CESI"), "to supply all of Delmarva's electric power requirements for its Virginia retail customers beginning June 1, 2006."<sup>4</sup> Delmarva requests "an increase in the Company's rates to include its cost of purchasing wholesale electric power to serve its Virginia customers beginning June 1, 2006."<sup>5</sup> Delmarva states that the "revised rates would result in an annual increase in charges to Delmarva's Virginia retail customers of approximately \$20 million, a 49.5% increase above current rates based on the 12 months ended December 31, 2005."<sup>6</sup>

In addition, on March 10, 2006 Delmarva and CESI filed an application with the Commission seeking "such authority under Chapter 4 of Title 56 of [the Code] as may be required for Delmarva to purchase electric power from CESI" ("Affiliates Act Application").<sup>7</sup> The Company and CESI state that pursuant to the "competitive solicitation" process referenced above, "Delmarva has entered into a contract with CESI . . . that provides for CESI to supply 100% of Delmarva's Virginia retail customers' default service requirements for a 12-month term commencing on June 1, 2006."<sup>8</sup> Delmarva and CESI assert that "[i]t is appropriate that the transaction described in [the Affiliates Act Application] be approved because it will not result in any subsidization by Delmarva's Virginia electric service customers," that the rate "increase is reasonable and in the public interest because it was the result of a competitive bidding process," and that "[t]his transaction is designed to permit Delmarva to recover its actual costs of purchased power."<sup>9</sup>

On April 3, 2006, the Commission entered an Order for Notice and Hearing that, among other things: (1) docketed the Capped Rate Adjustment Application and the Affiliates Act Application, noting that these dockets will be considered together without consolidation; (2) extended the review period for the Affiliates Act Application for an additional thirty (30) days pursuant to § 56-77 of the Code; (3) provided interested persons an opportunity to submit written and electronic comments on the applications; (4) provided for the participation of respondents; (5) directed the Commission's Staff ("Staff") to investigate the reasonableness of the applications; (6) established a schedule for the filing of testimony; (7) scheduled a public hearing for May 16, 2006 to receive comments from members of the public and evidence on the applications; (8) directed Delmarva to publish notice of its applications on or before April 15, 2006 and to serve a copy of the Order for Notice and Hearing on the Chairman of the Board of Supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns and cities having alternate forms of government) in which the Company provides service on or before April 11, 2006; and (9) permitted the parties to file legal memoranda addressing the applicability – to the instant dockets – of the Memorandum of Agreement ("MOA") adopted by the Commission in approving Delmarva's proposed divestiture of its generation assets in Case Nos. PUE-2000-00086 and PUA-2000-00032.

On May 10, 2006, Delmarva filed two documents. First, Delmarva filed a letter with the Clerk of the Commission explaining that the Company had not fully complied with the notice requirements contained in the April 3, 2006 Order for Notice and Hearing. Specifically, Delmarva did not timely serve the required notice "on the governmental officials within Delmarva's Virginia service territory."<sup>10</sup> Second, the Company filed a Motion whereby "Delmarva places before the Commission and can support the implementation of the voluntary [Residential Rate] Mitigation Plan set forth on Exhibit A to this Motion."<sup>11</sup> The Company's proposed Mitigation Plan allows customers to opt-in to a three-step phase-in of the rate increase requested by Delmarva in this proceeding.

On May 11, 2006, Staff filed a Response to Delmarva's May 10, 2006 Motion. If the Commission decides to consider Delmarva's Mitigation Plan, Staff urged the Commission to require the Company to amend its application, to permit another round of pre-filed direct and rebuttal testimony, and to reschedule the evidentiary hearing. In addition, Staff included a copy of a letter to Staff dated May 10, 2006 from Katherine H. Nunez, County Administrator of Northampton County, requesting the Commission to reschedule the May 16, 2006 hearing as a result of Delmarva's untimely notice to government officials.

On May 12, 2006, Delmarva filed a Response to Staff's May 10, 2006 Response. Delmarva stated that it would support moving the evidentiary hearing to a later date if the Commission:

- (1) approves preliminarily the implementation of the purchase power supply contract between Delmarva and CESI effective June 1, 2006, subject to further hearing and order of the Commission;
- (2) permits the 15% increase in total charges to all customers to go into effect on June 1 pursuant to the Mitigation Plan that provides for the deferral and eventual recovery of the actual cost of purchased power, subject to further hearing and order of the Commission; and
- (3) allows the uncollected purchased power costs as of June 1, 2006 to be deferred as a regulatory asset, without a carrying charge, subject to further hearing and order of the Commission.<sup>12</sup>

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

<sup>4</sup> *Id.* at 4-5.

<sup>5</sup> *Id.* at 1.

<sup>6</sup> *Id.* at 3.

<sup>7</sup> Affiliates Act Application at 1.

<sup>8</sup> *Id.* at 5.

<sup>9</sup> *Id.* at 8.

<sup>10</sup> Delmarva's May 10, 2006 Letter at 1-2.

<sup>11</sup> Delmarva's May 10, 2006 Motion at 4.

<sup>12</sup> Delmarva's May 12, 2006 Response at 3.

On May 12, 2006, the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a Response "to the May 12, 2006 'Response to Staff Response' filed by [Delmarva]."<sup>13</sup> Consumer Counsel requested a delay of the procedural schedule and opposed the Company's Mitigation Plan.<sup>14</sup>

A public hearing was held on May 16, 2006. Richard D. Gary, Esquire, and Guy T. Tripp III, Esquire, appeared on behalf of Delmarva. Maureen Riley Matsen, Esquire, C. Meade Browder, Jr., Esquire, and D. Mathias Roussy, Esquire, appeared on behalf of Consumer Counsel. William H. Chambliss, Esquire, and Arlen K. Bolstad, Esquire, appeared on behalf of Staff. The Commission heard argument on various issues in this proceeding. In addition, the following public witnesses testified in opposition to all or part of Delmarva's requests: the Honorable Nick Rerras, Member, Senate of Virginia; Joseph P. Zager of Shore Memorial Hospital; Gene Erb of Shore Memorial Hospital; Joe Bongiovanni; Peter Laylor; and Francis Burnham.

On May 16, 2006, the Commission issued an Order that, among other things: (1) scheduled a second public hearing for June 6, 2006 to receive comments from members of the public and to receive evidence; (2) extended the date for submitting written and/or electronic comments from April 25, 2006 to June 1, 2006; (3) extended the date for filing a notice of participation as a respondent from April 25, 2006 to June 1, 2006 and provided that such parties may present *ore tenus* testimony at the June 6, 2006 evidentiary hearing; (4) granted Delmarva's Motion to consider its Mitigation Plan to the extent that the Commission will receive *ore tenus* testimony, and hear argument, on the Mitigation Plan from all participants at the evidentiary hearing on June 6, 2006; (5) directed that Delmarva's current fuel factor shall remain unchanged pending further order of the Commission; (6) disapproved the Affiliates Act Application without prejudice; (7) granted Delmarva an interim exemption under § 56-77 B of the Code to engage in transactions with CESI or any other affiliate for purposes of purchasing power as necessary to fulfill the Company's public service obligations; and (8) directed Delmarva to serve a copy of such Order by first class mail to government officials as set forth therein.

A second public hearing was held on June 6 and 7, 2006. Counsel appearing at the first public hearing also appeared at the second hearing. The following witnesses testified on behalf of Delmarva: J. Mack Wathen, Vice President, Regulatory Affairs, Pepco Holdings, Inc. – Pepco/Delmarva Power/Atlantic City Electric; Peter E. Schaub, General Manager, Energy Supply of PHI Service Company, a subsidiary of Pepco Holdings, Inc. ("PHI"); and Joseph F. Janocha, Senior Regulatory Lead – PHI Rates and Technical. Scott Norwood, President of Norwood Energy Consulting, L.L.C., testified on behalf of Consumer Counsel. Thomas E. Lamm, Assistant Director in the Commission's Division of Energy Regulation, testified on behalf of Staff. In addition, the following public witnesses testified in opposition to all or part of Delmarva's requests: the Honorable Lynwood W. Lewis, Member, House of Delegates of Virginia; the Honorable Nick Rerras, Member, Senate of Virginia; Ron Wolff, Supervisor of Election District 2, Accomack County; Ben Thomas; Steve Miner, County Administrator, Accomack County; and Joe Bongiovanni.

The Commission also received over 100 written and/or electronic comments in opposition to all or part of Delmarva's requests. Those submitting comments include: residential and business customers of Delmarva; the Honorable John Warner, Member, United States Senate; the Honorable Nick Rerras, Member, Senate of Virginia; Accomack County Board of Supervisors; Accomack County Department of Social Services; Northampton County Board of Supervisors; Town of Chincoteague; and Town of Wachapreague.

Finally, prior to the hearings Delmarva, Staff, and Consumer Counsel filed legal memoranda on the applicability of the MOA to this proceeding. Consumer Counsel states that the "Company's proposal is inconsistent with the MOA because the Company proposes fuel recovery greater than what it would have received had it not divested its generation assets, as calculated by the MOA's Fuel Index Procedure."<sup>15</sup> Staff likewise "respectfully requests that the Commission find and determine that the Fuel Index Procedure of the MOA establishes a cap on the Company's fuel factor increases sought in this proceeding, consistent with the terms and conditions of the Commission's June 29, 2000 Order [in Case Nos. PUE-2000-00086 and PUA-2000-00032], and the provisions of § 56-582 B (i) of the [Code]."<sup>16</sup>

Delmarva responds that the provisions of the MOA "do not foreclose the Commission from inquiring into the reasons for the increasing costs of electric power to Delmarva and its Virginia customers or from reviewing those costs in the context of the substantial savings that have been part of the electric service to these customers since Delmarva divested its generating assets in 2000-2001."<sup>17</sup> The Company asserts that the "Supreme Court of Virginia has long held that the Commission 'must exercise its informed judgment within a zone of reasonableness.'"<sup>18</sup> Delmarva states that the "Supreme Court of Virginia has noted the fundamental tenet of ratemaking is a matching of revenues with expenses – a principle totally ignored by the Staff and [Consumer Counsel] in this proceeding. . . ."<sup>19</sup> The Company contends that "[t]his matching principle applied in this proceeding means the Commission cannot ignore the costs of purchased power that will be incurred from June 1, 2006-May 31, 2007 to serve Delmarva's Virginia customers when setting the fuel factor for those customers for that identical time period."<sup>20</sup> Delmarva concludes that the "Supreme Court of Virginia requires that the Commission balance its discretion with a reasonable result. . . ."<sup>21</sup>

<sup>13</sup> Consumer Counsel's May 12, 2006 Response at 1.

<sup>14</sup> *Id.* at 5.

<sup>15</sup> Consumer Counsel's April 25, 2006 Legal Memorandum at 8.

<sup>16</sup> Staff's April 25, 2006 Legal Memorandum at 17-18.

<sup>17</sup> Delmarva's May 2, 2006 Response at 1.

<sup>18</sup> *Id.* at 2 (footnote omitted).

<sup>19</sup> *Id.* at 5 (footnote omitted).

<sup>20</sup> *Id.* at 5-6.

<sup>21</sup> *Id.* at 6 (footnote omitted).

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds as follows.

Memorandum of Agreement

We find that the Fuel Index Procedure contained within the MOA should be utilized to establish Delmarva's fuel rate in this proceeding. The Fuel Index Procedure is designed to estimate the fuel costs that would have been incurred had Delmarva not chosen to divest its generation. Indeed, the Fuel Index Procedure was approved by the Commission to address the exact situation presented by this case; *i.e.*, Delmarva's purchased power costs are higher than the estimated fuel costs that would have been incurred had Delmarva not divested its generating assets. This situation is explained in the Commission's Final Order<sup>22</sup> approving Delmarva's requested divestiture:

As emphasized in the Staff Report, the Company's [original] Plan would effectively remove the embedded cost of its generating assets from base rates and recover purchased power costs through the fuel factor. As such, the Company's overall rates could potentially exceed what Delmarva's capped rates would have been if the Company had not divested its generating assets. Consequently, ratepayers would be deprived of rate cap protections if energy acquired from competitive markets reflects a *higher cost* than would have been incurred had Delmarva continued to own its generation *and these higher purchased power costs were recovered through the fuel factor*.<sup>23</sup>

In approving Delmarva's proposed divestiture as modified by the MOA, the Commission concluded that the Fuel Index Procedure resolved this problem by assuring that these potentially "higher purchased power costs" would not result in higher rates during the capped rate period. Under the heading "Findings concerning *capped rate* service," the Commission found as follows:

*Delmarva's original Plan could have resulted in higher rates.* Capped rates would be higher in the future if the cost of power procured from the competitive market is higher than what the embedded costs of the Company's generating assets would have been. The proposed MOA sets forth a number of provisions that seek to resolve this potential problem and to assure that the Company's customers are not adversely impacted by the proposed divestiture.

...

Under the MOA, Delmarva has agreed to: . . . *establish a fuel index mechanism for determining its fuel factor* effective January 1, 2004, and until the end of the capped rate period and the elimination of Delmarva's default service obligations;

...

We find that the above provisions are in the public interest and that they will benefit Delmarva's customers.<sup>24</sup>

We find that it is reasonable to implement the MOA's Fuel Index Procedure in this case for its intended purpose.

Delmarva argues, however, that the MOA's Rate Case Protocol necessitates a different conclusion in this proceeding.<sup>25</sup> We disagree. The Rate Case Protocol and the Fuel Index Procedure are separate attachments to the MOA. The Rate Case Protocol is designated as Attachment 1 to the MOA. The Fuel Index Procedure is Attachment 2. The full title of Attachment 1 is "Rate Case Protocol *For Default Service Rates Under Va. Code § 56-585.B.3,*" and by its express terms

is applicable *only* if: (a) price caps have terminated either by Commission action or by operation of law and [Delmarva] is the default service provider of supply services after such termination; and (b) the Commission has not previously or contemporaneously designated an alternative default service provider of supply services.<sup>26</sup>

Price caps have not been terminated. This is not a proceeding under § 56-585 of the Code. Rather, we are modifying Delmarva's capped rates under § 56-582. The Rate Case Protocol is not applicable herein.

<sup>22</sup> *Application of Delmarva Power & Light Co. For approval of a plan for functional separation of generation pursuant to the Virginia Electric Utility Restructuring Act*, Case No. PUE-2000-00086, and *Application of Delmarva Power & Light Co., Conectiv Delmarva Generation, Inc., and Conectiv Energy Supply, Inc. For approval of transactions under Chapters 4 and 5 of Title 56 of the Code of Virginia*, Case No. PUA-2000-00032, 2000 S.C.C. Ann. Rep. 499 (June 29, 2000) ("*Divestiture Order*").

<sup>23</sup> *Id.* at 501 (emphasis added).

<sup>24</sup> *Id.* at 501-502 (emphasis added). The express terms of the Fuel Index Procedure also explain the rate protections for which it was established:

After the sale of its generating assets, Delmarva intends to meet its obligations to serve Virginia retail customers using purchased power agreements. Concerns were raised by Staff as to the potential for future increases in fuel rates as the result of changes in market prices of purchased power agreements relative to the fuel costs that would have been realized in the absence of a sale of the generating units.

MOA, Attach. 2 (Lamm, Ex. 16, Attachment I).

<sup>25</sup> *See, e.g.*, Tripp, Tr. 94-98; Delmarva's April 16, 2006 Response at 3-5.

<sup>26</sup> MOA, Attach. 1 (Lamm, Ex. 16, Attachment I) (emphasis added).

We also note that in accordance with the express terms of the Rate Case Protocol, the *Divestiture Order* addresses the Rate Case Protocol as part of the "Findings concerning default rate service" – not as part of the findings regarding capped rates.<sup>27</sup> Delmarva asserts, however, that it is "nonsensical" to ignore the Rate Case Protocol in a capped rate proceeding.<sup>28</sup> We again disagree. By its own terms the Rate Case Protocol serves a separate purpose, pursuant to a separate statute, and requires separate calculations in addition to those in the Fuel Index Procedure. We find that abiding by the plain language of the Rate Case Protocol and, thus, implementing the Fuel Index Procedure on a stand-alone basis for the purpose of modifying capped rates, does not render a "nonsensical" result.

#### Risks and Benefits of Divestiture

The Company also contends that the Commission cannot establish a fuel rate based on the Fuel Index Procedure without exercising discretion required by Virginia law. Specifically, Delmarva asserts as follows:

The Supreme Court of Virginia has long held that the Commission 'must exercise its informed judgment within a zone of reasonableness.'

...

The Supreme Court of Virginia has noted the fundamental tenet of ratemaking is a matching of revenues with expenses – a principle totally ignored by the Staff and [Consumer Counsel] in this proceeding. . . . This matching principle applied to this proceeding means the Commission cannot ignore the costs of purchased power that will be incurred from June 1, 2006-May 31, 2007 to serve Delmarva's Virginia customers when setting the fuel factor for those customers for that identical time period.

...

The Supreme Court of Virginia requires that the Commission balance its discretion with a reasonable result: . . . 'It is the duty of the Commission to set rates which are reasonable and fair, both to the public and the utility.'<sup>29</sup>

The "Company, in fact, requests only that the Commission exercise its authority and carry out its traditional administrative role, which is to review the facts and the law to reach a judgment that is just and reasonable to the regulated company and its customers given the circumstances that exist."<sup>30</sup>

In this regard, Delmarva asserts that "the divestiture resulted in an after tax loss to the Company of \$6 million," compared to "\$51.7 million of gains to our Virginia customers since 2000."<sup>31</sup> The Company states that "to suggest Delmarva should simply forego [\$8.2 million (\$5.0 million after taxes)] of purchased power costs by a mandatory application of an historic 'proxy' calculation" – when its net income in 2005 was only \$2.4 million – "raises fundamental issues of fairness and legality."<sup>32</sup> We have considered these circumstances. We have reviewed the law and facts in this proceeding and, in our judgment, conclude that a fuel factor established pursuant to the Fuel Index Procedure results in capped rates that are reasonable and fair both to the public and the Company.

In 2000, Delmarva sought Commission approval of the Company's plan to divest all of its generating units. Delmarva was not required by any Virginia law to divest its generation. Indeed, § 56-590 of the Code, in effect since 1999, *prohibits* the Commission from requiring any incumbent electric utility, such as Delmarva, to divest itself of any generation. The decision to divest was a decision made by Delmarva. That decision created a number of risks for ratepayers. The *Divestiture Order* and MOA addressed those risks and, as a result, included numerous provisions for the protection and benefit of ratepayers.<sup>33</sup> The ratepayer benefits that Delmarva asserts have accrued since 2000 are the type of benefits reasonably captured by the *Divestiture Order* and MOA. Similarly, the capped rate protections commencing under the MOA in 2004 represent another set of ratepayer benefits and likewise were part of the conditions necessary for the Commission to approve the requested divestiture in 2000. Any benefits that ratepayers may have received under the MOA since 2000 do not render unreasonable the Commission's decision to implement, now, the specific capped rate protections that were expressly adopted for 2004 and beyond. To the contrary, we find that permitting the Company to charge the "higher rates" that the *Divestiture Order* and MOA were explicitly designed to prohibit would result in capped rates that are unreasonable and unfair to ratepayers.

Delmarva further supports recovery of its purchased power costs by asserting that, "[u]nfortunately, the world's rising energy costs affect Delmarva as they affect other suppliers and end users."<sup>34</sup> Our decision herein does not ignore rising fuel prices. The Fuel Index Procedure is specifically designed to reflect the estimated increase in fuel prices that Delmarva would have incurred if it had not chosen to divest its generation. In the instant case, Delmarva's purchased power costs – resulting from a solicitation process in the wholesale market – exceed the estimated increase in fuel prices. This indicates that higher fuel costs are not the sole reason for recent rate increases in the mid-Atlantic region. In Virginia, if capped rates did not presently exist and prices were set by Delmarva's claimed market price, ratepayers on the Eastern Shore could see a rate increase of about 50% or greater.

<sup>27</sup> *Divestiture Order* at 502.

<sup>28</sup> Tripp, Tr. 96.

<sup>29</sup> Delmarva's May 2, 2006 Response at 2, 5-6 (footnotes omitted).

<sup>30</sup> *Id.* at 2.

<sup>31</sup> Wathen, Ex. 10 at 9-10.

<sup>32</sup> Delmarva's May 2, 2006 Response at 5; *see also* Wathen, Ex. 10 at 6-7.

<sup>33</sup> The MOA was a voluntary agreement negotiated between Delmarva and Staff, which Delmarva filed with the Commission and asked the Commission to adopt as part of the Company's divestiture plan. *See, e.g., Divestiture Order* at 1.

<sup>34</sup> Wathen, Ex. 10 at 3.

We find that the difference between (1) the increased estimate of fuel prices under the Fuel Index Procedure, and (2) Delmarva's current purchased power costs, represents precisely the "higher rate" from which consumers are protected by the *Divestiture Order* and MOA. Delmarva now argues, however, that it did not intend to put the Company at risk for the difference between the Fuel Index Procedure and its purchased power costs.<sup>35</sup> As noted above, though, the *Divestiture Order* explains that: (1) under Delmarva's original plan for divestiture, "ratepayers would be deprived of rate cap protections if energy acquired from competitive markets reflects a higher cost than would have been incurred had Delmarva continued to own its generation and these higher purchased power costs were recovered through the fuel factor;" (2) accordingly, "Delmarva's original plan could have resulted in higher rates;" (3) as a result, the MOA includes provisions that seek "to assure that the Company's customers are not adversely impacted by the proposed divestiture;" and (4) thus, "Delmarva has agreed to: . . . establish a fuel index mechanism for determining its fuel factor effective January 1, 2004, and until the end of the capped rate period and the elimination of Delmarva's default service obligations."<sup>36</sup> Delmarva's assertion of its past intentions stands in stark contrast to the plain language of the *Divestiture Order* – an order that was necessary for Delmarva to effectuate its desire for divestiture – and thus is not persuasive.

Finally, the *Divestiture Order* and MOA do not speculate on nor limit the benefits, quantitative or qualitative, that could accrue to the Company by divesting all of its generating units. For example, in May 2000 Delmarva publicly stated that it expected to net approximately \$1 billion from divestiture.<sup>37</sup> In accepting the *Divestiture Order* and MOA, Delmarva's management made a voluntary business decision in which the Company agreed to a number of potential risks and benefits necessarily associated with its decision to embark on the path to divestiture. An analysis of possible risks and benefits inuring to the Company as a result of such transactions should, and indeed may, have been part of the calculus used by Delmarva's management in deciding whether to carry out divestiture.

Nonetheless, Delmarva now states that it "will be forced to review its operations in Virginia as the Company cannot sustain repeated losses that may follow approval of the use of an historic 'proxy' methodology to determine this and future fuel factors. As financial stewards of the Company, we would be required to determine how Delmarva's service in Virginia can obtain a positive return for the Company and its stockholders."<sup>38</sup> The Commission is not unmindful of this testimony. The Commission is not obligated and, indeed, finds that it would be unreasonable, to modify the *Divestiture Order* and MOA *post facto* and to force ratepayers to rescue the Company from the results of its own economic business decisions. In this instance, any claimed losses to the Company do not result from destruction of economic value by the Commission but, rather, represent value that has been lost as a consequence of economic forces to which Delmarva is subjected as a direct result of its own business decisions, decisions that Delmarva freely made and which were not forced upon the Company by the Commission.

#### Fuel Rate

Delmarva witness Janocha testifies that the Fuel Index Procedure estimates fuel costs that otherwise would have been incurred absent divestiture "by selecting market fuel prices by type (coal, oil, natural gas) as inputs, converting those prices into a cost/MBTU for each generating station, and then allocating those costs according to the fuel mix that resulted for 1999 operations."<sup>39</sup> Mr. Janocha presents a proxy calculation using "average market fuel prices, at the delivery points where title to the commodity was transferred, for the 12 months ending December 2005," and a "proxy calculation for 2006, using forward market prices and the sales forecast."<sup>40</sup> In this regard, Delmarva witness Wathen states that the Company's fuel factor calculation using calendar year 2005 data equals 5.2257 cents per kWh, and its "calculation for fuel costs for calendar year 2006 equals 6.4723 cents per kWh."<sup>41</sup> Mr. Wathen objects, however, to using calendar year 2005 data and contends that using such "historical fuel costs to collect future prices in a volatile commodities market does not provide reliable results."<sup>42</sup> Rather, Mr. Wathen states that the fuel index calculation "should be based on the time period during which the power is to be supplied, not an historical period."<sup>43</sup>

Consumer Counsel witness Norwood states that the Fuel Index Procedure adjusts "the Company's 1999 fuel factor to reflect growth in actual fuel costs from 1999 through the 12-month period immediately preceding the period in which the new rates will be in effect."<sup>44</sup> Mr. Norwood testifies that

<sup>35</sup> Tripp, Tr. 65.

<sup>36</sup> *Divestiture Order* at 501-502.

<sup>37</sup> On May 22, 2000, Delmarva issued a news release explaining its divestiture plan as follows:

In May 1999, Conectiv outlined a series of strategic and financial steps designed to increase shareholder value and provide for improved earnings growth. A key initiative was the sale of non-strategic coal and nuclear baseload generating assets. The sales are expected to net about \$1 billion in proceeds for the company when they close later this year. . . . The \$1 billion gives us resources to invest in our core businesses as well as to optimize our capital structure.

Ex. 13 at 3.

<sup>38</sup> Wathen, Ex. 10 at 11.

<sup>39</sup> Janocha, Ex. 8 at 4.

<sup>40</sup> *Id.*

<sup>41</sup> Wathen, Ex. 10 at 5.

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*

<sup>44</sup> Norwood, Ex. 15 at 7.

"Delmarva's maximum fuel charges for 2006 are capped at a level that is no higher than the Company's 1999 fuel factor adjusted to reflect the actual increase in fuel costs from 1999 to 2005."<sup>45</sup> Mr. Norwood, however, asserts that the Company's proxy calculations do not follow "the method specified under the Fuel Index Procedure" and do not provide "a valid calculation of the proxy fuel charge for 2006 as specified by the Fuel Index Procedure."<sup>46</sup>

Staff witness Lamm states that "[a]t its most basic level, the Fuel Index Procedure provides for escalating or de-escalating Delmarva's 1999 Virginia fuel expenses . . . for future fuel price changes."<sup>47</sup> Mr. Lamm describes the calculation as follows:

The procedure assumes a fixed 1999 net energy supply mix (percent of total energy supply by company generation by fuel type and net purchases). The escalation of 1999 fuel expenses is accomplished by applying a fuel cost growth factor or Fuel Composite Ratio, which is calculated by dividing a future year's Weighted-Average Fuel Cost Index by the 1999 Weighted-Average Fuel Cost Index.<sup>48</sup>

Mr. Lamm's calculation results in a fuel factor of 5.6185 cents per kWh.<sup>49</sup>

We find that Mr. Lamm's calculation of the 2006 fuel factor complies with the method established by the Fuel Index Procedure. First, Mr. Lamm calculates a Weighted-Average Fuel Cost Index for 2005, which equals \$3.7014 per MBTU. In this calculation, Mr. Lamm appropriately uses historical fuel type indices for the twelve months ended December 31, 2005. We find that the Fuel Index Procedure expressly contemplates using actual, historical data from specific publications as inputs to the Fuel Cost Index and that this results in a reasonable calculation for the purposes set forth therein.<sup>50</sup> Next, Mr. Lamm divides \$3.7014 per MBTU by the Weighted-Average Fuel Cost Index for 1999 (\$1.3415 per MBTU) to get the Fuel Composite Ratio required by the Fuel Index Procedure; this ratio is 2.7592. Finally, Mr. Lamm multiplies the Fuel Composite Ratio (2.7592) by Delmarva's 1999 fuel expense (2.0363 cents per kWh), which results in 5.6185 cents per kWh.

We find that Delmarva's 2006 fuel factor shall be 5.6185 cents per kWh – an increase of 2.5486 cents per kWh above the current fuel factor of 3.0699 cents per kWh. This represents a price increase of approximately 25% for a residential consumer using 1000 kWh a month, which is an increase of about \$25.49 per month.<sup>51</sup> Although this is significantly less than what the Company requested, we recognize that the rate increase we approve today represents a substantial increase for consumers. We have listened to the public witnesses and have reviewed the large number of comments sent in to the Commission by Delmarva's customers. While we reject approximately 43% of the increase sought by the Company,<sup>52</sup> we are still mindful of the significant burden that this rate increase creates for ratepayers on the Eastern Shore. We are keenly aware that this rate increase will work a hardship on Delmarva's customers; however, we must apply the law, pursuant to which we find that Delmarva is entitled to the increased revenues approved herein.

Finally, we direct the Company to file with its next fuel factor application a calculation under the Fuel Index Procedure "consistent with the methodology accepted by the Commission in this proceeding, with supporting work papers and fuel type index source documents, to the extent practicable, no later than March 1<sup>st</sup>."<sup>53</sup>

#### Purchased Power Costs

Although we determine above that the 2006 fuel rate shall be set pursuant to the Fuel Index Procedure, we also note that Delmarva's purchased power costs are relevant in establishing the Company's fuel factor. Specifically, § 56-249.6 D 2 of the Code mandates as follows:

[T]he Commission shall disallow recovery of any fuel costs that it finds without just cause to be the result of failure of the utility to make every reasonable effort to minimize fuel costs, giving due regard to reliability of service and the need to maintain reliable sources of supply, economical generation mix, generating experience of comparable facilities, and minimization of the total cost of providing service.

In Delmarva's previous fuel factor case, the fuel rate resulting from its solicitation was less than the fuel rate resulting from the Fuel Index Procedure. In that instance the Commission – in accordance with § 56-249.6 D 2 of the Code – approved the fuel rate resulting from the Company's bidding process.<sup>54</sup> As

<sup>45</sup> *Id.*

<sup>46</sup> *Id.* at 8.

<sup>47</sup> Lamm, Ex. 16 at 7.

<sup>48</sup> *Id.*

<sup>49</sup> *Id.* at 9 and Attachment II.

<sup>50</sup> See MOA, Attach. 2 (Lamm, Ex. 16 at Attachment I). In addition, Mr. Lamm's calculation of a Weighted-Average Fuel Cost Index properly assumes that net purchased power fuel costs escalate or de-escalate at the same rate as the composite change in the selected fuel type indices. Lamm, Ex. 16 at 7-8.

<sup>51</sup> *Id.* at 10.

<sup>52</sup> Delmarva requested an additional \$20.0 million in revenues (Capped Rate Adjustment Application at 3), and we herein approve a revenue increase of \$11.5 million (Lamm, Ex. 16 at 10).

<sup>53</sup> Lamm, Ex. 16 at 10.

<sup>54</sup> *Application of Delmarva Power & Light Co. For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582*, Case No. PUE-2004-00124, Final Order (March 25, 2005). In the instant proceeding, Delmarva witness Schaub asserts that "the bidding process was competitive and did obtain a fair market price" (Schaub, Ex. 4 at 10); however, the fact that there was only one bidder – and that bidder was an affiliate of the Company – raises questions as to whether the resulting price was, in fact, "competitive" (see, e.g., Norwood, Ex. 15 at 10-11).

explained above, in the instant case Delmarva's purchased power costs are not the expenses for which we must match revenues; rather, such expenses are determined by the Fuel Index Procedure, which serves as a limit on Delmarva's fuel factor recovery during the capped rate period.

Affiliates Act Application

In our May 16, 2006 Order, we disapproved the Affiliates Act Application without prejudice and granted the Company an interim exemption under § 56-77 B of the Code to engage in transactions with CESI or any other affiliate for purposes of purchasing power as necessary to fulfill the Company's public service obligations. We hereby extend the exemption, pursuant to § 56-77 B of the Code, from the filing and prior approval requirements of § 56-77 A pending further order of the Commission. All other provisions of the Affiliates Act continue to apply to Delmarva.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) In Case No. PUE-2006-00033:

(a) The Company's fuel factor shall be 5.6185 cents per kWh, effective for usage on and after July 1, 2006.

(b) On or before March 1, 2007, Delmarva shall file an application with the Commission for approval of a fuel rate to become effective June 1, 2007. Such application shall include but is not limited to: (i) the calculation under the Fuel Index Procedure of a fuel factor for 2007 consistent with the methodology set forth herein, with supporting work papers and fuel type index source documents to the extent practicable; and (ii) a description, and the results, of the Company's next purchased power solicitation for Virginia.

(2) In Case No. PUE-2006-00032:

(a) Pending further order of the Commission, Delmarva is granted an exemption from the filing and prior approval requirements of the Affiliates Act, pursuant to § 56-77 B of the Code, to engage in transactions with CESI or any other affiliate for purposes of purchasing power as necessary to fulfill the Company's public service obligations.

(b) The Commission reserves the authority to examine the books and records of any affiliate in connection with the exemption granted herein whether or not the Commission regulates such affiliate.

(c) Delmarva shall include the transactions exempted herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting.

(d) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Delmarva shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

(3) These matters are dismissed.

**CASE NOS. PUE-2006-00033 and PUE-2006-00032  
JULY 6, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For an increase in its electric rates pursuant to Va. Code § 56-249.6 and § 56-582

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY  
and  
CONECTIV ENERGY SUPPLY, INC.

For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia

**ORDER DENYING RECONSIDERATION**

On March 10, 2006, Delmarva Power & Light Company ("Delmarva" or "Company") filed an application with the State Corporation Commission ("Commission") seeking an increase in its fuel factor pursuant to the provisions of §§ 56-582 B (i) and 56-249.6 of the Code of Virginia. On June 19, 2006, the Commission issued a Final Order that set the Company's fuel factor at 5.6185 cents per kWh, effective for usage on and after July 1, 2006.

On June 30, 2006, Delmarva filed a Petition for Reconsideration. Delmarva requests that the Commission reconsider its June 19, 2006 Final Order as follows:

- 1) find that the full purchased power costs should be reflected in the Company's fuel factor to be charged to its Virginia customers, subject to the Residential Rate Mitigation Plan proposed by the Company; 2) strike the second sentence of footnote 54 that suggests, without probative sufficient record evidence, that the Company's 2006 competitive bidding process was not competitive; and 3) allow the fuel factor to go into effect on June 1, 2006 [as originally requested].<sup>1</sup>

<sup>1</sup> Petition for Reconsideration at 8.

NOW THE COMMISSION, having considered the Petition for Reconsideration, is of the opinion and finds that the Petition for Reconsideration should be denied.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Delmarva's Petition for Reconsideration is denied.
- (2) These matters are dismissed.

**CASE NO. PUE-2006-00034  
JULY 13, 2006**

APPLICATION OF  
KENTUCKY UTILITIES COMPANY D/B/A OLD DOMINION POWER COMPANY

For approval of a Tax Allocation Agreement

**ORDER GRANTING APPROVAL**

On April 17, 2006, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or the "Applicant") completed an application (the "Application") with the State Corporation Commission (the "Commission") requesting approval of an amended and restated tax allocation agreement (the "Amended Agreement") pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code").

KU/ODP provides retail electric service to approximately 495,000 customers in 77 counties and wholesale electric service to 12 municipalities in Kentucky. KU/ODP also provides retail service to approximately 30,000 customers in five southwestern counties in Virginia. KU/ODP provides retail electric service to less than 10 customers in Tennessee. As of December 31, 2005, KU/ODP owned coal, gas, and oil-fired steam and combustion turbine electric generating facilities with a capacity of 4,433 megawatts ("MW") and a 24 MW hydroelectric facility. KU/ODP is a wholly owned subsidiary of E.ON U.S. LLC ("E.ON U.S.").

E.ON U.S. is the successor to LG&E Energy, LLC ("LG&E LLC"), which was the successor to LG&E Energy Corp. ("LG&E EC"). E.ON U.S. is a Kentucky limited liability company that owns and operates KU/ODP, Louisville Gas & Electric Company ("LG&E"), E.ON U.S. Capital Corp., and LG&E Energy Marketing, Inc. LG&E is a public utility that provides retail electric service to approximately 394,000 customers and retail gas service to approximately 321,000 customers in Kentucky. E.ON U.S. is a wholly owned subsidiary of E.ON U.S. Investments Corp. ("U.S. Parent").

U.S. Parent is a Delaware Corporation and a 100%-owned subsidiary of E.ON AG.

E.ON AG, a holding company based in Düsseldorf, Germany, is Germany's second-largest industrial group, generating annual revenues of approximately 56 billion euros and employing about 80,000 people as of year-end 2005.

KU/ODP and U.S. Parent are considered affiliated interests under § 56-76 of the Code. As such, KU/ODP 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 Amended Agreement provides for the assignment of consolidated tax benefits and liabilities among U.S. Parent and its 52 affiliates (the "U.S. Group"), which file consolidated federal, state, and local income tax returns. The Applicant represents that the Amended Agreement complies with Title 26, Subtitle A, Chapter 6, Subchapter A of the United States Internal Revenue Code ("IRC"), specifically IRC §§ 1504(a) and 172(b)(3). The Amended Agreement also states that it complies with Rule 45(c)(2)(ii) of the Public Utility Holding Company Act of 1935, which has been repealed.

The Commission previously granted approval to KU/ODP<sup>1</sup> to participate in a Tax Allocation Agreement (the "Prior Agreement") with the U.S. Group. In that order (the "2003 Order"), the Commission found the Prior Agreement to be an equitable means of assigning the tax benefits and liabilities computed in U.S. Parent's consolidated federal and state income tax returns to the U.S. Group. The 2003 Order included a directive, Paragraph (3), which stated that "Commission approval shall be required for any changes in the terms and conditions of the [Prior] Agreement."

On November 2, 2005, U.S. Parent filed with the Securities and Exchange Commission ("SEC") an amendment to its Form U5S that identified proposed revisions to the Prior Agreement. The revisions included a change in the name of LG&E LLC to E.ON U.S., additional language to clarify the fact that U.S. Parent will retain the federal and state tax benefits related to acquisition debt, and other minor revisions. Upon effectiveness under SEC rules, U.S. Parent and the rest of the U.S. Group executed the Amended Agreement on January 2, 2006. The current Application represents KU/ODP's compliance with the Paragraph (3) directive in the 2003 Order.

**Terms and Conditions**

The Amended Agreement is effective for the tax period ended December 31, 2005, and for each subsequent taxable period until (a) the U.S. Parent terminates the Amended Agreement at its sole discretion; (b) the U.S. Group terminates the Amended Agreement by mutual consent; or (c) any members of the U.S. Group ("Group Member(s)") cease to qualify as Group Members under § 1504(a) of the Internal Revenue Code.

<sup>1</sup> Application of Kentucky Utilities Company d/b/a Old Dominion Power Company for approval of a Tax Allocation Agreement with its parent company pursuant to Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2003-00187, Order Granting Approval (July 9, 2003), 2003 S.C.C. Ann. Rep. 505-507.

**Federal Taxes**

Under the Amended Agreement, each Group Member shall pay the amount of its separate return tax to U.S. Parent if the amount is positive ("Paying Member(s)"). Likewise, U.S. Parent shall pay any Group Member with a positive tax credit the amount of such credit. Any tax credit of a Holding Company shall, with one exception, be reallocated to the Paying Members in proportion to their positive separate return tax. The exception to the tax credit allocation rule described above concerns corporate tax credits related to debt incurred by U.S. Parent or any other E.ON Holding Company from time to time to finance the acquisition of its U.S. utility and energy-related businesses, including those of U.S. Parent and its direct and indirect subsidiaries, and any debt incurred to refinance or refund the foregoing ("Acquisition Debt"). The tax benefits related to Acquisition Debt shall be retained by the U.S. Parent. Under no circumstances shall the amount of federal income tax liability allocated to a Group Member exceed its separate tax liability.

If all of the losses, credits, carryovers or tax benefits of the Group Members having negative separate return tax ("Negative Member(s)") are absorbed, then the corporate tax credit shall be allocated to the Negative Members in proportion to their negative separate return tax. If part or all of a loss, credit, carryover or other tax benefit is carried back or forward to a year in which a Group Member filed a separate return or a consolidated return with another affiliated group, the Group Member shall retain any refund or tax liability reduction arising from the carryback or carryover.

**State and Local Taxes**

Under the Amended Agreement, the allocation of state and local income tax liabilities will be determined using one of the following filing methods: (1) Separate Entity; (2) Unitary Group; (3) Nexus Combined; or (4) Consolidated. Under a Separate Entity filing, all tax costs or benefits will be allocated to the Group Member that filed the separate return. Under a Unitary Group filing, all tax costs or benefits will be allocated to the applicable business unit. Under a Nexus Combined filing, all tax costs or benefits will be allocated as if each Group Member or business unit filed a separate entity return, with apportionment factors and taxable income considered in the allocation. All tax costs or benefits relating to Acquisition Debt will be retained by U.S. Parent. Under a Consolidated filing, all tax costs or benefits will be allocated based on each Group Member's or business unit's "nexus" with the individual state or locality as generally represented by property and payroll. Group Members or business units without a nexus will not be assigned tax costs or benefits with the exception of U.S. Parent, which will retain all tax costs or benefits related to Acquisition Debt. Under no circumstances will each Group Member's state or local income tax liability exceed its separate return liability.

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 Tax Agreement as proposed is, in general, an equitable means of assigning consolidated tax liabilities to member companies. The Tax Agreement benefits KU/ODP as a positive separate return company because KU/ODP has the opportunity to receive consolidated tax benefits, which can reduce its tax liability and increase 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 KU/ODP's income taxes in the course of the Commission's review and analysis of KU/ODP's cost of service in the future. We ordered both conditions in the 2003 Order.<sup>2</sup>

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Kentucky Utilities Company d/b/a Old Dominion Power Company is hereby granted approval to participate in the Amended and Restated Tax Allocation Agreement with E.ON U.S. Investments Corp. and the U.S. Group under the terms and conditions and for the purposes described herein, consistent with the findings above.
- 2) Commission approval shall be required for any changes in the terms and conditions of the Amended Agreement including, but not limited to, any successors or assigns and any changes in the allocation of consolidated taxes or tax benefits.
- 3) The approval granted herein has no ratemaking implications. The Commission reserves the right to reflect ratemaking adjustments to KU/ODP's income taxes in the course of the Commission's review and analysis of KU/ODP's cost of service in the future.
- 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 approvals granted herein, whether or not such affiliate is regulated by this Commission.
- 6) KU/ODP shall include the transactions associated with the Amended 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.
- 7) 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.
- 8) There appearing nothing further to be done in this matter, it hereby is dismissed.

<sup>2</sup> *Id.*

**CASE NO. PUE-2006-00035  
MARCH 24, 2006**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION NUCLEAR NORTH ANNA, LLC

For approval of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia

**ORDER GRANTING INTERIM AUTHORITY**

Virginia Electric and Power Company ("DVP" or "Company") and Dominion Nuclear North Anna, LLC ("DNNA") (jointly, "Petitioners") filed, on March 16, 2006, a Petition seeking the approval of the State Corporation Commission ("Commission") of an Access to Information and Property Agreement ("Agreement"). Petitioners also request the Commission "grant interim authority to allow DNNA to conduct an archeological survey this month, subject to the final Commission order in this matter."

The Petition represents that a preliminary review of the possibility of constructing and operating a new nuclear generating facility is being undertaken in the vicinity of the existing North Anna nuclear generation facility, which is jointly owned by DVP and Old Dominion Electric Cooperative ("ODEC"), and operated by DVP. The site under consideration is jointly owned by DVP and ODEC.

DNNA is an entity created and wholly owned by DVP's parent company, Dominion Resources, Inc. In September 2003, DNNA filed an application for an Early Site Permit with the Nuclear Regulatory Commission ("NRC"). According to the Petition, the decision to have DNNA apply for the Early Site Permit "maximizes the flexibility for subsequent decision making" regarding whether an application to construct a new nuclear generating facility would actually be filed, and by what entity. Petitioners represent that any Early Site Permit that might be issued may be transferred to another entity with the NRC's prior approval. Additionally, DNNA has entered into a "Cooperative Agreement with the United States Department of Energy ["DOE"] to obtain funding supporting further work that may lead to a filing" of an application with the NRC for permission to construct and operate a nuclear generation facility, either by DNNA or DVP. Any DOE funding awarded to DNNA could, with DOE's prior approval, be utilized by DVP, according to the Petition.

The interim authority sought by Petitioners, and granted by this Order, is permission for a subcontractor retained by DNNA to enter DVP's premises and perform "archeological shovel tests" that will involve "some hand-digging" at the Site. DNNA indicates its desire "to complete this activity in March to support completion of the [Early Site Permit] review and avoid any delay in its expected issuance." The Commission finds that granting limited interim authority under the conditions set out below will not harm the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUE-2006-00035.
- (2) The Petitioners' request for interim authority to conduct "archeological shovel tests," limited to those that involve "hand digging at the Site," is GRANTED.
- (3) DNNA and its subcontractor shall contemporaneously provide all results of the "archeological shovel tests" conducted pursuant to the authority granted by the Order, and any findings or reports generated thereby, to DVP.
- (4) Petitioners undertake the activities permitted herein at their own risk.
- (5) This approval of the Petition's request for limited interim authority carries no implication regarding the Commission's consideration of the remaining parts of the Petition. No other activities detailed in the Petition or Agreement for which the Commission's approval is sought shall be undertaken between Petitioners or through Dominion Resources Services, Inc., without further order of the Commission.
- (6) This matter is continued for further consideration of the Commission.

**CASE NO. PUE-2006-00035  
JUNE 9, 2006**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION NUCLEAR NORTH ANNA, LLC

For approval of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On March 16, 2006, Virginia Electric and Power Company ("DVP" or "Company") and Dominion Nuclear North Anna, LLC ("DNNA") (collectively, "Petitioners"), filed a Petition pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") seeking approval from the State Corporation Commission ("Commission") of an Access to Information and Property Agreement ("Agreement"). The Petitioners also requested that the Commission

"grant interim authority to allow DNNA to conduct an archeological survey this month, subject to the final order in this matter."<sup>1</sup> By Order on Request for Extension entered May 10, 2006, the Commission extended its review period in this case through June 14, 2006.

The Company 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. ("DRI"). DRI is a "holding company" as defined in the Public Utility Holding Company Act of 2005 ("PUHCA 2005") and as of February 8, 2006, is subject to regulation as such under PUHCA 2005 by the Federal Energy Regulatory Commission.

The Petitioners represent that a preliminary review of the possibility of constructing and operating a new nuclear generating facility is being undertaken in the vicinity of the existing North Anna nuclear generation facility (the "Site"), which is jointly owned by DVP and Old Dominion Electric Cooperative and is operated by DVP.

DNNA is an entity created and wholly owned by DRI. In September 2003 DNNA filed an application for an Early Site Permit ("ESP") with the Nuclear Regulatory Commission ("NRC"). According to the Petition, the decision to have DNNA apply for the ESP "maximizes the flexibility for subsequent decision making" regarding whether an application to construct a new nuclear generating facility would actually be filed, and by what entity. The Petitioners represent that any ESP that might be issued by NRC may be transferred to another entity with the NRC's approval. In addition, DNNA has entered into a "Cooperative Agreement with the United States Department of Energy ("DOE") to obtain funding supporting further work that may lead to the filing" of an application with the NRC for permission to construct and operate a nuclear generation facility, either by DNNA or the Company. The Petitioners represent that any DOE funding awarded to DNNA could, with DOE's approval, be utilized by DVP.

The Agreement permits DNNA and its subcontractors to obtain Site access and information to conduct investigations of the Site, including characterization, analysis and evaluation of the Site's surface, subsurface and other geological conditions including, but not limited to, drilling of borings, performance of archeological shovel tests, and exploration and testing of the circulating water tunnel system and other systems/structures originally built for the cancelled North Anna units 3 and 4; field investigations to analyze, evaluate, study and characterize the land, existing facilities, aquatic habitat, terrestrial habitat, etc., on the Site, Lake Anna and nearby areas, by way of Site walk-downs by appropriate personnel, surveys, data collection and measurement; and other activities directly related to this investigative work. Access to existing DVP technical and other information related to the Site and adjacent North Anna facilities also may be necessary.

The Petitioners represent that the Agreement is very limited in scope and duration in that it provides for access to the Site only for DNNA to perform work previously described, and the Agreement will terminate at the end of 2007, unless further extended by the Commission. The Agreement also may be terminated without cause by either of the Petitioners upon 30 days' notice.

As stated in the Petition, a decision is expected to be made in late 2007 or early 2008 on whether to file a Combined Operating License ("COL") application with the NRC. Should a COL application be filed during this time period, Petitioners expect a decision to be made in or around late 2009 as to whether to construct a nuclear generation facility at the Site.

The Petitioners state that if a decision is made to go forward with a COL application, the Petitioners will advise the Commission of that decision prior to any application being filed with the NRC. Petitioners acknowledge that the Commission could determine that the COL should be applied for by DVP, DNNA, or another entity and that any Order issued by the Commission in this proceeding may be conditioned upon that matter being submitted to the Commission for determination prior to any application being filed with the NRC. Furthermore, if the Commission determines that some entity other than DNNA should be the COL applicant, DNNA commits that it will take such action as may be required to ensure that the COL applicant obtains the full benefits of the ESP, including applying to transfer the ESP, if necessary. The Petitioners further represent that approval of the Agreement will in no way decide, nor is it meant to decide, whether a new generating facility will be built.

NOW THE COMMISSION, having considered the Petition and applicable law, and having been advised by its Staff, is of the opinion and finds that the Petition is approved subject to the requirements ordered herein. Such requirements, among other things, ensure that if a decision is made to apply for a COL, the Commission has the opportunity to determine whether the COL should be applied for by DVP, DNNA, or another entity. In this regard, the Petitioners explicitly "acknowledge that the Commission could determine that the COL should be applied for by DVP or DNNA or another entity, and that the order approving this Agreement may be conditioned upon that matter being submitted to the Commission for determination *prior to* any application being filed with the NRC."<sup>2</sup> In addition, the Petitioners assure that "if the Commission determines that some entity other than DNNA should be the COL applicant, DNNA commits that it will take such action as may be required, including applying to transfer the ESP if necessary, to ensure that the COL applicant obtains the full benefits of the ESP."<sup>3</sup> We find that the requirements ordered below are necessary prerequisites for us to conclude that approval of the Agreement is in the public interest.

Accordingly, IT IS HEREBY ORDERED THAT:

(1) Pursuant to Chapter 4 of Title 56 of the Code, the Petition is granted subject to the requirements established in this Order Granting Approval.

(2) It is further ordered as follows:

(a) A COL application shall not be filed with the NRC prior to the issuance of an Order by the Commission determining the entity that will apply for the COL.

<sup>1</sup> By Order Granting Interim Authority entered March 24, 2006, the Commission granted the Petitioners' request for interim authority to conduct "archeological shovel tests," limited to those that involve "hand digging at the Site." Such Order also required that DNNA contemporaneously provide to DVP all results of the "archeological shovel tests" and any findings or reports generated by DNNA.

<sup>2</sup> Petition at 8 (emphasis added).

<sup>3</sup> *Id.*

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(b) DNNA shall take any action as may be required by the Commission, including applying to transfer the ESP, to ensure that the COL applicant obtains the full benefits of the ESP.

(c) DNNA shall maintain invoices and journal entries supporting all costs incurred by DNNA in connection with the Agreement until further order of the Commission.

(d) Should there be any changes in the terms and conditions of the Agreement from those contained therein, Commission approval shall be required for such changes.

(e) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code.

(f) 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.

(g) DVP shall include the transactions approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting.

(h) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then DVP shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

(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) This matter is dismissed.

**CASE NO. PUE-2006-00036  
JUNE 22, 2006**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

Ex Parte, In Re: Establishment of fuel costs recovery tariff provisions pursuant to Va. Code § 56-249.6 for Virginia Electric and Power Company d/b/a Dominion Virginia Power

**DISMISSAL ORDER**

On March 24, 2006, the Commission issued an Order requiring Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Company") to submit a filing, on or before July 1, 2006, to replace the Company's fuel costs recovery tariff provisions in compliance with §§ 56-249.6 B, C, and D of the Code of Virginia ("Code"). Subsequent to such Order, the 2006 Session of the General Assembly passed Senate Bill No. 262 that, among other things, modified § 56-249.6 C of the Code and eliminated the specific fuel rate proceeding for which this docket was established. Senate Bill No. 262 has been signed by the Governor and will become effective on July 1, 2006.

Accordingly, IT IS HEREBY ORDERED that this case is dismissed.

**CASE NO. PUE-2006-00037  
JULY 20, 2006**

JOINT PETITION OF  
ALPHA WATER CORPORATION  
and  
BLUNDON AND HINTON, INCORPORATED (D/B/A REEDVILLE WATER WORKS)

For approval of change of ownership of the utility assets and expansion of service area

**FINAL ORDER**

On March 17, 2006, Alpha Water Corporation ("Alpha") and Blundon and Hinton, Incorporated d/b/a Reedville Water Works ("Reedville") (collectively, "Petitioners"), petitioned the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 (the "Utilities Transfer Act") of the Code of Virginia ("Code") for authority to transfer water utility assets and pursuant to Chapter 10.1 of Title 56 of the Code ("Utility Facilities Act") to amend Alpha's certificate of public convenience and necessity ("CPCN") to expand Alpha's service territory to include the Reedville water utility system. Alpha presently owns and operates 18 water and sewer systems in Caroline, Charles City, Essex, Lancaster, New Kent, Northumberland, Richmond and Westmoreland Counties in Virginia.<sup>1</sup>

On April 17, 2006, the Commission issued an Order for Notice and Comment, which among other things, prescribed notice to be served and published, provided for comments and requests for hearing to be filed, and directed that the Staff investigate the Joint Petition and file its Report. On

<sup>1</sup> Joint Petition, p. 2 and Exhibit 2.

April 20, 2006, an Amending Order was issued to eliminate the order for publication of notice while still requiring that all customers of Reedville and Alpha be served the prescribed notice. On May 17, 2006, Petitioners filed a Certificate of Compliance with Order Prescribing Public Notice.<sup>2</sup>

On June 13, 2006, the Staff filed its Report, which addresses the proposed transfer of Reedville's water utility assets to Alpha pursuant to the Utility Transfers Act and the request to amend Alpha's CPCN pursuant to the Utility Facilities Act to allow Alpha to serve Reedville's water utility customers.

The Staff concludes that the proposed transfer of utility assets neither impairs nor jeopardizes the provision of adequate service to the public at just and reasonable rates and, therefore, recommends approval, subject to certain conditions that will be addressed. The Staff also recommended that Alpha's CPCN be amended, pursuant to § 56-265.3D of the Code, so that Alpha may be authorized to serve Reedville's customers under the rate schedule currently approved for Alpha's 1,185 customers and subject to Alpha's rules and regulations, charges, and customer deposit requirements.<sup>3</sup>

The Staff recommends approval of the Joint Petition subject to the following actions and conditions:

- 1) Within thirty (30) days of completing the proposed transfer, 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 Alpha's accounting entries recording the transfer. Such accounting entries should be in accordance with the [Uniform System of Accounts] ("USOA"), which includes separately booking the difference between the purchase price and the utility assets' net book value as an acquisition adjustment to Account 114.
- 2) Commission approval granted for the proposed transfer should have no ratemaking implications.
- 3) The Commission should direct Alpha that:
  - a) the quality of service in Reedville's service territory should not deteriorate due to a lack of maintenance or capital investment;
  - b) The quality of service in Reedville's service territory should not deteriorate due to a reduction in the number of employees providing services; and
  - c) Alpha should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure Alpha's timely response to Staff inquiries with regard to its provision of service in Virginia.

On June 23, 2006, the Petitioners filed Comments on Staff Report ("Comments"). The Petitioners, by their comments, request that the Commission adopt the recommendations in the Staff Report insofar as the relief sought be approved. Alpha requests that Staff's first recommendation (above) be modified as it concerns Alpha's accounting entries recording the transfer of Reedville's utility assets. We will discuss Staff's review of Petitioners' proposed accounting treatment and Alpha's proposed modification of Staff's recommendation before making our finding.

Staff first reviewed the Petitioners' Asset Purchase Agreement ("Agreement"), which provides for Alpha's affiliate, Aqua Virginia, Inc., a Virginia public service corporation, to acquire the Reedville system for \$85,000 in cash.<sup>4</sup> Aqua Virginia, Inc., will then assign its rights under the Agreement to Alpha, which will pay the \$85,000 cash consideration to Reedville and incur \$5,000 in closing costs to purchase the utility assets.

Staff then reviewed the Petitioners' proposed accounting for the transfer. The Petitioners represent that Reedville's books are inaccurate and the original cost of the Reedville utility assets is unknown because Reedville recorded capital expenditures as expenses and not as additions to plant assets. Therefore, the Petitioners propose to transfer the utility assets at the purchase price, which is estimated to be \$90,000. The Petitioners represent that there will not be any acquisition premium or discount reflected on Reedville's books after the proposed transfer because the entire purchase price will be recorded as utility plant in service.

Staff reports that this proposed accounting treatment raises a cost of service issue not normally addressed under Utility Transfers Act cases. Alpha plans to seek recovery of the costs of the proposed transfer by booking the purchase price of \$85,000 plus the estimated closing costs of \$5,000 to Utility Plant in Service. Alpha represents that these costs are associated with consummating the proposed transfer and should be treated as the initial capital investment in the Reedville system. However, Staff notes that Alpha, as a certificated Virginia utility, is required to maintain its books and records in accordance with the USOA. The USOA requires that the cost of an acquisition be temporarily charged to Account 104, Utility Plant Purchased or Sold. This should include the original cost of plant, contributions in aid of construction ("CIAC"), and current levels of accumulated depreciation and accumulated CIAC. These charges are later cleared out of Account 104 and distributed to the appropriate utility accounts. The Petitioners, however, assert that Reedville does not have accurate original cost records for the utility's assets because historic capital improvements were frequently expensed. Therefore, Alpha intends to book both the estimated purchase price and closing costs to Account 101, Utility Plant in Service.

<sup>2</sup> The Commission received one customer comment that was critical of Alpha's plans to seek a post-transfer increase in water rates three months after the transfer. Reedville's customers currently pay a monthly charge of \$25, which includes 3,000 gallons of usage. Reedville's rates have been in effect for nine years. The planned post-transfer increase will be noticed to Reedville's customers, and conform with Alpha's current bi-monthly rates of a \$20 service charge per month and all water usage charged at \$3.90 per thousand gallons. (Joint Petition, p. 6) As the Joint Petition does not request approval of Alpha's current rates for Reedville's customers after the transfer, we will not address application of Alpha's rates in this case. Alpha should give notice to the Staff at the same time notice of the post-transfer increase is given to the customers.

<sup>3</sup> As previously noted, we will not address Staff's rate recommendation as rate relief has not been requested in the Joint Petition.

<sup>4</sup> The Agreement accepts certain reserved easements from the utility real estate that will be conveyed.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Staff objects to this proposed accounting treatment on several grounds: first, it is contrary to the USOA; second, Staff finds no tangible evidence offered by Petitioners to support their contention that Reedville's books are inaccurate; third, Alpha's proposed accounting treatment could result in the inadvertent approval of an acquisition adjustment amount as a cost of service item for ratemaking purposes. Staff concludes that Alpha should comply with the USOA in accounting for the transfer, which includes booking the difference between the purchase price and net book value as an acquisition adjustment to Account 114.

The Petitioners responded in their Comments with a proposed modification of Staff's booking recommendation. Alpha requests that it be permitted a period of six months following the closing of the transfer to complete an "original cost study" in order to determine what value, if any, should be recorded as an acquisition adjustment.

The Commission finds that an original cost study is not necessary to correct any error in the net book value of the utility assets to be transferred in this case, because our approval of the transfer should have no ratemaking implications. Alpha should be required to conform its accounting treatment of the transfer of utility assets in compliance with the USOA, which does not require that the net book value of the assets be adjusted. Therefore, we find that Alpha's accounting entries recording the transfer should be in accordance with the USOA, which includes booking the difference between the purchase price and the utility's assets' net book value, as an acquisition adjustment to Account 114. The merits of, or restatements to, any acquisition adjustments resulting from the prescribed accounting treatment may be addressed in a rate proceeding.

NOW THE COMMISSION upon consideration of the Joint Petition, Staff Report, and Comments, is of the opinion and finds that: (i) the Staff's recommendations numbered 1) through 3) c) should be accepted as set out above; (ii) the transfer of utility assets that comprise the water systems of Blundon and Hinton, Incorporated (d/b/a Reedville Water Works) to Alpha should be approved, subject to all recommendations and actions proposed by Staff; and (iii) Alpha's CPCN should be amended to permit Alpha to provide water service to the water systems by which Reedville currently serves its customers, subject to all recommendations and actions proposed by Staff and found accepted above.

Accordingly, IT IS ORDERED THAT:

(1) Reedville is hereby authorized to transfer the utility assets comprising its water system to Alpha, consistent with the findings above and subject to all recommendations of Staff.

(2) Alpha is hereby authorized to amend its CPCN to expand Alpha's service territory to include the Reedville water utility system, consistent with the findings above and subject to all recommendations of Staff as found accepted above.

(3) The approval granted herein shall have no ratemaking implications and shall not guarantee the recovery of any costs directly or indirectly related to the transfer of utility assets.

(4) Alpha's proposed modification to Staff's recommendation is hereby denied, consistent with the findings. Petitioners shall file a Report of Action within thirty (30) days of completing the proposed transfer, subject to administrative extension by the Commission's Director of Public Utility Accounting, and in accordance with Staff's recommendations.

(5) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2006-00038  
MAY 16, 2006**

APPLICATION OF  
VIRGINIA AMERICAN WATER COMPANY  
and  
APPLIED WATER MANAGEMENT INC.

For approval of a lease agreement pursuant to the Affiliates Act Va. Code §§ 56-76 *et seq.*

**ORDER GRANTING APPROVAL**

On March 20, 2006, Virginia American Water Company ("VAWC") and Applied Water Management, Inc. ("Applied") (collectively the "Applicants"), filed an application (the "Application") with the State Corporation Commission (the "Commission") seeking approval of a lease agreement (the "Lease") pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code") whereby VAWC will lease a portion of its Alexandria headquarters office space (the "Premises") to Applied.

VAWC is a Virginia public service corporation that provides water service to approximately 330,000 customers and wastewater services to approximately 50,000 customers in Alexandria, Dale City, Hopewell, Fort Lee, parts of Prince George County and five counties on the Northern Neck of Virginia. VAWC is owned by American Water Company ("American Water"), which provides water and wastewater services to 18 million people in 29 states, three Canadian provinces, and Puerto Rico. American Water is owned by RWE Thames Water, which is a division of RWE AG of Essen, Germany, the fifth largest industrial company in Germany with approximately \$55.6 billion in annual revenues.

Applied is a Virginia corporation that provides water and wastewater resource management services to real estate developers, industrial clients and small to mid-sized communities. Applied is owned by American Water.

Since the Applicants are owned by the same parent corporation, American Water, the Applicants are considered affiliated interests under § 56-76 of the Code. As such, VAWC and Applied must obtain prior approval 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 proposed Lease provides for VAWC to rent 295 square feet of general office space at its Alexandria headquarters to Applied at a base rate of \$18 per square foot per year for an initial term of one year. VAWC will furnish heating and air conditioning, elevator, electricity and janitorial services to Applied during normal business hours, which extend from 8 a.m. to 6 p.m. daily. Applied will pay to VAWC monthly rent of \$442.50 due on the first of each month. Should the Lease be renewed beyond the initial term, the rent will escalate 3% annually. The Lease can be extended for five additional consecutive one-year periods. Upon execution of the Lease, Applied will pay VAWC a security deposit of \$442.50, which will be returned upon the termination of the Lease. If VAWC does not receive Applied's monthly rent payment when it is due, VAWC can assess a late charge equal to 10% of the payment.

During the Lease's term, VAWC will pay all taxes assessed against the real estate. Applied will pay all taxes, charges, and levies assessed against any of its personal property and fixtures placed, stored, or used on the Premises. Applied will also carry public liability insurance with a liability limit of no less than \$500,000.

Applied agrees that it will not assign the Lease or sublet the Premises without VAWC's prior written consent. Applied also agrees not to alter or improve the Premises without VAWC's prior written consent. In addition, Applied will not permit any mechanic's, laborer's or materialman's lien to stand against the Premises for any work performed at Applied's direction.

The Lease contains a Successors and Assigns clause that provides for the Lease "to inure to the benefit of, and be binding upon, [VAWC] and [Applied] and their respective heirs, devisees, personal representatives, successors and assigns."

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 Lease is in the public interest and should be approved. According to the Applicants, the proposed Lease rate matches the market rate for comparable office space in the Alexandria area and is substantially higher than the embedded cost of the Alexandria headquarters. Thus, the proposed Lease rate meets the Commission's higher of cost or market pricing guideline for services performed by a Virginia public utility for an unregulated affiliate. To ensure that this remains the case throughout the term of the Lease, we will require VAWC to develop and maintain records and bear the burden in any rate proceeding to show that it charged Applied the higher of cost or market for the use of the Premises.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Virginia American Water Company and Applied Water Management, Inc., are hereby granted approval to enter into the lease agreement as described herein, consistent with the findings above.
- 2) VAWC shall develop and maintain records and bear the burden in any rate proceeding to show that it charged Applied the higher of cost or market for the use of the Premises.
- 3) Commission approval shall be required for any changes in the terms and conditions of the lease agreement, including successors and assigns as described in Article XXVI of the Lease.
- 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 approvals granted herein, whether or not such affiliate is regulated by this Commission.
- 6) VAWC shall include the transactions associated with the lease 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.
- 7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Virginia American Water Company 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-2006-00039  
APRIL 6, 2006**

APPLICATION OF  
THE POTOMAC EDISON COMPANY D/B/A ALLEGHENY POWER

For approval of transfer of utility assets

**ORDER GRANTING APPROVAL**

On March 21, 2006, The Potomac Edison Company d/b/a Allegheny Power ("AP" or "Company") filed an application with the State Corporation Commission ("Commission") requesting approval of a transfer of utility assets from the Company to the Virginia Department of Transportation ("VDOT"). The assets comprise 0.049 acres of property from AP's current South Winchester Substation. The property will be used by VDOT to widen Loudoun Street in the City of Winchester, Virginia.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Company is a public utility in Virginia providing electric service to approximately 90,000 customers located in 14 northwestern Virginia counties. AP currently owns and operates an electric distribution substation designated as its South Winchester Substation comprising 0.64 acres of land and equipment located along Loudoun Street in the City of Winchester, Virginia.

By an Option Agreement dated October 25, 2005, AP granted to VDOT the option to purchase 0.049 acres of property from AP's current South Winchester Substation in order to allow VDOT to widen Loudoun Street in the City of Winchester.

In its application, the Company stated that, in addition to the property to be transferred, AP has agreed to grant to VDOT a temporary right and easement to use an additional 0.063 acres of the Company's property for the construction of cut and/or fill slopes, with the temporary easement to terminate at such time as construction of the highway project is complete.

The agreed price for the sale of the property is \$30,036, the amount determined by a third-party property appraisal obtained by VDOT.

The Company states that it believes that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by this sale.

NOW THE COMMISSION, upon consideration of the application and representations of the Company and having been advised by its Staff, is of the opinion and finds that the transaction described herein will neither impair nor jeopardize the provision of adequate electric service to the public at just and reasonable rates. The application 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 the proposed transfer of utility assets from the Company to VDOT, as described herein.
- 2) The Company shall file a report of 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 that the transfer of utility assets took place, the sales price, and the actual accounting entries to reflect the transfer.
- 3) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2006-00040  
OCTOBER 13, 2006**

APPLICATION OF  
VIRGINIA ELECTRIC & POWER CO. d/b/a DOMINION VIRGINIA POWER

To amend its Certificate of Public Convenience and Necessity authorizing operation of transmission lines and facilities in the City of Virginia Beach: West Landing Substation and Landstown Substation-West Landing Substation 230 kV Transmission Line

**FINAL ORDER**

Before the State Corporation Commission ("Commission") is the application of Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") for amendment of a certificate of public convenience and necessity. The Commission granted Dominion Virginia Power a certificate, which authorized the Company to construct and operate in the City of Virginia Beach a single-circuit 230 kV transmission line between the existing Landstown Substation and the proposed West Landing Substation by Order Granting Application of January 28, 1992, in Virginia Electric and Power Co., Case No. PUE-1991-00014, 1992 S.C.C. Ann. Rep. 267. The Commission authorized construction on the route shown in the Company's application in Case No. PUE-1991-00014 and on a map attached to and incorporated into Certificate No. ET-95r, which was issued on January 28, 1992, pursuant to the Order Granting Application.

According to Dominion Virginia Power, the Virginia Department of Environmental Quality and the U.S. Army Corps of Engineers identified concerns with wetlands along the route that was approved by the Commission in 1992. The Company now proposes to modify the route to satisfy wetlands protection requirements. Dominion Virginia Power also stated that some modifications to the route would accommodate landowners who occupy homes constructed after the route was approved. Also, in response to a request from the City of Virginia Beach, Dominion Virginia Power proposes to substitute single-shaft galvanized poles for wooden H-frame structures along much of the modified route.

On July 21, 2006, the Commission entered in this proceeding an Order for Notice and Comment. We directed the Company to publish notice of its application; to serve notice on the City of Virginia Beach; and to serve notice on landowners. On August 9, 2006, and September 11, 2006, Dominion Virginia Power filed proof of service and publication. The Commission finds that proper notice of the application has been given.

As authorized by the Order for Notice and Comment, requests for a hearing or comments on the application to amend the certificate could be filed by September 11, 2006. No comments or hearing requests were received.

Also in the Order for Notice and Comment, we directed the Commission Staff to investigate the application and file a Report. The Staff filed its Report on September 26, 2006.

In the Report, the Staff concurred with the Company that customer growth required the facilities. The Staff noted in its Report that adjusting the routing approved in 1992 as proposed by Dominion Virginia Power would lengthen the line by approximately 1572 feet to reduce or avoid impact on sensitive wetlands. The modification to accommodate land owners would increase the length by approximately 141 feet.

The Staff also addressed the impact of substituting single-pole structures for most of the wooden H-frame structures, which were approved in 1992. The single-pole structures would be approximately 11 feet taller. The design of the proposed single-pole structures would, however, result in conductors further from the edge of the right-of-way. This positioning of conductors would reduce the number of danger trees cleared outside of the right-of-way. The Staff also addressed placement of the supporting structures in wetlands. As noted, some structures would be placed by helicopters to avoid impact on sensitive wetlands.

On October 4, 2006, the Company filed limited comments on the Staff's Report. Dominion Virginia Power clarified some information on the dimensions of supporting structures. The Company also noted that it proposed to use helicopters to erect some supporting structures, but conventional construction methods could be used if helicopter installation was not possible. The Company requested that the Commission grant its application.

As required by § 62.1-44.15:5 D 2 of the Code of Virginia (hereinafter "Code"), the Commission and the State Water Control Board must consult on the wetland impacts of proposed electric utility facilities. As we noted in the Commission's Order for Notice and Comment, this consultation had been completed. By letter filed with the Commission Clerk on May 24, 2006, Dominion Virginia Power advised that the Virginia Marine Resources Commission had granted its application for approval of the proposed route.

Upon consideration of the materials filed by the Company and the report of the Staff, the Commission will grant the application. We authorize Dominion Virginia Power to construct the line on the modified route and to install single-pole and H-frame supporting structures. The Staff concurred with the Company that additional facilities are required to meet growing demand for service. As the record establishes, the modifications to the route would reduce the line's impact on wetlands. Reducing impact on environmental resources is mandated by § 56-46.1 of the Code.

The proposed modification to reduce impact on several homeowners is in keeping with the Commission's policy. We encourage Dominion Virginia Power and other public service companies to cooperate with landowners in planning and constructing facilities. This case is unusual in that many years passed between the original authorization and preparation for construction. During that passage of time, land uses along the original route changed. It is now the policy to set an expiration date for authorizations to construct transmission lines, and we will place such a limitation on the authority we grant by this Order.

Accordingly, IT IS ORDERED THAT:

- (1) As provided by § 56-46.1, § 56-265.2, and related provisions of Title 56 of the Code, the Company's application be granted.
- (2) The Company be authorized to construct and operate in the City of Virginia Beach an overhead single-circuit 230 kV transmission line from the Company's existing Landstown Substation to its certificated West Landing Substation on the route authorized by Order Granting Application of January 28, 1992, in *Virginia Electric and Power Co.*, Case No. PUE-1991-00014, 1992 S.C.C. Ann. Rep. 267, as modified by this Order.
- (3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 et seq.) of Title 56 of the Code, Certificate No. ET-91u,<sup>1</sup> which authorizes the Company to operate presently constructed and approved transmission lines and facilities in the City of Virginia Beach, all as shown on the detailed map attached to the certificate, as authorized in Case No. PUE-2004-00139, be supplemented to modify the route as shown in maps filed in Case No. PUE-2006-00040.
- (4) As a condition of the authorization granted in Ordering Paragraph (2) above, the transmission line must be constructed and in service by November 1, 2010; however, the Company is granted leave to apply for an extension for good cause shown.
- (5) Case No. PUE-2006-00040 be placed in closed status in the records maintained by the Commission Clerk and be dismissed from the Commission's docket.

<sup>1</sup> Certificate No. ET-91r issued pursuant to Order Granting Application of January 28, 1992, in *Virginia Electric and Power Co.*, Case No. PUE-1991-00014, 1992 S.C.C. Ann. Rep. 267, has been superseded as the Company added additional facilities, which are unrelated to the Landstown Substation - West Landing Substation transmission line. The certificate now in effect will reflect the modification we authorize in this Order.

**CASE NO. PUE-2006-00041  
APRIL 10, 2006**

APPLICATION OF  
THE POTOMAC EDISON COMPANY D/B/A ALLEGHENY POWER

For partial waiver of Rule 20 VAC 5-312-20-P concerning report of fuel mix emissions data

**ORDER**

On March 23, 2006, Potomac Edison Company d/b/a Allegheny Power ("Allegheny Power" or "Company"), filed a letter application requesting that the State Corporation Commission ("Commission") partially waive the notification deadline established in 20 VAC 5-312-20 P of the Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules") by allowing the Company to provide its customers with the required notice of fuel mix and emissions information by May 10, 2006.<sup>1</sup>

<sup>1</sup> 20 VAC 5-312-20 A of the Retail Access Rules provides that upon request a waiver of any provision may be granted by the Commission upon such terms and conditions as the Commission may impose.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Pursuant to the Final Order issued June 21, 2001, in Case No. PUE-2001-00013, the Commission adopted the Retail Access Rules. Allegheny Power is required under 20 VAC 5-312-20 P of the Retail Access Rules to provide the following data annually:

By March 31 of each year, the provider of electricity supply service shall report to its customers and file a report with the State Corporation Commission stating to the extent feasible, fuel mix and emissions data for the prior calendar year. If such data is unavailable, the provider of electricity supply service shall file a report with the State Corporation Commission stating why it is not feasible to submit any portion of such data.

Allegheny Power states that due to the bi-monthly billing regime for its non-budget billed residential customers and the fact that the fuel mix and emissions data was only made available recently from PJM, that the mailing of bill inserts with the required fuel mix and emissions data is not expected to be completed until about May 7, 2006. Therefore, Allegheny Power requests an extension of time through and including May 10, 2006, within which to satisfy the notification requirements of 20 VAC 5-312-20 P of the Retail Access Rules.

The Commission, having reviewed the letter application and attached customer notice, and having taken judicial notice of its records showing that Staff has agreed to a similar extension of time in 2005 for Allegheny Power to comply with this same Retail Access Rule, is of the opinion that a permanent partial waiver of 20 VAC 5-312-20 P of the Retail Access Rules should be granted. The Commission, therefore, finds that Allegheny Power should be granted until May 10, 2006, and May 10 of each year thereafter to comply with the Retail Access Rules' notification requirement of 20 VAC 5-312-20 P.

Accordingly, IT IS ORDERED THAT:

(1) Allegheny Power is hereby granted a permanent partial waiver of 20 VAC 5-312-20 P of the Retail Access Rules consistent with the findings above.

(2) This case is hereby dismissed.

**CASE NO. PUE-2006-00042  
APRIL 18, 2006**

APPLICATION OF  
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to incur long-term debt

**ORDER GRANTING AUTHORITY**

On March 29, 2006, 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 Rural Utilities Service ("RUS"). Applicant paid the requisite fee of \$250.

In its application, the Cooperative requests authority to borrow \$16,000,000 in the form of a RUS loan. The proceeds will be used to make certain extensions of and improvements to its system to provide service to its existing and prospective members per the Cooperative's two-year work plan ending in 2007. The loan will have a 35-year maturity. Applicant represents that the interest rate on the loan is fixed at 5 percent for the life of the loan.

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 \$16,000,000 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 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 amount of the advance, the interest rate and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2006-00043  
JUNE 20, 2006**

APPLICATION OF  
DUKE ENERGY VIRGINIA PIPELINE COMPANY  
and  
DUKE ENERGY GAS TRANSMISSION, LLC

For authority to participate in a cash management agreement, pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On March 30, 2006, Duke Energy Virginia Pipeline Company ("Virginia Pipeline" or the "Company") and Duke Energy Gas Transmission, LLC ("DEGT") (collectively, "Applicants"), filed an application ("Application") for approval of a cash management agreement between Applicants under Chapter 4 of Title 56 of the Code of Virginia ("Code"). Applicants amended their Application by letter filed April 27, 2006, to request authority under Chapter 3 of Title 56 of the Code as well. With that amendment, Applicants paid the requisite filing fee of \$250. The Commission's Order For Extension, dated May 19, 2006, extended the review period in this matter to June 21, 2006.

Applicants request authority to enter into and participate in the Cash Management Agreement ("Agreement") attached as Exhibit 1 to the Application. Under the Agreement, a Concentration Account will be established for Virginia Pipeline to deposit accounts receivable payments and to draw upon to pay its accounts payable, including Intercompany Transactions with other Duke Energy Company ("Duke Energy") affiliates. As stated in the Application, DEGT will cause cash to be transferred to or from the concentration account in amounts sufficient to cause the Concentration Account balance to be zero at the end of each banking day.

In response to Staff data requests, Applicants further explained that any cash available at the end of each day will be transferred from the Concentration Account to a DEGT account to be booked by Virginia Pipeline as an account receivable from DEGT. On the other end of the transaction, DEGT will book cash transferred from the Concentration Account as an account payable to Virginia Pipeline. Conversely, any cash needed to pay Virginia Pipeline's obligations at the end of the day will be transferred by DEGT to the Concentration Account and booked by Virginia Pipeline as an account payable to DEGT, who will book a corresponding account receivable amount from Virginia Pipeline. All amounts paid or received by DEGT under the Agreement will be accumulated monthly and the net amount will be reflected in the accounting records of Virginia Pipeline and DEGT as the Advance Balance owed between the parties.

No interest will accrue on the Advance Balance as the Agreement states that the use of funds, on a net basis over a long period of time, will be a part of the consideration for the Agreement. However, Virginia Pipeline will be charged for the bank fees associated with maintaining the Concentration Account. Applicants represent that Virginia Pipeline will benefit from the Agreement because the Company will be able to avoid incurring debt during times when cash may not be sufficient to pay costs of operating its business and cover obligations of capital expenditures. Applicants further state that the savings in interest expense that would otherwise accrue to Virginia Pipeline will have a positive effect on the Company that will flow through to the benefit of its customers.

While the Application generally notes that affiliate transactions may underlie some of the accounts receivable or accounts payable transactions contemplated under the Agreement, the Commission Staff notes in its Action Brief filed in this case that explicit information is required in regard to the specific types, terms, counterparties, and costs of affiliate transactions before they can be reviewed for approval. Staff therefore recommends that the authority granted in this case extend only those affiliate transactions that have been explicitly authorized by the Commission after they have been quantified, explained, and reviewed in one or more applications under Chapter 4 of Title 56 of the Code. Such information may be incorporated into the filings noted in Section III, Paragraph 9 of the Application that the Company intends to file regarding approval of affiliate cost allocations.

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. However, the Commission notes that the proposed arrangement is one that is new and unique relative to financing and cash management arrangements that have been approved previously for other utility companies in the Commonwealth of Virginia. Therefore, the Commission is of the opinion that the authority granted in this matter to enter into and participate in the Agreement should be from the date of this Order through December 31, 2009. This will afford the Commission the opportunity to monitor and evaluate transactions under the Agreement. Accordingly,

**IT IS ORDERED THAT:**

(1) Applicants are hereby authorized to enter into and participate in the Agreement as described in the Application and herein through the period ending December 31, 2009. However, the authority granted herein does not extend to or imply approval of any underlying affiliate transactions that would result in advance payable or receivable amounts unless the explicit type, terms, costs, and affiliate counterparties to any such transactions have been authorized by the Commission after appropriate review and approval in a separate application under Chapter 4 of Title 56 of the Code.

(2) Within sixty (60) days after the end of each calendar year in the period of authority granted in Ordering Paragraph (1), Applicants shall file a Report of Action to include:

- (a) The total Advance Receivable transactions for each month under the Agreement, subdivided to reflect the total monthly amount generated by affiliate and non-affiliate transactions;
- (b) The total Advance Payable transactions for each month under the Agreement, subdivided to reflect the total monthly amount generated by affiliate and non-affiliate transactions;
- (c) The net total Advance Balance for each month under the Agreement;

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- (d) The amount of the fee incurred each month by the Company for the Concentration Account; and
  - (e) A cumulative list of the case numbers in which the Commission had granted approval for the types of affiliate transactions reflected in the transactions reported.
- (3) Applicant shall file its final Report of Action under Ordering Paragraph (2) on or before March 2, 2010, to include all information required in Ordering Paragraph (2) along with a balance sheet for the 2009 calendar year that reflects the impact of the transactions authorized.
- (4) Approval of the Application shall have no implications for ratemaking purposes.
- (5) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00044**  
**JUNE 20, 2006**

APPLICATION OF  
 DUKE ENERGY EARLY GROVE COMPANY  
 and  
 DUKE ENERGY GAS TRANSMISSION, LLC

For authority to participate in a cash management agreement, pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On March 30, 2006, Duke Energy Early Grove Company ("Early Grove" or the "Company") and Duke Energy Gas Transmission, LLC ("DEGT") (collectively, "Applicants"), filed an application ("Application") for approval of a cash management agreement between Applicants under Chapter 4 of Title 56 of the Code of Virginia ("Code"). Applicants amended their Application by letter filed April 27, 2006, to request authority under Chapter 3 of Title 56 of the Code as well. With that amendment, Applicants paid the requisite filing fee of \$250. The Commission's Order For Extension, dated May 19, 2006, extended the review period in this matter to June 21, 2006.

Applicants request authority to enter into and participate in the Cash Management Agreement ("Agreement") attached as Exhibit 1 to the Application. Under the Agreement, a Concentration Account will be established for Early Grove to deposit accounts receivable payments and to draw upon to pay its accounts payable, including Intercompany Transactions with other Duke Energy Company ("Duke Energy") affiliates. As stated in the Application, DEGT will cause cash to be transferred to or from the concentration account in amounts sufficient to cause the Concentration Account balance to be zero at the end of each banking day.

In response to Staff data requests, Applicants further explained that any cash available at the end of each day will be transferred from the Concentration Account to a DEGT account to be booked by Early Grove as an account receivable from DEGT. On the other end of the transaction, DEGT will book cash transferred from the Concentration Account as an account payable to Early Grove. Conversely, any cash needed to pay Early Grove's obligations at the end of the day will be transferred by DEGT to the Concentration Account and booked by Early Grove as an account payable to DEGT, who will book a corresponding account receivable amount from Early Grove. All amounts paid or received by DEGT under the Agreement will be accumulated monthly and the net amount will be reflected in the accounting records of Early Grove and DEGT as the Advance Balance owed between the parties.

No interest will accrue on the Advance Balance as the Agreement states that the use of funds, on a net basis over a long period of time, will be a part of the consideration for the Agreement. However, Early Grove will be charged for the bank fees associated with maintaining the Concentration Account. Applicants represent that Early Grove will benefit from the Agreement because the Company will be able to avoid incurring debt during times when cash may not be sufficient to pay costs of operating its business and cover obligations of capital expenditures. Applicants further state that the savings in interest expense that would otherwise accrue to Early Grove will have a positive effect on the Company that will flow through to the benefit of its customers.

While the Application generally notes that affiliate transactions may underlie some of the accounts receivable or accounts payable transactions contemplated under the Agreement, the Commission Staff notes in its Action Brief filed in this case that explicit information is required in regard to the specific types, terms, counterparties, and costs of affiliate transactions before they can be reviewed for approval. Staff therefore recommends that the authority granted in this case extend only those affiliate transactions that have been explicitly authorized by the Commission after they have been quantified, explained, and reviewed in one or more applications under Chapter 4 of Title 56 of the Code. Such information may be incorporated into the filings noted in Section III, Paragraph 9 of the Application that the Company intends to file regarding approval of affiliate cost allocations.

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. However, the Commission notes that the proposed arrangement is one that is new and unique relative to financing and cash management arrangements that have been approved previously for other utility companies in the Commonwealth of Virginia. Therefore, the Commission is of the opinion that the authority granted in this matter to enter into and participate in the Agreement should be from the dated of this Order through December 31, 2009. This will afford the Commission the opportunity to monitor and evaluate transactions under the Agreement. Accordingly,

**IT IS ORDERED THAT:**

- (1) Applicants are hereby authorized to enter into and participate in the Agreement as described in the Application and herein through the period ending December 31, 2009. However, the authority granted herein does not extend to or imply approval of any underlying affiliate transactions that would

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result in advance payable or receivable amounts unless the explicit type, terms, costs, and affiliate counterparties to any such transactions have been authorized by the Commission after appropriate review and approval in a separate Application under Chapter 4 of Title 56 of the Code.

(2) Within sixty (60) days after the end of each calendar year in the period of authority granted in Ordering Paragraph (1), Applicants shall file a Report of Action to include:

- (a) The total Advance Receivable transactions for each month under the Agreement, subdivided to reflect the total monthly amount generated by affiliate and non-affiliate transactions;
- (b) The total Advance Payable transactions for each month under the Agreement, subdivided to reflect the total monthly amount generated by affiliate and non-affiliate transactions;
- (c) The net Total Advance Balance for each month under the Agreement;
- (d) The amount of the fee incurred each month by the Company for the Concentration Account; and
- (e) A cumulative list of the case numbers in which the Commission had granted approval for the types of affiliate transactions reflected in the transactions reported.

(3) Applicant shall file its final Report of Action under Ordering Paragraph (2) on or before March 2, 2010, to include all information required in Ordering Paragraph (2) along with a balance sheet for the 2009 calendar year that reflects the impact of the transactions authorized.

(4) Approval of the Application shall have no implications for ratemaking purposes.

(5) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00045  
SEPTEMBER 14, 2006**

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 March 31, 2006, 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 Advance Auto Parts ("Advance"). Advance plans to build a new retail store in Norton, Virginia, and Paramont indicates that it plans to produce and sell natural gas to Advance for heating and general equipment purposes.

On May 1, 2006, the Staff of the Commission filed a memorandum advising that Advance'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 June 20, 2006, 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 Advance ("June 20, 2006 Order"). 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 June 20, 2006 Order. The Commission found that Advance'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 (60) days now have elapsed since the entry of the June 20, 2006 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-2006-00046  
SEPTEMBER 11, 2006**

APPLICATION OF  
J. WILLIAM COFER

On behalf of himself and all other licensed branch pilots in the Commonwealth of Virginia who are members of the Virginia Pilot Association  
For approval of a change in the basis for determining pilotage charges and a revision of rates and charges for pilotage

**FINAL ORDER**

On March 31, 2006, J. William Cofer, on behalf of himself and all other licensed branch pilots in the Commonwealth of Virginia who are members of the Virginia Pilot Association ("Association" or "Virginia Pilots"), filed an application with the State Corporation Commission ("Commission") for approval to revise the rates and charges for pilotage services rendered in the Commonwealth of Virginia. The application proposes, among other things, to implement a new methodology for determining pilotage charges and to increase the Association's annual revenues by \$1,103,855, which represents a 6.34% increase in revenues based on the Association's operations for the test year ended April 30, 2005.

On April 10, 2006, the Commission issued an Order for Notice and Hearing that docketed the application, directed the Association to provide public notice of the application, scheduled a public hearing on the application to commence on July 25, 2006, and established a procedural schedule for the filing of public comments, notices of participation, and testimony and exhibits. Carnival Corporation ("Carnival") filed a notice of participation on May 18, 2006, indicating it would participate as a respondent opposing the application.

The application came on for hearing before the Commission on July 25 and 26, 2006. Counsel appearing at the hearing were C. William Waechter, Jr., Esquire, and Mark T. Coberly, Esquire, for the Association; Charles S. Cumming, Esquire, and David H. Sump, Esquire, for Carnival; and Glenn P. Richardson, Esquire, for the Commission Staff. David Wooley, an employee of Atlantic Container Line, and Robbert C. van Pelt, an employee of Wallenius Wilhelmsen Logistics, appeared and made statements as public witnesses opposing the application. Briefs were filed by the Association, Carnival and the Commission Staff on August 21, 2006.

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds as follows:

This application was filed with the Commission pursuant to Va. Code § 54.1-918, which grants the Commission authority to prescribe and enforce the rates of pilotage in Virginia. In performing our statutory duties under this statute, we are directed to fix pilotage rates that represent a "fair charge for the service rendered." When establishing a fair charge for pilotage services, Va. Code § 54.1-918 provides that:

The Commission shall have due regard for necessary operating expenses, maintenance of, depreciation on, and return on investment in properties used and useful in the business of pilotage, and the rates and charges of pilotage at comparable and competing ports of the United States.

Accordingly, our analysis in this case must focus on two central issues: (1) whether the proposed pilotage rates will allow the Virginia Pilots to recover their operating costs and a reasonable return on their investment, and (2) whether the pilotage rates developed through a cost of service analysis are competitive with the pilotage rates and charges at comparable and competing ports in the United States.

There were several issues raised by Carnival and the public witnesses in support of their claim that the Association's proposed rates do not represent a "fair charge for the service rendered." Our findings on the disputed issues are set forth below.

**Ship Units v. Gross Tonnage**

Pilotage charges are currently determined by applying a volumetric measurement called ship units to a specific schedule of rates approved by the Commission.<sup>1</sup> The number of ship units is a volumetric measurement of a ship's hull.<sup>2</sup> Ship units are determined by: (1) multiplying Overall Length x Extreme Breadth x Depth from Uppermost Continuous Deck; and (2) dividing the result by ten thousand. The number of ship units is then applied to a schedule of rates approved by the Commission to determine pilotage charges.<sup>3</sup> A larger number of ship units results in a higher charge for pilotage.

The Association requests authority to abandon the ship unit method, claiming it no longer produces pilotage charges that bear a reasonably consistent relationship to the physical size of all ships piloted by the Association. According to the Association, modern ship design over the last twenty years has produced ships with extremely large superstructures, such as cruise ships and vehicle carriers, which are not assessed their fair share of pilotage charges. Since the ship unit method only measures the size of a ship's hull, the Association maintains the ship unit method no longer accurately measures the physical size of passenger ships and vehicle carriers because their superstructures are totally ignored when determining pilotage charges. The Association therefore proposes to abandon the ship unit method and begin assessing pilotage charges based on a ship's gross tonnage as determined in accordance with

<sup>1</sup> The ship unit method was approved by the Commission in *Application of R.L. Counselman, Jr., et al., For permission to make changes in rates of pilotage*, Case No. 18736, 1969 S.C.C. Ann. Rept. 173, (Final Order, December 12, 1969).

<sup>2</sup> *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*, Case No. PUE-2004-00061, 2005 S.C.C. Ann. Rept. 352, (Final Order, December 7, 2005).

<sup>3</sup> The Association's current schedule of rates and charges was approved by the Commission on November 25, 2003, in *Application of Virginia Pilots Association, To revise rates of pilotage and other charges*, Case No. PUE-2003-00330, 2003 S.C.C. Ann. Rept. 557, (Final Order, November 25, 2003).

the International Convention on Tonnage Measurement of Ships, 1969.<sup>4</sup> According to the Association, the use of gross tonnage will restore the physical size of a ship as the primary determinant for pilotage charges.

Carnival opposes the gross tonnage method, claiming that gross tonnage will not produce a fair charge for its cruise ships. Carnival asserts gross tonnage is unfair because it will cause Carnival to be charged significantly higher pilotage charges while other types of ships will only see modest increases if gross tonnage is approved. Carnival also claims gross tonnage is unfair because it will not assess any additional pilotage charges for containers carried above the weather deck on container ships. This same concern was voiced by the public witnesses in this case, who operate roll on/roll off ("RORO") ships and combined RORO container ships.

We find that the Association's proposal to begin assessing pilotage charges based on gross tonnage as determined in accordance with the International Convention on Tonnage Measurement of Ships, 1969 should be approved. In Virginia, pilotage charges have always been based on a ship's physical size, with larger ships paying more for pilotage than smaller ships. The physical size of a ship represents a fair basis upon which to assess pilotage charges because the size of a ship, more than any other factor, best reflects the overall difficulty, responsibility, and value of service rendered when piloting a ship. Indeed, any method that does not charge larger ships more for pilotage services than smaller ships would not represent a "fair charge for the service rendered" because it would require smaller ships to pay a disproportionately larger share of the costs incurred by the Association to provide service.

Assessing pilotage charges based on the physical size of a ship is also not unique to Virginia. Most ports in the United States use the physical size of a ship as the primary determinant of pilotage charges because it represents the most fair and equitable basis upon which to allocate the costs of providing pilotage services. We will not depart from this fundamental rate design concept when setting pilotage rates in Virginia.

We also agree with the Association that the ship unit method no longer measures the physical size of all ships piloted in Virginia. The evidence presented in this case clearly demonstrates that the overall physical size of passenger ships and vehicle carriers is not captured under the ship unit method because their superstructures are totally ignored when calculating ship units and determining pilotage charges. Accordingly, current pilotage charges for passenger ships and vehicle carriers bear little relationship to their overall physical size.

The gross tonnage method will assure that all ships piloted in Virginia pay pilotage charges based on their physical size, and will also assure that all the costs incurred by the Association to provide pilotage services are allocated with reasonable fairness among all types of ships calling on Virginia ports. This method has the virtue of relative simplicity and is less likely to engender factual disputes concerning its application. We will therefore approve the Association's proposal to begin assessing pilotage charges based on a ship's gross tonnage as determined in accordance with the International Convention on Tonnage Measurement of Ships, 1969.

However, our approval of the gross tonnage method in this case may require further refinement in the Association's next rate case. Carnival and those public witnesses operating ROROs and combined RORO container ships oppose basing pilotage charges on a ship's gross tonnage because containers carried above the weather deck on container ships are not assessed any additional charges for pilotage and, as a result, containers carried above the weather deck receive a free ride. This apparent disparity raises serious concern. However, this record is insufficient to allow us to design pilotage rates that allocate greater costs to container vessels.

Combination gross tonnage/draft charges are imposed in numerous ports in the United States, including Charleston, South Carolina and Savannah, Georgia. This method of calculating pilotage charges may represent one means available to recognize containers carried above the weather deck on container ships. Container ships generally have greater drafts than passenger ships and vehicle carriers, and a draft charge could have the effect of allocating a greater portion of the Association's costs to container ships when setting future pilotage rates.

Accordingly, the Association is directed to assemble the information and data necessary to allow the Commission to consider implementing combination gross tonnage/draft charges in the context of the Association's next rate case. At a minimum, this information shall consist of the actual draft and gross tonnage of each ship piloted by the Virginia Pilots during the test year in their next rate case. In addition, the Association is directed to file two tariffs in its next rate case: one tariff that assesses pilotage charges using gross tonnage and a second tariff that assesses pilotage charges based on combination gross tonnage/draft charges. We will re-examine the Association's rate design in its next rate case to determine whether combination gross tonnage/draft charges should be implemented in Virginia.

#### The Virginia Pilots' Cost of Service

The Association filed financial information based on its operations for the fiscal year ending April 30, 2005, in support of its proposed increase in rates. The Association also explained the additional operating expenses and investments it has incurred, or will incur, after fiscal year 2005, in order to continue providing pilotage services in Virginia. These additional expenses and investments include, among other things, a new 41 foot launch, a new boat lift, new automobiles for pilot transportation, upgrades to the Association's computer systems, and salary and benefit increases for existing employees, apprentices, and retired pilots.

The Commission Staff audited the books and records of the Association. The Staff's audit found the proposed rates will produce total operating revenues of \$18,514,898; total operating expenses of \$6,366,854; and an annual distribution to the Virginia Pilots of \$12,148,043. The Staff does not oppose the Association's proposed increase because it will produce a gross distribution per pilot of approximately \$276,092, which the Staff represents is comparable to the compensation received by pilots in other states.

We find that Staff witness Handley's accounting analysis should be accepted for purposes of determining whether the Association's proposed rates represent a "fair charge for the service rendered" as required by Va. Code § 54.1-918. We have traditionally set pilotage rates based upon a review of the Association's operations for a historic test year, adjusted for known and measurable changes in revenues, expenses, and investments that will occur during the time the new rates are in effect. In this regard, our financial analysis in this case is very similar to the approach we use for rate increase applications filed by regulated public utilities under Chapter 10, Title 56 of the Code of Virginia.

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<sup>4</sup> Gross tonnage is a volumetric measurement of all the enclosed spaces in a ship, with one gross ton being equal to 100 cubic feet.

In making this finding, we reject Carnival's challenge to several cost of service items allowed in the Staff's analysis. Carnival's witness is not an expert witness on accounting and financial issues, and we believe this lack of expertise causes Carnival to question several items that are appropriately included in the Association's cost of service.

Carnival suggests that the operating expenses included in the Association's application are unreliable because the expenses differ from the expenses reported in its income statement for fiscal year 2005. However, the differences in the reported expense levels are due to a different treatment and categorization of group health insurance and depreciation expenses in the audited income statement and application. In other words, contrary to Carnival's assertion, there are no material differences between the expense levels reported in the Association's fiscal year 2005 income statement and the application filed in this case.

We will also approve the proposed 6% increase in benefits for retired pilots. The Virginia Pilots' unfunded retirement plan has existed for years in Virginia, and we have traditionally approved these expenditures when setting pilotage rates. Unfunded retirement plans are also not unusual for pilots operating in other states. As the record reveals, there are at least twelve pilot associations in eleven different states that have unfunded retirement plans that pay benefits from current revenues.

In addition, the Virginia Pilots have historically filed a rate application approximately every three years with the Commission. Based on a three-year time horizon, the proposed 6% increase in this case represents an effective annual increase of approximately 3% per year. We find this modest increase in retirement benefits to be reasonable, and we will allow it as an operating expense in the Association's cost of service.

Carnival further suggests that the rate increase should be denied because a significant portion of the increase is not due to increased operating expenses, but is caused by the Association's attempt to restore the revenues the Virginia Pilots lost as a result of our decision in Case No. PUE-2004-00061. Carnival's witness further suggests that the current application was filed in retaliation for Carnival prevailing in that case.

The Association's motive in filing the current application is not relevant to our inquiry under Va. Code § 54.1-918. The only question presented for our consideration is whether the proposed rates represent "a fair charge for the service rendered." In making this determination, we must examine the Association's cost of service to determine whether the proposed rates will allow the Virginia Pilots to recover their "necessary operating expenses, maintenance of, depreciation on, and return on investment in properties used and useful in the business of pilotage."

Carnival further suggests the Virginia Pilots are already adequately compensated under current rates because their compensation during fiscal year 2005 far exceeded the salaries of federal pilots employed by the Department of Defense. We disagree with Carnival's suggestion that the Virginia Pilots' current compensation should be reduced because it exceeds the salary of federal pilots. While federal pilots provide a necessary and valuable service when piloting U.S. Navy ships, the nature of their work and the financial risks they assume when piloting Navy ships in protected waters are fundamentally different than the working conditions and financial risks assumed by the Virginia Pilots.

The Virginia Pilots assume greater operating and financial risks than their federal counterparts in terms of job training, working conditions and the personal investments they make to provide pilotage services in Virginia. A basic tenet of financial theory is that higher risk investments require a higher rate of return to attract capital. We find the same fundamental risk-return tradeoff should apply with equal force when setting the compensation levels for Virginia Pilots. The greater risks assumed by Virginia Pilots justify a higher compensation level for their services than the salaries paid to federal pilots. The two jobs are simply not comparable in terms of their job responsibilities and the risks assumed to pilot ships.

We find the compensation for Virginia Pilots should be comparable to the compensation paid to pilots in other state pilot associations because the job requirements, responsibilities, and operational and financial risks assumed by all state pilots are similar. The evidence presented in this case shows that the proposed rates will produce a gross annual distribution of approximately \$276,092 per pilot. Staff witness Handley testified that after all deductions the net distribution per pilot would be approximately \$205,373. However, even with the proposed increase, Virginia Pilots will be paid considerably less than their state counterparts in Florida and Louisiana. Indeed, based on the Association's evidence presented in this case, the proposed rates will produce distributions to the Virginia Pilots that are significantly lower than other state pilots and, as a result, the Association's proposed annual distribution to each pilot appears quite reasonable when compared to the compensation levels of other state pilots. Accordingly, we will not reduce the compensation that will be paid to the Virginia Pilots under the proposed rates. We find the compensation that will be paid to Virginia Pilots under the proposed rates to be reasonable.

In conclusion, and based on our review of the record, we find the proposed rates will produce sufficient revenues to allow the Virginia Pilots to recover their "necessary operating expenses, maintenance of, depreciation on, and return on investment in properties used and useful in the business of pilotage" as required by Va. Code § 54.1-918. We further find the annual distribution per pilot produced by the proposed rates is reasonable.

#### Rates and Charges at Comparable and Competing Ports

Our final inquiry when setting a "fair charge" for pilotage services under Va. Code § 54.1-918 requires us to consider "the rates and charges of pilotage at comparable and competing ports of the United States." The purpose of this statutory directive is to assure that the rates we approve remain competitive with the pilotage charges in other ports of the United States.

When considering the competitiveness of pilotage rates in past Association rate cases, we have compared Virginia's pilotage rates with the rates for pilotage in the ports of New York, Philadelphia,<sup>5</sup> Baltimore, Charleston, and Savannah. We have previously held these ports to be direct competitors of Virginia ports in past rate cases, and there is no evidence in the record suggesting that these ports are no longer comparable or competing ports for purposes of our analysis under Va. Code § 54.1-918. The ports are all geographically close to Virginia ports, they are located on the Eastern Seaboard of the United States, and the ports are in or near major metropolitan areas that compete with Virginia for shipping traffic.

As in past Association rate cases, the Virginia Pilots and Staff presented studies comparing the proposed rates in Virginia with the pilotage rates for the ports of New York, Philadelphia, Baltimore, Charleston, and Savannah. The Association's study found that the proposed pilotage rates in Virginia are

<sup>5</sup> The port of Philadelphia is located on the Delaware River and ships are piloted to Philadelphia by Delaware pilots.

less than the average pilotage rates for the ports of New York, Philadelphia, and Baltimore and, for the most part, only slightly higher than the ports of Charleston and Savannah. The Staff's study, based on a seven ship sample group, reached the same conclusion.

Carnival maintains these studies are flawed and unreliable because they fail to consider other extraneous factors, such as the volume of traffic at the comparable and competing ports, how the volume of traffic might affect the number of pilots and rates at these ports, and the operational differences and variations in infrastructure. These factors, however, have little relevance to our consideration of the "competitiveness" of pilotage rates at comparable and competing ports.

The factors cited by Carnival are, of course, relevant to the Association's cost of service. For example, if the evidence revealed the Virginia Pilots incurred excessive expenses for infrastructure compared to other comparable and competing ports, that evidence could be used to justify a possible reduction in the Association's test year expenses along with a corresponding reduction in pilotage rates. Similarly, if the volume of shipping traffic in Virginia was insufficient to support the current number of Virginia Pilots, that information would be relevant to the Association's cost of service and could be used to reduce the proposed rates. Indeed, any test year expenses that were unnecessary, extravagant, or imprudently incurred by the Association could be removed from the cost of service along with a corresponding reduction in the proposed pilotage rates.

However, when examining the competitiveness of rates, our inquiry must, by necessity, be conducted from the perspective of a ship operator whose primary consideration is always focused on the pilot charges that must be paid to call at a port. Accordingly, a direct comparison of the proposed rates with the rates at comparable and competing ports represents the best indicator of the "competitiveness" of the pilotage rates we approve in this case.

Based on the evidence in this case, we find that the proposed pilotage rates will allow Virginia ports to have a competitive advantage over the pilotage rates for the ports of New York, Philadelphia, and Baltimore. While the proposed pilotage rates are higher than the current pilotage rates for the ports of Charleston and Savannah, these differences should diminish over time as the annual cost of living increases are implemented by these southern ports. Based on our review of the comparison studies presented by the Association and our Staff, we find the proposed pilotage rates are competitive with the pilotage rates in comparable and competing ports in the United States.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 54.1-918 of the Code of Virginia, this application is granted and the revised rates and charges prescribed therein are approved.

(2) The revised rates and charges approved herein shall become effective at 12:01 a.m. on October 1, 2006.

(3) The Association shall promptly file with the Clerk of the Commission a schedule of rates of pilotage and other charges as approved and prescribed by this Order. The schedule shall bear at the foot of each page the following caption:

Prescribed by the State Corporation Commission in Case No. PUE-2006-00046 and effective on and after 12:01 a.m., October 1, 2006.

(4) The Association shall file the following information and tariffs in its next rate case: (i) information and data detailing the gross tonnage and draft of each vessel piloted by the Virginia Pilots during the test year in their next rate case, (ii) a tariff that assesses pilotage charges based on gross tonnage and is designed to produce the total revenues proposed in the Association's next rate case; and (iii) a tariff that assesses pilotage charges based on combination gross tonnage/draft charges and is designed to produce the total revenues proposed in the Association's next rate case.

(5) This case be dismissed from the Commission's docket of active cases.

**CASE NO. PUE-2006-00047  
MAY 4, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY  
and  
CONNECTIV ENERGY SUPPLY, INC

For approval of, or exemption from the filing and prior approval requirements for, out-of-state transactions under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING EXEMPTION**

On March 31, 2006, Delmarva Power & Light Company ("Delmarva," the "Company") and Conectiv Energy Supply, Inc. ("CESI") (collectively, the "Applicants"), filed an application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia ("Code") requesting approval of, or exemption from the filing and prior approval requirements for, out-of-state transactions.

As more specifically described in the application, the Applicants request approval of transactions where Delmarva will purchase electric power from CESI under a Full Requirements Services Agreement ("Maryland FSA") for a portion of Delmarva's Standard Offer Service ("SOS") load requirements in its Maryland service territory. Alternatively, the Applicants request an exemption from the filing and prior approval requirements of the Affiliates Act for the Maryland FSA and future power supply agreements between Delmarva and CESI for Delmarva's non-Virginia load requirements that are awarded pursuant to a state regulatory commission supervised solicitation process. The Applicants represent that no costs in connection with the Maryland FSA will be charged to Virginia customers, and none of the power purchased pursuant to the Maryland FSA supplies customers in Virginia.

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Delmarva is a Delaware and Virginia corporation that provides electric service to approximately 22,000 retail customers and one wholesale customer in Accomack and Northampton Counties on Virginia's Eastern Shore. Delmarva is a wholly owned subsidiary of Conectiv, which is incorporated in Delaware and is a wholly owned subsidiary of Pepco Holdings, Inc., also a Delaware corporation.

CESI is a Delaware corporation wholly owned by Conectiv Energy Holding, Inc. ("CEH"). CEH is, in turn, a wholly owned subsidiary of Conectiv. CESI engages in competitive wholesale electric power and natural gas transactions at market-based rates subject to Federal Energy Regulatory Commission ("FERC") jurisdiction.

In addition to the customers it serves in Virginia, Delmarva serves approximately 488,000 electric service customers in Delaware and Maryland. Delmarva also provides natural gas service to approximately 120,000 customers in Delaware. The Company provides its retail electric and gas service in Delaware pursuant to the regulatory jurisdiction of the Delaware Public Service Commission and provides its retail electric service in Maryland pursuant to the regulatory jurisdiction of the Maryland Public Service Commission ("MDPSC").

Delmarva's retail electric customers in Maryland have been given the ability to select their own competitive power supplier. Delmarva is required to deliver all such competitive power supply to its retail customers in Maryland under delivery rates approved by the MDPSC. Delmarva has also been designated as the default supplier for its customers in Maryland that do not purchase their power from a competitive supplier.

Delmarva currently acquires the power required to meet its Maryland SOS load obligations from wholesale suppliers under power supply arrangements approved by the MDPSC. CESI is not currently one of the wholesale suppliers that sells power to meet Delmarva's Maryland SOS load obligations. Contracts for a portion of the power supply currently purchased by Delmarva to meet its Maryland SOS load obligations are scheduled to terminate on May 31, 2006.

NOW THE COMMISSION, having considered the application and having been advised by its Staff, is of the opinion and finds that the requested exemption is in the public interest and that Delmarva should be granted an exemption from the filing and prior approval requirements of the Affiliates Act for the Maryland FSA and such future power supply agreements between Delmarva and CESI that do not provide power supplies to, and do not result in charges to, Virginia customers.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77B of the Code, Delmarva is hereby granted an exemption from the filing and prior approval requirements of the Affiliates Act for the Maryland FSA and future power supply agreements between Delmarva and CESI for Delmarva's non-Virginia SOS load requirements that are awarded pursuant to a state regulatory commission supervised solicitation process and that do not provide power supplies to, and do not result in charges to, customers in Virginia.

(2) Delmarva shall include such transactions in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting.

(3) This case is hereby dismissed.

**CASE NO. PUE-2006-00048  
NOVEMBER 13, 2006**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities in eastern Fauquier County and western Prince William County: Bristers-Gainesville 230 kV Transmission Line (Application No. 229)

**FINAL ORDER**

On May 19, 2006, Virginia Electric and Power Company ("Dominion Virginia Power" or the "Company") filed with the State Corporation Commission ("Commission") its Application, pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, for approval and certification of electric facilities: Bristers-Gainesville 230 kV Transmission Line (Application No. 229) (hereinafter "Application"). The Company proposes to build a new 230 kV transmission line approximately 16 miles long, entirely within existing right-of-way and paralleling the existing Morrisville-Loudoun 500 kV transmission line, from the Company's existing 500 kV Bristers Switching Station (currently under construction) to its existing Gainesville Substation.<sup>1</sup> Beginning at the Bristers Switching Station, the proposed transmission line would continue north through Fauquier County for approximately 5.2 miles, and then enter Prince William County, where it would continue approximately 10.5 miles to the existing Gainesville Substation. The Company states that the new transmission line is necessary to provide reliable electric service to the Northern Piedmont Region of the Company's system and also to support future growth in this area.

On August 3, 2006, the Commission entered an Order for Notice and Comment ("Order") in which it directed the Company to provide notice of the Application and invited comments and requests for hearing. The Order directed the Company to: (1) publish notice of the Application and a sketch map of the proposed route in one or more newspapers circulating in the Counties of Fauquier and Prince William; (2) send a copy of the notice and a sketch map to all owners of property within the route of the proposed line; and (3) serve a copy of the Order for Notice and Comment on the Chairman of the Board of Supervisors of Fauquier County and the Chairman of the Board of Supervisors of Prince William County. The Company filed an affidavit of service of notice on September 21, 2006. One person filed comments. No persons sought to intervene or requested a hearing with respect to the Application.

<sup>1</sup> The proposed parallel transmission line would be constructed with double circuit lattice towers with vertical conductor arrangement. The Application requests approval for operation as a single circuit line. Addition of a second circuit in the future would require further Commission approval at that time.

The Order directed the Staff of the Commission ("Staff") to analyze the Application and file a Report detailing its findings and recommendations by October 16, 2006. On October 13, 2006, Staff filed its Report on the Application (the "Report" or "Staff Report"). The Report recommends that the Application be approved. The Report states that the Company has reasonably demonstrated the public need for the proposed 16-mile long Bristers-Gainesville 230 kV transmission line. The Staff believes that the project best meets the public's need, appropriately balancing considerations of cost, reliability benefits, environmental impact, and economic development.

On October 19, 2006, Dominion Virginia Power, by counsel, filed a letter ("Response") supporting the conclusions and recommendations of the Staff Report and requesting the Commission to grant authorization on its application.

In accordance with § 56-265.2 A of the Code, the Commission may issue a certificate for overhead electrical transmission lines of 150 kilovolts or more only after the Company establishes compliance with § 56-46.1 of the Code. Certain matters are specified in § 56-46.1 A that the Commission must consider in approving electric utility facility projects. The Commission must consider the effect of the project on the environment and may place conditions upon the project directed at minimizing adverse environmental impact. In that regard, § 56-46.1 of the Code also requires that the Commission receive and give consideration to reports by state agencies concerned with environmental protection. The Commission must also consider the effect of the project upon service reliability and economic development.

The Virginia Department of Environmental Quality ("DEQ") conducted a wetland impacts consultation of the Company's proposed Bristers-Gainesville 230 kV transmission line.<sup>2</sup> The DEQ's Office of Wetlands and Water Protection offered the following recommendations and identified potential requirements for further permits:

1. Prior to commencing project work, all wetlands and streams within the project corridor should be field delineated and verified by the U.S. Army Corps of Engineers (the Corps), using accepted methods and procedures.
2. Wetland and stream impacts should be avoided and minimized to the maximum extent practicable.
3. If conversion of forested wetlands to emergent wetlands becomes necessary, compensation for these conversion impacts will be required. At a minimum, compensation, if necessary, shall be in accordance with all applicable state wetland regulations and wetland permit requirement, including permanent conversion of forested wetlands to emergent wetlands.<sup>3</sup>
4. Any temporary impacts to surface waters associated with this project shall require restoration to pre-existing conditions.
5. No activity may substantially disrupt the movement of aquatic life indigenous to the water body, including those species, which normally migrate through the area, unless the primary purpose of the activity is to impound water. Culverts placed in streams must be installed to maintain low flow conditions. No activity may cause more than minimal adverse effect on navigation. Furthermore the activity must not impede the passage of normal or expected high flows and the structure or discharge must withstand expected high flows.
6. Erosion and sedimentation controls shall be designed in accordance with the Virginia Erosion and Sediment Control Handbook, Third Edition, 1992. These controls shall be placed prior to clearing and grading and maintained in good working order to minimize impacts to state waters. These controls shall remain in place until the area is stabilized and shall then be removed. Any exposed slopes and streambanks shall be stabilized immediately upon completion of work in each permitted area. All denuded areas shall be properly stabilized in accordance with the Virginia Erosion and Sediment Control Handbook, Third Edition, 1992.
7. No machinery may enter surface waters, unless authorized by a Virginia Water Protection permit.
8. Heavy equipment in temporarily impacted surface waters shall be placed on mats, geotextile fabric, or other suitable material, to minimize soil disturbance to the maximum extent practicable. Equipment and materials shall be removed immediately upon completion of work.
9. Activities shall be conducted in accordance with any Time-of-Year restriction(s) as recommended by the Department of Game and Inland Fisheries, the Department of Conservation and Recreation, or the Virginia Marine Resources Commission. The permittee shall retain a copy of the agency correspondence concerning the Time-of-Year restriction(s) or the lack thereof, for the duration of the construction phase of the project.
10. All construction, construction access, and demolition activities associated with this project shall be accomplished in a manner that minimizes construction materials or waste materials from entering surface

<sup>2</sup> The wetland impacts consultation was performed in accordance with paragraph 3 of the Department of Environmental Quality - State Corporation Commission Memorandum of Agreement Regarding Wetland Impacts Consultation, dated July 2003. The wetlands impacts consultation is filed as Attachment 4 to the Staff Report filed October 13, 2006.

<sup>3</sup> Recommendation 3 was amended to include the second sentence for clarification.

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waters, unless authorized by a permit. Wet, excess, or waste concrete shall be prohibited from entering surface waters.

11. Herbicides used in or around any surface water shall be approved for aquatic use by the United States Environmental Protection Agency (EPA) or the U.S. Fish & Wildlife Service. These herbicides should be applied according to label directions by a licensed herbicide applicator. A non-petroleum based surfactant shall be used in or around any surface waters.

Further, the following permits may be required:

1. If the project qualifies for a Nationwide Permit 12 (NWP 12) from the Corps and if the impacts to perennial streams are less than 500 linear feet and impacts to intermittent streams are less than 1500 linear feet, then no Virginia Water Protection (VWP) permit is necessary.
2. If (a) stream impacts exceed the thresholds outlined above, or (b) the project proposes to permanently impact more than one (1) acre of wetlands, or (c) the project does not qualify for a NWP 12 from the Corps, then a VWP individual permit will be required by DEQ.

DEQ conducted a coordinated environmental review of the Application ("Coordinated Review"), which is filed as Attachment 5 to the Staff Report.<sup>4</sup> The Coordinated Review summarizes certain permits and approvals that may be necessary to complete the proposed Bristers-Gainesville 230 kV transmission line (Application No. 229). The Coordinated Review also summarizes several recommendations for the Commission's consideration as conditions to be placed on the requested certification of the Bristers-Gainesville 230 kV transmission line. The summary of recommendations is repeated below with references to the supporting detail contained in the Coordinated Review:

- Conduct field delineations of wetlands and streams (Environmental Impacts and Mitigation, item 1, page 7).
- Take precautions to avoid and minimize indirect impacts and temporary impacts to wetlands, and adhere to DEQ's bulleted recommendations. (Environmental Impacts and Mitigation, item 1, pages 7 & 8).
- Conduct an environmental investigation that includes a search of waste-related databases on and around the property to identify any solid or hazardous waste sites or issues before work begins (Environmental Impacts and Mitigation, item 5, page 11).
- Reduce solid waste at the source, re-use it and recycle it to the maximum extent practicable (Environmental Impacts and Mitigation, item 5, page 11).
- Conduct an inventory for stiff golden rod in the study area (Environmental Impacts and Mitigation, item 6, page 14).
- Due to the presence of the State-listed Endangered brook floater, and the Federal Species of Concern and State Special Concern yellow lance, this project must be coordinated with the Department of Game and Inland Fisheries to ensure project compliance with protected species legislation (Environmental Impacts and Mitigation, items 6 and 7, pages 14 & 15).
- Implement measures for instream work recommended by DGIF to protect aquatic resources as appropriate (Environmental Impacts and Mitigation, item 7, pages 15 & 16).
- Protect trees not identified for removal from the adverse effects of construction activities to the extent practicable (Environmental Impacts and Mitigation, item 8, pages 16 & 17).
- Continue coordination with the Department of Historic Resources on the development of a Phase I survey to address impacts to archaeological and architectural resources (Environmental Impacts and Mitigation, item 10, page 18).
- Coordinate road and transportation impacts with local governments and VDOT Residencies (Environmental Impacts and Mitigation, item 11, page 18).
- Follow the principles and practices of pollution prevention to the maximum extent practicable (Environmental Impacts and Mitigation, item 12, page 19).
- Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 13, page 19).

On November 8, 2006, Dominion Virginia Power, by counsel, filed a letter supplementing its response, stating it does not object to the Commission including as conditions for its approval (a) the recommendations of the DEQ addressing wetlands impacts (Attachment 4 of the Staff Report); and (b) the recommendations listed in the Summary of Recommendations submitted by Ellie Irons of DEQ dated July 27, 2006 (included as part of

<sup>4</sup> The following state agencies participated in the Coordinated Review: DEQ; Department of Conservation and Recreation; Department of Forestry; Department of Agriculture and Consumer Services; Department of Historic Resources; Department of Mines, Minerals and Energy; Department of Game and Inland Fisheries; Marine Resources Commission; and the Department of Transportation.

Attachment 5 of the Staff Report). The Company further states that with regard to its Application, it will obtain such federal, state, and local approvals as are required for construction of the project.

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds that approval for the transmission facilities, identified as the Bristers-Gainesville 230 kV transmission line, should be granted and that a certificate of public convenience and necessity to construct and operate the transmission facility should be issued herein. The public convenience and necessity require construction of the transmission facility as approved by this Order.

We have considered and weighed the factors set forth in §§ 56-46.1 and 56-265.2 A, which factors 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 transmission facility on the environment. We will condition the certificate granted herein upon the Company's receipt of all environmental and other permits necessary to construct and operate the transmission facility as described in Attachments 4 and 5 of the Staff Report. The Department of Environmental Quality's Coordinated Review of the project identified no potential adverse environmental impacts associated with the transmission facility. The environmental agencies recommended conditions for certification which were reported by Staff and to which the Company did not object. We find that these conditions are desirable or necessary to minimize the adverse impact of the transmission facility and should be so ordered.

We find that the construction of the transmission facility will have no material adverse effect upon reliability of electrical service provided by any regulated public utility.

We find that, as required by § 56-46.1 B of the Code, proper notice has been given.

We determine that the transmission facility is needed to maintain system reliability in response to increased loading of existing transmission facilities.

Finally, we determine that the certificate should expire if the transmission facility is not constructed and in service by December 1, 2010.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 56-265.1, § 56-265.2, and related provisions of Title 56 of the Code, the Company is hereby granted a certificate of public convenience and necessity authorizing construction and operation of the transmission facility as provided for in this Order.

(2) The Company is hereby authorized to construct and operate in Fauquier and Prince William Counties a 230 kV transmission line from the Company's existing 500 kV Bristers Switching Station to its existing Gainesville Substation. Beginning at the Bristers Switching Station, the proposed transmission line would continue north through Fauquier County for approximately 5.2 miles, and then enter Prince William County, where it would continue approximately 10.5 miles to the existing Gainesville Substation.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, Dominion Virginia Power is issued the following certificates of public convenience and necessity:

Certificate Nos. ET-80m and ET-105w, which authorize Virginia Electric and Power Company under the Utility Facilities Act to operate presently-constructed transmission lines and facilities in Fauquier and Prince William Counties, respectively, all as shown on the detailed maps attached to the certificates, and to construct and operate facilities as authorized in Case No. PUE-2006-00048, Certificate Nos. ET-80m and ET-105w will cancel Certificate Nos. ET-80l and ET-105v issued to Virginia Electric and Power Company on July 15, 2005, and October 18, 2000, respectively.

(4) The certificates issued in Ordering Paragraph (3) above are conditioned on the Company obtaining all necessary permits, approvals, or exceptions, as described in the DEQ's Coordinated Review and as set out in Attachments 4 and 5 of the Staff Report filed herein.

(5) As a condition of the certificate granted in this case, the transmission facility must be constructed and in service by December 1, 2010; however, the Company is granted leave to apply for an extension for good cause shown.

(6) 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-2006-00049  
APRIL 25, 2006**

APPLICATION OF  
ROANOKE GAS COMPANY

For authority to incur short-term debt

**ORDER GRANTING AUTHORITY**

On April 10, 2006, Roanoke Gas Company, ("Roanoke" or "the Company") filed application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia requesting authority to issue short-term debt. On April 17, 2006, Roanoke submitted information necessary to complete the application. The proposed amount of short-term debt exceeds the twelve percent of capitalization as defined in § 56-65.1 of the Code of Virginia. The Company has paid the requisite fee of \$250.

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Roanoke requests authority to incur short-term debt in an aggregate amount not to exceed \$25,000,000 over a three year period commencing July 1, 2006, and ending June 30, 2009. The indebtedness will be either in the form of issued negotiable notes or temporary draws on its short-term line of credit. All borrowing will be maturing 12 months or less from the date of issuance. Applicant estimates that its borrowing rate will be at or below published prime rates. The borrowing rate will vary with market conditions, the form of indebtedness, and the related term to maturity. Short-term notes will be issued with a maturity of either 30, 60, or 90 days. Applicant states that borrowings under its line of credit are currently priced at London Interbank Offered Rate (LIBOR) plus 50 basis points.

The proceeds from the short-term borrowings will be used mainly to fund Roanoke's gas inventory purchases. In addition, Applicant states that it may use its short-term borrowings to fund capital expenditures temporarily until permanent financing can be obtained.

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) Roanoke is hereby authorized to incur up to \$25,000,000 in short-term debt from July 1, 2006, through June 30, 2009, under the terms and conditions and for the purposes set forth in the application.
- 2) On or before July 31st and January 31st of each year, Applicant shall file a Report of Action. Such report shall include the daily balance of short-term debt outstanding during the semi-annual period ending in June and December, respectively, and a schedule of issuances including the type, lending institution, amount, date of issuance, interest rate, maturity, 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) On or before July 31, 2009, Applicant shall file a final Report of Action providing the information outlined in ordering paragraph (2).
- 4) The authority granted herein shall have no implications for ratemaking purposes.
- 5) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUE-2006-00050  
JULY 10, 2006**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a Firm Storage Service / Storage Service Transportation Agreement Pursuant to Chapter 4 of Title 56 of The Code of Virginia

**ORDER**

On April 10, 2006, Colombia Gas of Virginia, Inc. ("CGV"), filed an application (the "Application") with the State Corporation Commission (the "Commission") requesting approval of a Firm Storage Service / Storage Service Transportation Agreement pursuant to Chapter 4 of Title 56 (the "Affiliates Act") of the Code of Virginia (the "Code"). On June 6, 2006, the Commission extended the time for review of issues by a period of thirty (30) days, through July 10, 2006.

On July 6, 2006, CGV filed a Motion to Withdraw its Application ("Motion"). According to the Motion, CGV and its affiliate are renegotiating the contract submitted for approval in this case and will submit the renegotiated contract for the Commission's approval in a new application.

NOW UPON CONSIDERATION of the matter, the Commission finds that the Motion should be granted and the Application filed within this case on April 10, 2006, should be withdrawn. CGV should file a new application immediately upon completion of its renegotiation.

Accordingly, IT IS ORDERED THAT:

- (1) The Motion to Withdraw the Application is hereby granted, consistent with the findings above.
- (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 therein placed in the Commission's files for ended cases.

**CASE NO. PUE-2006-00051  
APRIL 25, 2006**

APPLICATION OF  
AQUA VIRGINIA, INC.

For waiver of 2005 Annual Informational Filing

**ORDER ON MOTION**

On April 11, 2006, Aqua Virginia, Inc. (formerly Lake Monticello Service Company) ("Aqua Virginia" or "Company") filed by petition a Motion for Waiver of Annual Informational Filing. The Company asks that it be granted a waiver of the requirement to file its 2005 Annual Informational Filing ("AIF") pursuant to 20 VAC 5-200-30 A 11.

In support of its request, Aqua Virginia states that the Company has filed a general rate case<sup>1</sup> pursuant to the Commission's "Rules governing utility rate increase applications and annual informational filings," 20 VAC 5-200-30, in calendar year 2005 based on a calendar year 2004 test year, and that the general rate case remains pending and scheduled for hearing in 2006. Aqua Virginia also states that the second phase of the Company's general rate case is based on the calendar year 2005 results of the Company, as known and measurable at the time the rate application was prepared and filed on September 27, 2005. Aqua Virginia further states that a 2005 AIF would be duplicative of information relevant in the rate case and available to other parties and the Staff in the rate case.

Based on the protracted nature of the current rate proceeding, Staff advises that it has access to much of the information which would have been provided in a 2005 test year AIF.

NOW THE COMMISSION, upon consideration of the petition and having been advised by its Staff, is of the opinion and finds that good cause exists to waive the requirement that the Company file an AIF for the test year ended December 31, 2005.

Accordingly, IT IS ORDERED THAT:

- (1) This case is hereby docketed and assigned Case No. PUE-2006-00051.
- (2) Aqua Virginia's Motion for Waiver of Annual Informational Filing for 2005 is hereby granted.
- (3) There appearing nothing further to be done in this matter, it is hereby dismissed.

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<sup>1</sup> PUE-2005-00080.

**CASE NO. PUE-2006-00052  
JUNE 20, 2006**

APPLICATION OF  
DUKE ENERGY EARLY GROVE COMPANY  
and  
DUKE CAPITAL, LLC

For authority to participate in a cash management agreement, pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On April 13, 2006, Duke Energy Early Grove Company ("Early Grove" or the "Company") and Duke Capital, LLC ("Duke Capital") (collectively, "Applicants"), filed an application ("Application") for approval of a cash management agreement between Applicants under Chapter 4 of Title 56 of the Code of Virginia ("Code"). Applicants amended their Application by letter filed April 27, 2006, to request authority under Chapter 3 of Title 56 of the Code as well. With that amendment, Applicants paid the requisite filing fee of \$250. The Commission's Order For Extension, dated May 19, 2006, extended the review period in this matter to June 21, 2006.

Applicants request authority to enter into and participate in the Cash Management Agreement ("Agreement") attached as Exhibit 1 to the Application. Applicants state that the Agreement is effectively a clearing mechanism for intercompany transaction activity that is likely to occur once the Company receives approval of its affiliate services. Applicants further state that the Company would not be in a position to settle intercompany accounts with its affiliates on a timely basis without the proposed Agreement.

Under the Agreement, Duke Capital will provide cash management services to Early Grove by settling intercompany accounts between Early Grove and other Duke entities. Applicants state that such intercompany transactions would create an advance account receivable and/or payable to Duke Capital by Early Grove. Such transactions would be accumulated monthly and reflected as a net Advance Balance between the parties. The Advance Balance between Duke Capital and Early Grove would be settled under the cash management agreement between Early Grove and Duke Energy Gas Transmission, LLC ("DEGT"), filed as a companion application in Case No. PUE-2006-00044.

No interest will accrue on the Advance Balance as the Agreement states that the use of funds, on a net basis over a long period of time, will be a part of the consideration for the Agreement. Applicants represent that Early Grove will benefit from the Agreement because the Company will be able to avoid incurring debt during times when cash may not be sufficient to pay costs of operating its business and cover obligations of capital expenditures.

Applicants further state that the savings in interest expense that would otherwise accrue to Early Grove will have a positive effect on the Company that will flow through to the benefit of its customers.

While the Application generally notes that affiliate transactions may underlie some of the accounts receivable or accounts payable transactions contemplated under the Agreement, the Commission Staff notes in its Action Brief filed in this case that explicit information is required in regard to the specific types, terms, counterparties, and costs of affiliate transactions before they can be reviewed for approval. Staff therefore recommends that the authority granted in this case extend only those affiliate transactions that have been explicitly authorized by the Commission after they have been quantified, explained, and reviewed in one or more applications under Chapter 4 of Title 56 of the Code. Such information may be incorporated into the filings noted in Section ID, Paragraph 9 of the Application that the Company intends to file regarding approval of affiliate cost allocations.

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. However, the Commission notes that the proposed arrangement is one that is new and unique relative to financing and cash management arrangements that have been approved previously for other utility companies in the Commonwealth of Virginia. Therefore, the Commission is of the opinion that the authority granted in this matter to enter into and participate in the Agreement should be from the date of this Order through December 31, 2009. This will afford the Commission the opportunity to monitor and evaluate transactions under the Agreement. Accordingly,

**IT IS ORDERED THAT:**

(1) Applicants are hereby authorized to enter into and participate in the Agreement as described in the Application and herein through the period ending December 31, 2009. However, the authority granted herein does not extend to or imply approval of any underlying affiliate transactions that would result in advance payable or receivable amounts unless the explicit type, terms, costs, and affiliate counterparties to any such transactions have been authorized by the Commission after appropriate review and approval in a separate application under Chapter 4 of Title 56 of the Code.

(2) Within sixty (60) days after the end of each calendar year in the period of authority granted in Ordering Paragraph (1), Applicants shall file a Report of Action to include:

- (a) The total Advance Receivable transactions for each month under the Agreement;
- (b) The total Advance Payable transactions for each month under the Agreement;
- (c) The net Total Advance Balance for each month under the Agreement; and
- (d) A cumulative list of the case numbers in which the Commission had granted approval for the types of affiliate transactions reflected in the transactions reported.

(3) Applicants shall file a final Report of Action under Ordering Paragraph (2) on or before March 2, 2010, to include all information required in Ordering Paragraph (2) along with an Early Grove balance sheet for the 2009 calendar year that reflects the impact of the transactions authorized.

(4) Approval of the Application shall have no implications for ratemaking purposes.

(5) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00053  
JUNE 20, 2006**

APPLICATION OF  
DUKE ENERGY VIRGINIA PIPELINE COMPANY  
and  
DUKE CAPITAL, LLC

For authority to participate in a cash management agreement, pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On April 13, 2006, Duke Energy Virginia Pipeline Company ("Virginia Pipeline" or the "Company") and Duke Capital, LLC ("Duke Capital") (collectively, "Applicants"), filed an application ("Application") for approval of a cash management agreement between Applicants under Chapter 4 of Title 56 of the Code of Virginia ("Code"). Applicants amended their Application by letter filed April 27, 2006, to request authority under Chapter 3 of Title 56 of the Code as well. With that amendment, Applicants paid the requisite filing fee of \$250. The Commission's Order For Extension, dated May 19, 2006, extended the review period in this matter to June 21, 2006.

Applicants request authority to enter into and participate in the Cash Management Agreement ("Agreement") attached as Exhibit 1 to the Application. Applicants state that the Agreement is effectively a clearing mechanism for intercompany transaction activity that is likely to occur once the Company receives approval of its affiliate services. Applicants further state that the Company would not be in a position to settle intercompany accounts with its affiliates on a timely basis without the proposed Agreement.

Under the Agreement, Duke Capital will provide cash management services to Virginia Pipeline by settling intercompany accounts between Virginia Pipeline and other Duke entities. Applicants state that such intercompany transactions would create an advance account receivable and/or payable to Duke Capital by Virginia Pipeline. Such transactions would be accumulated monthly and reflected as a net Advance Balance between the parties. The

Advance Balance between Duke Capital and Virginia Pipeline would be settled under the cash management agreement between Virginia Pipeline and Duke Energy Gas Transmission, LLC ("DEGT"), filed as a companion application in Case No. PUE-2006-00044.

No interest will accrue on the Advance Balance as the Agreement states that the use of funds, on a net basis over a long period of time, will be a part of the consideration for the Agreement. Applicants represent that Virginia Pipeline will benefit from the Agreement because the Company will be able to avoid incurring debt during times when cash may not be sufficient to pay costs of operating its business and cover obligations of capital expenditures. Applicants further state that the savings in interest expense that would otherwise accrue to Virginia Pipeline will have a positive effect on the Company that will flow through to the benefit of its customers.

While the Application generally notes that affiliate transactions may underlie some of the accounts receivable or accounts payable transactions contemplated under the Agreement, the Commission Staff notes in its Action Brief filed in this case that explicit information is required in regard to the specific types, terms, counterparties, and costs of affiliate transactions before they can be reviewed for approval. Staff therefore recommends that the authority granted in this case extend only those affiliate transactions that have been explicitly authorized by the Commission after they have been quantified, explained, and reviewed in one or more applications under Chapter 4 of Title 56 of the Code. Such information may be incorporated into the filings noted in Section III, Paragraph 9 of the Application that the Company intends to file regarding approval of affiliate cost allocations.

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. However, the Commission notes that the proposed arrangement is one that is new and unique relative to financing and cash management arrangements that have been approved previously for other utility companies in the Commonwealth of Virginia. Therefore, the Commission is of the opinion that the authority granted in this matter to enter into and participate in the Agreement should be from the date of this Order through December 31, 2009. This will afford the Commission the opportunity to monitor and evaluate transactions under the Agreement. Accordingly,

**IT IS ORDERED THAT:**

(1) Applicants are hereby authorized to enter into and participate in the Agreement as described in the Application and herein through the period ending December 31, 2009. However, the authority granted herein does not extend to or imply approval of any underlying affiliate transactions that would result in advance payable or receivable amounts unless the explicit type, terms, costs, and affiliate counterparties to any such transactions have been authorized by the Commission after appropriate review and approval in a separate application under Chapter 4 of Title 56 of the Code.

(2) Within sixty (60) days after the end of each calendar year in the period of authority granted in Ordering Paragraph (1), Applicants shall file a Report of Action to include:

- (a) The total Advance Receivable transactions for each month under the Agreement;
- (b) The total Advance Payable transactions for each month under the Agreement;
- (c) The net Total Advance Balance for each month under the Agreement; and
- (d) A cumulative list of the case numbers in which the Commission had granted approval for the types of affiliate transactions reflected in the transactions reported.

(3) Applicants shall file a final Report of Action under Ordering Paragraph (2) on or before March 2, 2010, to include all information required in Ordering Paragraph (2) along with an Virginia Pipeline balance sheet for the 2009 calendar year that reflects the impact of the transactions authorized.

(4) Approval of the Application shall have no implications for ratemaking purposes.

(5) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00054  
APRIL 25, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

Annual Informational Filing for Calendar Year 2005

**ORDER ON MOTION**

On April 14, 2006, Delmarva Power & Light Company ("Delmarva" or the "Company") filed by letter with the State Corporation Commission ("Commission") a Motion for Extension of Time to File Annual Informational Filing. The Company asked that it be permitted to file its Annual Informational Filing ("AIF") on or before May 31, 2006.

In support of its request, Delmarva stated that the AIF will require allocation to Virginia of accounts that include Company-wide rate base and expense amounts and that the allocation process begins with the Company-wide accounts as recorded in the Company's Form No. 1 expected to be filed with the Federal Energy Regulatory Commission ("FERC") at or near the end of April 2006. Delmarva further stated that these accounts must be finalized before allocations can be made to the Company's Virginia jurisdiction and that, therefore, additional time is necessary after the Form No. 1 is filed to complete the Virginia AIF.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On April 20, 2006, the Commission Staff ("Staff") filed a Response detailing its concerns regarding the completeness of Delmarva's AIF. Over the past several years, the Company's AIFs have not fully complied with the Rate Case Rules approved by the Commission in Case No. PUA-1999-00054. While Staff did not oppose Delmarva's Motion, Staff identified the following deficiencies from the Company's 2004 AIF that it requested be noted as Delmarva prepares its 2005 AIF:

- 1) Schedules 9, 10, 15, 16 and 30 should begin with system electric instead of consolidated data (which includes gas).
- 2) The earnings test should adjust interest expense based on the ratio of ratebase to system electric capital rather than using interest synchronization.
- 3) Schedule 30 should include a list detailing the calculation of all allocation factors included in the cost of service study.
- 4) Detailed supporting workpapers for all adjustments that show all calculations of all adjustment amounts should be included in Schedule 21.
- 5) All information should be filed under the schedules provided for in the Rate Case Rules.

Staff further stated that it requires this information in order to properly and thoroughly conduct its annual financial review of the Company and requested approval of Delmarva's motion on the condition that it agree to provide the information as requested above.

Delmarva has represented that it does not oppose the Staff's requests.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that Delmarva should be granted an extension of time until May 31, 2006, to file its AIF for 2005 and that Delmarva should file its 2005 AIF in the format requested by the Staff as detailed above.

Accordingly, IT IS ORDERED THAT:

- (1) This case is hereby docketed and assigned Case No. PUE-2006-00054.
- (2) Delmarva's Motion for Extension of Time is hereby granted.
- (3) Delmarva shall file its 2005 AIF on or before May 31, 2006.
- (4) Delmarva shall file its 2005 AIF in the format requested by the Staff as detailed above.
- (5) This case is continued generally for further orders of the Commission.

**CASE NO. PUE-2006-00055  
MAY 9, 2006**

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 19, 2006, 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 \$100,000,000 of long-term debt ("Proposed Debt") during the 2006 calendar year to Fidelia Corporation ("Fidelia"). The proposed transaction constitutes an affiliate transaction under Chapter 4 of Title 56 of the Code since Fidelia is finance company subsidiary of E.ON AG ("E.ON"), the parent holding company of Applicant. The rate of interest on the Proposed Debt will depend on market conditions at the time of issuance and the term of maturity. The interest rate may be fixed or variable; however the term of maturity will not exceed thirty years. Applicant further states that the interest rate on all borrowings will be at the lowest of: i) the effective cost of capital for E.ON; ii) the effective cost of capital for Fidelia Corporation ("Fidelia"); or 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").

The Proposed Debt will be in the form of unsecured notes to Fidelia, subject to the terms of the loan agreement as set forth in Exhibit 1 attached to the Application. Applicant further requests authority to enter into one or more interest rate hedging agreements that may be in the form of a T-bill lock, swap, or similar agreement ("Hedging Facility") designed to lock in the underlying interest rate on Proposed Debt in advance of closing on the loan.

The Company states that proceeds from the Proposed Debt will be used during 2006 for routine and ongoing upgrades and expansions related to its distribution and transmission systems and other capital projects including, but not limited to, pollution control facilities. Applicant further states that the authority requested is similar to prior authority requested and authorized in Case Nos. PUE-2005-00023, PUE-2003-00403, and PUE-2003-00065.

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,

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## IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to issue and deliver the Proposed Debt in the form of unsecured notes in an aggregate principal amount not to exceed \$100,000,000 in the manner and for the purposes as set forth in its application, through the period ending December 31, 2006.
- 2) Applicant is authorized to execute and deliver and perform the obligations of the Company under *inter alia*, 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, 2007, 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-2006-00056  
JUNE 30, 2006**

APPLICATION OF  
INTEL-AUDITS, INC.

For a license to conduct business as an aggregator for electricity

**ORDER GRANTING LICENSE**

On April 20, 2006, Intel-Audits, Inc. ("Intel-Audits" or "the Company"), filed an application with the State Corporation Commission ("Commission") for a license to provide electric aggregation service pursuant to 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 in electric retail access programs throughout the Commonwealth of Virginia.<sup>1</sup> The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B.

On May 9, 2006, the Commission issued an Order for Notice and Comment establishing the case, requiring that notice of the application be given to electric distribution utilities, electric distribution cooperatives, and other interested persons, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of the application and present its findings in a Staff Report. The Company filed proof of publication of its notice on May 15, 2006. No comments from the public on Intel-Audits' application were received.

The Staff filed its Report on June 14, 2006, concerning Intel-Audits' fitness to conduct business as an aggregator of electric service. In its Report, the Staff summarized Intel-Audits' proposal and evaluated its financial condition and technical fitness. The Staff recommended that Intel-Audits be granted a license to conduct business as an aggregator of electric service 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 Intel-Audits' application to provide electric aggregation service should be granted, subject to the conditions set forth below.

<sup>1</sup> By letter faxed to Staff on May 5, 2006, and subsequently filed with the Clerk of the Commission on May 8, 2006, Intel-Audits amended its request to provide electric aggregation services throughout the Commonwealth of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Intel-Audits, Inc., is hereby granted License No. A-25 to provide electric 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-2006-00057  
AUGUST 31, 2006**

JOINT PETITION OF  
THAMES WATER AQUA HOLDINGS GMBH,  
THAMES WATER AQUA US HOLDINGS, INC.,  
AMERICAN WATER WORKS COMPANY, INC.,  
VIRGINIA AMERICAN WATER COMPANY,  
UNITED WATER VIRGINIA INC.,  
and  
BLUEFIELD VALLEY WATER COMPANY

For approval of change of control pursuant to the Utility Transfers Act, Va. Code §§ 56-88 et seq.

**ORDER GRANTING APPROVAL**

On May 12, 2006, Thames Water Aqua Holdings GmbH ("Thames GmbH"); Thames Water Aqua US Holdings, Inc. ("TWAUSHI"); American Water Works Company, Inc. ("American Water"); Virginia-American Water Company ("VA American"); United Water Virginia Inc. ("United Water"); and Bluefield Valley Water Company ("Bluefield Valley") (collectively "Petitioners") completed a Joint Petition ("Petition") with the State Corporation Commission (the "Commission") requesting approval pursuant to Chapter 5 of Title 56 of the Code of Virginia (§§ 56-88 et seq.) (the "Utility Transfers Act") for (i) the sale by Thames GmbH of up to 100% of the shares of common stock of American Water in one or more public offerings and (ii) prior to the closing of the initial public offering ("IPO), the merger of TWAUSHI with and into American Water (the "Proposed Transaction"). Through the Proposed Transaction, the Petitioners plan to dispose of their current ownership and control of VA American, United Water,<sup>1</sup> and Bluefield Valley<sup>2</sup> (collectively the "VA Companies"). Following the Proposed Transaction, American Water will continue its ownership and control of the VA Companies in a new holding company structure. The Proposed Transaction will be conducted in accordance with the Securities Act of 1933, and the shares of common stock of American Water are intended to be listed on the New York Stock Exchange. The Petitioners submit that the Proposed Transaction will result in the continuous and seamless provision of reliable and adequate service by the VA Companies to all of their customers at just and reasonable rates.

VA American is a Virginia public service corporation that provides water service to approximately 54,300 residential, commercial, and industrial customers in the cities of Hopewell and Alexandria and the Counties of Prince William and Prince George in Virginia. VA American is a wholly owned subsidiary of American Water.

United Water is a Virginia public service corporation that provides water service to approximately 2,300 residential and commercial customers within 17 separate systems located southeast of Fredericksburg, Virginia, in Westmoreland, Northumberland, Lancaster, King William and Essex Counties in Virginia. United Water is a wholly owned subsidiary of VA American.

Bluefield Valley is a Virginia public service corporation that provides water service to approximately 165 residential and commercial customers in Bland County, Virginia. Bluefield Valley is a wholly owned subsidiary of West Virginia American Water Company, which is owned by American Water.

American Water is a Delaware corporation headquartered in Voorhees, New Jersey, which owns regulated operating subsidiaries that provide water and wastewater service in 18 states. American Water is a wholly owned subsidiary of TWAUSHI.

TWAUSHI is a Delaware corporation headquartered in Voorhees, New Jersey, whose subsidiaries provide water, wastewater and other water resource management services to approximately 18 million customers in 29 U.S. states and Canada. TWAUSHI is a wholly owned subsidiary of Thames GmbH.

Thames GmbH is the holding company for most of RWE Aktiengesellschaft's ("RWE(s)") water operations in the United States and other countries. Thames GmbH is a wholly owned subsidiary of RWE.

RWE is one of Europe's leading electricity, gas, and water companies. Organized and headquartered in Essen, Federal Republic of Germany, RWE supplies approximately 20 million customers with electricity, approximately 10 million customers with natural gas, and approximately 14 million people with water and wastewater services. In 2005, RWE generated revenues of approximately 42 billion euros and employed approximately 86,000 people.

<sup>1</sup> The direct owner of United Water's common stock is VA American, which is, in turn owned by American Water.

<sup>2</sup> The direct owner of Bluefield Valley's common stock is West Virginia American Water Company, which is, in turn, owned by American Water.

On June 2, 2006, the Commission issued an Order for Notice and Comment ("Notice Order") that established a procedural schedule in which the Petitioners were required to provide public notice by June 16, 2006, the public was invited to request a hearing by July 7, 2006, the public was invited to provide written comments by July 14, 2006, the Commission Staff ("Staff") was instructed to review the Petition and file a Staff Report ("Report") summarizing its investigation by August 16, 2006, and the Petitioners were allowed to respond to Staff's Report and any public comments or requests for hearing by August 22, 2006. On June 8 and 30, 2006, the Petitioners filed proof of publication, service and notice with the Commission. On July 14, 2006, the Department of Finance for the City of Alexandria filed comments in which it asked the Commission Staff to pay special attention to the effect that the Proposed Transaction could have on the VA Companies' rates, rate base, inter-company debt, and access to capital. On August 16, 2006, Staff filed its Report recommending approval of the Proposed Transaction subject to certain requirements. On August 21, 2006, the Commission issued an order extending its period of review through September 11, 2006. On August 22, 2006, the Petitioners filed comments ("Comments") on the Report, which suggested a modification to one Staff requirement.

In its Report, Staff concluded that the Proposed Transaction seemed reasonable, would neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates, and should be approved. However, Staff also noted that the Petitioners were unable to provide any significant information regarding American Water's post-closing financial profile, including its capital structure. Therefore, Staff recommended the following requirements. First, Staff recommended that the Petitioners should file a Report of Action ("ROA") within thirty (30) days of completing the Proposed Transaction that includes certain information relevant to the Proposed Transaction. Second, Staff agreed with the Petitioners' request for the termination of a recordkeeping requirement stemming from the Commission's 2001 Order<sup>3</sup> approving American Water's acquisition by Thames GmbH. Third, Staff recommended that the Commission specify that its approval of the Proposed Transaction has no ratemaking implications. Fourth, Staff recommended that the Commission direct American Water and the VA Companies that: a) the quality of service in the VA Companies' service territories should not deteriorate due to a lack of maintenance or capital investment; b) the quality of service in the VA Companies' service territory should not deteriorate due to a reduction in the number of employees providing services; and c) the VA Companies should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure the VA Companies' timely response to Staff inquiries with regard to its provision of service in Virginia. Fifth, Staff recommended that the Commission limit its approval to twenty-four (24) months from the date of the Order in this case. Sixth, Staff recommended that every VA Company should provide Staff with at least thirty (30) days advance notice of the prospective amount and date of any dividend payment from it to American Water or American Water's successor. Seventh, Staff recommended that no VA Company should transfer any assets to American Water without prior Commission approval pursuant to § 56-89 of the Code. Eighth, Staff recommended that VA American should submit to the Commission's Division of Economics and Finance, within ninety (90) days of the completion of the Proposed Transaction, a cost/benefit analysis report on its continued participation in the Financial Services Agreement<sup>4</sup> versus comparable third-party financing.

In their Comments, the Petitioners generally agreed with Staff's Report. However, the Petitioners expressed concern with Staff's fifth requirement, which would limit the Commission's approval of the Proposed Transaction to twenty-four (24) months from the date of the Order in this case. The Petitioners represented that should other regulatory approvals be delayed or all of American Water's shares not be sold in the IPO, then subsequent public offerings to dispose of American Water's shares could occur outside of Staff's recommended twenty-four (24) month window. Therefore, the Petitioners suggested modifying Staff's requirement to state that: "Commission approval is limited to 24 months from the date the Securities and Exchange Commission declares the IPO registration statement to be effective."

NOW THE COMMISSION, having considered the Petition, Staff's Report, the Petitioners' Comments and applicable law, is of the opinion and finds that the Proposed Transaction will not impair or jeopardize adequate service to the public at just and reasonable rates and, therefore, should be approved subject to certain requirements as described below. We adopt Staff recommendations enumerated (1) through (4) and (6) through (8). Regarding Staff's fifth recommendation, we find that approval of the Proposed Transaction should be limited to twenty-four (24) months from the date the Securities and Exchange Commission declares the IPO registration statement effective.

Accordingly, IT IS HEREBY ORDERED THAT:

1) Pursuant to §§ 56-88 *et seq.* of the Code of Virginia, Thames Water Aqua Holdings GmbH; Thames Water Aqua US Holdings, Inc.; American Water Works Company, Inc.; Virginia-American Water Company; United Water Virginia Inc.; and Bluefield Valley Water Company are granted approval to enter into (i) the sale by Thames GmbH of up to 100% of the shares of common stock of American Water in one or more public offerings and (ii) prior to the closing of the initial public offering, the merger of TWAUSHI with and into American Water.

(2) The approval granted herein shall be subject to the requirements outlined and adopted above.

(3) The VA Companies shall file a Report of Action with the Commission within thirty (30) days of completing the Proposed Transaction, subject to administrative extension by the Commission's Director of the Division of Public Utility Accounting. The ROA shall include the following information: (a) American Water's pro forma income statement, balance sheet, cash flow statement, and capitalization ratio; (b) a copy of the final Securities and Exchange Commission registration statement; (c) the final results of the IPO, including new investors holding 5% or more of American Water's outstanding shares, the percentage of shares retained by RWE, and whether further public offerings are contemplated; (d) the post-closing investment grade analysis and rating of American Water from Standard & Poor's, Moody's Investors Service, and Fitch Ratings; (e) American Water's post-closing balance sheet and capitalization ratio; (f) the total effect on American Water and the VA Companies of converting from International to American accounting standards; and (g) a detailed list of any Proposed Transaction-related charges that are flowed down to the VA Companies by date, company and amount.

4) Each VA Company shall provide Staff with at least thirty (30) days advance written notice of the prospective amount and date of any dividend payment from it to American Water or American Water's successor.

<sup>3</sup> *Joint Application of American Water Works Company Inc., and Thames Water Aqua Holdings GmbH*, Case No. PUA-2001-00082, Order Granting Approval (April 4, 2002), 2002 S.C.C. Ann. Rep. 182-181.

<sup>4</sup> *Application of Virginia-American Water Company and American Water Capital Corp., for continuing authority to participate in a financial services agreement with an affiliate*, Case No. PUE-2004-00074, Order Granting Authority (October 12, 2004), 2004 S.C.C. Ann. Rep. 484-485.

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5) VA American shall submit to the Commission's Division of Economics and Finance within ninety (90) days of the completion of the Proposed Transaction, subject to administrative extension by the Commission's Director of the Division of Public Utility Accounting, a cost/benefit analysis report on its continued participation in the Financial Services Agreement versus comparable third party financing.

6) There appearing nothing further to be done, this matter is dismissed.

**CASE NO. PUE-2006-00062  
MAY 25, 2006**

APPLICATION OF  
ATMOS ENERGY CORPORATION

For authority to issue common stock

**ORDER GRANTING AUTHORITY**

On May 1, 2006, Atmos Energy Corporation ("Atmos" 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 issue additional shares of common stock through the Atmos Energy Corporation Retirement Savings Plan ("RSP"). Applicant paid the requisite fee of \$250.

Atmos requests authority to issue up to 1,000,000 additional shares of common stock through its RSP, formerly known as the Employee Stock Ownership Plan and Trust. Under the RSP, Atmos will match every dollar invested by an employee in the RSP up to a maximum of 4% of the employee's annual salary, providing a means for additional investment in Atmos and strengthening each employee's direct interest in the financial success of Applicant.

Applicant indicates that funds from the stock issuances will be used for general corporate purposes related to the provision of natural gas services. Applicant also asserts that issuance of shares under the RSP will ultimately strengthen Atmos' equity ratio, will provide financing flexibility, and may lower its cost of capital.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Applicant is hereby authorized to issue and sell up to an additional 1,000,000 shares of common stock through and pursuant to the Atmos Energy Corporation Retirement Saving Plan, under the terms and conditions and for the purposes set forth in the application.

(2) There being nothing further to be done, this matter is hereby closed.

**CASE NO. PUE-2006-00064  
AUGUST 8, 2006**

COMMONWEALTH OF VIRGINIA ex rel.  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of considering § 1254 of the Energy Policy Act of 2005

**FINAL ORDER**

On May 10, 2006, the State Corporation Commission ("Commission") established a proceeding to consider the federal interconnection standard for electric utilities, which was enacted by § 1254 of the Energy Policy Act of 2005, P.L. 109-58, 119 Stat. 594 (the "Energy Policy Act"), for implementation in the Commonwealth.

Section 1254(a) of the Energy Policy Act amends § 111(d) of PURPA, 16 U.S.C. § 2621(d), by adding the following standard for consideration:

(15) INTERCONNECTION - (A) In this paragraph, the term 'interconnection service' means service to an electric consumer by which an on-site generating facility on the premises of the electric consumer is connected to the local distribution facilities.

(B)(i) Each electric utility shall make available, on request, interconnection service to any electric consumer that the electric utility serves.

(ii) Interconnection services shall be made available under clause (i) based on the standards developed by the Institute of Electrical and Electronics Engineers entitled 'IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems' [IEEE Standard 1547] (or successor standards).

(C)(i) Electric utilities shall establish agreements and procedures providing that the interconnection services made available under subparagraph (B) promote current best practices of interconnection for

distributed generation, including practices stipulated in model codes adopted by associations of State regulatory agencies.

(ii) Any agreements and procedures established under clause (i) shall be just and reasonable and not unduly discriminatory or preferential.

In the May 10, 2006, Order Establishing Proceeding, the Commission noted that Virginia Code § 56-578, the distributed generation statute contained in the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia ("Restructuring Act"), is similar to § 1254 of the Energy Policy Act. The Commission invited interested persons to comment on the following issues: (1) whether any prior state action has occurred such that the interconnection standard contained in § 1254 of the Energy Policy Act, or a comparable one, has already been voted on by the General Assembly for implementation in the Commonwealth in § 56-578 of the Restructuring Act, or any other state law or regulation as may be applicable; (2) whether the Commission has the authority to consider the federal standard; (3) whether the implementation of such standard would be consistent with otherwise applicable Virginia law; (4) whether it would now be appropriate to open a proceeding pursuant to § 56-578 of the Restructuring Act to establish interconnections standards; and (5) what issues would be required to be addressed by the Commission in establishing interconnection standards. The Commission also directed the Staff to file comments on the matter.

Comments were timely submitted on or before June 19, 2006, by Allegheny Power, Appalachian Power Company, Columbia Gas of Virginia, Inc., Delmarva Power & Light Company, Virginia Electric and Power Company, and the Virginia Electric Distribution Cooperatives.<sup>1</sup> On June 20, 2006, Michel A. King filed Comments and a Motion for Leave to File Comments Out of Time stating that he had been unable to prepare his comments prior to the deadline and that no party would be prejudiced by their late acceptance.

The comments generally agreed that § 56-578 of the Restructuring Act closely tracks the federal interconnections standard by requiring utilities to provide interconnection service to customers using distributed generation in a just, reasonable, and not unduly discriminatory or preferential manner, as well as the development of procedures for interconnection based on nationally recognized standards. Several comments noted the mandate of § 56-578 of the Restructuring Act requiring the Commission to establish statewide interconnection standards in accordance with the requirements of the state statute and did not object to the Commission opening a proceeding to develop such standards. However, other comments submitted that most utilities already coordinate with customers who wish to interconnect their on-site generators and that it is therefore unnecessary for the Commission to open a proceeding.

With regard to what standards should be implemented in Virginia, some comments indicated that IEEE Standard 1547 would be appropriate. Other comments indicated that other nationally recognized standards also should be considered. The comments also included issues that the Commission would be required to address in establishing standards, including the differences in operational requirements between the respective utilities, and the allocation of the costs to provide generation interconnection.

The Staff filed comments submitting that the Commission should not adopt the federal interconnection standard, but that such standard would be an appropriate starting point for discussions as to what interconnection standards for distributed generation should be developed for Virginia. Like the other comments filed, the Staff noted that § 56-578 of the Restructuring Act requires the Commission to develop interconnection standards. The Staff recommended that the Commission initiate a proceeding to do so. The Staff indicated that it may be more efficient for statewide standards to be in place, that nationally recognized standards are now in place, and that there are issues and concerns with regard to distributed generation that must be clarified or resolved.

NOW THE COMMISSION, upon consideration of the comments filed herein<sup>2</sup> and the applicable law, finds that the federal interconnection standard established by § 1254 of the Energy Policy Act is not appropriate for implementation in the Commonwealth. We do, however, believe that it is now appropriate to establish interconnection standards, in accordance § 56-578 of the Restructuring Act, that are consistent with nationally recognized standards, are just, reasonable, and not unduly discriminatory or preferential, and do not provide barriers to new technology or make compliance unduly burdensome and expensive. We will establish a separate docket with respect to developing such standards. With regard to the instant proceeding, we find that no further action need be taken and that this matter should be closed.

Accordingly, IT IS ORDERED THAT:

(1) The Motion for Leave to File Comments Out of Time filed by Michel A. King is hereby granted.

(2) This proceeding is hereby closed.

(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.

<sup>1</sup> Collectively A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, Southside Electric Cooperative, and the Virginia Maryland & Delaware Association of Electric Cooperatives.

<sup>2</sup> We will grant the Motion for Leave to File Comments Out of Time filed by Michel A. King.

**CASE NO. PUE-2006-00065  
MAY 30, 2006**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For an increase in electric rates

**ORDER FOR NOTICE AND  
HEARING AND SUSPENDING RATES**

Pursuant to Va. Code § 56-582 C, an incumbent electric utility providing service under capped rates, as established and adjusted in accordance with Va. Code §§ 56-582 A and B, may, under certain conditions, petition the State Corporation Commission ("Commission") for approval of a one-time change in its rates. Any such petition for a change to capped rates filed pursuant to Va. Code § 56-582 C shall be governed by the provisions of Chapter 10 (§ 56-232 et seq.) of Title 56 of the Code of Virginia ("Chapter 10").

On May 4, 2006, pursuant to Va. Code § 56-582, Chapter 10, and the Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30 ("Rate Case Rules"), Appalachian Power Company ("APCo" or the "Company") filed with the Commission an application, with accompanying testimony and exhibits, for an increase in base rates to be partially offset by a fuel factor rate credit to reflect a portion of off-system sales ("OSS") margins until those margins are reflected in the Company's next fuel proceeding ("Application").

According to APCo, the Application demonstrates the need for an increase in the Company's base rates in the amount of \$225.8 million, partially offset by a \$27.3 million fuel factor rate credit, resulting in a net increase of \$198.5 million in charges to customers. The base rate increase is derived from pro-forma revenues of \$1.2 billion, pro-forma expenses of \$1.0 billion, and a pro-forma rate base of \$42.3 billion. This proposed revenue requirement reflects a rate of return on rate base of 8.211%, based on a rate of return on common equity of 11.5% and a projected capital structure for APCo as of September 30, 2007. The Company proposes to collect the \$225.8 million additional revenue requirement through changes to base rates effective June 3, 2006, or upon expiration of such suspension period as the Commission may order.

APCo proposes that future OSS margins no longer be included in the calculation of base rates, but instead be used to offset fuel costs in the Company's annual fuel factor adjustments pursuant to Va. Code § 56-249.6 D 1. Formerly, a representative level of OSS margins was reflected in base rates by crediting OSS margins to cost-of-service. In its Application, APCo proposes that the level of OSS margins that the Company achieves each year be shared between customers and the Company, 40% and 60%, respectively. According to APCo, this proposal is designed to give the Company an incentive to maximize OSS margin levels by balancing the risks and rewards now associated with OSS margins between customers and the Company. The \$27.3 million credit is proposed to become effective simultaneously with the proposed base rate increase.

The Company indicates that the base rates proposed seek additional revenues to collect costs for environmental compliance and system reliability ("E&R costs") expected to be incurred on a going forward basis. APCo states that the E&R costs sought in the instant proceeding are not duplicative of the Company's request in Case No. PUE-2005-00056, Application of Appalachian Power Company, For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia, for recovery pursuant to Va. Code § 56-582 B (vi) of the costs associated with compliance with state and federal environmental laws and regulations and transmission and distribution system reliability incurred during the period July 1, 2004, through September 30, 2005.

NOW THE COMMISSION, upon consideration of the Application and applicable statutes and rules, is of the opinion that this matter should be docketed and that the proposed increase in rates, charges, and terms and conditions of service should be suspended, pursuant to Va. Code § 56-238, for a period of one hundred fifty (150) days from the date the Application was filed with the Commission to and through October 1, 2006. The proposed rates, charges, and terms and conditions of service should take effect for service rendered on and after October 2, 2006, on an interim basis subject to refund with interest. We find that a public hearing should be convened to receive evidence on the Application, that APCo should be directed to give notice to the public of its Application, and that a procedural schedule should be established herein. A Hearing Examiner will be appointed to conduct further proceedings on behalf of the Commission and to file a final report and recommendation.

We note that Case No. PUE-2005-00056 is currently pending before the Chief Hearing Examiner. A ruling by the Commission in that case may affect the Company's rates during the suspension period and as effective on an interim basis thereafter. The Application is silent on how any change in base rates associated with the E&R costs at issue in Case No. PUE-2005-00056 should be treated for purposes of the instant proceeding. At such time as the Commission enters a ruling in Case No. PUE-2005-00056, comment may be sought on how any change in the Company's rates resulting from that case should be reflected herein.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is hereby docketed and assigned Case No. PUE-2006-00065.
- (2) The proposed increase in rates, charges, and terms and conditions of service shall be suspended, pursuant to Va. Code § 56-238, for a period of one hundred fifty (150) days from the date the Application was filed with the Commission to and through October 1, 2006. The proposed rates, charges, and terms and conditions of service shall take effect for service rendered on and after October 2, 2006, on an interim basis subject to refund with interest.
- (3) A public hearing shall be convened before a Hearing Examiner on November 7, 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 Application. Any person not participating in this proceeding as a respondent as provided for herein may give oral testimony concerning the Application as a public witness at the November 7, 2006, hearing. Public witnesses desiring to make statements at the hearing need only appear in Commission's Courtroom 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 pursuant to 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 et seq. ("Rules of Practice and Procedure"), this matter is hereby assigned to a Hearing Examiner to conduct further proceedings herein on behalf of the Commission and to file a final report and recommendation.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(5) The Company shall make copies of the Application as well as a copy of this Order, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Anthony Gambardella, Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the Application by electronic means. Copies of the Application, testimony, and schedules, as well as a copy of this Order, also shall be available for interested persons to review in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. Interested persons may also download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(6) On or before June 30, 2006, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of any additional direct testimony, exhibits, and other material supporting the Application.

(7) On or before July 7, 2006, the Company shall cause the following notice to be published as display advertising (not classified) in newspapers of general circulation throughout the Company's service territory within the Commonwealth of Virginia:

NOTICE OF THE APPLICATION BY  
APPALACHIAN POWER COMPANY  
FOR AN INCREASE IN ELECTRIC RATES  
CASE NO. PUE-2006-00065

On May 4, 2006, pursuant to Va. Code § 56-582, Chapter 10 (§ 56-232 et seq.) of Title 56 of the Code of Virginia ("Chapter 10"), and the Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30, Appalachian Power Company ("APCo" or the "Company") filed with the State Corporation Commission ("Commission") an application, testimony, and exhibits for an increase in base rates to be partially offset by a fuel factor rate credit to reflect a portion of off-system sales ("OSS") margins ("Application"). Pursuant to Va. Code § 56-582 C, an incumbent electric utility providing service under capped rates may, under certain conditions, petition the Commission for approval of a one-time change in its rates.

According to APCo, the Application demonstrates the need for an increase in the Company's base rates in the amount of \$225.8 million, partially offset by a \$27.3 million fuel factor rate credit, resulting in a net increase of \$198.5 million in charges to customers. The base rate increase is derived from pro-forma revenues of \$1.2 billion, pro-forma expenses of \$1.0 billion, and a pro-forma rate base of \$42.3 billion. This proposed revenue requirement reflects a rate of return on rate base of 8.211%, based on a rate of return on common equity of 11.5% and a projected capital structure for APCo as of September 30, 2007.

APCo proposes that future OSS margins no longer be included in the calculation of base rates, but instead be used to offset fuel costs in the Company's annual fuel factor adjustments pursuant to Va. Code § 56-249.6 D 1. Formerly, a representative level of OSS margins was reflected in base rates by crediting OSS margins to cost-of-service. In its Application, APCo proposes that the level of OSS margins that the Company achieves each year be shared between customers and the Company, 40% and 60%, respectively. According to APCo, this proposal is designed to give the Company an incentive to maximize OSS margin levels by balancing the risks and rewards now associated with OSS margins between customers and the Company. The \$27.3 million credit is proposed to become effective simultaneously with the proposed base rate increase.

The Company indicates that the base rates proposed seek additional revenues to collect costs for environmental compliance and system reliability ("E&R costs") expected to be incurred on a going forward basis. APCo states that the E&R costs sought in the instant proceeding are not duplicative of the Company's request in Case No. PUE-2005-00056, Application of Appalachian Power Company, For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia, for recovery pursuant to Va. Code § 56-582 B (vi) of the costs associated with compliance with state and federal environmental laws and regulations and transmission and distribution system reliability incurred during the period July 1, 2004, through September 30, 2005.

Copies of the Application and the Commission's Order for Notice and Hearing are available for public inspection during regular business hours at each of the Company's business offices. Copies also may be obtained by submitting a written request to counsel for the Company, Anthony Gambardella, Esquire, Woods Rogers PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219. Copies also are available for interested persons to review in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. Interested persons may also download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

The Commission has suspended the Company's proposed increase, pursuant to Va. Code § 56-238, for a period of one hundred fifty(150) days from the date the Application was filed with the Commission to and through October 1, 2006. The proposed rates, charges, and terms and conditions of service shall take effect for service rendered on and after October 2, 2006, on an interim basis subject to refund with interest.

The Commission has scheduled a public hearing for November 7, 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 Application.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On or before August 7, 2006, any interested person may file written comments on the Application by filing an original and fifteen (15) copies of such comments with Joel H. Peck, Clerk, State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons may submit comments electronically by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>. Any person not participating as a respondent as provided below, but desiring to make a statement at the November 6, 2006, public hearing concerning the Application as a public witness shall appear in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia prior to 9:45 am on the day of the hearing and sign up to speak.

Any interested person may participate as a respondent in this proceeding by filing, on or before August 7, 2006, an original and fifteen (15) copies of a notice of participation as a respondent with the Clerk of the Commission at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 of the 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. A person participating as a respondent must file with the Clerk of the Commission on or before September 1, 2006, at the address set forth above an original and fifteen (15) copies of any testimony and exhibits by which the respondent expects to establish its case. Interested persons should obtain a copy of the Commission's Order Notice and Hearing for further details on participation as a respondent.

All comments and notices of participation filed with the Clerk of the Commission shall refer to Case No. PUE-2006-00065 and shall simultaneously be served on counsel for the Company at the address set forth above.

APPALACHIAN POWER COMPANY

(8) On or before July 7, 2006, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns and cities having alternate forms of government) in which the Company provides service in the Commonwealth of Virginia. Service shall be made by first-class mail to the customary place of business or residence of the person served.

(9) On or before August 1, 2006, the Company shall file with the Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (7) and (8) herein.

(10) On or before August 7, 2006, any interested person may file written comments on the Application by filing an original and fifteen (15) copies of such comments with Joel H. Peck, Clerk, State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested parties shall refer in their comments to Case No. PUE-2006-00065. Interested persons may submit comments electronically by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(11) Any interested person may participate as a respondent in this proceeding by filing, on or before August 7, 2006, an original and fifteen (15) copies of a notice of participation as a respondent with the Clerk of the Commission at the address set forth in Ordering Paragraph (10) above and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (5) above. Pursuant to Rule 5 VAC 5-20-80 of the 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-2006-00065. 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 September 1, 2006, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (10) above an original and fifteen (15) copies of any testimony and exhibits by which the respondent expects to establish its case. Each respondent shall serve copies of the testimony and exhibits on counsel to the Company, all other respondents, and the Commission Staff.

(13) On or before October 4, 2006, the Commission Staff shall investigate the Application and shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits regarding its investigation and shall promptly serve a copy on counsel to the Company and all respondents.

(14) On or before October 19, 2006, the Company 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 the Commission Staff and all respondents.

(15) The Company 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 Rules of Practice and Procedure.

**CASE NO. PUE-2006-00065  
JUNE 2, 2006**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For an increase in electric rates

**AMENDING ORDER**

On May 30, 2006, the State Corporation Commission ("Commission") issued an Order for Notice and Hearing and Suspending Rates in the captioned proceeding.

In the third paragraph of that Order and the second paragraph of the prescribed public notice appearing in Ordering Paragraph (7), the pro-forma rate base amount was inadvertently referenced as \$42.3 billion. The pro-forma rate base amount should be \$2.3 billion.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that these paragraphs should be revised to reflect the \$2.3 billion pro-forma rate base amount.

Accordingly, IT IS ORDERED THAT:

(1) The pro-forma rate base amounts referenced in the third paragraph of the May 30, 2006, Order for Notice and Hearing and Suspending Rates and the second paragraph of the prescribed public notice appearing in Ordering Paragraph (7) shall be revised to reflect a pro-forma rate base of \$2.3 billion.

(2) other provisions of our May 30, 2006, Order for Notice and Hearing and Suspending Rates shall remain in full force and effect.

**CASE NO. PUE-2006-00066  
MAY 25, 2006**

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 5, 2006, 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 \$16,963,620 in 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 was notified by the Kentucky Private Activity Bond Allocation Committee ("Allocation Committee") that the Company received an allocation of \$16,693,620 in tax-exempt bond financing for its pollution control facilities at the Ghent Generating Station in Carroll County, Kentucky ("Carroll County"). Applicant was granted a Certificate of Public Convenience and Necessity to construct the pollution control facilities by the Kentucky Public Service Commission's June 20, 2005 Order in Case No. PUE-2004-00426.

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, and clarified by letter dated May 17, 2006, the time for this financing option is limited because the Pollution Control Bonds must be issued before August 8, 2006, to fall within 90 days of the date of written notice mailed to indicate the Allocation Committee's decision. Additionally, expedited approval would 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 the form of First Mortgage Bonds 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 will be issued in one or more series of First Mortgage Bonds to be held by one or more corporate trustees (each a "Trustee") under one or more indentures of trust between Carroll County and each 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.

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.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Applicant states 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. Applicant estimates that issuance costs for the Proposed Debt will be approximately \$545,000. 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 costs 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 \$16,693,620 in the manner and for the purposes as set forth in its application, through the period ending December 31, 2006.
- 2) Applicant is authorized to execute and deliver and perform the obligations of the Company under inter alia, the Loan Agreement with Carroll County, Kentucky, 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, 2007, 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-2006-00067  
AUGUST 7, 2006**

VIRGINIA ELECTRIC AND POWER COMPANY  
and  
VIRGINIA POWER ENERGY MARKETING, INC.

For approval of a Fuel Purchase, Sale, and Services Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On May 10, 2006, Virginia Electric and Power Company ("Dominion Virginia Power" or "DVP") and Virginia Power Energy Marketing, Inc. ("VPEM") (collectively the "Petitioners"), filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") for approval of a Fuel Purchase, Sale, and Services Agreement ("Agreement"). The purpose of the Agreement is to provide economical opportunities and methods for increasing reliability of fuel supply for DVP by obtaining coal and other solid fuel supplies from new sources. On July 10, 2006, the Commission issued an Order Granting Extension that extended the period of review of the Petition through August 8, 2006. On August 3, 2006, the Petitioners filed an amendment to the Petition requesting approval to include three affiliates: Dominion Terminal Associates, Dominion Energy Terminal Company, Inc., and Dominion Energy Brayton Point, LLC, to provide certain components of the fuel supply chain to DVP under the Agreement.

Dominion Virginia Power is a Virginia public service corporation providing electric service to customers in its service territory in Virginia and North Carolina. Dominion Virginia Power is a wholly owned, direct subsidiary of Dominion Resources, Inc. ("Dominion"). Dominion is a "holding company," as defined in the Public Utility Holding Company Act of 2005 ("PUHCA 2005"), and is subject to regulation as such under PUHCA 2005 by the Federal Energy Regulatory Commission.

VPEM is a general business corporation under the laws of the Commonwealth of Virginia. Based on agreements previously approved by the Commission, VPEM serves as exclusive agent for Virginia Power Services Energy Corp., Inc. ("VPSE"), an indirect, wholly owned subsidiary of Dominion

Virginia Power, thereby providing natural gas, No. 2 and No. 6 fuel oil, gasoline, and diesel fuel procurement services, and VPEM may also sell these fuels to Dominion Virginia Power through VPSE. VPEM also engages in the provision of fuel services to other affiliated and unaffiliated customers and is a supplier of coal on the east coast of the United States, having engaged in coal transactions with over 50 companies, 22 of which are utilities.

The Agreement that is the subject of this Petition will, among other things, apply when VPEM sells Fuel, as defined in the Agreement,<sup>1</sup> directly to DVP or when DVP sells Fuel directly to VPEM. If VPEM sells Fuel directly to DVP, it would sell at the lower of "Cost at the Delivery Point" or "Market Price at the Delivery Point." If DVP has excess Fuel due to operational circumstances, the Agreement would allow DVP to sell Fuel directly to VPEM at the higher of Cost at the Delivery Point or Market Price at the Delivery Point. The Agreement also would allow VPEM to utilize, among other things, its own shipping, transportation, and terminal service contracts when VPEM procures Fuel in DVP's name and passes through those fees to DVP at cost, with no markup, as Transportation services, as defined in the Agreement.<sup>2</sup> Whether VPEM is providing Fuel or Transportation services, the Agreement provides that if another affiliate provides any segment of the delivery chain to DVP, it will do so at the lower of cost or market. The Petitioners propose that the Cost at Delivery Point and Market Price at Delivery Point analysis be conducted on a one-time basis at the time the arrangement with the Fuel supplier is secured.

As stated in the Petition, Dominion Virginia Power needs greater latitude in procuring fuel, particularly coal from international sources and non-traditional supply regions. Such latitude is necessary due to the rise in coal prices in the central Appalachian region, Dominion Virginia Power's current main supply region for coal, as well as significantly higher rail transportation rates. By buying coal from international sources and non-traditional supply regions, DVP represents that it will be able to obtain coal delivered to its plants at a lower price than procuring coal from its current domestic main supply region.

Upon approval by the Commission, VPEM will be able to buy Fuel in quantity for Dominion Virginia Power as well as other affiliated companies and non-affiliated companies. The Petitioners represent that by buying for several large customers and thereby transporting larger quantities in larger vessels with potentially lower per unit transportation charges, VPEM can negotiate more economic terms and may, at times, be able to purchase and deliver coal at a lower overall price than from the central Appalachian region. The Petitioners represent that such economic benefits will be passed to DVP as VPEM will be required by to sell coal to DVP at the lower of cost or market. Although DVP can and will, if advantageous, buy international source coal in its own name, it can benefit from VPEM's potential ability to obtain lower transportation charges. The Petitioners represent that VPEM has significant experience with international coal and has supplied other utilities and third-party companies and is currently supplying Dominion generating affiliates. The Petitioners state that, by utilizing coal and transportation procured from VPEM, DVP also will enhance the reliability of its coal supply because VPEM maintains a number of coal purchase contracts with international third-party suppliers as well as international coal shipping contracts with third-party vessel transporters.

In response to higher domestic coal prices and escalating rail transportation rates, in March 2006, DVP issued a request for proposals for a quantity of international source coal and transportation. Once contracts for international source coal and transportation are entered into by DVP and third-parties, the contracts will provide that DVP may assign some or all of these international source coal contracts and/or transportation contracts to VPEM and simultaneously with such assignment, enter into confirmations under the Agreement to buy back the same quantity of coal or transportation service on the same terms and conditions, including price, from VPEM. The Petitioners request that the approval of the Agreement herein would include authority to assign future DVP contracts to VPEM in the manner described herein.

DVP recently announced that it will move ahead with plans to build a pier to unload coal-carrying ships at its Chesapeake Energy Center in Chesapeake, Virginia. This new facility will allow Dominion Virginia Power an alternative delivery method to receive approximately 30,000 tons of coal at one time by ship. Construction of the pier is expected to be completed by summer 2007. In conjunction with these measures, DVP believes that it needs further flexibility to diversify its coal sourcing options. With the ability to buy coal directly from VPEM, Petitioners believe that DVP will be able to benefit from opportunities secured by VPEM to procure international coal at a delivered price that is lower than the delivered price of coal from the central Appalachian region and lower than the delivered price for international coal that DVP can obtain directly on its behalf. Furthermore, by VPEM providing the transportation for DVP, DVP will enhance its fuel source reliability because VPEM maintains a number of international coal shipping contracts with third-party vessel transporters that can be used to transport the international source coal.

DVP currently has affiliate agreements approved by the Commission for other fuel supply arrangements with VPSE and VPEM.<sup>3</sup> DVP also has an approved affiliate agreement for VPEM to provide services to DVP related to coal procurement for DVP pursuant to the Dominion Resources, Inc., Services Agreement.<sup>4</sup> DVP currently takes title to the coal it purchases directly from unaffiliated third-parties and transports the coal pursuant to DVP's transportation contracts with unaffiliated companies. VPEM procures the coal in an agency capacity for DVP at DVP's request. In the instant Petition, DVP is requesting approval to have the ability to purchase or sell coal directly from or to VPEM and to obtain transportation services from VPEM, at its election, to expand its opportunities to purchase coal delivered at a lower overall price and to enhance the reliability of its coal supply.

NOW THE COMMISSION, upon consideration of the above-referenced Petition and amendment and representations of the Petitioners and having been advised by its Staff, is of the opinion that DVP's participation in the Agreement, including the amendment to the Agreement filed herein, is in the public interest. However we do have concerns regarding how DVP will track and monitor the market price for coal purchases to assure it is paying the lower of cost or market for such purchases from VPEM and whether DVP has an adequate auditable reporting mechanism to assure that non-regulated affiliates will not be receiving pricing and service benefits compared to DVP in connection with the Agreement. To alleviate these concerns, we will require

<sup>1</sup> Fuel as defined in the Agreement "means any fuel (including but not limited to coal, wood, and wood chips), excluding natural or enriched uranium natural gas, No. 2 and No. 6 fuel oil, gasoline and diesel fuel that can be utilized to generate power in DVP's power plants."

<sup>2</sup> Transportation as defined in the Agreement "means Fuel Transportation via rail, truck, barge, or vessel, including any terminaling, storage, handling, loading or other associated services or any other means by which Fuel is moved or is deemed to move."

<sup>3</sup> In conjunction with Case No. PUA-1998-00039, DVP obtained Commission approval in Case No. PUA-1998-00037 and Case No. PUA-1998-00038 of certain affiliate agreements, including a Fuel Management Agreement under which VPSE agreed to provide fuel and risk management services to DVP related to the purchase, sale, storage, and transportation of natural gas, No. 2 and No. 6 fuel oil, gasoline, and diesel fuel through VPEM, as VPSE's agent. *Application of Virginia Electric and Power Company*, Case No. PUA-1998-00037, 1999 S.C.C. Ann. Rpt. 146 (Order Granting Approval, Jan. 28, 1999).

<sup>4</sup> The Dominion Resources Services, Inc., Services Agreement was approved by the Commission in Case No. PUA-1999-00068 by Order Approving, in Part, and Denying, in Part, Petitioners' Request entered December 29, 1999.

certain reporting to the Commission on a quarterly basis. To ensure that the Agreement continues to be in the public interest, we will require that DVP to provide written notice to the Commission's Director of Public Utility Accounting 15 days prior to obtaining any services from any affiliates through VPEM not already included in the amendment filed herein. Such notice should provide the name of the affiliate and the specific services to be provided to DVP through VPEM. Provided that DVP makes coal purchases from VPEM at the lower of cost or market and makes sales to VPEM at the higher of cost or market, we find that the Agreement is in the public interest and should be approved subject to certain conditions and reporting requirements as described herein.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, Dominion Virginia Power is hereby granted approval to enter into the Fuel Purchase, Sale and Services Agreement with Virginia Power Energy Marketing, Inc., and the amendment filed on August 3, 2006, for the purposes and under the terms and conditions as described herein, such approval to include the authority to assign future DVP contracts to VPEM in the manner described herein.

(2) Commission approval shall be required for any changes in the terms and conditions in the Agreement and the amendment.

(3) The Petitioners shall provide 15 days' written notice to the Commission's Director of Public Utility Accounting of such affiliates that will be providing services to DVP through VPEM, other than those specified in the amendment. Such notice shall list the specific affiliate and the specific services to be provided, and at what cost.

(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) The Petitioners shall file quarterly reports with the Commission beginning with the calendar quarter ending September 30, 2006, with such report to be filed within 45 days following the end of such calendar quarter and continuing until further Order of the Commission. Such reports shall show all Fuel purchases and sales by DVP from or to VPEM pursuant to the Agreement; the quantity of Fuel purchased or sold; the delivered price charged to DVP by VPEM (or charged to VPEM by DVP) broken down by components, i.e., Fuel, Transportation, taxes, insurance, etc.; the corresponding market price; the third-party that provided such market price, demonstration that DVP purchased Fuel from VPEM at the lower of cost or market and that DVP sold Fuel to VPEM at the higher of cost or market; charges from any affiliate other than VPEM to DVP, and calculation of such charges and supporting detail, which demonstrates that DVP received said services at the lower of cost or market.

(7) 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.

(8) 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.

(9) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2006-00068  
OCTOBER 23, 2006**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For approval of an amendment to the purchased gas cost tariff provision and for a pilot program relating to natural gas financial hedging

**ORDER APPROVING PILOT PROGRAM**

On May 11, 2006, Washington Gas Light Company ("WGL" or the "Company") filed an application with the State Corporation Commission ("Commission") requesting approval of a pilot financial hedging program related to its planned summer purchases of natural gas for injection into storage. The Company's application requests that its proposed pilot program operate for three years and states that its pilot proposal is designed to provide financial instrument coverage to the Company's summer natural gas storage fill program.

In its application, the Company proposes to use two types of financial products to hedge summer storage injections: (i) fixed price instruments in the form of Over-the-Counter ("OTC") swaps and/or New York Mercantile Exchange ("NYMEX") Futures; and (ii) options in the form of Calls and Puts (both OTC and NYMEX). The Company contends that the physical flow of a storage transaction will not change under its proposal. WGL maintains that it will still acquire the volumes for planned storage injections in six approximately equal increments during the months of May through October. WGL anticipates that it will procure the financial instruments over a period of time; e.g., stagger the purchases over three different months. According to the Company, the effect of these financial transactions will be to fix the price of the storage injections at the time of execution of the financial transactions.

On May 31, 2006, the Commission entered an Order Prescribing Notice and Inviting Comments and Requests for Hearing ("May 31, 2006 Order"). The Commission directed the Company to publish notice of the application, invited comments and requests for hearing on the application, directed the Commission Staff to investigate the application and file its report thereon, suspended WGL's proposed tariff amendment for 150 days from the date the application was filed, and ordered that the proposed pilot program may not be implemented until the Commission determines, in accordance with § 56-234

of the Code of Virginia, that the pilot program is necessary in order to acquire information which is or may be in furtherance of the public interest and authorizes implementation of the pilot program.<sup>1</sup>

On June 30, 2006, WGL filed its proof of its publication and service of the notice required by the Commission's May 31, 2006 Order. On July 27, 2006, the Staff filed its Staff Report, and on August 10, 2006, WGL filed a Response to the Staff Report. No comments or requests for hearing were filed in this case.

#### Background

The Commission approved a pilot gas hedging program in Case No. PUE-2001-00354 for WGL's flowing winter volumes.<sup>2</sup> The purpose of WGL's winter heating season gas hedging program was to manage risks associated with natural gas prices during the winter months. WGL's tariffs were clarified to provide for recovery of costs incurred in hedging transactions through the Company's Purchased Gas Charge ("PGC") provision. On October 5, 2005, the Commission gave permanent approval to the Company's hedging program for the winter heating season.<sup>3</sup>

Concerning the recovery of costs, the October 5, 2005 Final Order (referring to the September 28, 2001 Final Order) noted, "[t]he prudence of the recovery of costs related to WGL's gas hedging activities is more appropriately determined in a rate case or some other proceeding in which specific facts may be adduced."<sup>4</sup> Since the inception of the Company's pilot winter gas hedging program, WGL has reported the results of the program to the Commission through filed annual hedging reports.

#### Proposed Implementation of Pilot

As noted, WGL proposes to hedge its summer gas purchases by entering into financial hedge contracts that may incorporate fixed price instruments in the form of OTC Swaps and/or NYMEX Futures,<sup>5</sup> and options in the form of calls and puts.<sup>6</sup> Through the use of such hedges, the price risk, or volatility, may be passed on to a third party.

The months that WGL proposes to hedge under the Hedging Plan will be May through October of each year ("Summer Season"). WGL plans to hedge all of its planned Summer Season injections except storage inventory managed for use as a no-notice daily balancing service and storage inventory allocated to Competitive Service Providers as part of the Delivery Service Program.

WGL proposes to recover the costs of the proposed pilot financial hedging program through the purchased gas cost adjustment mechanism ("PGC clause") on a dollar-for-dollar basis. For that purpose, WGL proposes to amend its tariff definition of "purchased gas costs" to insert the following language at the end of the last sentence of Paragraph 2 of Va. S.C.C. No. 9, 16, "Purchased Gas Charge": "and costs associated with the pilot financial hedging program."

#### Staff Review

The Staff reviewed WGL's proposed summer hedging pilot program, filed its Report on July 27, 2006, and recommended approval of the pilot program in its report, subject to certain conditions discussed below.

The Staff considered WGL's proposed tariff amendment to the definition of "Purchased Gas Costs" (*i.e.*, adding, "and costs associated with the pilot financial hedging pilot program") to be overly broad. The Staff agreed that in a pilot summer hedging program it would be appropriate to recover the costs through the PGC. However, Staff maintained that there should be a match between the recovery of the hedging costs and the recovery of the costs of the associated gas supply. To include this match-up of hedging costs with recovery of associated gas supply in the PGC, the Staff recommended an alternative tariff amendment (shown underlined below) to Paragraph 2 of Va. S.C.C. No. 9, 16, "Purchased Gas Charge":

2. The cost of purchased gas as used in determination of the PGC shall include, but not be limited to, costs of the following sources of gas, including related transportation, storage and handling costs required for delivery to the Company, costs associated with price cap, price band and fixed price instruments for gas

<sup>1</sup> An Order Nunc Pro Tunc was issued June 15, 2006, to correct the dates when the Staff Report was due to be filed and served on counsel for WGL and each respondent, and to correct the date for filing WGL's response to the Staff Report and serving the Response on Staff counsel and any respondents.

<sup>2</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. 596. (Hereafter this case will be cited as Case No. PUE-2001-00354.)

<sup>3</sup> Case No. PUE-2001-00354, 2005 S.C.C. Ann. Rep. 312.

<sup>4</sup> *Id.*, 2005 S.C.C. Ann. Rep. at 313.

<sup>5</sup> The fixed price instrument establishes a specific price for a specific volume of gas over a specific period. The specific period may encompass an entire injection season or particular months within the injection season. The cost of this type of contract is embedded in the difference between the fixed price and the current price of gas. Typically, these contracts are cash settled, and no gas is delivered. As such, the Company will continue to buy physical gas from third party marketers and producers.

<sup>6</sup> The call and put option contracts could be implemented in conjunction with each other in order to create a "price band" (a specific combination of such options sometimes referred to as a "costless collar"). Typically these contracts would require the Company to buy a call option, which creates a ceiling price, and sell a put option which creates a floor price. With a price band contract, the Company would pay a market price up to the cap price and down to the floor price. Consequently, if the market price of natural gas falls below the floor price on the settlement, WGL would still be obligated to pay the floor price. However, if the market price of natural gas rises above the price cap at settlement, the Company will only have to pay the ceiling price.

price hedging during the winter heating season that do not cumulatively exceed 75% of the Maximum Daily Take Obligation as determined on a monthly basis each year as follows: [Minimum Daily Firm Load plus Storage Injection Capability] minus [Firm Delivery Service plus Excess Interruptible Delivery Service], and costs associated with price cap, price band and fixed price instruments for gas price hedging through the 2009 summer storage injection season that do not cumulatively exceed planned summer purchases of gas for injection into storage as determined annually as follows: [Total planned summer purchases of gas for injection into storage] minus [Storage inventory managed by the Company for Competitive Service Providers and the amount of storage retained for daily balancing on the system].

While Staff's recommended tariff language above provides the framework for recovery of purchased gas and hedging costs, the Staff noted in its Report that ultimately any issues related to gas cost and hedging cost recovery is more appropriately addressed in a general rate case or some other proceeding where specific facts about WGL's gas purchases may be examined.<sup>7</sup>

The Staff Report observed that WGL's proposed summer pilot financial hedging program, in combination with WGL's existing gas hedging program for flowing winter volumes, will expand the proportion of hedged gas purchases made by the Company. The Staff cited the Commission's Final Order of September 28, 2001, in Case No. PUE-2001-00354, which specifically directed WGL, in the event that the Company desired to expand the proportion of its gas supply portfolio that would be hedged, to adopt a risk management policy that, at a minimum, would address the matters described at page 15 of the August 29, 2001 Staff Report filed in Case No. PUE-2001-00354.

In its current Report, the Staff recommends at a minimum, that WGL's risk management policy should establish internal responsibilities, procedures, and controls. Further, it should include a policy statement, definitions of important terms related to risk management, a statement forbidding speculation, a description of the types of transactions that are allowed under the policy, and internal documentation requirements, among other appropriate elements of a risk management policy.<sup>8</sup> Staff recommended that the Company be required to adopt such a policy for submission to Staff for review and recommendation to the Commission before the Commission takes action on the Company's summer hedging proposal.

Additionally, the Staff recommended that WGL be required to file a report on or before February 1 of each year from 2007 through 2010, during the term of the pilot, detailing the terms of the hedged gas contracts utilized in the prior summer injection season, any costs associated with the hedged gas contracts, the calculation of the volumes to be hedged through the use of futures contracts during the upcoming summer storage season, and the schedule for purchasing those volumes. This report would be in addition to the annual report the Company is already required to file on its hedging activity for winter flowing gas volumes.<sup>9</sup>

Staff also recommended that WGL account for its hedging activities under the pilot program in the same manner as ordered by the Commission in Ordering Paragraph (7) of its Final Order issued September 28, 2001, in Case No. PUE-2001-00354.<sup>10</sup>

Finally, the Staff recommended that if the Company's pilot summer hedging program is approved, the Company be required to apply to the Commission at least six (6) months before the end of the term of this program if the Company intends to continue, amend, or terminate the authority granted under this docket. The Staff recommended that the Company's authority be limited to the period ending with the conclusion of the 2009 summer storage injection season, *i.e.*, as of November 1, 2009, subject to the reporting requirements discussed above. Therefore, any application on the subject pilot program would be due no later than six months prior to November 1, 2009.

#### WGL's Agreement with Staff Recommendations

WGL's Response to the Staff Report addressed the types of hedging costs that it anticipated would be recovered through its PGC. WGL related that it was working with Staff to develop a reporting format for Staff's recommended annual report for hedging transactions, which will differentiate the various cost components of the hedging program, and facilitate Staff's evaluation.<sup>11</sup> WGL did not object to the inclusion of Staff's proposed language for the tariff revision addressing recovery of costs associated with the pilot financial hedging program. WGL did not object to the incorporation of Staff's recommendations to include a statement forbidding speculation and the establishment of internal responsibilities and internal documentation requirements to formalize the Company's current procedures as part of the Company's recommended risk management policy.

WGL concluded its Response by requesting approval of the Company's application upon submission by the Company of a satisfactory risk management policy incorporating elements recommended in the Staff Report and approval of the tariff revision as modified by Staff to permit the Company to recover, through its PGC provision, prudently incurred costs associated with the hedged transactions.

<sup>7</sup> The Order Approving Pilot Program issued in this case makes no determination as to the prudence of financial hedging transactions under WGL's pilot program.

<sup>8</sup> Staff Report, pp. 15-16.

<sup>9</sup> The Company is currently obligated to file by June 30 of each year a report on its hedging activities for the prior winter heating season. See Case No. PUE-2001-00354, 2005 S.C.C. Ann. Rep. at 314.

<sup>10</sup> See Case No. PUE-2001-00354, 2001 S.C.C. Ann. Rep. at 598. The description by T-account analysis of the accounting recommended by Staff for the various hedging operations is set out in Attachment 1 of the Staff Report filed July 27, 2006, in this case.

<sup>11</sup> WGL's Response notes that if the Company does not receive approval in time to apply the hedging program to the 2006 summer storage injections, a report will not be filed on February 1, 2007. We note that even if no gas purchases are made in 2006, under the pilot, the annual report still calls for the calculation of the volumes to be hedged through the use of futures contracts during the upcoming summer storage season, and the schedule for purchasing those volumes. Therefore, a report would still be due on February 1, 2007.

On October 17, 2006, the Staff filed a Motion for Leave to Supplement Staff Report. That Motion advised that WGL did not object and waived response to the supplemental filing by Staff. Staff's Motion reported on the agreements reached with WGL on implementation of Staff's recommendations and included a draft report on WGL's annual report for summer storage injections as well as a copy of WGL's Natural Gas Hedging Policy.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the Company's application for approval of an amendment to the purchased gas tariff provision and for approval for a pilot financial hedging program related to WGL's planned summer purchases of natural gas for injection into storage should be approved for the period ending November 1, 2009, consistent with Staff's recommendations and the findings made herein. We further find that WGL's pilot program, as modified by the Staff's recommendations, is necessary to acquire information which is or may be in furtherance of the public interest. Additionally, we find that Staff's October 17, 2006 Motion should be granted, and the Supplement to the Staff Report ("Supplement") should be received into the record of this case.

As we have noted in our Final Order of October 5, 2005, in Case No. PUE-2001-00354, giving permanent approval to WGL's winter heating season gas hedging program, the prudence of the recovery of costs related to WGL gas hedging activities is more appropriately determined in a rate case or some other proceeding in which specific facts about WGL's gas purchases may be examined. The Company should file a revised tariff related to WGL's PGC conforming with the recommendations found in the Staff Report with the Division of Energy Regulation, effective for service rendered on and after the date of this Order.

Additionally, we find that the Company should comply with all recommendations of the Staff Report, as supplemented by the October 17, 2006 Motion. Further, the Company must obtain prior Commission approval before changing the types of hedging instruments used in its pilot, or before changing the volumes of gas or other parameters of the pilot program addressed in the May 11, 2006 application or by the amended tariff approved herein.

Accordingly, IT IS ORDERED THAT:

- (1) The October 17, 2006 Motion for Leave to Supplement Staff Report is hereby granted.
- (2) The Company is authorized to amend its tariff at Paragraph 2 of Va. S.C.C. No. 9, 16 "Purchased Gas Charge," consistent with Staff's recommendations in its July 27, 2006 Report at page 14.
- (3) In accordance with the findings made herein, the Company shall forthwith file with the Division of Energy Regulation its revised tariff, to be effective for service rendered on and after the date of this Order.
- (4) The Company's proposed pilot financial hedging program is hereby approved for the period ending with the conclusion of the 2009 summer storage injection season, *i.e.*, November 1, 2009, subject to the Staff's recommendations discussed in its Report.
- (5) The Company shall file a report with the Clerk of the Commission on its pilot program hedging activities on or before February 1 of each year beginning in 2007, and ending in 2010. The annual report shall comply with the recommendations of Staff, as supplemented by the reporting requirements agreed to by the Company and appended to Staff's October 17, 2006 Motion.
- (6) The Company shall account for its hedging activities as indicated on Attachment 1 of the Staff Report filed July 27, 2006, in this case.
- (7) The Company shall obtain further Commission approval before changing the types of hedging instruments used from those considered hereinabove or before changing the volumes of gas or other parameters of the pilot program described in the May 11, 2006 application, as modified by Staff's recommendations. No later than six months prior to November 1, 2009, the Company shall apply to the Commission for approval of any continuance of the pilot program or amendment, or termination thereof.
- (8) This case shall remain open to receive the reports and other pleadings required by this Order.

**CASE NO. PUE-2006-00069  
JULY 7, 2006**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For approval of an amendment to its tariff Va. S.C.C. No. 9, Rate Schedule No. 7 - Interruptible Delivery Service

**FINAL ORDER**

On May 11, 2006, Washington Gas Light Company ("WGL," "Company," or "Applicant") filed an application with the State Corporation Commission ("Commission") seeking approval of a proposed amendment to its tariff, Va. S.C.C. No. 9, Rate Schedule 7 - Interruptible Delivery Service. As described in the Company's application, the only change proposed to the Second Revised Page No. 32 of Rate Schedule No. 7 is to remove the language "communications and" from the description of the type of monitoring meter required for interruptible customers. The Company explained in this application that an audible alarm communication capability for interruptible service customer meters will no longer be maintained.

According to WGL, its interval meter reading hardware is reaching the end of its useful life, and the Company proposes to replace these units with cost-effective units that do not have a remote alarm feature.

WGL proposes to use a variety of other means to inform interruptible customers of a change in interruptible status including an interruptible Customer Hotline, postings on the Company's web site, communications with third-party suppliers, e-mails, and telephone calls. WGL asserts that annually, it provides a notice to all interruptible customers that describes the process for interruption notification and at the same time collects and validates customer contact information.

WGL advises that it will replace the field hardware units attached to each interruptible customer meter over the next three years. It advises that the new field hardware units will not have remote alarm capability. In its place, a redesigned customer communications program that can include a combination of e-mails, telephone calls, and facsimile messages to both Rate Schedule No. 7 customers and their third party suppliers will be created to augment the current web site postings. The Company advises that the new communication program will be extended to the Company's customers that receive service pursuant to Rate Schedule No. 4 - Interruptible Service.

The Company advised that it had discussed its proposal with the Apartment and Office Building Association of Metropolitan Washington ("AOBA"). AOBA advised WGL that it was authorized to state that AOBA had no objection to the proposed revision.

The Company proposed to notify the 213 Virginia customers who would be affected by its proposal, including ten Rate Schedule No. 4 - Interruptible Service customers and 193 Rate Schedule No. 7 - Interruptible Delivery Service customers, directly by letter. According to the Applicant, the letter would inform the interruptible customers of WGL's application and also notify them that a copy of the application is available for review on the Company's web site.

On May 31, 2006, the Commission entered its Order for Notice and Comment in this proceeding. In that Order, the Commission directed the Company to give notice of its application by letter and by providing a copy of its Order for Notice and Comment to all persons affected by its application, and invited interested persons to file comments or requests for hearing on the Company's application with the Commission on or before June 26, 2006. This Order also suspended the Company's proposed tariff revisions for one hundred and fifty (150) days from the date the application was filed with the Commission, and directed the Company to file proof of service with the Commission on or before June 16, 2006.

On June 12, 2006, the Company filed its proof of notice and service with the Commission. No comments or requests for hearing were filed with the Commission.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that WGL's proposed amendment to the Company's gas tariff Rate Schedule 7 - Interruptible Delivery Service is hereby approved effective as of the date of this Order. While the Commission understands the Company's proposal to replace its field hardware units, this Final Order makes no findings with respect to the cost efficiency or justness and reasonableness of replacement of these units. Such issues are more appropriately addressed in the context of a rate application.

Accordingly, IT IS ORDERED THAT:

(1) The Company's proposal to amend its gas tariff Va. S.C.C. No. 9, Rate Schedule 7 - Interruptible Delivery Service proposed in Attachment 1 to its application is hereby approved, consistent with the findings made herein, effective as of the date of this Order.

(2) There being nothing further to be done herein, this matter is hereby dismissed, and the papers filed herein shall be placed in the Commission's files for ended causes.

**CASE NO. PUE-2006-00070  
JUNE 12, 2006**

APPLICATION OF  
DALE SERVICE CORPORATION

For an expedited increase in rates

**ORDER FOR NOTICE AND HEARING**

On May 17, 2006, Dale Service Corporation ("Dale Service" or "Company") filed a rate application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. The Company filed financial and operating data with its rate application for the twelve months ending December 31, 2005, seeking to increase its annual operating revenues by \$821,004, which the Company represents, is an increase of approximately 11.2% in billed sewer rates.

The proposed increase, according to the Company, is due in large measure to increased operating expenses and an abatement in connection fee collection.<sup>1</sup> The Company also seeks rates sufficient to maintain a debt service coverage ratio ("DSC") of 1.20. The Commission recognized the extensive financing required to fund sewage treatment projects in the Company's last rate case and general rate case, and approved rates designed to produce a DSC of 1.20 times on a going-forward basis.

Dale Service also filed proposed rates designed to recover the additional operating revenues requested in its application. Under the Company's proposed rates, the rates of residential customers would increase from \$78.30 to \$87.20 per quarter, and the rates of commercial customers would increase from \$98.30 to \$111.00 per quarter. The Company further requested that its proposed increase in rates be allowed to go into effect, subject to refund, for service rendered on and after July 1, 2006.

Finally, the Company requested a waiver of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30 ("Rate Case Rules"), which require Dale Service to file a jurisdictional cost of service study in Schedule 30 and to report separately its non-jurisdictional revenues, expenses, and investments in Schedules 9, 10, 11, 15, 16, 17 and 18. According to the Company, it serves only

<sup>1</sup> The Company's present rates, approved January 19, 2005, Case No. PUE-2004-00035, were set to reflect 500 new service connections annually at \$1,800 per connection. This represented an increase of 100 over the level of customer growth set in the stipulation approved in the Company's general rate case, *Application of Dale Service Corporation, For a general increase in rates*, Case No. PUE-2001-00200 (Final Order, February 21, 2003).

30 governmental non-jurisdictional customers representing approximately 0.14% of its total customer base of 21,978 customers. Since these non-jurisdictional customers have virtually no impact on the Company's jurisdictional cost of service, Dale Service requests that its application be allowed to proceed on a total company basis including both jurisdictional and non-jurisdictional operations in its cost of service.

On June 6, 2006, the Commission's Staff filed an interim report in which it concluded that there is a reasonable probability the proposed increase will be justified following a full investigation and hearing. The Staff also did not oppose the Company's request for a waiver of those Rate Case Rules that require the Company to file a cost of service study and to separate its jurisdictional and non-jurisdictional revenues, expenses, and investments when seeking rate relief. Since the inclusion of non-jurisdictional operations will have a *de minimus* impact on the Company's jurisdictional cost of service, the Staff had no objection to allowing the Company's application to proceed on a total company basis.

NOW THE COMMISSION, having considered the Company's application and the Staff's interim report, is of the opinion and finds that this matter should be docketed; that the Company's proposed rates should be allowed to go into effect on an interim basis, subject to refund, for service rendered on and after July 1, 2006; that a waiver of the Rate Case Rules should be granted to allow the Company's application to proceed on a total company basis; that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission; that a hearing should be scheduled and a procedural schedule established to consider the Company's application; and that the Company should be directed to provide public notice of its application, the hearing, and the procedural schedule established by this Order.

Section B of the Commission's Rate Case Rules permits the proposed rates of a public utility to take effect within 30 days after an application for expedited rate relief is filed, subject to investigation and refund, so long as the application complies with the rules and the utility has not experienced a substantial change in circumstances since its last general rate case. The Commission Staff's interim report found that there is a reasonable probability the proposed increase will be justified following a full investigation and hearing. We will therefore allow the Company's proposed rates, to go into effect on an interim basis, subject to refund, for service rendered on and after July 1, 2006.

We will also allow the collective waiver of each and every rule requiring separation of jurisdictional and non-jurisdictional revenues, expenses, and investments and allow Dale Service's application to proceed on a total company basis. The Company's application states that non-jurisdictional customers pay for service on the basis of Commission-approved rates and further alleges there is virtually no impact on the Company's jurisdictional customers by establishing rates on a total company basis. Under these circumstances, we find there is no economic justification to require the Company to expend the money, time, and effort to separate jurisdictional and non-jurisdictional operations, and to file schedules separating accounting and financial data relating to non-jurisdictional operations.

Accordingly, IT IS ORDERED THAT:

(1) Dale Service may implement its proposed rates, as amended, on an interim basis, subject to refund, for service rendered on and after July 1, 2006.

(2) Dale Service is granted a waiver of each and every rule in the Commission's Rate Case Rules that requires the separation of jurisdictional and non-jurisdictional revenues, expenses, and investments, and the Company's application shall be allowed to proceed on a total company basis.

(3) 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 hereby appointed to conduct all further proceedings in this matter on behalf of the Commission and to issue a final report herein.

(4) A public hearing shall be convened before a Hearing Examiner on November 2, 2006, at 10:00 a.m., in the Commission's Courtroom, located on the Second Floor of the 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 (7) below, may offer oral testimony concerning the application as a public witness at the November 2, 2006, public hearing. Public witnesses desiring to make statements at the public hearing concerning Dale Service's 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.

(5) On or before July 10, 2006, Dale Service shall file with Joel H. Peck, Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any additional direct testimony, exhibits, and other material supporting the captioned application and shall serve a copy of the same upon Staff and all parties of record.

(6) 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 for a copy of the application shall be directed to Richard D. Gary, Esquire, or Charlotte P. McAfee, 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, the Commission's Order for Notice and Hearing, and other Orders entered herein at 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. Interested persons may also access unofficial copies of Dale Service's application through the Commission's Document Search Portal at <http://www.scc.virginia.gov/caseinfo.htm>.

(7) Any interested person desiring to cross-examine witnesses or participate as a party in this proceeding shall participate as a respondent and shall file, on or before August 10, 2006, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set out in Ordering Paragraph (5) above. A respondent shall, on or before August 10, 2006, serve a copy of the notice of participation on counsel to the Company, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. Pursuant to Rule 5 VAC 5-20-80, 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-2006-00070.

(8) Within five (5) business days of receipt of a notice of participation, the Company shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed by the Company with the Commission, unless these materials have already been provided to the respondent.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(9) On or before August 10, 2006, each respondent shall file with the Clerk of the Commission 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 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.

(10) On or before August 10, 2006, any interested person wishing to comment on Dale Service's application, but not wishing to participate as a respondent pursuant to Ordering Paragraph (7) herein, shall file an original and fifteen (15) copies of such written comments with the Clerk of the Commission at the address set forth in Ordering Paragraph (5) herein and shall refer to Case No. PUE-2006-00070. A copy of such comments shall be mailed or hand-delivered to Richard D. Gary, Esquire, and Charlotte P. McAfee, at the address set out in Ordering Paragraph (7) herein on or before August 10, 2006. Interested parties 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>.

(11) The Commission Staff shall investigate the captioned application. On or before October 5, 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 of said testimony and exhibits on counsel to the Company and all respondents.

(12) On or before October 26, 2006, Dale Service shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony, exhibits, and documents 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 (1) copy of the rebuttal testimony and exhibits on Staff and all respondents.

(13) The Company and respondents shall respond to interrogatories and requests for the production of documents and things 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.

(14) On or before July 12, 2006, Dale Service shall complete the publication of the following notice and display advertising (not classified) on two occasions in newspapers of general circulation throughout Dale Service's service territory within the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION  
FOR AN EXPEDITED INCREASE IN RATES BY  
DALE SERVICE CORPORATION  
CASE NO. PUE-2006-00070

On May 17, 2006, Dale Service Corporation ("Dale Service" or "Company") filed an application 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, 2005, with the rate application and seeks to increase its annual operating revenues by \$821,004, an increase that the Company represents is approximately 11.2% of billed sewer rates. The Company states the additional revenues are necessary because of increased operating expenses and to maintain the Company's debt service coverage ratio of 1.20 times and to account for the present abatement to growth in new service connections.

Dale Service's current and proposed rates are as follows:

| Class       | Rate Per Quarter |          |
|-------------|------------------|----------|
|             | Present          | Proposed |
| Residential | \$78.30          | \$87.20  |
| Commercial  | \$98.30          | \$111.00 |

Pursuant to § 56-240 of the Code of Virginia, the Commission has authorized the Company to put its proposed rates in effect on an interim basis, subject to refund with interest, for service rendered on and after July 1, 2006. Interested parties should be advised that, after considering all the evidence, the Commission may approve revenues and adopt rates that differ from those appearing in Dale Service's application or may apportion revenues and design rates in a manner differing from that found in the Company's application.

A public hearing on Dale Service's application is scheduled to be convened on November 2, 2006, at 10:00 a.m., before a Hearing Examiner in the Commission's Second Floor Courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Interested persons may review a copy of Dale Service's 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 application may also be obtained at no cost to interested persons by requesting the same from counsel for the Company, Richard D. Gary, Esquire, or Charlotte P. McAfee, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. Interested persons may also access unofficial copies of the application through the Commission's Document Search Portal at <http://www.scc.virginia.gov/caseinfo.htm>. Dale Service may make a copy of its application and accompanying materials available on an electronic basis upon request.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On or before August 10, 2006, interested persons who want to participate fully in the proceeding as respondents in order to be parties to the proceeding and to cross-examine witnesses must file an original and fifteen (15) copies of a notice of participation pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure with the Clerk of the Commission at the address set forth below. A respondent shall serve a copy of its notice of participation upon counsel to the Company at the address set forth above on or before August 10, 2006. 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.

On or before August 10, 2006, each respondent shall file with the Clerk of the Commission at the address set forth below an original and fifteen (15) copies of the testimony and exhibits the respondent intends to offer in support of its notice of participation and shall, on the same day, serve one (1) copy of such testimony and exhibits on counsel to the Company and on all other respondents. The respondents 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.

On or before August 10, 2006, any person wishing to comment on Dale Service's application shall file an original and fifteen (15) copies of written comments with the Clerk of the Commission at the address set forth below and shall, on the same day, serve a copy of any such filed papers on counsel to the Company at the address set forth above.

Interested persons desiring to submit comments electronically may do so by August 10, 2006, by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm> and referring to Case No. PUE-2006-00070.

Interested parties shall refer in all of their filed papers to Case No. PUE-2006-00070. All comments, notices of participation, or testimony shall be filed with Joel H. Peck, Clerk State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall be simultaneously served on counsel for the Company, Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, at the address set forth above. The unofficial text of the Commission's Order for Notice and Hearing, any other Order entered herein, and the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

DALE SERVICE CORPORATION

(16) On or before July 10, 2006, the Company shall serve a copy of the Order for Notice and Hearing 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 alternative 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.

(17) On or before August 2, 2006, Dale Service shall file with the Clerk of the Commission proof of the publication and service required in Ordering Paragraphs (15) and (16) herein.

**CASE NO. PUE-2006-00071  
OCTOBER 19, 2006**

APPLICATION OF  
NORTHERN NECK ELECTRIC COOPERATIVE

For approval of electrical facilities under Section 56-46.1 of the Code of Virginia and for certification of such facilities under the Utility Facilities Act: Comorn Delivery Point 230 kV transmission line

FINAL ORDER

On May 30, 2006, Northern Neck Electric Cooperative (the "Cooperative") filed with the State Corporation Commission ("Commission") the above-captioned Application. On June 30, 2006, the Cooperative filed revisions to the Appendix of the Application (revised page 37 and revised Attachment V.A. of the Appendix) and supplemental materials to the Application.

The Cooperative proposes to construct a new overhead single-circuit 230 kV transmission line ("Transmission Facility"), approximately 300 feet in length, to provide service to its Comorn distribution substation, from Dominion Virginia Power's ("DVP") 230 kV Fredericksburg-Northern Neck transmission line. The Comorn substation is located in the Comorn area near Route 609 in King George County. The Cooperative has recently completed construction of the substation, which is needed in order to meet load growth forecasted for the King George area of its service territory.

Pursuant to the written request of the Commission Staff ("Staff"), the Department of Environmental Quality's ("DEQ") Office of Wetlands & Water Protection ("OWWP") reviewed certain wetland impacts analysis information submitted by the Cooperative on this project. On August 14, 2006, a

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

letter dated July 26, 2006 from OWWP was filed, indicating that the Cooperative's project will not impact State waters, including wetlands, and therefore, a Virginia Water Protection permit would not be required.<sup>1</sup>

On August 16, 2006, the Commission entered an Order for Notice and Comment ("August 16, 2006 Order") in which it directed the Cooperative to provide notice of the Application and invited comments and a request for hearing. The August 16, 2006 Order directed the Staff to analyze the Application and file a report, detailing its findings and recommendations by October 30, 2006.

On September 5, 2006, the Cooperative filed its proof of notice and service in compliance with Ordering Paragraphs 9 and 10 of the August 16, 2006 Order.<sup>2</sup> On September 26, 2006, the Cooperative filed its proof of publication certifying that the notice required by Ordering Paragraph 11 of the August 16, 2006 Order was given.<sup>3</sup>

On September 27, 2006, a Staff Report analyzing the Application was filed. The Staff concluded that the proposed transmission line is justified on the basis of load growth, and has the added benefit of improving service reliability.

On October 11, 2006, the Cooperative filed notice that it had no comments concerning the Staff Report.

The Commission notes, as a preliminary matter, that the supplemental materials filed by the Cooperative on June 30, 2006, contained an environmental review ("ER") conducted by USDA Rural Development - Utilities Programs ("RUS") for the construction of the Cooperative's Comorn substation and distribution tie line. The Cooperative had originally thought that DVP would build the Transmission Facility, hence, it had not been included in the ER. After the Cooperative learned that it would be responsible for building the Transmission Facility, it contacted the RUS and the agencies that had participated in the ER and requested that they revisit the ER with respect to the Transmission Facility. The Staff Report noted that no further review by any of the named Virginia agencies was requested,<sup>4</sup> and that the ER appears to essentially duplicate the typical coordinated environmental review done by DEQ at the Staff's request for transmission line applications. The RUS Environmental Review approval (letter dated June 26, 2006, signed by Charles M. Philpott) indicates that environmental considerations have been satisfied and that the project "is a categorical exclusion" under 7 CFR Part 1794, RUS Environmental Policies and Procedures.

The Commission now concludes that the RUS Environmental Review filed in the supplemental materials on June 30, 2006, and the wetlands impact consultation by DEQ's Office of Wetlands & Water Protection filed August 14, 2006, provides a sufficient record for the Commission to make its determination pursuant to § 56-46.1 A of the Code of Virginia ("Code") to give consideration to the environmental impact of the Transmission Facility.

We find that the construction of the Transmission Facility will have no material adverse effect upon reliability of electric service provided by any regulated public utility.

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.

We determine that the Transmission Facility is needed to meet growing load in the Cooperative's King George County service territory.<sup>5</sup>

NOW THE COMMISSION, having considered the record in this case and the applicable law, is of the opinion and finds that approval for the Transmission Facility, identified as the Comorn Delivery Point 230 kV transmission line, should be granted and that a certificate of public convenience and necessity to construct and operate the Transmission Facility should be issued herein. The public convenience and necessity require construction of the Transmission Facility as approved by this Order.

Finally, we determine that the certificate should expire if the Transmission Facility is not constructed and in service by December 1, 2008. The Cooperative may, however, request an extension of this date for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 56-265.1, § 56.265.2, and related provisions of Title 56 of the Code, Northern Neck Electric Cooperative is hereby granted a certificate of public convenience and necessity authorizing construction and operation of the Transmission Facility as provided for in this Order.

(2) The Cooperative is hereby authorized to construct and operate in King George County an overhead single circuit, 300 feet long, 230 kV transmission line connecting the Cooperative's Comorn distribution Substation, to DVP's 230 kV Fredericksburg-Northern Neck transmission line as proposed in the Application.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§§ 56-265.1 et seq) of Title 56 of the Code, Northern Neck Electric Cooperative is issued the following certificate of public convenience and necessity:

<sup>1</sup> Pursuant to Paragraph 3 of the DEQ State Corporation Commission Memorandum of Agreement Regarding Wetland Impacts Consultation (July 2003), the Commission's Staff sought this wetlands impact review.

<sup>2</sup> Ordering paragraph 9 required the Cooperative to serve a copy of the August 16, 2006 Order on the Chairman of the Board of Supervisors of King George County. Ordering paragraph 10 required the Cooperative to mail a copy of the notice and prescribed sketch map to all owners of property within the route of the proposed transmission line.

<sup>3</sup> Ordering paragraph 11 of the August 16, 2006 Order prescribed notice and required publication of the prescribed notice and a sketch map of the proposed route for two consecutive weeks in newspapers of general circulation in King George County.

<sup>4</sup> Staff Report, pp. 5-7.

<sup>5</sup> The proposed transmission line is included in the Cooperative's 2003 comprehensive long-range study of needed system upgrades. (Staff Report at 7).

Certificate No. ET-131a which authorizes Northern Neck Electric Cooperative under the Utility Facilities Act to operate presently constructed transmission lines and facilities in King George County, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2006-00071. Certificate No. ET -131a will cancel Certificate No. ET-131 issued to Northern Neck Electric Cooperative on January 2, 1964.

(4) As a condition of the certificate granted in this case, the Transmission Facility must be constructed and in service by December 1, 2008; however, the Cooperative is granted leave to apply for an extension for good cause shown.

(5) 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-2006-00072  
DECEMBER 5, 2006**

APPLICATION OF  
ATMOS ENERGY CORPORATION

For a certificate of public convenience and necessity pursuant to Virginia Code § 56-265.3

**FINAL ORDER**

On June 13, 2006, Atmos Energy Corporation ("Company" or "Atmos") filed its application requesting approval of a certificate of public convenience and necessity ("CPCN"), pursuant to § 56-265.2 of the Code of Virginia ("Code"). On July 19, 2006, Atmos filed an amended application requesting that approval of the requested CPCN be granted pursuant to § 56-265.3 of the Code.

Atmos requests the CPCN to provide natural gas distribution service to the remaining geographic area within Carroll County, Virginia, not currently certificated to the Company.<sup>1</sup> Atmos is a public utility currently selling and distributing natural gas in Abingdon, Blacksburg, Bristol, Marion, Pulaski, Radford, and Wytheville, Virginia, and their surrounding areas, including portions of Carroll County, Virginia. The Company's rates in Virginia are regulated under Chapter 10 of Title 56 of the Code.

Carroll County requested Atmos to assist in the economic development of the County by being prepared to provide natural gas distribution services within the northwest quadrant of Carroll County near the intersection of Interstate 77 and U.S. Route 58.<sup>2</sup> Carroll County plans to develop an industrial park in this unserved area of the County. Atmos states that as customers for gas service develop in the unserved area, Atmos will construct the distribution piping that will enable it to provide service to the potential new industrial and commercial customers in Carroll County.<sup>3</sup> Atmos will restrict its capital expenditures to those necessary to bring customers online when they request service. Atmos will not commence the purchase of gas for any potential customer in the unserved area until a contract for such gas supply service is executed. Atmos states that the development of its distribution system in the unserved area will be wholly dependent on Carroll County's success in attracting new industrial and commercial customers to the unserved area.<sup>4</sup>

Atmos states that its requested service territory expansion will promote the public interest and will be supported by tapping into the existing Patriot Pipeline, which runs through Carroll County.

On August 1, 2006, the Commission issued an Order for Notice and Comment, which docketed the amended application and directed the Company to make its application materials available to the public and to provide a copy at no charge upon written request; to publish prescribed notice in Carroll County; and to serve a copy of the Order for Notice and Comment on designated officials of Carroll County. On August 24, 2006, the Company's counsel filed proofs of publication and service of notice as ordered.

No comments or requests for hearing have been filed. The Division of Energy Regulation ("Staff") has reviewed the amended application and, by memorandum filed November 29, 2006, has advised the Commission of its recommendation that the amended application is in the public interest and should be approved.<sup>5</sup> The Staff recommends that if Atmos does not provide natural gas service to the newly certificated area within five (5) years of the date of this Order, the authority should be terminated and the certificate voided.

NOW THE COMMISSION, having considered the amended application and record in this case and being advised by Staff, is of the opinion and finds that the amended application to expand Atmos' certificated territory to include all of Carroll County is in the public interest. The Commission finds that the public interest requires that if Atmos does not provide natural gas utility service in the newly certificated area of Carroll County within five (5)

<sup>1</sup> Atmos was previously authorized to provide gas service in part of Carroll County, under S.C.C. Certificate No. G-73b, issued October 21, 1997. Pursuant to Certificate No. G-73b, Atmos is authorized to furnish gas service in part of the City of Galax and other areas. A grant of the proposed certificated area shown in Exhibit 2 of the amended application will allow Atmos to serve the entire Carroll County.

<sup>2</sup> A letter from the County Administrator of Carroll County making this request is attached as Exhibit 3 to the amended application.

<sup>3</sup> Atmos represents that construction of the additional distribution system pipeline in Carroll County will comply with § 56-257.3 of the Code and applicable Commission regulations.

<sup>4</sup> Atmos has attached to the amended application a map of Carroll County, outlining the unserved area requested for certification.

<sup>5</sup> The Commission deems the Staff memorandum to satisfy the procedural requirements for deliberation pursuant to § 56-265.3 B of the Code.

years of the date of the Final Order in Case No. PUE-2006-00072, the authority granted to furnish natural gas service shall be terminated and the certificate voided. The Commission further finds that prior to construction of utility facilities in the newly certificated area of Carroll County, Atmos should be required to obtain a certificate pursuant to §§ 56-265.2 and 56-265.2:1 of the Code.

The Commission finds that the Company's CPCN No. G-73b should be cancelled, and a new CPCN No. G-73c should be issued to Atmos, authorizing its service territory to include all of Carroll County, Virginia.

Accordingly, IT IS ORDERED THAT:

(1) The amended application to include all of Carroll County, Virginia, in the certificated service territory of Atmos Energy Corporation is hereby found to be in the public interest and is granted, subject to the findings above.

(2) Atmos Energy Corporation shall be issued Certificate of Public Convenience and Necessity No. G-73c, extending its certificated service territory to include all of Carroll County, Virginia, contemporaneous with the cancellation of its existing Certificate of Public Convenience and Necessity No. G-73b.

(3) If Atmos does not provide natural gas utility service to the newly certificated area of Carroll County, Virginia, within five (5) years of the date of this Final Order in Case No. PUE-2006-00072, the authority granted to furnish natural gas service in the newly certificated area shall be terminated and this certificate voided.

(4) Atmos is hereby ordered to obtain a certificate pursuant to §§ 56-265.2 and 56-265.2:1 of the Code before construction of utility facilities in the newly certificated area of Carroll County.

(5) There being nothing further to be done herein, this case shall be dismissed and placed in the Commission's files for ended causes.

### CASE NO. PUE-2006-00073 SEPTEMBER 25, 2006

COMMONWEALTH OF VIRGINIA *ex rel.*  
STATE CORPORATION COMMISSION

Ex Parte: In the matter of amending regulations governing net energy metering

#### ORDER ADOPTING FINAL REGULATIONS

The Regulations Governing Net Energy Metering, 20 VAC 5-315-10 *et seq.* ("Net Energy Metering Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 of the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia ("Restructuring Act"), establish the requirements for participation by an eligible customer-generator in net energy metering in the Commonwealth. The Net Energy Metering Rules include conditions for interconnection and metering, billing, and contract requirements between net metering customers, electric distribution companies, and energy service providers.

On June 23, 2006, the Commission entered an Order Establishing Proceeding to amend the Net Energy Metering Rules to reflect statutory changes enacted by Chapter 470 of the 2006 Acts of Assembly, which amended § 56-594 of the Restructuring Act to revise the definition of eligible customer-generator. As amended, eligible customer-generator means a customer that owns and operates, or contracts with other persons to own, operate, or both, an electrical generating facility that: (i) has a capacity of not more than 10 kilowatts for residential customers and 500 kilowatts for nonresidential customers; (ii) uses as its total source of fuel renewable energy, as defined in Va. Code § 56-576; (iii) is located on the customer's premises and is connected to the customer's wiring on the customer's side of its interconnection with the distributor; (iv) is interconnected and operated in parallel with an electric company's transmission and distribution facilities; and (v) is intended primarily to offset all or part of the customer's own electricity requirements.

The Commission proposed amendments to the Net Energy Metering Rules ("Proposed Rules") to reflect an expansion of the definition of eligible customer-generator such that it will include not only a customer who owns and operates an electrical generating facility, but also one who contracts with other persons to own, operate, or both, the electrical generating facility. The Proposed Rules also reflects the expansion of the types of permissible fuels for the electrical generating facility. In addition to previously permitted solar, wind, and hydro, energy from waste, wave motion, tides, and geothermal power are now permissible fuels.<sup>1</sup> Moreover, now not only is the generator required to be located on the customer's premises, but it must also be connected to the customer's wiring on the customer's side of its interconnection with the distributor.

Notice of the 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 Proposed Rules.

Appalachian Power Company ("APCO"); Michel A. King, President, Old Mill Power Company ("Mr. King"), and Debra A. Jacobson, Professorial Lecturer in Energy Law, George Washington University Law School ("Professor Jacobson"); Virginia Electric and Power Company ("Virginia Power"); Virginia, Maryland & Delaware Association of Electric Cooperatives ("Cooperatives");<sup>2</sup> and J. R. Yago & Associates, Consulting Engineers ("J. R. Yago"), filed comments on or before the August 21, 2006, deadline.

<sup>1</sup> Va. Code § 56-576. Renewable energy does not include energy derived from coal, oil, natural gas or nuclear power.

<sup>2</sup> On behalf of its Virginia members: A & N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative.

The Cooperatives stated that it is necessary for the electric utility to have detailed contact information of the generation facilities' actual owner/operator and proposed to revise the Proposed Rules to require such information. The Cooperatives indicated that the landowner may be unfamiliar with the actual operations of the generating facility or that the electric utility may need to directly interact with the owner or operator of a facility in the instance of, e.g., a failure of paralleling switches, generator controls or other customer-generator equipment. Finally, the Cooperatives stated its belief in the importance of the net energy metering capacity cap and the necessity of fundamentally restructuring the system of cost allocation for net energy metering if the cap is modified or eliminated in the future.

APCO endorsed the Cooperatives' comments with respect to the expansion of the class of customers eligible for net metering service as it may be necessary for an electric utility to contact the third party owner of the generation facilities, rather than the landowner that contracted with the third party to own and operate the facilities on the landowner's property.

Mr. King and Professor Jacobson expressed agreement with the Proposed Rules insofar as they implement the amendments to § 56-594 of the Restructuring Act. However, Mr. King and Professor Jacobson requested that the scope of the instant proceeding be expanded so that the Commission consider time-of-use net metering. Among other things, Mr. King and Professor Jacobson reiterated their comments filed in Case No. PUE-2006-00003<sup>3</sup> that net metering customers may not currently employ time-of-use metering and that time-based rate schedules would enable a customer to manage energy use and cost.

Virginia Power indicated that the Proposed Rules appropriately incorporated Chapter 470 and suggested that the definition of "person" as defined in § 56-576 of the Restructuring Act be included in the final amendments.

J. R. Yago stated that it took no exception to the Proposed Rules.

NOW THE COMMISSION, upon consideration of the record and applicable statutes, is of the opinion and finds that the regulations attached hereto as Appendix A should be adopted as final rules. We will not expand the scope of this proceeding to consider issues beyond those required to implement the amendments to § 56-594 of the Restructuring Act.

We agree that the electric utilities must be able to readily contact those net metering customers contracting with other persons to own, operate, or both, a renewable fuel generator under a net metering service arrangement. Therefore, we will adopt the language proposed by the Cooperatives requiring contact information for the owner, operator, or both. Rule 20 VAC 5-315-30 will be amended to insert after the first sentence of that section:

If the prospective net metering customer has contracted with another person to own, operate, or both, the renewable fuel generator, then the notice will include detailed, current and accurate contact information for the owner, operator, or both, including without limitation, the name and title of one or more individuals responsible for the interconnection and operation of the generator, a telephone number, a physical street address other than a post office box, a fax number, and an e-mail address for each such person or persons.

In addition, we will adopt the new subsection proposed by the Cooperatives requiring immediate notification of any changes in ownership or operational responsibility. Rule 20 VAC 5-315-40 will be amended by adding a new subsection D:

The net energy metering customer shall immediately notify the electric distribution company of any changes in the ownership of, operational responsibility for, or contact information for the generator.

The Proposed Rules incorporated amendments that introduced the term "person" in the Net Energy Metering Rules. We will adopt the definition of "person" as contained in § 56-576 of the Restructuring Act in order to be clear as to the meaning of the term. Rule 20 VAC 5-315-20 will be amended by adding the following:

"Person" means any individual, corporation, partnership, association, company, business, trust, joint venture, or other private legal entity, and the Commonwealth or any municipality.

Accordingly, IT IS ORDERED THAT:

- (1) The Regulations Governing Net Energy Metering are hereby adopted as shown in Appendix A to this Order.
- (2) A copy of this Order and the Regulations Governing Net Energy Metering shall be forwarded to the Registrar of Regulations for publication in the Virginia Register of Regulations.
- (3) On or before November 3, 2006, 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 any 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 Appendix 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.

<sup>3</sup> Case No. PUE-2006-00003, Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of considering § 1252 of the Energy Policy Act of 2005, Comments, Doc. No. 369260, May 12, 2006.

**CASE NO. PUE-2006-00074  
JULY 7, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For Confidential Treatment of Certain Purchase Power Disclosures

**ORDER DISMISSING**

On June 16, 2006, Delmarva Power & Light Company ("Delmarva" or "Company") filed a motion with the State Corporation Commission ("Commission") requesting that certain information that it had supplied to a Commission Staff ("Staff") investigative request be afforded confidential treatment. Specifically, the Company requests that designated information from its Form 1 filing made to the Federal Energy Regulatory Commission ("FERC"), in this instance pages 326-330 and footnotes on page 450 of the Form 1, be "redacted each year before being placed in the Commission's public files" and treated as confidential information. On June 22, 2006, the Staff filed its response to the motion, not opposing, but suggesting certain changes in the requested confidential treatment of the subject information.

On June 29, 2006, Delmarva filed its Request to Withdraw Motion. The Company advised that on June 28, 2006, FERC had denied its request for confidential treatment of the information contained in the Form 1. Accordingly, the Commission being sufficiently advised, it is hereby ORDERED that:

- (1) The Request to Withdraw Motion shall be GRANTED;
- (2) The subject information now in possession of Staff shall forthwith be made publicly available;
- (3) Similar subsequent filings by Delmarva shall be made publicly available unless otherwise ordered; and
- (4) This matter is DISMISSED.

**CASE NO. PUE-2006-00075  
NOVEMBER 1, 2006**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For Certain Initial Determinations with Regard to Virginia Code § 56-585 G

**FINAL ORDER**

On June 30, 2006, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed a Petition with the State Corporation Commission ("Commission") seeking certain initial determinations with regard to § 56-585 G of the Code of Virginia ("Code"). By way of background, the Company stated as follows: (1) "[i]n 2004, the General Assembly amended the Virginia Electric Utility Restructuring Act<sup>1</sup> by adding a new subsection, Virginia Code § 56-585 G (the Provision), regarding construction of a coal-fired generation facility in the coalfield region of Virginia ('Coal Plant' or 'Plant');" and (2) "[t]he Provision states that its purpose is '[t]o ensure a reliable and economic supply of electricity, and to promote economic development,' and it declares that the construction of a Plant 'that utilizes energy resources located in the Commonwealth is in the public interest, and in determining whether to approve such [a] facility, the [State Corporation] Commission shall liberally construe the provisions of this title."<sup>2</sup>

The Company emphasized that it is not now requesting the Commission to approve construction of the Plant: "[T]he present filing is not a petition for approval to construct a Plant under the Provision. Rather, it is a request that the Commission decide important prerequisite issues that will greatly facilitate the decision-making process of [Dominion Virginia Power], the Petitioner herein, with regard to whether the Company should later seek approval to build a Plant."<sup>3</sup> Specifically, "the Company respectfully requests that the Commission issue an order that (1) approves the calculation and implementation of an 'Allowance for Funds Used During Construction' ('AFUDC') rate for the period during the planning and construction of a Plant pursuant to Virginia Code § 56-585 G, (2) approves a 'risk premium' during the commercial operation of the facility, and (3) grants exemptions from certain portions of the electric utility bidding rules found at 20 VAC 5-301-10 *et seq.* ('Bidding] Rules')."<sup>4</sup>

On July 13, 2006, the Commission issued an Order for Notice and Hearing that, among other things, docketed this proceeding, required the Company to give notice of its Petition, established a procedural schedule for comments and testimony, scheduled a public hearing for October 17, 2006, and assigned this case to a Hearing Examiner.<sup>5</sup>

<sup>1</sup> Va. Code §§ 56-576 *et seq.*

<sup>2</sup> Petition at 1 (quoting Va. Code § 56-585 G).

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

<sup>4</sup> *Id.*

<sup>5</sup> The Commission also issued a Supplemental Order for Notice and Hearing on July 27, 2006.

On August 22, 2006, the Virginia Committee For Fair Utility Rates ("Committee") filed a Motion to Dismiss ("Motion to Dismiss"). The Committee asserted that the Petition asks for an advisory opinion in violation of the Commission's rules and the statutory scheme. The Committee also asserted that the Commission must dismiss the Petition "because it requests relief – *i.e.*, exemption from the bidding rules for a petition that [the Company] might some day decide to file – that the Commission may not grant."<sup>6</sup>

The participants in this case filed responses to the Motion to Dismiss on August 31, 2006. Dominion Virginia Power requested that the Motion to Dismiss be denied. Appalachian Power Company ("Appalachian Power") also urged that the Motion to Dismiss be denied. The Commission's Staff ("Staff") stated that the Commission should either (1) grant the Motion to Dismiss, or (2) direct dismissal unless the Company files an application under § 56-585 G of the Code within six months. On September 7, 2006, the Committee filed a reply to the responses.

On September 15, 2006, Chief Hearing Examiner Deborah V. Ellenberg issued a Ruling and Certification to the Commission ("Ruling"). The Chief Hearing Examiner found that the Motion to Dismiss should be granted, certified such Ruling to the Commission *sua sponte* pursuant to 5 VAC 5-20-120 B, and suspended the procedural schedule for the filing of testimony and the previously scheduled hearing until further order of the Commission.

On September 20, 2006, the Commission issued an order providing that: (1) notices of participation, as permitted in Ordering Paragraph (5) of the Commission's July 13, 2006 Order for Notice and Hearing, may be filed on or before October 3, 2006; (2) on or before October 11, 2006, the Company, respondents, and Staff may file comments on the Ruling; and (3) the public hearing shall be convened on October 17, 2006, as previously scheduled.

On October 11, 2006, comments on the Ruling were filed by: the Company; Appalachian Power; the Committee; the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); and the Staff. The Company, Appalachian Power, and Consumer Counsel object to the Ruling. The Committee and Staff support the Ruling.

A public hearing was held on October 17, 2006. James C. Roberts, Esquire, Edward L. Flippen, Esquire, and Karen L. Bell, Esquire, appeared on behalf of the Company. Anthony Gambardella, Esquire, appeared on behalf of Appalachian. Edward L. Petrini, Esquire, appeared on behalf of the Committee. C. Meade Browder, Jr., Esquire, and D. Mathias Roussy, Jr., Esquire, appeared on behalf of Consumer Counsel. William H. Chambliss, Esquire, and Arlen K. Bolstad, Esquire, appeared on behalf of Staff.

The following public witnesses, listed in order of appearance, testified at the hearing: the Honorable William C. Wampler, Jr., Member, Senate of Virginia; the Honorable Phillip P. Puckett, Member, Senate of Virginia; the Honorable Terry G. Kilgore, Member, House of Delegates of Virginia; the Honorable Patrick O. Gottschalk, Virginia Secretary of Commerce and Trade; Jeffrey M. Anderson, Executive Director, Virginia Economic Development Partnership; John Heard, Legislative Counsel, Virginia Coal Association; Ron Flanary, Executive Director, LENOWISCO Planning District, and on behalf of Wise County and Town of St. Paul; Cale Jaffe, Southern Environmental Law Center; the Honorable Thomas K. Norment, Member, Senate of Virginia; Barbara F. Altizer, Executive Director, Eastern Coal Council; Jonathan Belcher, Acting Executive Director, Virginia Coalfield Economic Development Authority; Louis A. Zeller, Administrator and a Campaign Coordinator, Blue Ridge Environmental Defense League; the Honorable William T. Bolling, Lieutenant Governor of Virginia; Melissa Kemp, Public Citizen; Kathy R. Selvage of Stephens, Virginia; and Tammy Belinsky of Copper Hill, Virginia.

NOW UPON CONSIDERATION of this matter, the Commission is of the opinion and finds as follows.

#### Coal-Fired Generation Facility

We find that construction of a coal-fired generation facility under § 56-585 G of the Code that utilizes Virginia coal and is located in the coalfield region of the Commonwealth is in the public interest. Indeed, the General Assembly of Virginia explicitly directed such finding: "The construction of such facility that utilizes energy resources located within the Commonwealth *is in the public interest*, and in determining whether to approve such facility, the Commission shall liberally construe the provisions of this title."<sup>7</sup> We therefore reject, to the extent argued by Staff or other participants, the suggestion that the Commission must apply a separate public interest standard in evaluating an application to construct such a plant under this statute.<sup>8</sup> Rather, the plain language of the statute means what it says, and the construction of such facility in accordance with § 56-585 G is in the public interest.

#### Costs of the Facility

The General Assembly of Virginia also explicitly directed as follows: "[A] distributor that *constructs*, or causes to be constructed, such facility shall have the *right to recover the costs of the facility*, including [AFUDC], life-cycle costs, and costs of infrastructure associated therewith, plus a fair rate of return, through its rates for default service."<sup>9</sup> This cost recovery includes all costs prudently incurred prior to operation of the Plant.

In this regard, Dominion Virginia Power asserts that "[a]t the close of its books in 2006, any AFUDC not capitalized and credited to income for 2006 will be lost for that time period – even if the Plant is approved and built – because the Company cannot retroactively restate its 2006 financial statements for AFUDC that was not authorized and credited to income during that period. The same is true for each quarter of 2007 in which AFUDC is not capitalized and credited to income."<sup>10</sup> The Company explains that "AFUDC is capitalized until the Plant is in operation by concurrent credits to the income statement and charges to utility plant."<sup>11</sup>

<sup>6</sup> Committee's August 22, 2006 Motion to Dismiss at 10.

<sup>7</sup> Va. Code § 56-585 G (emphasis added).

<sup>8</sup> See, e.g., Staff's August 31, 2006 Response at 3-4.

<sup>9</sup> Va. Code § 56-585 G (emphasis added).

<sup>10</sup> Dominion Virginia Power's October 11, 2006 Response at 13.

<sup>11</sup> *Id.* at 12.

As noted above, § 56-585 G mandates that if the Company *constructs* the Coal Plant, it shall have the right to recover the costs of the facility, including AFUDC. To retain that right, for regulatory accounting purposes the Company should follow the guidance as outlined in the Federal Energy Regulatory Commission's Uniform System of Accounts for recording costs of the facility, including any AFUDC. The Company may accrue AFUDC on any and all costs associated with this facility in Virginia under the same methodology and rate that it is accruing such costs in its other jurisdictions.<sup>12</sup> Accordingly, this will allow the Company to capitalize AFUDC by concurrent credits to the income statement and charges to utility plant, and to seek appropriate recovery of AFUDC when it files its petition for approval to construct the Plant.<sup>13</sup>

#### Bidding Rules

We agree with Dominion Virginia Power that the Commission may waive the Bidding Rules<sup>14</sup> for a proposed coal-fired generation facility under § 56-585 G of the Code. Section 56-585 G directs that the "Commission shall consider any petition filed under this subsection *in accordance with its competitive bidding rules* promulgated pursuant to § 56-234.3, and in accordance with this chapter" (emphasis added). The Bidding Rules, in turn, explicitly state that "[a] utility may file for exemptions from any or all of these bidding program requirements."<sup>15</sup> The plain language of § 56-585 G does not restrict the Commission's application of its Bidding Rules. That is, the statute does not state that the Commission shall apply all of the Bidding Rules except for the rule permitting exemptions. We find that the statute permits the Commission to consider exemption requests pursuant to 20 VAC 5-301-10 of the Bidding Rules. Such a finding does not render the statutory directive meaningless; rather, it simply implements the plain language thereof.

In addition, we disagree with the Chief Hearing Examiner's conclusion that the Bidding Rules do "not allow a company to seek, and the Commission to approve, exemption from following a bidding program if one has been adopted."<sup>16</sup> As previously explained, the Bidding Rules explicitly permit exemption requests "from any or all of these bidding program requirements."<sup>17</sup> The phrase "these bidding program requirements" encompasses the specific rules for which the Company seeks an exemption. Indeed, as cited by Dominion Virginia Power, the Commission has previously considered and granted such exemption requests.<sup>18</sup>

Accordingly, for purposes of proceeding with the construction of a coal-fired generation facility as embodied in § 56-585 G, we find that the Commission may grant exemptions from any or all of the Bidding Rules. The Company need not issue a request for proposals nor accept bids prior to filing – and, thus, can proceed with dispatch in preparing – its petition for approval to construct the Plant. When such petition is filed, any request for exemptions from the Bidding Rules could be properly addressed by the Commission as an initial, threshold matter.

#### Fair Rate of Return

We find that the Company is guaranteed the right to recover a fair rate of return on the costs incurred to construct a coal-fired generation facility in accordance with § 56-585 G. As already noted, the General Assembly of Virginia explicitly directed such finding: "[A] distributor that constructs, or causes to be constructed, such facility shall have the right to recover the costs of the facility, including [AFUDC], life-cycle costs, and costs of infrastructure associated therewith, *plus a fair rate of return*, through its rates for default service."<sup>19</sup>

We cannot, however, determine a fair rate of return based on the Petition before us. The Company reminds the Commission that "[t]he General Assembly can, for example, prescribe by statute . . . what rate of return is to be allowed."<sup>20</sup> The Company is correct; the General Assembly could have included a specific rate of return in § 56-585 G. It did not do so. Rather, the General Assembly directed the Commission to determine a fair rate of return.

As required by the Supreme Court of Virginia, the Commission must have a sufficient "evidentiary basis" for its determination of a fair rate of return.<sup>21</sup> The Supreme Court of Virginia, in adopting an explanation by Commissioner H. Lester Hooker, has further directed as follows: "As Commissioner Hooker said: 'A fair rate of return can never be established by a rule of thumb. It requires in our opinion, a consideration of all evidence of

<sup>12</sup> In its most recent Annual Informational Filing filed on May 1, 2006 ("AIF"), the Company identifies that it is currently accruing AFUDC in its other jurisdictions. *Virginia Electric and Power Company d/b/a Dominion Virginia Power - Annual Informational Filing for calendar year 2005*, Case No. PUE-2006-00063, AIF at Schedule 9.

<sup>13</sup> Consistent with our discussion below under Fair Rate of Return, when the Company files necessary facts with its petition for approval to construct the Plant, the Commission will determine a fair rate of return and method to account for AFUDC relative to this facility.

<sup>14</sup> 20 VAC 5-301-10 *et seq.*

<sup>15</sup> 20 VAC 5-301-10.

<sup>16</sup> Chief Hearing Examiner's September 15, 2006 Ruling and Certification to the Commission at 7.

<sup>17</sup> 20 VAC 5-301-10.

<sup>18</sup> See Dominion Virginia Power's October 11, 2006 Response at 17-18.

<sup>19</sup> Va. Code § 56-585 G (emphasis added).

<sup>20</sup> Dominion Virginia Power's October 11, 2006 Response at 3.

<sup>21</sup> *Appalachian Power Co. v. Commonwealth of Virginia*, 216 Va. 617, 625 (1976) ("[W]e have been able to ascertain, albeit with some difficulty, the evidentiary basis for the rate of return allowed by the majority.") ("*Appalachian*"). See also *Commonwealth of Virginia, Ex. Rel., Division of Consumer Counsel, Office of the Attorney General v. The Potomac Edison Co., and State Corp. Comm'n*, 233 Va. 165, 172 (1987) ("[In *Appalachian*], we said that even though the Commission's opinion was nonspecific, inadequately documented, and lacking in the Commission's usual detail and quality, we were nevertheless able 'to ascertain . . . the evidentiary basis for the rate of return allowed by the majority.'").

record and a conclusion based on the evidence and on judgment and experience."<sup>22</sup> Furthermore, it is well established that "a utility company has no vested right to demand that any particular method be used by a regulatory body in determining its rate of return."<sup>23</sup>

Section 56-585 G directs that the fair rate of return is to be recovered through rates for default service and, accordingly, clearly directs that the Company "shall file with its application a plan, or a revision of a plan previously filed, . . . that *proposes default service rates to ensure such cost recovery and fair rate of return*" (emphasis added). We cannot determine a fair rate of return without contemporaneously considering the Company's proposed changes in default service rates charged to its residential and other customer classes. In addition, the Electric Power Supply Association and Coral Power object to any changes in default service rates that have the effect of recovering Plant costs from customers that switch to competitive suppliers;<sup>24</sup> issues such as this are also relevant to an analysis of the Company's risk and, therefore, to the determination of a fair return. The Petition, however, does not include a specific proposal for recovery through default service rates. The Petition also does not include additional information necessary for a reasonable evaluation of a fair return, including the actual owners of the Plant, specific cost data for the Plant, projected cash flows, and financing mechanisms for the Plant.

Dominion Virginia Power and several public witnesses assert that the term "liberally construe" as used in the statute permits the Commission to determine a fair rate of return at this time. Specifically, § 56-585 G directs that the "construction of such facility that utilizes energy resources located within the Commonwealth is in the public interest, and *in determining whether to approve such facility*, the Commission shall *liberally construe* the provisions of this title" (emphasis added). The plain language thereof directs the Commission to liberally construe the provisions of Title 56 when we are determining whether to approve such facility; the Company, however, has clearly and steadfastly explained that it is not now asking the Commission to determine whether to approve such facility. Additionally, as noted herein the Commission cannot determine a fair rate of return based on the facts before us.

#### Petition to Construct the Plant

In establishing a fair rate of return, the "Commission must exercise its informed judgment within a zone of reasonableness."<sup>25</sup> The current Petition, however, is devoid of facts that we must at least consider in order to exercise informed judgment in determining a fair return. The Commission awaits additional information in the Company's petition to construct the Plant so that we can move this process forward towards fulfilling the statute's goal of building a coal-fired generation facility that utilizes Virginia coal and is located in the coalfield region of the Commonwealth. Indeed, § 56-585 G is unambiguous that construction of such a facility is in the public interest, and we have permitted the Company to record costs for future recovery in accordance with the public interest declaration in the statute. Such accrual, however, must not continue indefinitely. Accordingly, in furtherance of the policy set forth in § 56-585 G, the Company shall file its petition for approval to construct a facility thereunder within twelve months from the date of this Final Order or cease booking AFUDC.<sup>26</sup>

#### Conclusion

In sum, we have decided that:

- 1) construction of a coal-fired generation facility pursuant to the terms of § 56-585 G of the Code that utilizes Virginia coal and is located in the coalfield region of the Commonwealth is in the public interest;
- 2) the Company may accrue AFUDC as set forth herein to preserve its right to recover such costs pursuant to the terms of § 56-585 G of the Code;
- 3) the Company shall file a petition for approval to construct a facility under § 56-585 G within twelve months from the date of this Final Order or cease booking AFUDC as set forth herein; and
- 4) the Commission may grant exemptions from any or all of the Bidding Rules for a proposed coal-fired generation facility under § 56-585 G of the Code.

Accordingly, IT IS HEREBY ORDERED THAT the Company shall proceed in accordance with the terms of this Final Order; THAT the Motion to Dismiss filed by the Virginia Committee for Fair Utility Rates is granted for the reasons set forth herein; and THAT this case is dismissed without prejudice for the Company to file its petition for approval to construct the Coal Plant.

<sup>22</sup> *Board of Supervisors of Arlington County v. Virginia Elec. and Power Co.*, 196 Va. 1102, 1120 (1955).

<sup>23</sup> *Roanoke Gas Co. v. State Corp. Comm'n*, 225 Va. 186, 189 (1983) (quoting *Central Tel. Co. of Va. v. State Corp. Comm'n*, 219 Va. 863, 878 (1979)).

<sup>24</sup> Electric Power Supply Association's September 21, 2006 Comments at 4; Coral Power, L.L.C.'s September 18, 2006 Comments at 2-3.

<sup>25</sup> *Appalachian* at 626 (citing *Commonwealth v. Portsmouth Gas Co.*, 213 Va. 239, 242 (1972)).

<sup>26</sup> The Company may seek the Commission's consideration for an extension of such date for good cause shown.

**CASE NO. PUE-2006-00076  
JULY 27, 2006**

APPLICATION OF  
SOUTHWESTERN VIRGINIA GAS COMPANY

To issue long-term debt

**ORDER GRANTING AUTHORITY**

On July 5, 2006, Southwestern Virginia Gas Company ("Southwestern" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia to issue long-term debt. Applicant has paid the requisite fee of \$250.

Applicant requests authority to borrow up to \$2,000,000 through the issuance of a first mortgage notes ("Notes") issued to the Bank of America, N.A. The Notes will amortize over a 25-year period and the Notes will mature in 15 years. The interest rate will be floating based on the London InterBank Offered Rate ("LIBOR") plus 135 basis points. Payment of interest and principal will be payable monthly. Issuance costs are estimated by Applicant to be \$12,825. Proceeds from the issuance of the Notes will be used to payoff the existing first mortgage note originally issued in 1995 and to provide financing of natural gas storage inventories.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Applicant is hereby authorized to issue up to \$2,000,000 in long-term debt in the form of first mortgage notes to the Bank of America, N.A., under the terms and conditions and for the purposes set forth in the application.
- (2) Applicant shall submit a Report of Action within thirty (30) days after the issuance of the long-term debt pursuant to Ordering Paragraph (1), to include the following:
  - (a) the issuance date of the first mortgage notes and the net proceeds to Applicant;
  - (b) a list of any signed agreements not previously provided which were executed for the purpose of issuing the long-term debt pursuant to Ordering Paragraph (1);
  - (c) the initial interest rate term selected and the date of the next change of the interest rate index; and
  - (d) a schedule of the balance of all unamortized issuance expenses on the old first mortgage note.
- (3) Applicant shall file a final Report of Action on or before June 29, 2007, to include a detailed account of all the actual expenses and fees paid to date for the new first mortgage notes, with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.
- (4) Approval of the application shall have no implications for ratemaking purposes.
- (5) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00080  
AUGUST 11, 2006**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For authority to incur long-term debt

**ORDER GRANTING AUTHORITY**

On July 18, 2006, Appalachian Power Company ("APCO" or "Applicant") filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to issue long-term debt to the public. 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.

APCO proposes to issue secured or unsecured promissory notes ("Notes") up to the aggregate principal amount of \$800,000,000 from time to time through December 31, 2007. 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 for the Notes are estimated to be 1.0% of the principal amount issued. 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.

APCO also requests authority to enter into agreements and assume obligations necessary for the payment of principal, interest, and other costs associated with the issuance and sale of up to \$17,500,000 of tax exempt pollution control revenue bonds ("Series J Bonds") by the Industrial Development Authority of Russell County, Virginia (the "Authority") on behalf of Applicant. Costs associated with the Series J Bonds are estimated by Applicant to approximate \$430,200, which may include, but not be limited to, trustee fees, legal fees, underwriting compensation, and bond insurance premium. Proceeds from the Series J Bonds will be applied to the refunding of up to \$17,500,000 of outstanding Series I Bonds issued pursuant to Commission Order dated December 4, 2003, in case No. PUE-2003-00407. The rate of interest on any Series J Bonds will not exceed a fixed rate 8.0% or an initial variable rate 8.0%. In addition, the initial public offering price on Series J Bonds shall be less than 95% of the principal amount issued.

In conjunction with the issuance of the Notes and Series J Bonds, 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 and the Series J Bonds. 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 or Series J Bonds. Consequently, the cumulative notional amount of the Treasury Hedges cannot exceed \$800,000,000 for underlying Notes and \$17,500,000 for underlying Series J Bonds.

Finally, APCO requests a continuation of the authority granted in Case No. PUE-2005-00102 to utilize interest rate management techniques and enter into IRMAs through December 31, 2007.<sup>1</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, whether existing or anticipated. APCO will only enter IRMAs with counterparties that are highly rated financial institutions. The aggregate notional amount of the MEWS 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 under Chapter 3 and, to the extent necessary for Trust Preferred Securities, Chapter 4 of Title 56 of the Code of Virginia to issue and sell up to \$800,000,000 of Notes, from time to time during the period January 1, 2007, through December 31, 2007, for the purposes and under the terms and conditions set forth in the application.

(2) Applicant is hereby authorized to enter into agreements and assume obligations necessary for the payment of principal, interest, and costs associated with the issuance and sale of up to \$17,500,000 of tax exempt pollution control revenue bonds ("Series J Bonds") from the date of this Order through December 31, 2007, for the purposes and under the terms and conditions set forth in the application.

(3) 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 exceed \$800,000,000 for underlying Notes and \$17,500,000 for underlying Series J Bonds through December 31, 2007.

(4) 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, 2007, through December 31, 2007.

(5) Applicant shall not enter into any IRMA or hedging transaction involving counterparties having credit ratings of less than investment grade.

(6) 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.

(7) 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 (3) and (4) 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.

(8) 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> Pursuant to the Commission's Order Granting Authority, dated December 8, 2005, in Case No. PUE-2005-00102, APCO's existing authority to utilize IRMAs is set to expire after December 31, 2006.

(9) Applicant's Final Report of Action shall be due on or before March 1, 2008, to include the information required in Ordering Paragraph (8) in a cumulative summary of actions taken during the period authorized.

(10) This matter shall remain under the continued review, audit, and appropriate action of this Commission.

**CASE NO. PUE-2006-00083  
OCTOBER 2, 2006**

PETITION OF  
DUKE ENERGY CORPORATION,  
GAS SPINCO, INC.,  
DUKE ENERGY VIRGINIA PIPELINE COMPANY  
and  
DUKE ENERGY EARLY GROVE COMPANY

For approval of a change of control through spin-off pursuant to Chapter 5 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On August 1, 2006, Duke Energy Corporation ("Duke"), Gas SpinCo, Inc. ("GasCo"), Duke Energy Virginia Pipeline Company ("VA Pipeline"), and Duke Energy Early Grove Company ("Early Grove") (collectively the "Petitioners")<sup>1</sup> filed a petition (the "Petition") with the State Corporation Commission (the "Commission") for approval of a change of control through spin-off (the "Spin-Off") pursuant to Chapter 5 of Title 56 (the "Utility Transfers Act") of the Code of Virginia (the "Code"), for such other relief as may be necessary under the law, and for expedited review of the Petition.

Duke is a Fortune 500 diversified energy company based in Charlotte, North Carolina, that supplies, delivers and processes natural gas and electricity for customers in North America and selected international markets. Duke also owns a real estate company. Duke owns and operates more than 30,000 megawatts of generation, more than 17,500 miles of natural gas transmission pipelines, and approximately 250 billion cubic feet of natural gas storage capacity. For the twelve months ended December 31, 2005, Duke reported total assets of \$54.7 billion, total revenues of \$16.7 billion and net income of \$1.8 billion.

GasCo is the "placeholder name" for a recently formed Delaware corporation headquartered in Houston, Texas, which will be the parent company for certain natural gas interests that Duke plans to transfer to its stockholders through the Spin-Off. GasCo's operations after the Spin-Off will consist of four business segments: U.S. Gas Transmission ("U.S. Transmission"), Western Canada Gas Transmission and Processing ("Western Canada Transmission"), Distribution, and Field Services.

The U.S. Transmission business segment will consist of Duke's interest in five U.S. pipelines (Texas Eastern, Gulfstream, East Tennessee, Algonquin, and Maritimes & Northeast) that extend approximately 12,800 miles from the Gulf Coast to Nova Scotia through 23 U.S. states and two Canadian provinces. For 2005, gas throughput totaled 1.953 trillion British Thermal Units ("Tbtu(s)").

The Western Canada Transmission business segment will consist of the British Columbia Pipeline and Field Services operations ("BC Pipeline"), a 58% ownership interest in the Midstream operations ("Midstream") and the Natural Gas Liquid ("NGL") Marketing operations ("NGL Marketing"). BC Pipeline operates 13 natural gas processing plants, 18 mainline compressor stations, and approximately 1,800 miles of gathering pipelines in British Columbia and Alberta. For 2005, throughput totaled 619 Tbtus. Midstream operates 13 natural gas processing plants and approximately 870 miles of gathering pipelines in Western Canada. NGL Marketing, which is also known as the Empress system, includes a majority ownership in an NGL extraction plant on the TransCanada system in Alberta, a liquids transmission pipeline, seven terminals along the pipeline, two storage facilities, a fractionation facility, and an integrated NGL marketing and gas supply business. NGL Marketing's total processing capacity is 2.4 billion cubic feet ("Bcf") per day.

The Distribution business segment will consist of GasCo's subsidiary Union Gas Limited ("Union Gas"), which primarily provides natural gas sales and distribution services to approximately 1.3 million residential, commercial, and industrial customers in 400 communities throughout Ontario, Canada. Union Gas also provides limited services to utilities and other industry participants in parts of Ontario, Quebec, and the Central and Eastern U.S. Union Gas' systems include approximately 3,000 miles of high-pressure transmission pipeline, six mainline compressor stations, approximately 35,000 miles of distribution pipelines and 20 underground storage facilities with a working capacity of approximately 150 Bcf.

The Field Services business segment will consist of Duke's 50% ownership (with ConocoPhillips) in Duke Energy Field Services, LLC ("DEFS"), which gathers, compresses, treats, processes, transports, trades, markets and stores natural gas, and fractionates, transports, trades, markets and stores NGLs. DEFS owns or operates 56,000 miles of gathering and transmission pipe with approximately 34,000 active receipt points in 16 states. DEFS has 52 plants, including 11 fractionators, four offices, eight propane terminals and a 9 Bcf natural gas storage facility.

On an aggregate basis, GasCo's pro forma financial statements for the six months ended June 30, 2006, show total revenues of \$2.47 billion, net income of \$393 million, total assets of \$21 billion, total liabilities of \$14.4 billion, and stockholders equity of \$6.6 billion. As of August 1, 2006, Duke had approximately 4,700 direct employees that would become GasCo employees at completion of the Spin-Off and another 2,250 employees through its DEFS joint venture.

VA Pipeline is a Virginia public service corporation that holds a certificate of public convenience and necessity ("CPCN") to provide high-deliverability underground natural gas storage service via its Saltville gas storage field and supplies intrastate gas transportation service via its P-25 natural

<sup>1</sup> The four companies listed on the Petition are collectively referred to herein as Petitioners even though the Petition separately classifies the companies as Petitioners (Duke and GasCo) and Parties (VA Pipeline and Early Grove).

gas pipeline located in southwestern Virginia. VA Pipeline is owned by Duke Energy Gas Transmission, LLC ("DEGT"), which is a wholly-owned subsidiary of Duke.

Early Grove is a Virginia public service corporation that holds a CPCN to provide underground natural gas storage service via its Early Grove Storage Field in Scott and Washington Counties in Virginia to customers in southwestern Virginia and eastern Tennessee. Early Grove is also owned by DEGT.

Duke acquired VA Pipeline and Early Grove (the "VA Companies"), along with the 50% outstanding portion of Saltville Gas Storage Company LLC, from AGL Resources, Inc., in 2005.<sup>2</sup>

The Petitioners are seeking approval of a change of control pursuant to a Separation and Distribution Agreement (the "Spin-Off Agreement") that will achieve the Spin-Off through two series of transactions. First, Duke will reorganize itself into separate electric (Duke) and gas (GasCo) interests while qualifying as a tax-free reorganization (the "Reorganization") under §§ 355 and 368(a)(1)(D) of the Internal Revenue Code ("IRC"). Second, Duke will cause GasCo to file a Form 10 registration statement ("Form 10") with the Securities and Exchange Commission ("SEC"), list GasCo as a publicly traded company on the New York Stock Exchange, and transfer its ownership to Duke's shareholders through a stock dividend (the "Distribution"). Subsequent to the Spin-Off, the VA Companies will become part of GasCo's U.S. Transmission business segment.

In addition to the Spin-Off Agreement, Duke and GasCo will enter into a Transition Services Agreement, a Tax Matters Agreement, and an Employees Matters Agreement (the "Transition Agreements") that will govern the provision of transition services and the administration of tax and employee benefit rights and obligations arising from the Spin-Off of GasCo from Duke.

The Petitioners represent that the reason for proposed Spin-Off is that Duke's plans for achieving dramatic synergies from the combined operation of electric and natural gas interests did not meet expectations when the Enron scandal and the collapse of the energy trading markets halted the full deregulation of the energy industry. The Petitioners believe that the proposed Spin-Off is a rational economic decision that should enhance the investment community's understanding of the separate electric and gas businesses, offer better access to outside capital, provide for the development of more effective management incentives, and produce a sharper focus on business operations and growth opportunities.

Paul M. Anderson, the current Chairman of the Board for Duke, will resign from Duke to become Chairman of the Board for GasCo. Fred J. Fowler, the current President of Duke Energy Gas, will resign from Duke to become President and Chief Executive Officer at GasCo. Other senior Duke Energy Gas executives will also move from Duke to GasCo. The Petitioners represent that the proposed Spin-Off should not eliminate any jobs in Virginia.

Duke expects to incur approximately \$200 million in pre-tax Spin-Off costs, of which \$130 million will be allocated to GasCo. However, the Petitioners represent that these costs will not be passed down to the VA Companies. The Petitioners also represent that the Spin-Off should not have any tax consequences and should not affect the books and records of the VA Companies.

The Commission received comments from Etowah Utilities, Amos Energy Corporation, the Hawkins County Gas Utility District and the Sevier County Utility District supporting the proposed Spin-Off.

NOW THE COMMISSION, upon consideration of the Petition and the representations of the Petitioners and having been advised by Staff, is of the opinion and finds that the proposed change of control will not impair or jeopardize adequate service to the public at just and reasonable rates and, therefore, should be approved. We agree with the Petitioners that the proposed Spin-Off has the potential to create more efficient and effective separate gas and electric businesses. Therefore, we will approve the proposed Spin-Off as presented. However, we note some concerns that should be addressed.

First, the proposed change of control is still a work in progress. The Petitioners have supplied pro forma information indicating that GasCo's post-Spin-Off financial profile should be satisfactory. However, Duke has not yet received a private letter ruling from the Internal Revenue Service declaring the Reorganization to be a tax-free event. The SEC has not yet finished its review and declared the Form 10 effective. The marketing, pricing and listing of GasCo's shares has not yet occurred. Also, GasCo will be a newly listed public company with significant debt obligations after the separation. Therefore, we will require GasCo and the VA Companies to provide the following disclosures after the Reorganization and Distribution are completed:

- a) the date of the change of control,
- b) a copy of the final Form 10 registration statement as declared effective by the SEC,
- c) GasCo's post-Spin-Off consolidated financial statements and capitalization ratio,
- d) a post-Spin-Off schedule of GasCo's and its affiliates' debt obligations, and
- e) GasCo's post-Spin-Off credit analyses and ratings by Standard & Poor's, Moody's Investors Service, and Fitch Ratings.

Second, we note that the proposed Spin-Off will require substantial organizational unbundling that will continue for some time after the initial separation of Duke and GasCo. We believe this process should be carefully monitored. Therefore, we will require GasCo and the VA Companies to maintain the appropriate accounting records, which should be available upon request, of all transactions occurring under the Spin-Off Agreement and Transition Agreements until these agreements terminate. Furthermore, no cost passdowns related to these agreements shall be made to the VA Companies without separate Commission approval.

<sup>2</sup> *Joint Petition and Application of Duke Energy Corporation, et al., 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, 2005 S.C.C. Ann. Rep. 438.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Third, we emphasize that our approval of the proposed change of control has no ratemaking implications, and we direct GasCo and the VA Companies to continue to provide a high level of quality service to their customers and to maintain a high degree of cooperation with the Commission and its Staff.

Fourth, we believe that, given the ongoing changes in the electric and natural gas industries, a limit on the duration of our approval is prudent. Since the proposed Spin-Off is expected to take place in early 2007, we believe that a 24-month approval period from the date GasCo's Form 10 registration statement is declared effective by the SEC should provide more than enough time to complete the Spin-Off.

Accordingly, IT IS HEREBY ORDERED THAT:

- 1) Pursuant to §§ 56-88 *et seq.* of the Code of Virginia, Duke Energy Corporation, Gas SpinCo, Inc., Duke Energy Virginia Pipeline Company and Duke Energy Early Grove Company are granted approval for the proposed change of control described by the Separation and Distribution Agreement presented herein.
- 2) The approval granted herein shall not be deemed to include any approvals other than that necessary to consummate the proposed Spin-Off.
- 3) The VA Companies shall file a Report of Action ("Report") with the Commission within thirty (30) days of completing the Proposed Transaction, subject to administrative extension by the Commission's Director of the Division of Public Utility Accounting. The Report shall include the following information: (a) the date of the change of control, (b) a copy of the final Form 10 registration statement as declared effective by the SEC, (c) GasCo's post-Spin-Off financial statements and capitalization ratio, (d) a post-Spin-Off schedule of GasCo's and its affiliates' debt obligations, and (e) GasCo's post-Spin-Off credit analyses and ratings by Standard & Poor's, Moody's Investors Service, and Fitch Ratings.<sup>3</sup>
- 4) GasCo and the VA Companies shall maintain the appropriate accounting records, which should be available upon request, of all transactions occurring under the Spin-Off, Transition Services, Tax Matters, and Employee Benefits Agreements until these agreements terminate. Furthermore, no cost passdowns related to these agreements shall be made to the VA Companies without separate Commission approval.
- 5) The approval granted herein shall have no ratemaking implications. In particular, this approval does not guarantee recovery of any costs directly or indirectly related to the Spin-Off.
- 6) GasCo and the VA Companies are directed that: a) the quality of service in the VA Companies' service territories should not deteriorate due to a lack of maintenance or capital investment, b) the quality of service in the VA Companies' service territory should not deteriorate due to a reduction in the number of employees providing services, and c) the VA Companies should continue to maintain a high degree of cooperation with the Commission Staff and should take all actions necessary to ensure the VA Companies' timely response to Staff inquiries with regard to its provision of service in Virginia.
- 7) The duration of the approval granted herein shall be limited to 24 months from the date that GasCo's Form 10 registration statement is declared effective by the SEC.
- 8) There appearing nothing further to be done, this matter is dismissed.

<sup>3</sup> Any information not available at the date of the Report filing shall be separately provided within ten (10) days of GasCo's filing of its first quarter Form 10Q with the SEC.

**CASE NO. PUE-2006-00084  
SEPTEMBER 25, 2006**

SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA  
Petitioner  
v.  
CITY OF CHESAPEAKE  
Defendant

**ORDER**

On August 2, 2006, Southeastern Public Service Authority of Virginia ("SPSA") filed a Petition for Declaratory Judgment ("Petition") with the State Corporation Commission ("Commission") pursuant to 5 VAC 5-20-100 C of the Commission's Rules of Practice and Procedure and Chapter 596 of the 2000 Acts of Assembly ("Chapter 596"). SPSA "petitions the Commission for a declaratory judgment that the Commission shall not acknowledge any notice of Withdrawal filed by [the City of Chesapeake ('Chesapeake')] pursuant to Chapter 596 or issue any certificate of withdrawal to Chesapeake unless such a notice of withdrawal and certificate of withdrawal provide that all written obligations to SPSA incurred by Chesapeake while Chesapeake was a member of SPSA, including the [August 9, 1983 Agreement for Use and Support of a Solid Waste Disposal System ('Use and Support Agreement')], shall remain in full force and effect following Chesapeake's withdrawal from SPSA."<sup>1</sup> On August 2, 2006, SPSA also filed a Motion for Expedited Hearing on its Petition.

On August 4, 2006, Chesapeake filed a letter with the Clerk of the Commission, and on August 7, 2006, SPSA filed a response to the letter. On August 11, 2006, Chesapeake filed a Response in Opposition to SPSA's Motion for Expedited Hearing. On August 16, 2006, SPSA filed a Reply Memorandum in Support of Motion for Expedited Hearing.

<sup>1</sup> SPSA's August 2, 2006 Petition at 2.

On August 21, 2006, Chesapeake filed a Demurrer, Motion to Dismiss for Lack of Jurisdiction, Answer, and Affirmative Defenses to SPSA's Petition for Declaratory Judgment. On August 31, 2006, SPSA filed a Response.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Petition shall be dismissed.

The following sections of Chapter 596 set forth this Commission's authority regarding the withdrawal of members from SPSA:

§ 3. That the governing body of any locality wishing to withdraw from [SPSA] shall signify its desire by resolution or ordinance. The resolution or ordinance for withdrawal of a member locality of the [SPSA] shall be advertised in accordance with the provisions of § 15.2-5104. Upon adoption or approval of the ordinance or resolution of withdrawal, the governing body of the locality seeking to withdraw from [SPSA] shall file a notice of withdrawal with the [Commission]. The notice of withdrawal from [SPSA] shall be executed by the proper officers of the withdrawing locality under its official seal, and shall be joined in by the proper officers of the governing board of [SPSA].

§ 4. That if the [Commission] finds that the notice of withdrawal conforms to the requirements above, it shall acknowledge the notice of withdrawal. At such time as the [Commission] acknowledges the notice of withdrawal, it shall issue to the withdrawing locality and to [SPSA] a certificate of withdrawal attached to the notice of withdrawal. The withdrawal shall become effective, and the terms of office of the board members representing the locality withdrawing from [SPSA] shall terminate, upon issuance of such certificate.

SPSA and Chesapeake agree that Chesapeake has not passed a resolution or ordinance signifying its desire to withdraw from SPSA as required by Chapter 596.<sup>2</sup> SPSA and Chesapeake also agree that Chesapeake has not filed a notice of withdrawal with the Commission as required by Chapter 596.<sup>3</sup> Accordingly, this matter is not ripe for the Commission's review under Chapter 596. SPSA, however, requests that the Commission issue a declaratory judgment. Specifically, SPSA asserts that "[o]nly the Commission can state whether or not it will issue a certificate of withdrawal to Chesapeake if Chesapeake refuses to be bound by its Use and Support Agreement. No order of the Chesapeake Circuit Court will be able to state the Commission's intentions."<sup>4</sup>

Persons requesting a declaratory judgment from the Commission must establish "the legal basis for the [C]ommission's jurisdiction to take the action sought."<sup>5</sup> In this regard, Chapter 596 requires the Commission to issue a certificate of withdrawal if it "finds that the notice of withdrawal conforms to the requirements above."<sup>6</sup> The "requirements above" are explicitly set forth in Chapter 596 § 3, which includes no reference to written obligations. Accordingly, SPSA has not established the legal basis for the Commission's jurisdiction to consider issues regarding written obligations, including the Use and Support Agreement.

Persons requesting a declaratory judgment from the Commission also must establish that there is "no other adequate remedy."<sup>7</sup> SPSA and Chesapeake acknowledge that Chesapeake filed a Complaint for Declaratory Judgment, Preliminary Injunctive Relief, and Permanent Injunctive Relief in the Circuit Court of the City of Chesapeake.<sup>8</sup> We agree with Chesapeake that issues raised by SPSA in its Petition regarding the Use and Support Agreement are raised in the proceeding before the Chesapeake Circuit Court and that the Chesapeake Circuit Court has jurisdiction over such issues.<sup>9</sup> We find that SPSA has another adequate remedy and, thus, may not petition the Commission for a declaratory judgment regarding Chesapeake's obligations under the Use and Support Agreement.

Finally, we deny Chesapeake's request for its costs and attorneys fees.<sup>10</sup> Chesapeake provides no applicable law upon which the Commission could award costs and attorneys fees in this instance.

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) Chesapeake's Motion to Dismiss is granted for the reasons set forth above.
- (2) SPSA's Motion for Expedited Hearing is denied.
- (3) This matter is dismissed.

<sup>2</sup> SPSA's August 2, 2006 Petition at ¶6; Chesapeake's August 21, 2006 Answer and Affirmative Defenses at ¶6.

<sup>3</sup> *Id.*

<sup>4</sup> SPSA's August 31, 2006 Response at 2.

<sup>5</sup> 5 VAC 5-20-100 B (ii), C.

<sup>6</sup> Chapter 596 § 4 (emphasis added).

<sup>7</sup> 5 VAC 5-20-100 C.

<sup>8</sup> SPSA's August 2, 2006 Petition at ¶6; Chesapeake's August 21, 2006 Answer and Affirmative Defenses at ¶6.

<sup>9</sup> Chesapeake's August 21, 2006 Answer and Affirmative Defenses at ¶17.

<sup>10</sup> Chesapeake's August 21, 2006 Motion to Dismiss for Lack of Jurisdiction at p.4.

**CASE NO. PUE-2006-00085  
AUGUST 22, 2006**

APPLICATION OF  
DUKE ENERGY VIRGINIA PIPELINE COMPANY  
and  
DUKE ENERGY EARLY GROVE COMPANY

For continued authority to transfer regulated gas for operational purposes between affiliates under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING MOTION**

On August 24, 2004, the State Corporation Commission ("Commission") granted Virginia Gas Pipeline Company ("Virginia Pipeline") and Virginia Gas Storage Company ("Early Grove") (collectively, the "Companies")<sup>1</sup> approval pursuant to Chapter 4 (§ 56-76 *et seq.*) of Title 56 of the Code of Virginia to enter into an arrangement to transfer natural gas between each other for operational purposes.

Pursuant to Ordering Paragraph (2) of the August 24, 2004 Order Granting Approval, the Companies filed an executed Agreement with the Commission on October 19, 2004.<sup>2</sup> In accordance with Ordering Paragraph (4) of that Order, Commission approval of the agreement expires on August 24, 2006. The Companies were directed to file a new application with the Commission requesting approval of an extension if they wished to continue the Agreement after that date.

On August 3, 2006, Virginia Pipeline and Early Grove filed a motion requesting an extension for an additional twelve months of the authority granted by the Commission. In support of this request, the Companies state that Duke Energy Corporation ("Duke Energy"), their parent corporation, has announced that it intends to pursue the separation of Duke Energy and will spin off its gas businesses into a new company. The Companies believe that an extension of approval of the Agreement until August 24, 2007, provides a reasonable time frame for determining the impact the separation will have on the Agreement and whether it will be required after the separation of the businesses.<sup>3</sup> Moreover, the Companies indicate that the 12 month extension would be beneficial to the public in that the respective customers of each should benefit from more favorable gas prices. The Companies submit that the Agreement's continuation would allow them better efficiency in the planning of gas usages, such that collectively, they can better manage their cash flows by buying gas when prices are favorable and avoiding the purchase of gas when prices are high.

NOW THE COMMISSION, upon consideration of the request, is of the opinion that the approval of the Agreement between Virginia Pipeline and Early Grove should be extended for 12 months until August 24, 2007.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed as Case No. PUE-2006-00085.
- (2) The Motion for Extension is hereby granted.
- (3) The approval granted herein shall be extended through August 24, 2007.
- (4) The terms and conditions set forth in Ordering Paragraphs (5) through (11) of our August 24, 2004 Order Granting Approval entered in Case No. PUE-2004-00067 shall remain in full force and effect.
- (5) This matter is hereby closed.

<sup>1</sup> The names Virginia Gas Pipeline Company and Virginia Gas Storage Company have since been changed to Duke Energy Virginia Pipeline Company and Duke Energy Early Grove Company, respectively.

<sup>2</sup> The Commission approved an amendment to the Agreement on November 30, 2004.

<sup>3</sup> On August 1, 2006, Duke Energy and Gas SpinCo, Inc. filed a Petition for Commission approval of the transfer pursuant to Chapter 5 (§ 56-88 *et seq.*) of Title 56 of the Code of Virginia.

**CASE NO. PUE-2006-00086  
OCTOBER 30, 2006**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an Eastern Market Expansion Project Precedent Agreement as Amended by the Amendment to the Precedent Agreement and attached Credit Index pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On August 4, 2006, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application ("Current Application") with the State Corporation Commission ("Commission") requesting approval of an Eastern Market Expansion Project ("TCO Expansion") Precedent Agreement with

Columbia Gas Transmission Corporation ("TCO") as amended by the Amendment ("Amendment")<sup>1</sup> to the Precedent Agreement and Attached Credit Index ("Amended Agreement") pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").

CGV is a Virginia public service corporation and natural gas distribution company serving approximately 230,000 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").

TCO is a Delaware corporation and an interstate natural gas pipeline company that transports approximately 1.3 trillion cubic feet per year of natural gas through a 12,750-mile pipeline network to end-users in 11 Northeastern, Midwestern, and Mid-Atlantic states. TCO is a wholly-owned subsidiary of the Columbia Energy Group, which is a wholly owned subsidiary of NiSource.

NiSource is a Fortune 500 energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. For the fiscal year ending December 31, 2005, NiSource reported gross revenues of \$7.9 billion and a market capitalization of \$5.69 billion.

Since the Columbia Energy Group owns both CGV and TCO, the two companies are considered affiliated interests under § 56-76 of the Code. As such, CGV must obtain prior approval 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 Amended Agreement provides for CGV to obtain Firm Storage Service ("FSS") and Storage Service Transportation ("SST") capacity from TCO to serve CGV's rapidly growing customer base in northern Virginia. CGV initially entered into an agreement with TCO for the FSS and SST services on February 23, 2006 ("Original Agreement"), and filed with the Commission for approval of the Original Agreement on April 10, 2006 ("April Application").

CGV made the Original Agreement filing pursuant to the Commission's Order in Case No. PUA-1995-00025 ("Policy Order"), whereby the Commission approved CGV's Policy for Executing Revised or New Transportation Agreements with Affiliates. The Policy Order allows CGV to enter into gas supply-related agreements with TCO and Columbia Gulf Transmission Corporation prior to obtaining Commission approval with the understanding that the proper specifics of the agreements will be provided to the Commission at a later date. In its Order for Case No. PUE-2004-00013, the Commission modified the Policy Order to require CGV to provide notice to the Commission as soon as a supply-related agreement related to the Policy Order becomes binding and to file for Chapter 4 approval of the agreement within 45 days after its execution. CGV fulfilled both requirements in the April Application.

Subsequent to the April Application filing, CGV and TCO began negotiations to change the terms of the Original Agreement. Consequently, CGV withdrew the April Application.<sup>2</sup> The Current Application reflects the culmination of the negotiations as incorporated within the Amended Agreement, which contains demand rate pricing terms that are generally more favorable to CGV. The Amended Agreement's renegotiated demand rates are expected to reduce CGV's gas costs versus the Original Agreement's terms by approximately \$568,000 in Year 1 and \$457,000 annually for years 2 through 15.

CGV requests approval of the Amended Agreement effective February 23, 2006, the inception date of the Original Agreement. CGV represents that this effective date is needed in order to remove the potential for future litigation. CGV also seeks to alleviate any potential concerns that a contractual or regulatory "gap" exists, which could affect a review or audit related to a business or financing transaction.

Under the Amended Agreement, CGV will acquire 26,800 dekatherms per day ("dth/day") of firm storage service ("FSS") from TCO for year one, which will increase to 40,000 dth/day of FSS for year two through the end of the Amended Agreement's 15-year term. CGV will also acquire 40,000 dth/day of associated storage service transportation ("SST") from TCO for the October through March heating season and 20,000 dth/day of SST for the April through September non-heating season. CGV will use the FSS and SST to serve five counties and 14 delivery points in Northern Virginia for the period April 1, 2009, through March 31, 2024.

TCO will provide the storage and transportation capacity to CGV via the proposed TCO Expansion capital project. The TCO Expansion is intended to expand TCO's pipeline, compression and storage network so that it can provide an estimated 97,050 dth/day of additional storage deliverability and associated firm pipeline transportation capacity to growing markets in the Eastern and Mid-Atlantic U.S. The total project is estimated to cost \$135 million.

The demand rates for FSS and SST service will be fixed for the primary term of the Amended Agreement and will equal the "Ultimate Demand Rates" established by the Federal Energy Regulatory Commission ("FERC"), less 5%. The "Ultimate Demand Rates" are (1) the initial maximum demand rates established by the FERC in a Natural Gas Act ("NGA") § 7 certificate proceeding,<sup>3</sup> and (2) the above rates as adjusted in a limited NGA § 4 proceeding<sup>4</sup> to reflect actual costs. CGV will also be responsible for all maximum demand surcharges, maximum commodity rates, and maximum commodity surcharges.

<sup>1</sup> The Amendment was executed July 19, 2006.

<sup>2</sup> *Application of Columbia Gas of Virginia, Inc., For approval of a Firm Storage Service /Storage Service Transportation Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2006-00050, Order (July 10, 2006), Doc. Con. No. 371023.

<sup>3</sup> A NGA § 7 certificate proceeding is a FERC proceeding initiated by a natural gas pipeline company pursuant to § 7 of the Natural Gas Act ("NGA") as codified at 15 U.S.C. 717f., in which the pipeline company may file for authority to construct, extend or improve existing transportation and/or storage facilities and charge rates based on estimates of the costs of providing the related transportation/storage service.

<sup>4</sup> A limited NGA § 4 proceeding is a rate filing initiated by a natural gas pipeline company pursuant to § 4 of the NGA as codified at 15 U.S.C. 717d., wherein the pipeline company may adjust initial NGA § 7 rates based on the actual costs of the related expansion project.

TCO will file with the FERC for incremental monthly demand charge rates for both FSS and SST service based upon any costs associated with the TCO Expansion, including but not limited to any pipeline and storage design, construction and installation costs. TCO will seek authorization from the FERC to charge recourse commodity rates for FSS and SST service under TCO's Gas Tariff. TCO will request authorization from the FERC for rolled-in treatment, with respect to recovery through its Retainage Adjustment Mechanism, of company use, lost and unaccounted for quantities, as well as the recovery through its Electric Power Cost Adjustment of any electric costs associated with the TCO Expansion. TCO will have the right to adjust its rates in a limited NGA § 4 proceeding to reflect the actual costs of the TCO Expansion. CGV will bear its full proportionate share of the TCO Expansion's construction costs up to a demand rate of \$265/dth per year. Should construction cost overruns cause the demand rate to exceed \$265 but fall below \$300/dth per year, then CGV and TCO will each shoulder one-half of CGV's proportionate share of the cost overruns. Under no circumstances will TCO be allowed to charge an initial demand rate to CGV of more than \$282.50/dth per year.<sup>5</sup>

Under the Amended Agreement, CGV will have the contractual right of first refusal to retain the FSS/SST capacity by matching any change in TCO's rates, terms or conditions of service.

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 Amended Agreement is in the public interest and should be approved. The northern and western portions of Virginia are experiencing rapid population and development growth. CGV is fully subscribed in this part of its service territory and requires the additional storage and transportation capacity to meet the increasing demand for natural gas service. CGV has performed a market analysis, which indicates that the TCO Expansion is the most reliable and economical source of new capacity. The Amended Agreement's renegotiated rates should reap significant savings in gas costs each year.

However, we also adopt the following measures to clarify the extent of our approval and enhance our regulatory oversight. First, we will make our approval effective as of February 23, 2006, and extend it through the end of the initial term of the Amended Agreement. Should CGV wish to continue the Amended Agreement after that date, further Commission approval will be required. Second, we will require CGV to track the actual firm demand growth in its northern Virginia service territory and maintain records of the actual rates charged and actual savings reaped under the Amended Agreement as compared to the Original Agreement, to be available to Staff upon request.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Columbia Gas of Virginia, Inc., is hereby granted approval of the Eastern Market Expansion Project Precedent Agreement as Amended by the Amendment to the Precedent Agreement and attached Credit Index and as described herein, effective as of February 23, 2006.
- 2) The approval granted herein shall extend through March 31, 2024, the end of the initial term of the Amended Agreement. Should CGV wish to continue the Amended Agreement after that date, further Commission approval shall be required.
- 3) Commission approval shall be required for any changes in the terms and conditions of the Amended Agreement including, but not limited to, any changes in successors or assigns.
- 4) The approvals granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 5) The Commission reserves the 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.
- 6) CGV shall track the actual firm demand growth in the northern Virginia service territory and maintain records of the actual rates charged and the actual savings reaped under the Amended Agreement as compared to the Original Agreement, to be available to Staff upon request.
- 7) CGV shall include the transactions associated with the Amended 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 CGV 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>5</sup> \$282.5/dth = \$265 plus (50% of the difference between \$265 and 300).

**CASE NO. PUE-2006-00086  
NOVEMBER 3, 2006**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an Eastern Market Expansion Project Precedent Agreement as Amended by the Amendment to the Precedent Agreement and attached Credit Index pursuant to Chapter 4 of Title 56 of the Code of Virginia

**AMENDING ORDER**

On August 4, 2006, Columbia Gas of Virginia, Inc. ("CGV" or "Applicant"), filed an application with the State Corporation Commission ("commission") requesting approval of an Eastern Market Expansion Project Precedent Agreement with Columbia Gas Transmission Corporation as amended by the Amendment ("Amendment")<sup>1</sup> to the Precedent Agreement and Attached Credit Index ("Amended Agreement") pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").

On October 30, 2006, the Commission issued an Order Granting Approval ("Order") of the Amended Agreement. Ordering Paragraph (2) of the Order stated that: "The approval granted herein shall extend through March 31, 2024, the end of the initial term of the Amended Agreement. Should CGV wish to continue the Amended Agreement after that date, further Commission approval shall be required."

Subsequent to the Order, the Applicant contacted the Staff to advise that, due to a clause in the Amended Agreement, the actual in-service date commencing firm storage service and storage service transportation under the Amended Agreement could be delayed by up to one year, from April 1, 2009, to April 1, 2010, which could shift the ending date for the initial term of the 15-year Amended Agreement from March 31, 2024, to as late as March 31, 2025.

NOW THE COMMISSION, upon consideration of the representation of the Applicant and having been advised by its Staff, is of the opinion and finds that the Order should be amended to provide that the Commission's approval shall cover only the initial term of the Amended Agreement, whether or not the in-service date is delayed.

Accordingly, IT IS ORDERED THAT:

1) Ordering Paragraph (2) of the Order of October 30, 2006, is hereby amended to read:

The approval granted herein shall extend through March 31, 2025, or the end of the initial term of the Amended Agreement, whichever date is earlier. Should CGV wish to continue the Amended Agreement after that date, further Commission approval shall be required.

2) All remaining provisions of the Order of October 30, 2006, shall remain in full force and effect.

3) There appearing nothing further to be done in this matter, it hereby is dismissed.

<sup>1</sup> The Amendment was executed July 19, 2006.

**CASE NO. PUE-2006-00090  
SEPTEMBER 8, 2006**

APPLICATION OF  
ATMOS ENERGY CORPORATION

For authority to implement a universal shelf registration

**ORDER GRANTING AUTHORITY**

On August 15, 2006, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia (§ 56-55 et seq.) requesting authority to implement a universal shelf registration in order to issue senior debt securities, hybrid securities and/or common stock at any time over the next three years, up to a maximum of \$900,000,000. The Applicant paid the requisite fee of \$250.

Net proceeds from the proposed securities issuances will be used for the repayment of all or a portion of Atmos' outstanding short-term debt; for the purchase, acquisition and/or construction of additional properties and facilities, improvements to Atmos' existing utility plant; for the refunding of higher coupon long-term debt as market conditions permit; and for general corporate purposes.

Atmos states through Case No. PUE-2004-00092,<sup>1</sup> it has remaining unused authority to issue approximately \$401,500,000 in securities from the Securities and Exchange Commission ("SEC") under a Universal Shelf Registration in File No. 333-118706 ("Shelf") that became effective on

<sup>1</sup> Case No. PUE-2004-00092, Application of Atmos Energy, For authority to issue long-term debt and common stock, Final Order dated August 13, 2004. The Commission authorized the issuance of up to \$2,200,000,000 in common equity and/or long-term debt before December 31, 2006.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

September 15, 2004. To date, approximately \$1,798,500,000 of securities have been issued. Applicant seeks authority to issue the remaining amount of \$401,500,000 securities authorized by the existing Shelf and for authority to issue an additional approximately \$498,500,000 in a combination of common stock, debt securities, and/or hybrid securities. Applicant intends to file for a new Shelf after most or all state regulatory approvals are received.

NOW THE COMMISSION, upon consideration of the application and having been advised by the Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. We also find that the authority granted in Case No. PUE-2004- 00092 should be terminated and superseded by the approval granted herein.

## ACCORDINGLY, IT IS ORDERED THAT:

- (1) The authority granted in Case No. PUE 2004-00092 is hereby terminated and superseded by the authority granted herein.
- (2) Atmos is hereby authorized to issue senior debt securities, hybrid securities and/or common stock from the date of this Order through September 30, 2009, up to a maximum of \$900,000,000, under the terms and conditions and for the purposes set forth in the application.
- (3) Atmos shall submit a preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (2), to include the issuance date, the type of security, the face amount of the issue, the interest rate, the maturity date, the net proceeds to Atmos, and the yield to maturity on a U. S. Treasury security of comparable maturity.
- (4) On or before February 15, 2007, 2008, and 2009, Atmos shall file with the Commission a detailed Report of Action with respect to all securities issued and sold during the previous calendar year to include:
  - (a) the issuance date, the type of security, the amount issued, the interest rate, the date of maturity, the underwriters' names, the underwriters' fees, other issuance expenses realized to date, and the net proceeds to Atmos; and
  - (b) the cumulative principal amount of securities issued under the authority granted herein and the amount remaining to be issued.
- (5) Atmos shall file a final Report of Action on or before December 15, 2009, to include all information required in Ordering Paragraph (4) and a detailed account of all the actual expenses and fees paid to date for each type of security issued.
- (6) Atmos shall notify Commission's Division of Economics and Finance within ten (10) days of Atmos filing of a new Shelf with the SEC.
- (7) Approval of this application shall have no implications for ratemaking purposes.
- (8) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00092  
NOVEMBER 13, 2006**

JOINT APPLICATION OF  
ATMOS ENERGY CORPORATION  
and  
ATMOS ENERGY MARKETING, LLC

For authority to enter into transaction confirmations under a Base Contract for Purchase and Sale of Natural Gas under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On August 16, 2006, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, LLC ("AEM") (collectively "Applicants"), filed a joint application ("Application") with the State Corporation Commission ("Commission") seeking authority to enter into transaction confirmations under a Base Contract for Purchase and Sale of Natural Gas ("Base Contract") under Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").

Atmos, which is headquartered in Dallas, Texas, provides natural gas service to more than 3.2 million residential, commercial, industrial and public authority customers through seven regulated utility divisions located in 12 states, including Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Tennessee, Texas, and Virginia. Atmos also has non-utility businesses that provide natural gas marketing, management, pipeline and storage services to customers in 22 states. In Virginia, Atmos provides gas distribution services 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 is a full service natural gas marketing company that provides gas supply and asset management services to approximately 1,000 industrial customers, plants, and local distribution systems in 21 states. AEM also manages approximately 1.8 million dekatherms per day ("dth(s)/day") of firm pipeline capacity and 40 million dths of production area storage.

The Applicants are considered affiliated interests under § 56-76 of the Code. As such, Atmos and AEM must obtain prior approval 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 approval of three agreements. The first is a Base Contract that Atmos entered into with AEM effective March 31, 2003. The Base Contract is a master agreement that employs a standardized form published by the North American Energy Standards Board, which does not

prescribe the pricing, volumes, term or delivery points for individual natural gas transactions but instead provides base terms and conditions to govern such transactions. Since inception, the Applicants have only used the Base Contract once to facilitate system supply purchases for Virginia's operations.

The second agreement is a prior individual natural gas purchase transaction ("Interim Agreement") under the Base Contract. In the fall of 2005, AEM advised Atmos that it was currently negotiating with Equitable Resources, Inc. ("Equitable"),<sup>1</sup> on behalf of several AEM customers to purchase supply through the NORA Delivery Point ("NORA"). NORA is a Dickenson County, Virginia, gathering and delivery point for natural gas produced in the Appalachian Basin. NORA connects to the East Tennessee Natural Gas ("ETNG") pipeline just north of Bristol, Virginia, near the Early Grove and Saltville gas storage facilities. AEM indicated that, if Atmos would agree to obtain its NORA supply through AEM, AEM would aggregate Atmos' requirements with AEM's other customers to obtain favorable pricing for Atmos on NORA supply. Therefore, on October 26, 2005, Atmos entered into the Interim Agreement whereby Atmos purchased from AEM at NORA firm volumes of 12,272 dths/day at Index plus 12 cents<sup>2</sup> per dth for the five-month winter period extending from November 1, 2005, through April 1, 2006. According to a cost/savings analysis performed by the Applicants, Atmos saved approximately \$100,000 on its NORA gas purchase costs under the Interim Agreement.

The third agreement is a proposed individual natural gas purchase transaction ("Proposed Agreement") under the Base Contract. Based on the success of the Interim Agreement, AEM has offered to extend the same gas supply and pricing terms for NORA supply to Atmos for another four and one-quarter years. Therefore, the Applicants are requesting approval of the Proposed Agreement whereby Atmos will purchase from AEM at NORA firm volumes of up to 12,272 dths/day at Index plus 12 cents<sup>3</sup> per dth for 51 months, commencing on April 1, 2006, and ending on October 31, 2010. Atmos anticipates saving up to \$1 million in NORA gas purchase costs over the life of the Proposed Agreement.

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 Base Contract and Proposed Agreement are in the public interest and should be approved subject to certain requirements as outlined below. Aggregating volume purchases to obtain price discounts is a tried-and-true business strategy. The Base Contract and Proposed Agreement appear likely to produce significant gas cost savings for ratepayers.

However, we are troubled by the Applicants' acknowledgement that they failed to obtain prior approval for the Base Contract and Interim Agreement as required by the Affiliates Act due to an administrative oversight. This is not Atmos' first Affiliates Act violation. In Case No. PUE-2005-00003, in which Atmos received authority to enter into an Asset Management Agreement ("AMA") with AEM, we noted that Atmos had violated both the Affiliates Act and a prior Commission Order and warned Atmos that "[s]hould 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."<sup>4</sup>

Upon discovering the violations relating to this case, Atmos immediately contacted the Staff and provided a cost/benefit analysis of the Interim Agreement's transactions that showed gas cost savings of more than \$100,000 since inception. Based on these factors, we will not issue a Rule to Show Cause Order. However, Atmos must take the necessary steps to ensure that Affiliates Act violations do not continue and provide documentation showing that its internal controls have been corrected to prevent future violations.

We will also adopt the following measures to clarify the extent of our approval. First, we will approve the Base Contract and Proposed Agreement on a prospective basis only. Since the Interim Agreement has terminated and we see no public interest in granting retroactive approval, we will not do so here. Second, we will limit the duration of our approval in this case to the initial term of the Proposed Agreement, which ends October 31, 2010. If Atmos wishes to continue the Base Contract and enter into related gas supply agreements thereafter, further Commission approval will be required. Third, any changes in the terms and conditions of the Base Contract or Proposed Agreement, or any additional gas supply agreements, will require separate Commission approval.

Finally, we will issue the following pricing and recordkeeping directives to ensure that the Base Contract and Proposed Agreement remain in the public interest. We will require Atmos to pay no more for its NORA supply than do AEM's other customers that purchase similar NORA supply.<sup>5</sup> Also, we will order Atmos to maintain records that show the Proposed Agreement transactions are cost beneficial relative to the market, and we will require Atmos to bear the burden of proving, in any Annual Information Filing or rate proceeding, that the NORA gas purchases from AEM are made at the lowest possible cost.

Accordingly, IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Atmos Energy Corporation is hereby granted authority to enter into the Base Contract and Proposed Agreement with Atmos Energy Marketing, LLC, as described herein, on a prospective basis effective as of the date of the Order herein.

2) The approval granted herein shall extend through October 31, 2010, the end of the initial term of the Proposed Agreement. Should Atmos wish to continue the Base Contract and enter into related gas supply agreements thereafter, further Commission approval shall be required.

<sup>1</sup> Equitable is a publicly traded integrated energy company that is the largest natural gas supplier in the Appalachian Basin with proven natural gas reserves in excess of 2.1 trillion cubic feet. Equitable Energy LLC, an energy marketing subsidiary of Equitable, controls the majority of natural gas purchases and sales at NORA.

<sup>2</sup> Atmos paid AEM an additional \$0.02 per million British Thermal Units ("MMBtu(s)") to defray AEM's credit costs associated with its purchases from Equitable.

<sup>3</sup> Like under the Interim Agreement, Atmos will pay AEM an additional \$0.02 per MMBtu to defray AEM's credit costs associated with its purchases from Equitable.

<sup>4</sup> *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, for authority to enter into a gas exchange and optimization services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2005-00003, Order Granting Authority (July 5, 2005), 2005 S.C.C. Ann. Rep. 389.

<sup>5</sup> "Similar NORA supply" means firm gas purchased at NORA in the same time period for a similar duration.

- 3) Commission approval shall be required for any changes in the terms and conditions of the Base Contract or Proposed Agreement including, but not limited to, any changes in services received, pricing practices, or successors or assigns. Separate Commission approval shall also be required for additional gas supply agreements under the Base Contract.
- 4) Atmos shall pay no more for its NORA supply than do AEM's other customers that purchase similar NORA supply. Atmos shall also maintain records that show the Proposed Agreement transactions are cost beneficial relative to the market. Atmos shall bear the burden of proving, in any Annual Information Filing or rate proceeding, that the NORA gas purchases from AEM are made at the lowest possible cost.
- 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) Atmos shall include the transactions associated with the Base Contract and Proposed Agreement approved herein in its Annual Report of Affiliate Transactions 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 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 Atmos 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-2006-00093  
SEPTEMBER 5, 2006**

APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY

For authority to issue up to \$275,000,000 of debt securities and/or preferred stock

**ORDER GRANTING AUTHORITY**

On August 18, 2006, 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 \$275,000,000 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, 2008. Applicant paid the requisite fee of \$250.

Delmarva requests authority to issue Refunding Securities to refinance existing securities prior to or at maturity and to refinance a portion of its short-term debt. Specifically, Applicant requests authority to use the proceeds of the transactions to consider refinancing up to \$89.1 million of First Mortgage bonds and unsecured medium-term notes that mature during the period 2006-2008, to refund up to \$18.2 million of preferred stock that is subject to call, to refund \$18.2 million of tax-exempt bonds subject to mandatory put and to obtain permanent long-term financing for up to \$149.5 million of short-term debt.

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.

Accordingly, IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to:
  - (a) issue up to \$275 million of a combination of secured or unsecured debt securities and preferred stock, par value \$100 per share; and
  - (b) use the proceeds of the above-noted transactions to refund existing securities consisting of \$89.1 million of First Mortgage bonds and unsecured medium-term notes, \$18.2 million of preferred stock subject to call, \$18.2 million of tax-exempt bonds subject to a mandatory put and to obtain permanent long-term financing for up to \$149.5 million of short-term debt.
- 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 maturity date, a brief explanation for the maturity and issuance dates chosen, the amount of issue, the interest rate, and a brief cost-benefit analysis presented if the proceeds of the issue are to finance the refunding of existing securities;
- 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:

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- (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 copy of any terms or conditions not previously provided (e.g., indenture agreements, charter amendments, etc.) which were executed for the purpose of issuing any securities under Ordering Paragraph 1;
  - (c) the cumulative principal amount issued under the authority granted herein, and the amount remaining to be issued;
  - (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 showing all reacquisition losses and overall cost of savings from refunding; and
  - (e) the change in capital structure due to issue(s), and a balance sheet as of the respective quarter ended.
- 4) Applicant shall file a Final Report of Action on or before February 26, 2009, to include all information required in Ordering Paragraph 3 and a detailed account of all the actual expenses and fees paid for the proposed refundings 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-2006-00094  
SEPTEMBER 12, 2006**

APPLICATION OF  
DALE SERVICE CORPORATION

For authority to issue securities pursuant to Chapter 3 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On August 21, 2006, Dale Service Corporation ("Dale Service" or "Applicant"), filed an application with the State Corporation Commission ("Commission") requesting authority to issue securities pursuant to 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 \$11,000,000 of tax-exempt Sewage Disposal Facilities Revenue Bonds ("Bonds") by the Industrial Development Authority of the County of Prince William (the "Authority"), pursuant to a Bond Purchase Agreement between the Authority and Applicant. Proceeds from the issuance of the Bonds would be loaned by the Authority to Dale Service pursuant to a Loan Agreement between the Authority and Applicant. Applicant will use the proceeds to fund pollution control improvements on its Waste Water Treatment Plants 1 and 8. These improvements are necessary to lower nitrogen levels in effluent to comply with amendments to Water Quality Management Regulations under 9 VAC 25-720, that were approved by the Virginia Water Control Board in 2005.

Under the terms of the Loan Agreement, Applicant would assume the obligation to pay the principal, interest, and any other costs related to the Bonds. In addition, Applicant will need to obtain a commitment for an irrevocable letter of credit to provide credit enhancement and liquidity to support the Applicant's payment obligations related to the Bonds. The letter of credit will require Applicant to enter into a collateralized Reimbursement and Security Agreement with Wachovia Bank, N.A. ("Bank"). The letter of credit is expected to have an annual fee of 1.25% per annum of the amount available to be drawn, as well as customary fees of \$150 per draw and \$1000 per transfer. The interest rate on any draws is expected to accrue at the bank's prime rate plus 2.00%.

The Bonds will be sold through Bank acting as underwriter, pursuant to a Bond Purchase Agreement, and offered to institutional investors in a limited public offering. The Bonds will have a maturity of twenty (20) years and bear a floating interest rate that is expected to fluctuate weekly. However, interest will be payable on a monthly basis. The principal amount of the Bonds will also be amortized over their twenty (20) year life, with principal payments due at the end of each year. To ensure that sufficient funds are available to make principal payments when due, Applicant will be required to make quarterly sinking fund payments. Applicant estimates that issuance costs for the Bonds will be approximately \$207,000.

To accommodate the issuance of the Bonds as floating rate debt instruments, Applicant will also enter a Remarketing and Interest Services Agreement with Bank to act as the Remarketing Agent on behalf of Applicant. The Remarketing Agent will determine the floating interest rate over the life of the bonds and will use its best efforts to remarket any Bonds tendered for purchase. Although the Bonds will be issued as floating rate debt instruments, Applicant also requests authority to choose if and when it may enter into an interest rate swap agreement. Such agreement would convert the Applicant's interest payment obligation on the Bonds to a fixed rate over their remaining term.

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 \$11,000,000 of Bonds issued by the Authority on behalf of Dale Service in the manner and for the purposes as set forth in its application, through the period ending March 31, 2007.

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- 2) Applicant is hereby authorized to enter an interest rate swap agreement based on the underlying Bonds up to their notional amount outstanding.
- 3) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities and related obligations incurred pursuant to Ordering Paragraph (1), to include the issuance date, the amount issued, the maturity date, the interest rate, and a brief explanation of the interval period and method used to set a variable interest rate on the securities issued.
- 4) Applicant shall file a final Report of Action on or before April 30, 2007, to include for all securities and related obligations incurred pursuant to Ordering Paragraph (1):
  - (a) The issuance date, type of security, amount issued, date of maturity, interest rate along with any repricing method and period used for variable rate debt, issuance expenses realized to date, and net proceeds to Applicant;
  - (b) A copy of the Remarketing and Interest Services Agreement between the Bank and Applicant;
  - (c) A copy of Loan Agreement loan agreement executed between the Authority and Applicant;
  - (d) A copy of the Reimbursement and Security Agreement between Applicant and the Bank providing the letter of credit;
  - (e) A summary of any specific terms or conditions executed that differ from those reflected in the Letter of Credit Commitment and draft Bond Repurchase Agreement attached as exhibits to the application; and
  - (f) A detailed account of all the actual expenses and fees paid to date associated with the Bonds with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.
- 5) Applicant shall file directly with the Commission's Division of Economics and Finance a summary of the terms of any interest rate swap agreement exercised on the Bonds within 30 days of execution.
- 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-2006-00096  
OCTOBER 2, 2006**

APPLICATION OF  
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to incur long-term debt

**ORDER GRANTING AUTHORITY**

On September 5, 2006, Central Virginia 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 Rural Utilities Service ("RUS"). Applicant paid the requisite fee of \$250.

In its application, the Cooperative requests authority to borrow \$17,000,000 in the form of a RUS loan. The proceeds will be used to construct and improve transmission and distribution plant and complete an Automated Metering Reading Project to provide service to its existing and prospective members per the Cooperative's three-year work plan ending January, 2009. The loan will have a 35-year maturity. 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. Applicant represents that the interest rate on the loan is established daily by the United States Treasury.

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 \$17,000,000 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 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 amount of the advance, the interest rate and the interest rate term.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) There appearing nothing further to be done in this matter, it is hereby dismissed.

**CASE NO. PUE-2006-00097  
SEPTEMBER 15, 2006**

JOINT APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER  
AND  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For revision of certificates under the Utility Facilities Act

**ORDER FOR REVISION OF CERTIFICATES**

On July 26, 2006, 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 letters, along with copies of a detailed map, requesting a revision to Certificates E-054 to change the boundary lines between their service territories.

REC and the Company have reached an agreement for the adjustment of the electric utility service territory boundary lines between them as it relates to one property in King William County owned by Mr. Donald W. Kellum. Mr. Donald Kellum's property lies within Dominion Virginia Power's certificated territory. The Company would have to extend their existing distribution facilities 1000' and it would require heavy tree clearing to serve Mr. Kellum. In contrast, REC currently has facilities crossing the property.

REC and Dominion Virginia Power have determined that in the interest of time and to avoid any further delays in providing electric service that REC should serve this customer. The applicants therefore request the Commission to approve the change 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 Certificates E-054. We are advised that the property owner affected by the proposed revisions has notice thereof, and is in agreement with the revision of boundary lines.

ACCORDINGLY, IT IS ORDERED that:

- (1) Certificates E-054 are hereby amended as delineated on Map O54.
- (2) The amended certificates and maps 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-2006-00098  
NOVEMBER 13, 2006**

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 September 14, 2006, 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 ("Affiliates Act") of the Code. Applicant paid the requisite fee of \$250.

Applicant is a wholly owned subsidiary of E.ON U.S. LLC ("E.ON US). E.ON US is an indirect subsidiary of the multinational holding company, E.ON AG ("E.ON"). Fidelia Corporation ("Fidelia") is a finance company subsidiary of E.ON US Holding GmbH, another subsidiary of E.ON. Applicant requests authority to issue up to \$53,000,000 of unsecured notes to Fidelia, which lends money to companies in the E.ON holding company system.

The Company intends to use the proceeds from the unsecured loan from Fidelia ("Fidelia Notes") to defease and discharge the \$53,000,000 outstanding principal amount of the Company's 7.92% First Mortgage Bonds, Series P, due May 15, 2007 ("Series P Bonds"). The Series P Bonds are not redeemable, therefore defeasance is required for the Company to be released from obligations concomitant to the Series P Bonds. To defease the Series P Bonds, the Company will be required to deposit an amount of cash or U.S. Treasury securities with a bond trustee that will be sufficient to cover both the principal and accrued interest on the Series P Bonds when they mature. Applicant estimates the cost to defease the Series P Bonds will be approximately \$100,000 inclusive of incremental interest charges, trustee and legal fees.

Applicant states that the interest rate, maturity, and other terms on the Fidelia Notes will be based on market conditions at the time of issuance. The interest rate will depend on the maturity of the Fidelia Notes, which will not exceed a period of 30 years. In addition, the interest rate on the Fidelia Notes will be at the lowest of: i) the effective cost of capital for E.ON; ii) the effective cost of capital for Fidelia; 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"), as described in the application. Applicant further requests authority to enter into one or more interest rate hedging agreements (T-Bill lock, swap

or similar agreement, collectively the "Intercompany Loan Hedging Facility") either with an affiliate within the E.ON system or with a bank or financial institution. Applicant states that the Intercompany Loan Hedging Facility will be an interest rate agreement designed to lock in the underlying interest rate on the Fidelia Notes in advance of closing on the loan.

Applicant also requests authority to assume obligations under various agreements necessary for the issuance one or more series of new County of Carroll, Kentucky, Environmental Facilities Revenue Bonds (the "Refunding Bonds") up to the aggregate principal amount of \$54,000,000. Proceeds from the Refunding Bonds will be used to redeem the \$54,000,000 principal amount of County of Carroll, Kentucky, Solid Waste Disposal Facilities Revenue Bonds ("Kentucky Utilities Project") 1994 Series A Bonds, due November 1, 2024 ("Series A 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 Refunding Bonds. The Refunding Bonds would be issued pursuant to one or more indentures ("Indentures") between Carroll County and one or more trustees (Trustees"). Proceeds from the sale of the Refunding Bonds would be loaned to the Company pursuant to one or more loan agreements with Carroll County (the "Loan Agreements"). Upon issuance of the Refunding Bonds, the Company may enter into one or more guaranties (the "Guaranties") in favor of the Trustees to guarantee the Company's payment of all or any part of the obligations under the Refunding Bonds.

The Refunding Bonds will be sold in one or more underwritten public offerings, negotiated sales, or private placement transactions. The maturity of the Refunding Bonds will at a minimum extend through 2024, and may be extended further as permitted under current tax laws. The Refunding Bonds may be issued as fixed rate or variable rate debt, to be determined based on negotiations between the Company, Carroll County, and the purchasers of the bonds. If a variable rate option is chosen, the Refunding Bonds may include provisions to convert to other interest rate modes. In addition, the Refunding Bonds may include a tender purchase provision that would require entering into remarketing agreements with one or more 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 and not remarketed. 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.

In connection with the issuance of the Refunding Bonds, Applicant further requests authority to enter into one or more interest rate hedging agreements that may be in the form of an interest rate cap, swap, collar, or similar agreement (collectively the "Hedging Facility") with a bank or financial institution. Applicant states that the Hedging Facility will be an interest rate agreement designed to allow the Company to actively manage and to limit its exposure to variable interest rates or to lower its overall borrowing costs on any fixed rate Refunding Bond.

Applicant states that the purpose for issuing the Fidelia Notes and the Refunding Bonds is to reduce the existing and prospective administrative costs and burdens associated with the Company's last two issues of debt secured under the Indenture of Mortgage or Deed of Trust dated May 1, 1974, as Amended (the "Company Indenture"). Applicant states that some of the documentation and procedures required for Security and Exchange Commission ("SEC") compliance or to obtain lien releases whenever property covered by the Company Indenture is to be sold are antiquated, inefficient, and no longer necessary. Applicant notes that it has a total of \$108 million of secured intercompany debt that remains outstanding from authority previously granted in Case Nos. PUE-2003-00065, PUE-2003-00404, and PUE-2005-00023. Applicant states that Fidelia Corporation will release its lien on the Company's assets to prevent the \$108 million of secured Fidelia debt from having seniority to the Company's other debt.

Applicant expects the authority requested will generate some cost increases on noninsured floating rate debt due to a one notch ratings decline for the change from secured to unsecured debt and an expected 7 basis point increase in the bond insurance premium on one series of debt. However, Applicant's analysis supports that such increases in costs will be more than offset by administrative savings and interest savings related to maturity extensions. After consideration of all related costs and savings, the Company's analysis indicates the authority requested will result in a net present value savings of \$942,964.

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 unsecured Fidelia Notes in an aggregate principal amount not to exceed \$53,000,000 in the manner and for the purposes as set forth in its application, through the period ending December 31, 2007.
- 2) To the extent required under the Affiliates Act, the Company and Fidelia are authorized to modify the existing intercompany debt to allow Fidelia to release its lien on the Company.
- 3) Applicant is authorized to execute and deliver and perform the obligations of the Company under inter alia, the Loan Agreements with Fidelia, the Fidelia Notes 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.
- 4) Applicant is authorized, with regard to the Refunding Bonds, to execute, deliver and perform the obligations of the Company under inter alia, the Loan Agreements with Carroll County, Kentucky and under any Guarantees, remarketing agreements, hedging agreements, auction agreements, bond issuance agreements, Credit Agreements, Facilities and such other agreements and documents as set forth in the Application and to perform the transactions contemplated by such agreements up to the underlying \$54,000,000 aggregate balance of Refunding Bonds.
- 5) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraphs (1) and (4) (collectively referenced as "Proposed Debt"), 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.
- 6) Within sixty (60) days after the end of each calendar quarter in which any of the Proposed Debt is issued pursuant to Ordering Paragraphs (1) and (4), Application shall file with the Commission a detailed Report of Action with respect to all Proposed Debt issued during the calendar quarter to include:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (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 defease or 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 or manage the interest rate on the underlying portion of Proposed Debt;
- (c) The cumulative principal amount of Proposed Debt issued under the authority granted herein and the amount remaining to be issued;
- (d) A copy of all agreements related to the issuance of Refunding Bond; and
- (e) A copy of the document(s) that verify the release of Fidelity's lien on the Company from all previously authorized issues of secured intercompany debt.

7) Applicant shall file a final Report of Action on or before March 31, 2008, to include all information required in Ordering Paragraph (6) 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.

- 8) Approval of the application shall have no implications for ratemaking purposes.
- 9) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00100  
NOVEMBER 22, 2006**

APPLICATION OF  
APPALACHIAN POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

**ORDER ESTABLISHING 2007 FUEL FACTOR PROCEEDING**

On November 9, 2006, 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 1.785¢ per kWh to 2.030¢ per kWh, effective with bills rendered on and after January 1, 2007.

The application states that the revision from 1.785¢ per kWh to 2.030¢ per kWh is necessary to reflect the appropriate level of fuel expense recovery over the period January 1, 2007, through December 31, 2007, 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 \$38.7 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. We will permit the proposed fuel factor of 2.030¢ per kWh be placed into effect on an interim basis, effective with bills rendered on and after January 1, 2007.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2006-00100.

(2) A public hearing shall be convened on January 23, 2007, 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 (7) below may give oral testimony at the January 23, 2007, 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 and after January 1, 2007.

(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 December 13, 2006, 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-2006-00100

On November 9, 2006, Appalachian Power Company ("Appalachian") 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 1.785¢ per kWh to 2.030¢ per kWh, effective with bills rendered on and after January 1, 2007.

The application states that the revision from 1.785¢ per kWh to 2.030¢ per kWh is necessary to reflect the appropriate level of fuel expense recovery over the period January 1, 2007, through December 31, 2007, 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 \$38.7 million.

The Commission has scheduled a public hearing to commence at 10:00 a.m. on January 23, 2007, 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 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>.

On or before December 27, 2006, 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-2006-00100 and shall simultaneously be served on counsel for Appalachian at the address set forth above.

APPALACHIAN POWER COMPANY

(6) On or before December 13, 2006, 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 27, 2006, 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-2006-00100.

(8) On or before December 27, 2006, Appalachian shall file with the Clerk of the Commission proof of the publication and service as required in this Order.

(9) 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 materials filed with the Commission, unless these materials have already been provided to the respondent.

(10) On or before January 9, 2007, 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.

(11) The Commission Staff shall investigate the reasonableness of Appalachian's estimated costs and proposed fuel factor. On or before January 9, 2007, 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 16, 2007, 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-2006-00101  
OCTOBER 12, 2006**

APPLICATION OF  
ATMOS ENERGY CORPORATION

For authority to implement a five-year revolving credit facility

**ORDER GRANTING AUTHORITY**

On September 19, 2006, 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 five-year \$600,000,000 revolving credit facility ("New Facility"). Applicant paid the requisite fee of \$250.

Atmos proposes to execute the New Facility to replace a three-year, \$600,000,000 revolving credit facility originally executed on October 18, 2005, and approved by the Commission in Case No. PUE-2005-00054 ("Current Facility"). The New Facility will primarily serve as backstop liquidity for Atmos' \$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 five 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.

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 implement a new five-year, \$600,000,000 revolving credit facility, from the date of this Order through October 31, 2011, under the terms and conditions and for the purposes set forth in the application.
- 2) Upon execution of the five-year, \$600,000,000 New Facility, the Commission's authorization of the \$600,000,000 three-year facility granted in Case No. PUE-2005-00054 will be terminated.
- 3) All other terms and conditions contained in the Order of October 31, 2005, in Case No. PUE-2005-00085 shall remain in full force and effect.
- 4) Atmos shall file with the Commission within 15 days of execution of the New Facility, but no later than December 15, 2006, 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-2006-00102  
OCTOBER 10, 2006**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION RESOURCES, INC.

For approval of changes to a previously approved tax allocation agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On September 19, 2006, Virginia Electric and Power Company ("Virginia Power") and Dominion Resources, Inc. ("DRI") (collectively, "Petitioners"), filed a petition ("Petition") with the State Corporation Commission ("Commission") requesting approval of changes to a previously approved

Consolidated Federal Income Tax Allocation Agreement ("Current Agreement")<sup>1</sup> pursuant to Chapter 4 of Title 56 ("Affiliates Act") of the Code of Virginia ("Code").

DRI, which is headquartered in Richmond, Virginia, is a Fortune 500 corporation and one of the largest energy companies in the United States. DRI provides electric and natural gas service to approximately 20 million people in 20 states and also operates in the District of Columbia, western Canada and the Gulf of Mexico. DRI's electric operations include 6,000 miles of transmission lines and 28,100 megawatts ("MW") of generating capacity. DRI's natural gas operations include 7,800 miles of transmission pipeline and 950 billion cubic feet ("BCF") of underground storage capacity. DRI's oil and natural gas wells produce about 1.1 BCF of oil and natural gas per day and DRI's proven reserves total 6.3 trillion cubic feet. As of year-end 2005, DRI's assets totaled \$52.7 billion, its operating revenues totaled \$18 billion, and it employed 17,400 full-time employees. DRI is a holding company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005") and is subject to regulation by the Federal Energy Regulatory Commission ("FERC").

Virginia Power is a Virginia public service corporation that generates, transmits, and distributes electricity within a 30,000 square mile area in Virginia and northeastern North Carolina. Virginia Power sells electricity to approximately 2.3 million retail customers, including governmental agencies, and to wholesale customers such as rural electric cooperatives, municipalities, power marketers, and other utilities. Virginia Power has trading relationships beyond its retail service territory and buys and sells wholesale electricity and natural gas off-system. Virginia Power is a wholly-owned subsidiary of DRI and is regulated by the Commission and the North Carolina Utilities Commission.

DRI and Virginia Power are considered affiliated interests under § 56-76 of the Code. As such, Virginia Power must obtain prior approval 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.

DRI files a consolidated tax return for itself, Virginia Power, and DRI's other subsidiaries ("Consolidated Group") in accordance with Title 26, Subtitle A, Chapter 6, Subchapter A, §§ 1501 *et seq.* and Subchapter B, § 1552 of the Internal Revenue Code ("IRC"), and in accordance with Title 26, Chapter 1, Subchapter A, Part I, §§ 1.1502-0 *et seq.* and § 1.1552-1 of the Treasury Regulations in order to reduce its total corporate tax liability.

The Petitioners are seeking approval of an amended tax allocation agreement ("Amended Agreement"), which incorporates three changes to the Current Agreement. The Amended Agreement formally details the methodology that DRI plans to use to allocate the consolidated return's tax liabilities and tax benefits among the members ("Group Members") of the Consolidated Group. The three proposed changes: 1) eliminate the requirement that DRI allocate all holding company non-acquisition debt tax benefits to the other members of the Consolidated Group, 2) add language that specifically describes the methodology for allocating the deduction authorized by § 199 of the IRC, 26 U.S.C. § 199 ("§ 199 Deduction"), and 3) add language that provides supplemental guidance for the allocation of state income taxes.

The first proposed change stems from the repeal of the Public Utility Holding Company Act of 1935 ("PUHCA 1935") and its replacement by PUHCA 2005. Under Title 17, Code of Federal Regulations § 250.45(c)(5) of PUHCA 1935 ("Rule 45(c)(5)"), holding companies were required to distribute parent company tax benefits, excluding those related to acquisition indebtedness, to the Group Members with positive separate return tax. With PUHCA 1935's repeal this requirement disappeared. In the Amended Agreement, the Petitioners propose to allow DRI to keep all of its parent company tax benefits.

The second proposed change relates to a new tax deduction created by the American Jobs Creation Act of 2004. The § 199 Deduction, which is intended to encourage domestic manufacturing activities, greatly expanded the definition of the term "manufacturer" to include natural gas extractors and processors, electricity generators, and water treatment plant operations. The Petitioners propose additional language referencing the § 199 Deduction in the Amended Agreement because the federal statute includes specific rules for allocating the § 199 Deduction among the members of a consolidated group.

The third proposed change corrects a logical gap in the allocation of state and local taxes ("Other Taxes"). The Current Agreement merely states that Other Taxes will be allocated in the same way that federal taxes are allocated. This ignores the differences in the computation and allocation of federal and state taxes that arise because of the plant, payroll and sales apportionment factors that are used to determine taxable income for state income tax purposes. The Amended Agreement contains supplemental language that provides for any differences between consolidated and separate return taxes to be allocated to DRI.

NOW THE COMMISSION, upon consideration of the Petition and having been advised by its Staff, is of the opinion and finds that the Petitioners' request for approval of the Amended Agreement is in the public interest and should be approved. Removing the Rule 45(c)(5) requirement may result in a reduced cash benefit to Virginia Power, but DRI already has access to the related cash through other means. The computation and allocation of the § 199 Deduction is codified in the federal statute. The additional Other Taxes language simply fills in a logical gap in the prior allocation methodology.

We will, however, subject our approval to the following requirements, which we find are necessary to ensure the appropriate monitoring of the Amended Agreement and to clarify the limits of the Commission's approval in this case.

First, we will require the Petitioners to prepare an annual detailed reconciliation of Virginia Power's allocation of consolidated federal and state tax liabilities to what such liabilities would have been on a separate return basis. This reconciliation should be included in Virginia Power's Annual Report of Affiliate Transactions ("ARAT") submitted to the Director of Public Utility Accounting each year.

Second, we will require Virginia Power to disclose in its ARAT both the tax savings resulting from its allocable share of the DRI consolidated § 199 Deduction and the tax savings that would have occurred had Virginia Power incurred the § 199 Deduction on a separate return basis.

Finally, we will emphasize that our Affiliates Act approval of the New Agreement has no ratemaking implications, and that we reserve the right to reflect ratemaking adjustments to Virginia Power's income taxes in the course of our review and analysis of Virginia Power's cost of service in the future.

<sup>1</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 § 56-77B of the Code of Virginia or, in the alternative, approval to enter into such Agreement and Contribution, Case No. PUE-2003-00126, 2003 S.C.C. Ann. Rep. 488.*

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to § 56-77 of the Code of Virginia, Virginia Electric and Power Company is hereby granted approval to participate in the amended Consolidated Federal Income Tax Allocation Agreement between Dominion Resources, Inc., and its subsidiaries as described herein. Virginia Power shall file with the Commission an executed copy of the Amended Agreement within 30 days of the date of this Order, subject to administrative extension by the Director of Public Utility Accounting.
- 2) Commission approval shall be required for any changes in the terms and conditions of the Amended Agreement.
- 3) The approval granted herein shall have no ratemaking implications. The Commission reserves the right to reflect ratemaking adjustments to Virginia Power's income taxes in the course of the Commission's review and analysis of Virginia Power's cost of service in the future.
- 4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- 5) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.
- 6) Virginia Power shall include the Amended Agreement approved herein in its Annual Report of Affiliate Transactions submitted to the Director of Public Utility Accounting of the Commission each year. In addition to information already included, the ARAT shall include the following additional information: (a) Virginia Power shall prepare an annual detailed reconciliation of Virginia Power's allocation of consolidated federal and state tax liabilities to what such liabilities would have been on a separate return basis, and include this reconciliation in its ARAT each year, and (b) Virginia Power shall disclose in its ARAT each year both the tax savings resulting from its allocable share of the DRI consolidated § 199 Deduction and the tax savings that would have occurred had Virginia Power incurred the § 199 Deduction on a separate return basis.
- 7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then Virginia Power 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-2006-00105  
OCTOBER 19, 2006**

APPLICATION OF  
MECKLENBURG ELECTRIC COOPERATIVE

For authority to incur short-term debt

**DISMISSAL ORDER**

On September 25, 2006, Mecklenburg Electric Cooperative ("Mecklenburg" or the "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code") for authority to borrow up to \$9,200,000 in short-term debt. Mecklenburg paid the requisite fee of \$250.

By Order dated May 10, 1991, in Case No. PUF-1991-00018, Mecklenburg was authorized to enter into a \$6,200,000 perpetual, unsecured line of credit with the National Rural Utilities Cooperative Finance Corporation ("CFC"). The Cooperative now wishes to cancel this line of credit and replace it with a new perpetual line of credit with CFC in the amount of \$9,200,000. The line of credit will be used to mitigate costs associated with severe or catastrophic weather events, to finance on a temporary basis construction expenditures while awaiting long-term financing, and to support other general financing needs as necessary.

The application is filed pursuant to § 56-65.1 of the Code<sup>1</sup> which provides in pertinent part:

. . . the provisions of this chapter shall apply to the issuance of any note or notes by any public service company which has total capitalization, including securities having a maturity date of less than twelve months from the time of issue, of five million dollars or more, unless such note or notes together with all other outstanding notes or drafts of a maturity of less than twelve months . . . aggregates not more than twelve percent of the total capitalization of such utility. (emphasis added)

§ 56-65.1 of the Code.

We note from the balance sheet in Exhibit A of the application that the Cooperative's total capitalization<sup>2</sup> includes total margins and equities of \$43,679,705 and total long-term debt of \$52,447,051 (total capitalization \$96,126,756). The requested aggregate short-term borrowing of \$9,200,000 is only 9.6% of total capitalization. Therefore, the statutory requirement for our approval of the proposed short-term borrowing in this application does not apply for the reason that it aggregates less than twelve percent of total capitalization.

<sup>1</sup> The Cooperative is subject to Chapter 3 of Title 56 of the Code pursuant to the definition of a "public service company" provided for in § 56-55 of the Code.

<sup>2</sup> The term "total capitalization" as used in § 56-65.1 of the Code is defined to include equity as well as debt. See § 56-55 of the Code.

THE COMMISSION, upon consideration of the application and based upon the findings above, is of the opinion and finds that approval of the application is not required pursuant to § 56-65.1 of the Code. Nevertheless, we further find that the borrowing authority granted in Case No. PUF-1991-00018 will be superseded by the proposed borrowing, which does not require our approval. Therefore, the authority granted in Case No. PUF-1991-00018 should be terminated, contemporaneous with Mecklenburg's obtaining its proposed \$9,200,000 line of credit with CFC.

Accordingly, IT IS ORDERED THAT:

- (1) Mecklenburg's application is hereby dismissed, consistent with the findings above.
- (2) The authority granted by Case No. PUF-1991-00018 shall be terminated upon Mecklenburg obtaining a \$9,200,000 line of credit with CFC under the terms and conditions and for the purposes stated in the application.
- (3) There being nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2006-00106  
OCTOBER 19, 2006**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to lease rail equipment

**ORDER GRANTING AUTHORITY**

On September 27, 2006, 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 railcars. Applicant has paid the requisite fee of \$250.

Virginia Power requests authority to renew the lease of 106 used, steel rapid-discharge coal hopper railcars from Joseph Transportation Services, Inc. The initial lease was approved by the Commission in Case No. PUE-2002-00317. The term of the lease is 3 years. The lease will require monthly lease payments of \$175 per car. The lease will be a full service lease wherein the lessor, not 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 \$658,900 annually. According to the application, the railcars are not available for sale, therefore a lease versus purchase analysis was not conducted by Virginia Power.

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-2006-00107  
NOVEMBER 21, 2006**

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 September 28, 2006, 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 \$16,693,620 of long-term debt ("Proposed Debt") and to assume certain obligations and to enter into various agreements to collateralize tax-exempt Carroll County Environmental Facilities Revenue Bonds ("Pollution Control Bonds") issued in the same amount. Applicant has been notified by the Kentucky Private Activity Board Allocation Committee ("Allocation Committee") that the Company has been awarded an allocation of \$16,693,620 of the 2006 state ceiling for private activity bonds. Proceeds from the Pollution Control Bonds would provide tax-exempt bond financing for a portion of the pollution control facilities to be constructed at the Ghent Generating Station in Carroll County, Kentucky ("Carroll County"). Applicant was granted a Certificate of Public Convenience and Necessity to construct the pollution control facilities by the Kentucky Public Service Commission's Order dated June 20, 2005, in Case No. 2004-00426.

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 December 13, 2006, when the allocation will expire. 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 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.

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, variable rate 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. Including underwriting fees, Applicant estimates that issuance costs for the Proposed Debt will be approximately \$530,000. Finally, Applicant requests authority to enter into one or more interest rate hedging agreements to actively manage its exposure to variable interest rates or to lower its fixed rate borrowing costs with respect to the Proposed Debt. Applicant states that the aggregate outstanding principal amount of any credit agreements, promissory notes, hedging agreements, or similar supporting obligations that the Company may enter at any one time will not exceed \$16,693,620 plus unpaid interest and premiums.

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 \$16,693,620 plus unpaid interest and premiums in the manner and for the purposes as set forth in its application, through the period ending March 31, 2007.
- 2) Applicant is authorized to execute and deliver and perform the obligations of the Company under *inter alia*, the Loan Agreement with Carroll County, Kentucky, 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, and the maturity date.
- 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 May 30, 2007, to include all information required in Ordering Paragraph (4) 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-2006-00108  
NOVEMBER 20, 2006**

APPLICATION OF  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to invest equity funds in a subsidiary

**ORDER GRANTING AUTHORITY**

On October 3, 2006, Rappahannock Electric Cooperative ("Rappahannock" or "the Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia for authority to invest up to \$10,000,000 in its subsidiary, Rappahannock Electric Communications, Inc. ("Communications").

By Order dated April 19, 2001, in Case No. PUF-2001-00007, Rappahannock was granted authority to make loans to and/or guarantee the debt of Communications up to \$10,000,000. The loan proceeds were to be used to support the financial requirements of Communications. According to Rappahannock's October 3, 2006 application, Communications currently has loans outstanding of approximately \$1,250,000 to Rappahannock. The Cooperative now seeks authority to convert existing loans to equity investments and to make future equity investments in Communications, not to exceed the \$10,000,000 limit approved by the Commission in Case No. PUF-2001-00007.

According to the Cooperative, it uses a consolidated balance sheet in which the assets and liabilities of Communications are combined with those of Rappahannock. Therefore on the consolidated balance sheet, the loan receivable and associated interest income to Rappahannock is offset by the liability and the loan payment and associated interest expense at Communications. Conversion to and use of equity investments will reduce administrative cost associated with booking debt and interest expense on both Rappahannock's and Communications' books.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application is in the public interest.

Accordingly, IT IS ORDERED THAT:

- 1) Rappahannock is authorized to convert exiting loans to Communications to equity investments.
- 2) Rappahannock is authorized to make future investments in Communications in the form of loans, guarantees and/or equity investments, provided such investments when combined with current investments, do not exceed \$10,000,000.
- 3) The authority granted in Case No. PUF-2001-00007 is hereby superseded by the authority granted herein.
- 4) Consistent with the pricing provisions of the Commission's Order dated December 21, 2000, in Case No. PUA-2000-00100, Rappahannock shall bear the burden, in any rate proceeding, of proving that it received the higher of cost or market for services provided to Communications for which a market exists.
- 5) The approval granted herein shall not preclude the Commission from exercising the provisions of Section 56-78 and 56-80 of the Code of Virginia hereafter.
- 6) The Commission reserves the authority to examine the books and records of any affiliate of Rappahannock in connection with the authority granted herein whether or not the Commission regulates such affiliate.
- 7) If general rate case filings are not based on a calendar year, then Rappahannock shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.
- 8) Rappahannock shall report all funds advanced to Communications in the Annual Report of Affiliate Transactions to include the date of all advances, the amount of such advances, the interest rate, if applicable, and the maturity of such advances, if any.
- 9) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2006-00109  
NOVEMBER 2, 2006**

APPLICATION OF  
NORTHERN NECK ELECTRIC COOPERATIVE

For approval to increase a line of credit up to \$7,000,000

**ORDER GRANTING AUTHORITY**

On October 10, 2006, Northern Neck Electric Cooperative ("Northern Neck" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for approval to increase a line of credit from \$2,500,000<sup>1</sup> up to

<sup>1</sup> See Application of Northern Neck Electric Cooperative, For authority to issue short-term debt, Case No. PUF-1994-00012, Final Order dated July 7, 1994, 1994 S.C.C. Ann. Rpt. pp. 437-438.

\$7,000,000. The amount of short-term debt authority requested in the application is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code of Virginia. Applicant has paid the requisite fee of \$250.

Applicant seeks approval to increase its available borrowing through a short-term line of credit ("LOC") agreement with the National Rural Utilities Cooperative Finance Corporation ("CFC") to bridge any gap in obtaining long-term financing. The increased limit on the new line of credit will provide Northern Neck access to capital, especially in times of emergency. Applicant executed the \$7,000,000 line of credit on October 18, 2006. The rate of interest paid by Northern Neck will be determined by CFC from time to time, but the rate will not exceed the prevailing bank prime rate plus one percent. During each twelve-month period the LOC is in effect, Northern Neck must have a zero balance for five consecutive days. The LOC will automatically renew annually in perpetuity, unless terminated by CFC or Northern Neck with at least ninety days notice. The original \$2,500,000 LOC with CFC will be terminated and cancelled.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Northern Neck is authorized to increase its existing line of credit with the National Rural Utilities Cooperative Finance Corporation from \$2,500,000 to \$7,000,000 under the terms and conditions and for the purposes stated in its application.
- (2) Should Applicant seek to modify any terms or conditions or seek to increase the limit amount of the line of credit approved herein, Applicant shall submit an application with the Commission at least 25 days prior to the effective date of the proposed change.
- (3) There appearing nothing further to be done in this matter, it hereby is, dismissed.

**CASE NO. PUE-2006-00112  
OCTOBER 17, 2006**

JOINT APPLICATION OF  
WASHINGTON GAS AND LIGHT COMPANY  
and  
COLUMBIA GAS OF VIRGINIA, INC.

For revision of certificates under the Utility Facilities Act

**ORDER FOR REVISION OF CERTIFICATES**

On October 4, 2006, Washington Gas and Light Company ("Washington Gas") and Columbia Gas of Virginia, Inc. ("Columbia") submitted to the Division of Energy Regulation ("Division") of the State Corporation Commission ("Commission") a letter, along with copies of detailed maps, requesting a revision to Certificates G-371 and G-51p to change the boundary lines between their service territories.

Washington Gas and Columbia have reached an agreement for the adjustment of the natural gas utility service territory boundary line between them as it relates to one commercial project, the Goddard School, a day-care facility being constructed on the northern side of Minnieville Road in Prince William County. Washington Gas and Columbia have determined that this project lies within the service territory of Washington Gas. Washington Gas and Columbia, however, also have determined that it is in the best interest of the affected property owner to be served by Columbia, whose facilities are in close proximity to this area. 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 Certificates G-371 and G-51p. We are advised that the property owner affected by the proposed revisions has notice thereof, and is in agreement with the revision of boundary lines.

ACCORDINGLY, IT IS ORDERED that:

- (1) Upon filing with the Division of Energy Regulation the appropriate Virginia Department of Transportation county roadmaps that detail the revised boundary lines, Washington Gas Certificate G-51p is hereby amended as requested by the company. The revised Certificate No. shall be G-51q.
- (2) Upon filing with the Division of Energy Regulation the appropriate Virginia Department of Transportation county roadmaps that detail the revised boundary lines, Columbia Certificate No. G-371 is hereby amended as requested by the company. The revised Certificate No. shall be G-37m.
- (3) The amended certificates and maps shall be sent to Washington Gas and Columbia 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-2006-00113  
NOVEMBER 13, 2006**

APPLICATION OF  
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER

For amendment of existing authority and extension of approval to use financial derivative instruments

**ORDER GRANTING AUTHORITY**

On October 16, 2006, Kentucky Utilities Company a l a Old Dominion Power ("KU/ODP" or "Applicant") filed an application for authority under Chapter 3 of Title 56 of the Code of Virginia to use and assume certain obligations associated with the use of financial derivative instruments ("Derivatives") from time to time for the period extending from January 1, 2007, through December 31, 2009. Applicant paid the requisite fee of \$250.

Applicant seeks to extend the same type and level of authority it presently has through December 31, 2006, as authorized in Case No. PUF-2000-00017 by Commission Orders dated, June 23, 2000, December 17, 2002, and October 19, 2004. The authority granted in Case No. PUF-2000-00017, limited the aggregate notional amount of Derivative transactions outstanding at any one time to \$400,000,000, and limited the annualized net payment obligation from Derivative transactions to \$20,000,000. Applicant does not seek to change these limits; however, it does request relief from the 10-day preliminary reporting requirement to which it is presently subject under Case No. PUF-2000-00017, while remaining subject to a quarterly report.

Applicant proposes to continue the use of Derivatives to take advantage of market conditions to manage the interest costs of both its long-term fixed and variable rate debt. Applicant states that Derivatives can be used to both lower interest costs and diminish risk. In addition, Applicant explains that Derivatives can offer a more cost effective alternative to the early redemption of bonds because it avoids the ancillary cost of any call premiums on the old debt, issuance costs on the new debt, and Derivatives can be transacted more quickly to take advantage of attractive market conditions when they occur.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

- 1) Applicant is hereby authorized to enter into Derivative transactions, under the terms and conditions and for the purposes set forth in the Application, through the period extending from January 1, 2007, through December 31, 2009.
- 2) Applicant shall not enter into any Derivative transaction that at the time such transaction is entered into will cause Applicant's estimated annualized net payment obligation to exceed \$20,000,000.
- 3) Applicant shall strive to maintain its net payment obligation below \$20,000,000. However, if Applicant's annualized net payment obligation should at any time exceed \$25,000,000, Applicant shall file with the Division of Economics and Finance a report on the appropriate action, if any, to be taken in order to reduce the Company's net payment obligation to an amount not to exceed \$20,000,000.
- 4) The aggregate notional amount of all Derivatives pursuant to this Order shall not exceed \$400,000,000 outstanding at any one time through the calendar year ended 2009.
- 5) Applicant shall not enter into any Derivative transaction involving counterparties having credit ratings of less than investment grade.
- 6) Applicant shall file a Report of Action within sixty (60) days after the end of each calendar quarter through December 31, 2009, in which Applicant had any outstanding transaction involving Derivatives, with such report to reflect the number of such transactions Applicant is or has been a party to, the total amount of money Applicant owes collectively to all counterparties to such transactions, the total amount of money Applicant paid to all counterparties, and the total amount of money Applicant received, or is to receive, from all counterparties under the terms of such transactions.
- 7) Applicant's Final Report, due by March 2, 2010, shall also include a schedule that indicates the remaining term of each outstanding Derivative agreement along with the information detailed in ordering paragraph six (6).
- 8) Approval of the application shall have no implications for ratemaking purposes.
- 9) The Commission may revoke or modify the authority granted herein at any point in the future if it believes such revocation and/or modification is in the public interest.
- 10) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00114  
DECEMBER 1, 2006**

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 20, 2006, Atmos Energy Corporation ("Atmos" or "Company") and Atmos Energy Holdings, Inc. ("AEH") (collectively "Applicants"), filed applications 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 short-term indebtedness up to a maximum of \$943,000,000 between January 1, 2007, and December 31, 2007. The amount of short-term debt requested in the applications 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 \$200,000,000 at any one time during 2007. Applicants 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 four separate credit facilities totaling \$943,000,000 of available credit. 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. Atmos 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 new \$200,000,000 short-term cash credit facility ("Affiliate Facility") for calendar year 2007. The requested loan to AEH will support the natural gas supply procurement efforts of Amos 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 applications, the proposed \$200,000,000 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. Applicants provide additional information showing that borrowings under the Affiliate Facility decreased last year compared to prior years. In addition, the Stand Alone Facility was increased during 2006 from \$250,000,000 to \$580,000,000, which further demonstrates AEH's ability to provide for its own financial needs and a limited reliance on Atmos. Applicants also state that AEH is the guarantor of all amounts outstanding under the Stand Alone Facility. The eight financial institutions that provide the Stand Alone Facility have no recourse to Atmos' regulated utility assets.

The applications also represents that the original \$100,000,000 Affiliate Facility represented 7.1% of Atmos' capitalization in 2003, and the Affiliate Facility represents 5.2% of Atmos' capitalization as of June 30, 2006. Atmos estimates that its total investment in AEH, represented by its equity investment and maximum of \$200,000,000 of short-term loans, represents less than 11% of total capitalization.

NOW THE COMMISSION, upon consideration of the applications and having been advised by its Staff, is of the opinion and finds that, subject to the conditions provided herein, approval of the applications 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 May 31, 2007.

ACCORDINGLY, IT IS ORDERED THAT:

(1) Applicants are hereby authorized to incur short-term indebtedness up to \$943,000,000 at any one time between the January 1, 2007 and December 31, 2007, under the terms and conditions and for the purposes set forth in the applications.

(2) Atmos is hereby authorized to lend to AEH Short-term funds up to an aggregate amount of \$200,000,000 between January 1, 2007, and December 31, 2007, under the terms and conditions and for the purposes set forth in the applications.

(3) Applicants shall file no later than May 31, 2007, 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.

(4) Applicants shall file with the Commission quarterly reports of action no later than May 15, 2007, August 15, 2007, and November 15, 2007, 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.

(5) Applicants shall submit to the Commission a final report of action on or before February 28, 2008, providing the information required in Ordering Paragraph (4) above for the fourth calendar quarter of 2007. The final report of action shall also include a summary schedule of fees paid by Atmos in 2007 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 2007.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(6) Applicants 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.

(7) Commission approval shall be required for any subsequent changes in the terms and conditions of the Affiliate Facility.

(8) The authority granted herein shall not preclude the Commission from applying to Applicants 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 Applicants in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(10) Should Applicants wish to obtain authority beyond calendar year 2007, Atmos shall file an application requesting such authority no later than November 15, 2007. 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 2007 to obtain fully independent financing for AEH and its subsidiaries.

(11) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2006-00115  
NOVEMBER 20, 2006**

APPLICATION OF  
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to incur long-term debt

**ORDER GRANTING AUTHORITY**

On November 1, 2006, Central Virginia 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"). Applicant paid the requisite fee of \$250.

In its application, the Cooperative requests authority to borrow \$7,000,000 in the form of a CFC "PowerVision" loan. The proceeds will be used to finance the merger of its pension plan into the National Rural Electric Cooperative Association's Retirement Security Plan in January of 2007. 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. Applicant represents that the interest rate on the loan is established daily by the CFC.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

(1) Applicant is hereby authorized to borrow up to \$7,000,000 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 the 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, 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-2006-00119  
DECEMBER 7, 2006**

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, 2006, 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, 2007.

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, PUE-2004-00132, and PUE-2005-00104. Terms of significance will vary with respect to the particular type of security as noted in the Application.

All short-term borrowings will be in accordance with the Utility Money Pool Agreement that remains unchanged as approved by the Commission's Order Granting Authority in Case No. PUE-2004-00132. 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.

With respect to long-term debt issued by VNG, any terms and conditions thereon will mirror the terms and conditions of debt issued by AGLR. If AGLR does not issue long-term debt within one year from the date of the 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 fund major distribution system capital improvement projects, to pay or refinance other obligations of VNG, and for other proper public utility purposes.

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, 2007, through December 31, 2007, under the terms and conditions and for the purposes set forth in the application.

(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, 2007, under the terms and conditions and for the purposes set forth in the application.

(3) 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.

(4) Should Applicants seek to extend the authority for VNG to participate in the Utility Money Pool beyond December 31, 2007, Applicants shall file an application requesting such authority no later than November 15, 2007.

(5) Approval of this application shall have no implications for ratemaking purposes.

(6) 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.

(7) 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.

(8) 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.

(9) 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:

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- 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.

(10) 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.

(11) 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 (10), 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.

(12) Applicants shall file their final report of action on or before March 1, 2008, to include all of the information outlined in Ordering Paragraphs (9) and (11), summarizing the financings entered into pursuant to Ordering Paragraphs (1) and (2) during the fourth calendar quarter of 2007.

(13) This matter shall be continued subject to the continuing review, audit, and appropriate directive of the Commission

**DIVISION OF ECONOMICS AND FINANCE****CASE NOS. PUF-2000-00045, PUF-2001-00025, and PUF-2001-00032  
MARCH 17, 2006**

APPLICATIONS OF  
COLUMBIA GAS OF VIRGINIA, INC.,  
COLUMBIA ENERGY GROUP, INC.,  
and  
NISOURCE FINANCE CORP.

For approval of intercompany financing for 2001

COLUMBIA GAS OF VIRGINIA, INC.,  
Principal Applicant,  
and  
NISOURCE INC., et al.,  
Affiliate Applicants

For approval of Money Pool Agreement

and

COLUMBIA GAS OF VIRGINIA, INC.

For approval of intercompany financings for 2002

**DISMISSAL ORDER**

By Orders dated December 15, 2000,<sup>1</sup> January 24, 2001;<sup>2</sup> November 6, 2001;<sup>3</sup> and December 18, 2001<sup>4</sup> (the "Orders"), the State Corporation Commission ("Commission") granted Columbia Gas of Virginia, Inc. ("Columbia Gas" or "Applicant"), authority under Chapters 3 (§ 56-55 et seq.) and 4 (§ 56-76 et seq.) of Title 56 of the Code of Virginia (the "Code") in the above captioned cases to enter into intercompany financing arrangements between January 1, 2001, and June 30, 2003, with affiliates as defined by Chapter 4 of the Code.

The Orders authorized Columbia Gas to participate in intrasystem money pools ("Money Pool") and prescribed conditions and limitations<sup>5</sup> on Applicant's ability to borrow through or invest in the Money Pool. Pursuant to those Orders, Applicant was required to file reports of action.

Applicant filed the reports of action in accordance with the Orders. According to the reports, it appears that Columbia Gas exceeded the Commission-authorized investment limit of \$21 million on 122 separate days in 2001 and 155 separate days during 2002, extending from March 1, 2001, through May 19, 2002. Our Staff has been closely monitoring Columbia Gas' investment in the Money Pool and has worked with Columbia Gas to maintain compliance with our authorized limits on investment balances in the Money Pool since May of 2002.<sup>6</sup>

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the actions of the Applicant do not appear to be in accordance with the authority granted. We find that Columbia Gas exceeded its investment limitation of \$21 million on 277 occasions between March 1, 2001, and May 19, 2002. However, it is also our opinion that Columbia Gas has made a good faith effort to improve its internal procedures and monitoring systems and has been in compliance with our Orders since May of 2002. Therefore, we place Columbia on notice that subsequent violation of Chapter 4 authority may result in the imposition of penalties as outlined in § 56-85 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT there appearing nothing further to be done in these matters, all of the above-captioned cases are hereby dismissed.

<sup>1</sup> Case No. PUF-2000-00045.

<sup>2</sup> Case No. PUF-2000-00045.

<sup>3</sup> Case No. PUF-2001-00025.

<sup>4</sup> Case No. PUF-2001-00032.

<sup>5</sup> Our Order dated December 15, 2000, in Case No. PUF-2000-00045, authorized Columbia Gas to borrow up to \$45 million in short-term borrowings through the Money Pool, while our Orders dated January 24, 2001 in Case No. PUF-2000-00045, November 6, 2001, in Case No. PUF-2001-00025, and December 18, 2001, in Case No. PUE-2001-00032 authorized Columbia Gas to borrow up to \$70 million in short-term borrowings through the Money Pool. All Orders limited investment in the Money Pool to no more than \$21 million.

<sup>6</sup> The Commission Staff has monitored Columbia Gas' Money Pool activities since May of 2002 in Cases PUE-2002-00310, PUE-2003-00223 and Case No. PUE-2005-00089, and has not detected any additional violations of the authorized limits.

## DIVISION OF SECURITIES AND RETAIL FRANCHISING

### CASE NO. SEC-1994-00107 JULY 28, 2006

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

v.  
SEABOARD INVESTMENT ADVISERS, INC.  
and  
EUGENE W. HANSEN,  
Defendants

#### FINAL ORDER

On August 24, 1995, the State Corporation Commission ("Commission") entered an Order Accepting Offer of Settlement ("Order") in this case.

The Division of Securities and Retail Franchising staff has now reported to the Commission that while the Defendants have not complied with all of the terms and undertakings set forth in the Order, the Defendants are unable to comply with the remaining terms of the Order due to the Defendants' termination of its corporate existence.

Accordingly, IT IS ORDERED THAT:

1. This case is dismissed.
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. The papers herein shall be filed among the ended cases.

### CASE NOS. SEC-1998-00052 and SEC-1998-00053 AUGUST 28, 2006

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

v.  
ALANAR INCORPORATED  
and  
ZION APOSTOLIC CHRISTIAN MEMORIAL CHURCH,  
Defendants

#### FINAL ORDER

On July 21, 1998, the State Corporation Commission ("Commission") entered an Order Accepting Offer of Settlement ("Order") in this case.

The Division of Securities and Retail Franchising staff has now reported to the Commission that while the Defendants have not complied with all of the terms and undertakings set forth in the Order, the Defendants are unable to comply with the remaining terms of the Order due to the Defendants being placed under the control of a court-appointed Receiver in the United States District Court, Southern District of Indiana.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed.
- (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) The papers herein shall be filed among the ended cases.

**CASE NO. SEC-1998-00069  
AUGUST 9, 2006**

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

v.

BRIGHT COVE SECURITIES, INC.,  
Defendant

**FINAL ORDER**

On November 12, 1998, the State Corporation Commission ("Commission") entered an Order Accepting Offer of Settlement ("Settlement Order") in this case. That Settlement Order, among other things, provided that: (1) the Defendant would make an offer of rescission to each Virginia investor; (2) the Defendant would not violate the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, in the future; (3) the Defendant would only offer for sale securities that were properly registered under the Act or exempted; (4) the Defendant would pay to the Treasurer of the Commonwealth of Virginia the amount of five thousand dollars (\$5,000) in monetary penalties pursuant to § 13.1-521 of the Act; and (5) the Defendant would pay to the Commission the amount of one thousand eight hundred dollars (\$1,800) to defray the cost of investigation pursuant to § 13.1-518 A of the Act.

The Division of Securities and Retail Franchising ("Division") never received an affidavit confirming the offer of rescission. The Division conducted a second audit of the company resulting in an additional investigation. This investigation led to the issuance of a Rule to Show Cause, Case No. SEC-2001-00116. On December 19, 2003, the Commission entered a Judgment Order against the Defendant. As a result, the allegations in the Settlement Order were litigated in Case No. SEC-2001-00116. Therefore, the terms of the Settlement Order were no longer applicable.

Accordingly, IT IS ORDERED THAT:

1. This case is dismissed.
2. All undertakings and provisions of a continuing nature set forth in the prior Order remain in full force and effect.
3. 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.
4. The papers herein shall be filed among the ended cases.

**CASE NOS. SEC-1999-00037 and SEC-2000-00001  
AUGUST 21, 2006**

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

v.

KEVIN JOSEPH CROCKER d/b/a KCI INTERNATIONAL,  
Defendant

**FINAL ORDER**

On June 22, 1999, the State Corporation Commission ("Commission") entered a Settlement Order ("Order") in this case. That Order, among other things, provided that: (1) the Defendant would make an offer of rescission to a Virginia investor; (2) the Defendant would pay to the Treasurer of the Commonwealth of Virginia the amount of seven hundred fifty dollars (\$750) in monetary penalties pursuant to § 13.1-521 A of the Virginia Securities Act ("Act") within thirty (30) days of entry of the Order; (3) the Defendant would pay to the Commission, contemporaneously with the entry of the Order, the amount of five hundred dollars (\$500) to defray the cost of investigation pursuant to § 13.1-518 A of the Act; and (4) the Defendant would not violate the Act in the future.

The Defendant failed to comply with the terms in items (1) and (2) referenced above, and subsequently the Division of Securities and Retail Franchising ("Division") requested the Commission issue a Rule to Show Cause ("Rule") against the Defendant. On January 6, 2000, the Commission issued a Rule against the Defendant under the new case number of SEC-2000-00001.

A hearing was held in this matter on February 15, 2000. The Defendant did not appear at the hearing. At the conclusion of the hearing, the Hearing Examiner issued from the bench his Report setting forth his recommended findings of fact, conclusions of law, and sanctions. The Commission was advised that the Defendant did not file written comments to the Hearing Examiner's Report.

On May 4, 2000, the Commission entered a Judgment and Continuance Order ("Judgment Order") against the Defendant. The Commission found that, among other things, the Defendant should be penalized in the amount of twenty thousand dollars (\$20,000) with eighteen thousand dollars (\$18,000) of the penalty being waived if the Defendant returned monies to the Virginia investor within ninety (90) days from the date of the Judgment Order. The Defendant failed to comply.

On October 19, 2005, a Judgment in the amount of twenty thousand dollars (\$20,000) was docketed against the Defendant in the Circuit Court of Virginia Beach for collection of the penalty on behalf of the Commonwealth of Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed.
- (2) All undertakings and provisions of a continuing nature set forth in the prior Order remain in full force and effect.
- (3) 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.
- (4) The papers herein shall be filed among the ended cases.

**CASE NO. SEC-1999-00073  
OCTOBER 11, 2006**

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

v.  
JAMES HAROLD MALBAFF,  
Defendant

**FINAL ORDER**

On January 19, 2000, the State Corporation Commission ("Commission") entered a Settlement Order ("Order") in this case. That Order, among other things, provided that the Defendant would pay to the Treasurer of the Commonwealth of Virginia the amount of one million three hundred thousand dollars (\$1,300,000) in monetary penalties.

The Division of Securities and Retail Franchising staff has now reported to the Commission that the Defendant has not complied with all of the terms and undertakings set forth in the Order. The Defendant filed for Chapter 7 bankruptcy protection with the United States Bankruptcy Court, Eastern District of Virginia, and the court subsequently discharged the penalty imposed by the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed.
- (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) The papers herein shall be filed among the ended cases.

**CASE NO. SEC-2000-00003  
JULY 5, 2006**

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

v.  
ATM CAPITAL CORPORATION,  
Defendant

**FINAL ORDER**

On January 11, 2000, the State Corporation Commission ("Commission") entered a Settlement Order ("Order") in this case. That Order, among other things, required the Defendant to: (1) make an offer of restitution to each Virginia noteholder; (2) mail a copy of the Order to each Virginia noteholder; and (3) not violate the Virginia Securities Act in the future.

The Division of Securities and Retail Franchising staff has now reported to the Commission that due to the Defendant's termination of its corporate existence, the Defendant is unable to comply with the terms of the Settlement Order.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed.
- (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) The papers herein shall be filed among the ended cases.

**CASE NO. SEC-2000-00004  
JULY 5, 2006**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

SONORA INVESTMENT GROUP, INC.  
Defendant

**FINAL ORDER**

On January 11, 2000, the State Corporation Commission ("Commission") entered a Settlement Order ("Order") in this case. That Order, among other things, required the Defendant to: (1) make an offer of restitution to each Virginia noteholder; (2) mail a copy of the Order to each Virginia noteholder; and (3) not violate the Virginia Securities Act in the future.

The Division of Securities and Retail Franchising staff has now reported to the Commission that due to the Defendant's termination of its corporate existence, the Defendant is unable to comply with the terms of the Settlement Order.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed.
- (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) The papers herein shall be filed among the ended cases.

**CASE NO. SEC-2000-00023  
AUGUST 28, 2006**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.

LCP CAPITAL CORPORATION,  
Defendant

**FINAL ORDER**

On February 18, 2000, the State Corporation Commission ("Commission") entered a Settlement Order ("Order") in this case. That Order, among other things, provided that: (1) the Defendant would make an offer of rescission to the Virginia investor; and (2) the Defendant would not violate the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia, in the future.

The Division of Securities and Retail Franchising ("Division") received copies of evidence that the Defendant sent a rescission offer letter to the Virginia investor by certified mail, including an affidavit executed by the Defendant as proof thereof.

The Division staff has now reported to the Commission that while the Defendant has not complied with all of the terms and undertakings set forth in the Order, the Defendant is unable to comply with the remaining terms of the Order due to the Defendant's termination of its corporate existence.

Accordingly, IT IS ORDERED THAT:

- (1) This case is dismissed.
- (2) All undertakings and provisions of a continuing nature set forth in the prior Order remain in full force and effect.
- (3) 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.
- (4) The papers herein shall be filed among the ended cases.

**CASE NO. SEC-2002-00055  
NOVEMBER 27, 2006**

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

v.  
KEVIN L. HARRELL,  
Defendant

**JUDGMENT ORDER**

A Rule to Show Cause ("Rule") was issued against the Defendant on July 7, 2006, in which the Division of Securities and Retail Franchising ("Division") alleged that the Defendant continued to be in violation of the terms of the Settlement Order dated January 14, 2003 ("2003 Order") and that the Defendant provided false documents to the Division in violation of § 13.1-516 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. In the 2003 Order, the Defendant agreed to pay the State Corporation Commission ("Commission") a penalty of \$80,000 and \$5,000 to defray the costs of the investigation for violating § 12.1-33 of the Code of Virginia.

The 2003 Order further provided that the Defendant could avoid paying the penalty and costs if he repaid the North Carolina investors their \$10,000 investment, with interest, at a rate of \$500 per month. In the Rule, the Division also contended that the Defendant was in violation of a Commission Judgment Order dated June 20, 2005 ("2005 Order"), in which the Defendant, upon his representation, agreed to pay \$350 per month plus interest to the North Carolina investors. In the 2005 Order, the Commission amended the 2003 Order, allowing the Defendant to pay \$350 per month and penalizing the Defendant \$250 for contempt of the 2003 Order.

The Commission assigned this case to a Hearing Examiner to conduct a hearing of the alleged code violations. The hearing was conducted on September 7, 2006. After a hearing on the merits, the Hearing Examiner issued her Report on September 26, 2006, setting forth her recommended findings and recommendations. The Report allowed the Defendant twenty-one (21) days in which to provide comments. The Defendant did not file comments.

The Hearing Examiner filed the following findings:

- (1) Defendant has returned the full principal investment of \$10,000 with some additional funds toward interest to the North Carolina investors in substantial compliance with the 2003 Order;
- (2) The Division and the investors are satisfied that the Defendant has fulfilled his commitment to repay the investors;
- (3) The \$80,000 penalty and the \$5,000 costs of investigation imposed on the Defendant by the 2003 Order should therefore be suspended;
- (4) The Defendant should similarly be relieved from payment of the additional penalty for contempt imposed by the 2005 Order; and
- (5) The Defendant, however, intentionally provided false documents to the Division in violation of § 13.1-516 of the Act and should be penalized \$5,000.

The Hearing Examiner recommended that the Commission adopt the findings of her Report and dismiss this case from the Commission's docket of active cases.

Upon consideration of the Report and the record in this case, the Commission is of the opinion and finds as follows that:

- (1) The Defendant has returned the full principal investment of \$10,000 with some additional funds toward interest to the North Carolina investors in substantial compliance with the 2003 Order;
- (2) The Defendant has fulfilled his commitment to repay the investors;
- (3) The \$80,000 penalty and the \$5,000 costs of investigation imposed on the Defendant by the 2003 Order should be suspended;
- (4) The Defendant should be relieved from payment of the additional penalty for contempt imposed by the 2005 Order; and
- (5) The Defendant intentionally provided false documents to the Division in violation of § 13.1-516 of the Act and should be penalized \$5,000.

Accordingly, IT IS ADJUDGED AND ORDERED THAT:

- (1) The Commission adopts the findings and recommendations contained in the Hearing Examiner's Report.
- (2) This case is dismissed from the Commission's docket and the papers herein shall be placed in the file for ended causes.

**CASE NO. SEC-2003-00042  
JULY 31, 2006**

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

v.

WACHOVIA CAPITAL MARKETS, LLC,  
Defendant

**CONSENT ORDER**

Wachovia Capital Markets, LLC, is a broker-dealer registered in the Commonwealth; and

A coordinated investigation into activities of Wachovia Capital Markets, LLC, and its predecessors, in connection with certain potential conflicts of interest that research analysts were subject to during the period of January 1, 1999, through December 31, 2002, have been conducted by a multi-state task force (collectively, the "State Regulators"); and

Wachovia Capital Markets, LLC, has advised the State Regulators of its agreement to resolve the investigations relating to its research practices; and

Wachovia Capital Markets, LLC, has adopted policies and procedures designed to ensure compliance with all legal and regulatory requirements regarding research analyst independence, including applicable securities laws, regulations and rules of the Securities Exchange Commission, NASD, and New York Stock Exchange; and

Wachovia Capital Markets, LLC, has demonstrated that its organizational structure and some of its policies were already consistent with many of the new structural reforms outlined in the December 2002 Research Analyst Global Settlement agreement-in-principle, and Wachovia Capital Markets, LLC, voluntarily began implementing additional policies and procedures in January 2003 consistent with those structural reforms and completed that implementation by November 2003; and

In November 2002, Wachovia Corporation contracted to upgrade the e-mail retention technology, including content filtering and internal archiving platforms, of its subsidiaries and business units, including Wachovia Capital Markets, LLC, and its predecessors, which upgrade is in the process of being implemented; and

Wachovia Capital Markets, LLC, 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 Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, hereby enters this Order:

**FINDINGS OF FACT****I. JURISDICTION**

1. Wachovia Capital Markets, LLC, (CRD No. 126292) is currently and, at all times relevant to this Order, was registered in the Commonwealth of Virginia as a broker-dealer. As used in this Order, the term "WCM" refers collectively to Wachovia Capital Markets, LLC, and its predecessors.

2. The Commission has jurisdiction over this matter pursuant to the Act.

3. This action concerns the period of January 1, 1999, to December 31, 2002 ("Relevant Period"). During the Relevant Period, WCM engaged in both research and investment banking activities as described below.

**II. BACKGROUND**

4. Wachovia Corporation, formerly known as First Union Corporation ("First Union"), is a diversified financial services company that provides banking, asset management, wealth management, and corporate and investment banking products and services.

5. First Union formed First Union Capital Markets Corp. in 1994. Following the formation of First Union Capital Markets Corp., First Union determined to expand its capital markets business through a series of acquisitions, including Wheat First Butcher Singer in January 1998, Bowles Hollowell Connor & Co. in April 1998, EVEREN Capital Corporation in October 1999 and Forum Capital Markets, LLC, in June 2000. In conjunction with the acquisition of EVEREN Securities, Inc., First Union Capital Markets Corp. merged with and into EVEREN Securities, Inc., EVEREN's broker-dealer subsidiary, and changed its name to First Union Securities, Inc. In September 2001, First Union merged with the former Wachovia Corporation. First Union was the surviving entity in the merger. Following completion of the merger, First Union changed its name to Wachovia Corporation and, thereafter, the former Wachovia Securities, Inc., merged with First Union Securities, Inc., and First Union Securities, Inc., the survivor of that merger, changed its name to Wachovia Securities, Inc. Wachovia Capital Markets, LLC, was formed in connection with Wachovia Corporation's July 2003 joint venture with Prudential Financial, Inc., in which the retail brokerage operations of Wachovia Securities, Inc., and Prudential Securities Inc. were combined. Wachovia Capital Markets, LLC, is the entity that was created at that time to operate Wachovia Corporation's institutional brokerage and capital markets businesses.

6. Wachovia Corporation consists of four business divisions, including Corporate Investment Banking ("CIB"). CIB provides lending, capital markets, treasury and financial advisory services for corporate and institutional customers. CIB's business activities are conducted through several Wachovia Corporation subsidiaries including, but not limited to, WCM.

7. Several divisions of CIB including, but not limited to, Investment Banking, Fixed Income and Equity Capital Markets operate, in whole or in part, through WCM. Equity Research, Equity Trading, Institutional Sales and the Equity Capital Markets Desk are the four departments within Equity Capital Markets. The Equity Capital Markets Division, in its present form, was started in 2000.

8. From July 1999 through December 1999, the head of Equity Research directly reported to one of the managers of Investment Banking. At all other times during the Relevant Period, the management of the Equity Research Department reported to the head of the Equity Capital Markets Division, who in turn reported to the managers of CIB. In 1999, Investment Banking was the term used to describe the business unit engaged in Investment Banking activity, as well as sales, trading, principal investing and other non-investment banking activities.

A. The Investment Banking Function at WCM

9. The Investment Banking Division of CIB at WCM provides financial advice and transactional services to corporate clients regarding, among other things, equity and debt offerings, business combinations and other financing transactions.

10. During the Relevant Period, the Equity New Business Committee and the Equity Commitment Committee approved WCM's participation as an underwriter or as a member of a selling syndicate in IPOs or secondary offerings. Prior to the approval, the committees received written presentations from the group working on the proposed transaction, setting forth the pertinent information regarding the issuer and the level of WCM's participation in the transaction.

B. The Role of Research Analysts at WCM

11. During the Relevant Period, WCM's Equity Research Department employed approximately 40 Research Analysts to provide research coverage on a broad range of industry sectors and to publish periodic reports on selected companies within those sectors. Equity Research Analysts at WCM ("Research Analysts") were responsible for reviewing the performance of the selected companies, evaluating their business prospects, and providing analyses and projections concerning the investment opportunity presented by the company, commonly referred to as providing research coverage.

C. Research Ratings at WCM

12. During the Relevant Period, WCM used several systems to rate the investment opportunity of the companies on which research was published ("Covered Company"):

a. From August 1999 through September 2000, WCM used a five-tier system under which companies were classified as follows, from most to least positive:

**1 Buy** – Expectations of at least a 20% total return or more in the next 12 months. This rating is for our best ideas both for the short and long terms.

**2 Outperform** – Expectations of a 10%-20% total return in one year or more. We believe this stock is a good one for a longer period; we are confident about its fundamentals.

**3 Hold** – Potential upside of 10%, but the potential downside is also 10% within a 12-month period.

**4 Underperform** – Expectations that the stock could drop by more than 10% in the near term. This rating implies that this stock will not only underperform the market, but it also could drop significantly in price. Ideally, this stock is viewed as a "source of funds."

**5 Sell** – This is an outright sale due to fundamental risk or dramatic industry changes.

b. In October 2000, WCM implemented a four-tier rating system using the following ratings:

**1 Strong Buy** – Expectations of at least a 20% total return or more in the next 12 months. This rating is for our best ideas both for the short and long terms.

**2 Buy** – Expectations of a 10-20% total return in one year or more. We believe this stock is a suitable holding for a longer period; we have a high degree of confidence in the company's fundamentals.

**3 Market Perform** – Potential upside is 10% as is the potential downside within a 12-month period. Stock will likely perform in line with the Market.

**4 Underperform** – Expect that stock price could decline by more than 10% over the next 12 months. This stock should be viewed as a source of funds.

c. In February 2002, WCM removed all reference to percentages in the definitions of the ratings, which were changed to the following:

**Strong Buy:** We believe noticeable upside potential exists. We have high visibility on estimates, and confidence in the company's business model and management's execution abilities. A near-term catalyst should be able to drive the stock higher.

**Buy:** We believe the stock is attractively valued. The company has sound or improving fundamentals that should allow it to outperform the broader market.

**Market Perform:** We believe the stock may be mispriced. The company may have issues affecting fundamentals that may take some time (perhaps a quarter or more) to resolve or there is a misunderstanding of the company's business fundamentals or growth prospects. (The Street may be too upbeat about the long-term prospects.)

**Underperform:** We believe the stock is noticeably mispriced relative to the soundness of the company's fundamentals and long-term prospects. The company has significantly weak fundamentals or a flawed business model.

d. In May 2002, WCM modified the definitions of the two lowest rating categories as follows:

**Hold:** We believe the stock is fairly valued at the current price. The company may have issues affecting fundamentals that could take some time to resolve. Alternatively, company fundamentals may be sound, but this is fully reflected in the current stock price. Do not accumulate additional shares.

**Sell:** We believe the stock is overpriced relative to the soundness of the company's fundamentals and long-term prospects. The company has significantly weak fundamentals or a flawed business model. Sell (emphasis in original) Thereafter, WCM adopted a three tier system (Outperform, Market Perform and Underperform), which is in place today.

13. WCM's Research Analysts virtually never used the lowest rating in WCM's stock rating system. During the Relevant Period, WCM publicly stated its rating system had either four or five categories. However, WCM Research Analysts rarely used the "4" or "5" rating. Of 2,038 ratings between January 1, 1999, and July 2, 2002, analyzed during the investigation, only 16 (.79%) were "4" rated and only 2 (.10%) were "5" rated.

14. Some Research Analysts discussed the timing of ratings changes. For example, under areas of development in his 2000 performance evaluation, one Research Analyst stated "In the past, we've been first with meaningful news and 'talked down' stocks without formally changing ratings."

15. Although institutional clients were the primary target audience, research reports authored by the Research Analysts and disseminated by WCM were accessible by certain clients through internal websites for clients and to non-clients through First Call, Bloomberg, and subscription services.

### III. THE RELATIONSHIP BETWEEN THE INVESTMENT BANKING DIVISION AND EQUITY RESEARCH DEPARTMENT OF WCM CREATED POTENTIAL CONFLICTS OF INTEREST FOR RESEARCH ANALYSTS

16. During the Relevant Period, certain practices at WCM created potential conflicts of interest for the firm's Research Analysts which arose from the inherent tension between the Research Analyst's obligation to provide independent research regarding covered companies and the involvement of the Research Analysts in various aspects of its investment banking business. Periodically, some Research Analysts at WCM identified potential investment banking opportunities in their respective industry sectors, including initial public offerings ("IPOs").

#### A. Analysts Participated in Investment Banking Activities

17. Certain Research Analysts supported the efforts of investment bankers at WCM. On occasion, the Investment Banking Division promoted WCM's research coverage to issuers for whom WCM was seeking to act as an underwriter for investment banking transactions.

18. A number of performance evaluations for WCM Research Analysts, and their Associates,<sup>1</sup> assessed the subject's involvement in investment banking activities for the evaluation year. Some performance evaluations established goals for assistance to investment banking in the following year. Examples include, but are not limited to:

a. One Research Analyst, in evaluating the performance of an Associate, stated the Associate "could have accomplished even more without excessive burdens from investment banking." According to the Associate's self-evaluation:

Corporate finance placed significant demands on our time; reviewing pitches, answering inquiries to assist in developing presentations, editing transaction documents and providing support on positioning pieces. Additional staffing may be necessary if we continue to ramp up the banking business, which can sometime [sic] leave us overwhelmed to the detriment of our research effort.

b. Another Research Analyst established increased "interaction with investment banking" as a goal for 2002. To accomplish this goal, the Research Analyst promised he would be "available for pitches as necessary" and have "flexibility regarding the companies I chose to cover."

c. On a self-evaluation, an Associate Analyst stated "in response to the marketing trip with JILL, I investigated the dilutive effects of a secondary offering and followed up with investment banking to inform [an investment banker for WCM] of the potential for a follow-on in the next year."

d. Another Associate Analyst stated he had exceeded expectations based in part on his "significant involvement in pitching for new equity business and working on the efforts once the business was won."

e. A Research Analyst stated that his "extensive relationship base" had proven critical to (a) institutional sales, (b) research and (c) investment banking. The Research Analyst also noted his "frequent role of assisting investment bankers accessing the tax exempt/institutional equity market for joint venture capital."

f. Under the section entitled "Areas for Development," one Research Analyst commented "[t]ime management skills are always a challenge in equity research given the obligations to writing, research, sales and banking."

g. A Research Analyst established "[p]articipate in additional corporate finance transactions" as a goal for 2001. The Analyst pledged "to play a crucial part in gaining lead manager status" in investment banking deals which were pending at the time.

<sup>1</sup> Associates assist the Research Analyst in gathering information on the covered companies in writing reports. Associate positions provide training for becoming a Research Analyst and many Associates at WCM openly discussed what they needed to improve in order to "move to the next level" of becoming a Research Analyst.

h. In evaluating the performance of his Associates, one Research Analyst observed his industry sector "seems to be one of the busiest, both in demands from sales/trading as well as banking."

i. In response to a question regarding areas for development in the upcoming year, a Research Analyst included, among other areas, to "[c]ontinue to work closely with Corporate Finance counterparts [to] execute identified projects and pursue new opportunities with a focus on quality."

j. An Associate Analyst identified increasing "investment banking exposure" as one of several areas for development. The Associate went on to state, "I hope to be given the opportunity to work with banking teams on deal pitches when possible, the IPO process or M&A opportunities."

k. In evaluating his performance for 2001, a new Research Analyst stated

On the investment banking side, I feel like I have built strong relationships with both private and public companies. I have been aggressive at getting out to meet with companies, both public and private, and to continue the dialogue on an ongoing basis. I have worked hard to build a strong relationship with my investment banking counterparts.

l. In discussing the year's performance, one Research Analyst discussed his involvement with investment banking, citing, as an example, participation in the NetScreen initial public offering. According to the Analyst, he "created a large portion of the NetScreen pitch" and worked closely with company management "in preparing a pro-forma operating model and in preparing the roadshow presentation."

19. Some Research Analysts at WCM organized or participated in meetings where investment banking business was solicited. For example:

a. In March 2000, a Research Analyst asked the manager of Equity Capital Markets if he was available to attend a "pitch/dinner" with the executives of a private company. According to the Analyst, the company was close to making an IPO filing and WCM had a chance for the lead position on the transaction. The Analyst stated "[w]e have had to cancel two meetings, so we need to put on the big push. (Cancellations relate to 7 signed up deals so far this year, including 3 org meetings in the last week.)" When the manager was unable to attend the meeting, the Analyst asked for a recommendation of a substitute for the meeting to "fill your large shoes"; the substitutes suggested included a member of Research Management, whom the Analyst invited to the meeting.

b. In August 2001, one WCM Research Analyst recommended that the Analyst and the investment bankers in the sector discuss a potential secondary offering in the sector, adding "I would be happy to beg and plead" with the executives of the company being solicited.

c. In a December 2001 e-mail message, a member of Research Management congratulated Research Analysts who had been involved in recent investment banking deals. Each Research Analyst was asked to provide two to three points that made WCM stand out on the deal "either in [WCM's] performance on the deal [or WCM's] positioning on the cover." The Research manager indicated the information would be used in an upcoming research conference call "as [a] learning experience for the research department." As an example of what was expected, the manager said of one Research Analyst's impact on a deal:

1) He visited the company several times in the 12 month [sic] prior to the bake-off, 2) he wrote about the company in industry reports and notes on public company competitors that he covers, and 3) he exhibited an expertise in this sector of security that exceeded that of even the lead manager.

20. Investment banks, including WCM, competed to be selected by issuers as underwriters for investment banking transactions. Issuers selected underwriters based on presentations by the competing investment banks, during which the investment banks described their qualifications, outlined a selling strategy, and offered investment banking and other services to the issuer. As part of these presentations, investment banks, including WCM, often provided issuers with a "pitchbook" describing the credentials of their investment bankers and services that the investment bankers could provide.

21. The pitchbooks prepared and used by WCM's Investment Banking Division to solicit investment banking business frequently referenced the Research Department of WCM and the WCM Research Analyst who covered the issuer's industry sector. One or more of the following was found in a number of pitchbooks:

a. The Research Analyst for the company's sector was identified under the heading, "Transaction Team," along with the investment bankers who were soliciting the business, as well as staff from the institutional sales and equity syndication responsible for the marketing and pricing of the transaction;

b. Equity Research Analysts were referred to in a chart labeled "Provides a Full Array of Investment Banking Products";

c. The growth in WCM's Research Department was cited, along with the Trading Desk, as support for the statement that WCM was "Building a dominant investment banking platform for growing companies"; and

d. "Sales/sales trading/research/banking alignment" was listed as one of seven "core competencies" of WCM's Equity Capital Markets Division, along with "focused, in-depth research" and other characteristics.

22. Memoranda on prospective investment banking deals submitted to the Equity Commitment Committee and Equity New Business Committee for approval were put together by the investment bankers responsible for soliciting the business. On some memoranda, the Research Analyst for the issuer's industry sector was listed as a member of the transaction team and/or as a submitter of the memoranda.

23. Some pitchbooks implied that, if WCM was selected as an underwriter on the investment banking transaction, the issuer would receive research coverage from WCM. Examples include, but are not limited to:

- a. Inclusion of time lines which indicated when the Research Analyst would initiate coverage and stated the Analyst would issue follow-up research reports as necessary.
- b. Notations to past favorable coverage by the Research Analyst and emphasis of its enthusiastic support for the issuer.
- c. References to the WCM Research Analyst's ratings for the issuer's industry sector, highlighting favorable comparisons to the ratings of analysts from other investment banks. For example, one pitchbook stated the WCM Research Analyst "continues her emphatic support of the wireless sector with stronger ratings on covered companies than her peers."
- d. Identification of the Research Analyst's history of ratings.
- e. Inclusion of charts showing the historical price and volume of the issuer's stock. When such information was not available, the WCM pitchbooks used historical price and volume information for other companies in the issuer's industry. The price and volume charts given to prospective investment banking clients noted the dates that WCM had published research reports, along with other news events.

24. Specific instances where the pitchbook for an investment banking solicitation emphasized that WCM's equity research was related to its investment banking activities include, but are not limited to:

- a. Under the topic "RAPIDLY EXPANDING HEALTHCARE INVESTMENT BANKING PRACTICE", a December 2000 pitchbook for a transaction involving Natus stated, among other things, "Hired an additional six Healthcare equity research analysts in the last 12 months" and "Dedicated research analysts work closely with corporation finance professionals to help meet client needs."
- b. A January 2000 pitchbook for a presentation to E-PLUS listed WCM's Research Department, with other departments, under the heading "SOLID INVESTMENT BANKING PLATFORM."
- c. An August 2001 pitchbook for a presentation to Alamosa Personal Communications Services stated "[WCM] has built a full service investment banking platform," which included "Proactive research coverage in equity" markets. The pitchbook further stated that WCM had "committed significant capital and resources," including equity research, towards the success of Alamosa.

25. Certain communications between WCM's Research Analysts and supervisors in Investment Banking demonstrate that some Research Analysts attempted to promote WCM's investment banking and suggest that the Research Analysts believed that they would benefit if WCM received investment banking mandates. For example:

- a. In August 2001, one Research Analyst contacted the head for WCM's Investment Banking industry group in the Analyst's sector, to suggest a change in investment bankers assigned to Nextel Partners and AirGate. At the time, the Analyst covered both companies with "Strong Buy" ratings.
  - i. The Analyst suggested the change due to "the slip up with Nextel Partners which we all have belabored over the past few weeks and some recent developments with AirGate."
  - ii. With regard to Nextel Partners, the Analyst alluded to a recent "mix-up" between the WCM banker and the company, stating "Obviously, you know I was very frustrated with that situation given that I was clearly told by the CFO that we would have been in the deal had that never happened."
  - iii. The Analyst also referenced recent difficulties between AirGate and the WCM banker assigned to the company. The Analyst informed the investment banking group head:
 

AirGate plans to do a secondary sometime in the first half of 2002. I feel I have a good enough relationship with that management team to hopefully win them over (I will beg if needed) and try & get us in the deal. The treasurer seemed to imply to [the WCM investment banker] that if a relationship manager change would be put in place – it may help our case.
- iv. The Analyst concluded the e-mail message by saying:
 

I hope you do not think I am budding [sic] in where I should not be, it is just I obviously have a vested interest in getting both deals done. In my mind, my team has devoted the effort from the research side and we are now getting penalized for something we had no control over or involvement with in the first place.
- b. In November 1999, a Research Analyst sent an e-mail message to a senior member of Investment Banking Management, praising the work of the investment banker working in the Analyst's industry sector.
  - i. The Analyst informed the investment banking manager that "[w]e seem to be identifying several opportunities a week as well as traveling to a pitch a week."
  - ii. According to the Analyst, he had been concerned before starting with WCM that he would not have "adequate support on the banking side. This has proven not to be the case. [The investment banker] has proven to be far more focused, responsive and productive than any banking counterpart that I ever worked with at [a previous employer]. . . . [The investment banker] has been, and will be crucial to monetizing my research franchise."

iii. After identifying investment banking transactions which were completed, in process, or "in pursuit for 2000,"<sup>2</sup> the Analyst concluded by saying "We both remain focused on jointly developing a credible, sustainable and highly profitable [sector] franchise. We look for our economics to only improve further as the FUSI institutional brand, particularly in this space, takes hold."<sup>3</sup>

26. Supervisors at WCM expected Research Analysts to be supportive of investment banking. For example:

a. According to an article in SmartMoney magazine entitled "What's an Analyst to Do?" in June of 2000, a member of Equity Capital Markets Management is quoted as saying that "[m]ost [banks] would say, 'our analysts are here just to do great research and follow companies,' but that's not the reality. They have a lot of responsibilities – and investment banking is becoming more essential."

b. In the article referenced in paragraph 26(a), a Research Analyst at WCM is quoted as saying that "[i]t's a fact of life. I've got three different hats to wear. There's the research, but then there's the banking and marketing. I've got an obligation to all three." In the article, the Analyst estimated that research-related tasks occupied only one-third of the Analyst's time, and the rest was spent on banking and marketing.

**B. Some WCM Pitchbooks Prepared by WCM's Investment Banking Division Referenced Past Research in the Context of Seeking Future Business**

27. In a pitch to one company in October 2000, WCM listed the services that it had provided to the company as:

Significant capital commitment since the Company's IPO

#1 Trader of [the company's] Stock

Strong Buy equity coverage<sup>4</sup>

Institutional and retail distribution capabilities equal to that of Wall Street firms[.]

WCM contrasted these services with the benefit WCM had received from the company saying:

but . . .

Only \$800,000 in equity fees since Company's IPO, behind, Donaldson, Lufkin & Jenrette Securities Co., J.P. Morgan Securities, Inc., Bear, Stearns & Co. Inc., PaineWebber Inc., and Banc of America Securities

No lead mandate[.]

28. In an October 2000 pitch to another company, WCM again contrasted services provided to the company and the benefits WCM received from the company. According to the pitch, WCM delivered:

\$200 million of total capital commitment

#1 trader of [the company's] Stock

Strong Buy equity coverage<sup>5</sup>

Institutional and retail distribution capabilities equal to that of Wall Street firms

Willingness to provide access to retail brokers as mezzanine loan origination source

Open to potential bought deal in 2001[.]

These services were contrasted with the benefits WCM had received from the company, which were listed as:

Only \$700,000 in equity fees since Company's IPO, behind Merrill Lynch & Co., Banc of America Securities, U.S. Bancorp Piper Jaffray, Inc., William Blair & Company, and A.G. Edwards & Sons, Inc.

No lead mandate[.]

**C. On Occasion, Investment Banking Concerns Were Considered in WCM's Decisions Whether to Initiate or Continue Research Coverage**

29. The decision to initiate or continue research coverage of certain companies was influenced, at least in part, by whether those companies were actual or prospective investment banking clients of WCM. For example, in evaluating the performance of one Research Analyst, a member of Research Management noted that the Analyst was "very flexible in adding coverage where investment banking has had a sense of urgency."

<sup>2</sup> The Analyst stated these were "More than I can count."

<sup>3</sup> References by Research Analysts to "space" mean the industry sector which the analyst covers.

<sup>4</sup> The evidence does not indicate that the prior research ratings were influenced by Investment Banking.

<sup>5</sup> The evidence does not indicate that the prior research ratings were influenced by Investment Banking.

30. In the article referenced in paragraph 26(a), a WCM Research Analyst discussed her "Strong Buy" rating of Ask Jeeves during a time of significant price decline. The Analyst remained bullish on the company's prospects and was quoted as saying that "[i]t's positioned to be the most profitable business model in our group." Further, according to the Analyst, early in the freefall in the price of Ask Jeeves stock, its CFO told her that the company was unhappy with its investment bank and was "looking to create new relationships." However, WCM was not included as an underwriter on the Ask Jeeves secondary offering. According to the article, the Analyst said "I've done a lot of marketing of this stock and invested a lot of time. Ask Jeeves choosing to go elsewhere with the deal has definitely been the biggest disappointment."

31. Each Research Analyst at WCM was required to prepare an annual Business Plan, for internal use. These Business Plans were sometimes discussed during the annual performance evaluation. In the Business Plan, each Research Analyst was required to: (a) give an account of the approach that the Research Analyst had to the industry sector they covered, (b) identify significant trends within that sector, and (c) set forth coverage plans for the upcoming year. According to a member of Research Management, the function of the Business Plan was to require each Research Analyst to identify those stocks under consideration for coverage over the next twelve months, to compel the Research Analyst to set forth and commit to specific actions to take in order to procure additional business from institutional investors, and to inform WCM what the Research Analyst thought "the level of activity of investment banking is going to be in that space" for the next year.

32. During the Relevant Period, the Business Plan included a section entitled Coverage Plans, which asked the Research Analyst to provide a rationale for issuing research coverage for companies. Some Research Analysts completed the Coverage Plan section by citing the investment banking potential of the companies as a reason for research coverage. The following are some examples of comments by Research Analysts in their Coverage Plans:

a. One WCM Research Analyst stated he intended to "[a]dd 1-2 names in 2001, reflecting investment/real estate banking relationships" in one sector and to "[a]dd 2-3 names, reflecting investment/real estate banking need to retain coverage of this sector after [another Analyst's] departure." The Research Analyst listed eight companies that were being considered as additions to his coverage list, and ranked each company according to its importance to Research and to Investment Banking. A review of the Analyst's initiation of coverage reveals the following:

1) WCM initiated coverage on three companies that Investment Banking ranked as higher in importance than Research, one of which had been previously covered by WCM.

2) WCM did not initiate coverage on any company Research ranked highest as a target for coverage that was not previously covered; Investment Banking ranked each of these companies as lower in importance.

b. Another Research Analyst stated "Before committing to any specific direction, I need to understand what my investment banking situation is so I can work closely with the lead banker to develop a plan which we both believe we can successfully execute."

c. One Research Analyst at WCM stated that any new company for which he would initiate coverage in 2001 should (1) have "a strong management team," (2) be "uniquely positioned in a market niche that has good underlying fundamentals," (3) be "under-followed," and (4) include "an opportunity to provide corporate finance."

d. Another Research Analyst at WCM identified three specific companies which he was considering for coverage, each of which was expected to do an equity offering. The Analyst stated "the bulk of our focus going forward will be on small, under-followed, value names, where we have an existing relationship and the company has a near-term (6-12 months) need to tap the capital markets. I have been working closely with our [sector] corporate finance head . . . to develop this list of names."

e. One Research Analyst identified several companies for which coverage would be dropped because "These are not attractive stocks and have little investment banking potential."

f. After identifying the companies for which coverage would be initiated, a Research Analyst noted that his list of companies on which he planned to initiate coverage had "the full support of banking."

g. In identifying planned coverage initiations for 2002, another Research Analyst stated, "[w]e plan to role [sic] out 3-4 stocks in 2002 to add mid-stream natural gas companies to our coverage and further support our corporate finance effort." The Analyst identified another company as a potential addition "based on investment banking requests."

33. In some instances, investment bankers participated in discussions about adding or dropping coverage on companies covered by WCM's Research Analysts. For example:

a. In preparation for a meeting in October 2000 to review the list of companies covered by WCM, a member of Research Management told Research Analysts, in an e-mail message, "[b]e prepared to answer why we are covering it (banking client, banking prospect, institutional importance)." The manager further instructed the analysts to "Make sure you and your banker have discussed this in advance. You will be on at the same time. The committee is the 'tie breaker' (i.e., you want to drop a stock and the banker does not)."

b. Following the October 2000 screening meeting, the same manager sent a follow-up e-mail to the Research Analysts which instructed "[p]lease do not take any action as it relates to dropping stocks that were discussed during the screening process. Instead, we must first finalize communication with investment banking."

c. Following screening meetings in May and June 2001, a member of Research Management sent an e-mail message to the Research Analysts which stated "[c]ontinue to appreciate that there is a hard dollar cost and opportunity cost to every stock that we follow, and that your mandate as an analyst is to continually look for companies that can be monetized from an institutional and/or investment banking perspective."

d. In an e-mail message in October 2001, one Research Analyst informed members of Research Management about plans to initiate coverage on AT&T Wireless, UbiquiTel and US Cellular.

- i. With regard to US Cellular, the Analyst stated "we actually used to follow the name but dropped it (mostly because of my bankers)."
  - ii. With regard to AT&T Wireless, the Analyst specifically noted there was "no real banking opportunity" from the company.
- e. In the SmartMoney article referenced in paragraph 26(a), a WCM Research Analyst described initiating coverage on Marketwatch despite the Analyst's own reservations about the rapid cash consumption the company was showing after the Analyst's Investment Banking partner told her that it was a good one to cover because "there's a real opportunity on the banking side."
- f. Also, in the SmartMoney article referenced in paragraph 26(a), the same Research Analyst described a situation with the initiation of coverage on CNet. According to the Analyst, the investment banker in the sector asked "why I would take up a research spot with a company with a billion in cash and no need for investment banking." The investment banker commented in the article "We have these kinds of conversations all the time, about many companies," and acknowledged that a Research Analyst has to cover bellwether stocks in a sector, even if the potential for banking business with those companies is slim.
34. The annual Business Plan prepared by analysts included a section "New Equity Business" where analysts were asked "What stocks that you are *recommending* are the most likely to raise equity in the next 12 months? What are your plans to insure that we are involved in these deals (i.e., fresh company reports, non-deal roadshow with senior management, sponsored investor visits, etc.)." [emphasis in original] Examples of responses from analysts in this section include, but are not limited to:
- a. In a 2001 Business Plan, one Research Analyst for WCM claimed "EMI approached me for advise [sic] on listing in the U.S. and doing a secondary in conjunction with that listing. They made it clear that they would need my research since there are few that knew the music business well."
  - b. Another Research Analyst identified two companies which he expected would need capital and stated the Analyst was "scheduling non-deal roadshows with both companies. In addition, the publishing of a comprehensive industry report will highlight both companies as well managed leaders in their respective market niches with favorable financial characteristics to other strategic information providers." According to the Analyst, that fact, combined with an effort by WCM to demonstrate its distribution capabilities and breadth of services, would leave WCM "well positioned for significant participation in any capital market transactions by either firm."
  - c. With regard to a company for which WCM was involved in an IPO, one Research Analyst stated "I have stayed visible with management in an effort to potentially **improve our position** relative to the other underwriters." [emphasis in original] On another company with the potential for investment banking business, the Analyst stated he planned "on **initiation of coverage** to gain visibility." [emphasis in original]
  - d. Another Research Analyst noted that equity issues were not an important source of revenue in his sector, but went on to say "[i]f there is a fee event associated with any of my companies, I'll do whatever it takes to make sure we participate in a meaningful way. Conversely, If [sic] we are getting paid in ways above and beyond equity, and it's due to my coverage/efforts, I expect to get credit for it."
  - e. One Research Analyst noted "planned new coverage will be on companies that offer good investment opportunity and are capital intensive businesses. These companies will have potential for investment banking penetration if our bankers also establish relationships."
  - f. Another Research Analyst referenced a company which had done an IPO with WCM as co-manager and which the Analyst said was the most likely to raise equity in the upcoming year, noting "Given the potential business and because I like the story a lot, I have been actively writing on the company (recently upgrading the stock)."
  - g. A Research Analyst noted his efforts on two specific companies. The Research Analyst also stated "[w]e plan to pick up coverage of a number of companies that have investment banking potential in 1Q01."
  - h. In a 2002 Business Plan, one Research Analyst stated that he intended to initiate coverage of a new sector, which was described as having the potential to be "a very valuable source of revenue for Wachovia from both a commissions and banking standpoint." Later in the plan, under "New Equity Business," the Analyst stated that the investment banking group "believes there are real opportunities for banking assignments if Wachovia can provide research coverage of the sector."
35. In an informal business plan for the second half of 2000 and first half of 2001, a Research Analyst commented:
- Like most research analysts, I would like to have an equal amount of 'banking related' names and pure research/institutional ideas on my coverage list. By doing this, I believe it will allow me to establish credibility with the buy side and institutional sales force while, at the same time, generate corporate finance fees for the firm.
- D. Investment Banking Input was a Factor in Decisions Regarding Participation at Certain WCM's Research Conferences
36. In an e-mail to Equity Research and the industry group heads in investment banking regarding a conference in 2000, a member of Research Management stated, "[w]e would now like each industry group (banking and research together) to take the names they submitted and complete one final review to ensure that the top 5 names reflect the companies you would like to invite." [emphasis in original]
37. One Research Analyst identified 12 companies as possible presenters at a Research conference. His e-mail forwarding the list to the member of Research Management responsible for determining the final list of presenters identified 11 of the 12 companies as Investment Banking's clients.
38. In commenting about a specialty conference planned by a Research Analyst during 1999, a member of Research Management told a member of Investment Banking Management: "I think this is a great idea. So do the corporate finance bankers, who also believe it would pay for itself quickly."

39. In his 2000 performance evaluation, one Research Analyst stated he planned on hosting a specialty conference for his sector during the first quarter of 2001, noting he would "need support from banking and Equity Capital Markets to produce a successful conference."

E. Investment Banking Was a Factor in Determining Some Research Analysts' Compensation

40. During the Relevant Period, participation in investment banking activities was a factor in determining the total compensation awarded to some WCM Research Analysts.

41. Research Analysts at WCM received set salaries plus annual bonuses; the bonuses accounted for the majority of their total compensation. The compensation of some Research Analysts was set by the terms of individual employment contracts, which generally included a guaranteed minimum incentive. When the bonus amount was not set by contract, the amount of each Research Analyst's bonus was determined by Research Management.

a. For the years 2000 and 2001, members of Research Management created Equity Research Performance Summaries for each Research Analyst, which showed, among other items, the revenue generated for WCM from equity investment banking fees and equity commissions on the companies that the Research Analyst covered.

b. According to a November 2000 e-mail, year-end bonuses for Research Analysts were to be based on institutional votes, sales force ranking, commission volume, stock picking and investment banking fees.

c. In November 2000, members of Research Management asked the Research Analysts to provide information regarding closed investment banking deals, which included the amount of the fee earned and the "Degree of Involvement/Participation (H, M, L)" by the Research Analyst in each deal.

d. For the year 2000, summaries were prepared by Research Management which ranked the Research Analysts by commissions, banking & other fees, and total revenue.

e. For the years 2001 and 2002, members of Research Management created Equity Research Performance Summaries for each Research Analyst, which showed, among other items, the revenue, both equity investment banking fees and equity commissions, generated for WCM from Covered Companies. Research Management also gathered information for 2001 and 2002 for all investment banking activity as well as retail and institutional sales.

42. Prior to 2000, some Research Analysts at WCM expected to receive a portion of the management fee earned by WCM on each investment banking transaction in which the analyst participated. According to a member of Research Management at the time, "[i]f an analyst was a finder on a deal, on an IPO, they [sic] would get 15 percent of the management fee. If they [sic] worked on the deal, they'd [sic] get 10 percent of the management fee." This Research manager also testified that a similar formula existed to compensate Research Analysts on secondary offerings in which WCM participated. These amounts were paid to the Research Analysts as part of the year-end bonuses; year-end bonuses also included a share of commissions earned on both retail and institutional sales (1% and 5% of the commissions respectively). The manager testified that these amounts were not paid to Research Analysts while they were subject to guaranteed compensation agreements.

43. The bonuses paid in early 1999 to WCM Research Analysts that related to their work in 1998 were approved by the heads of what was then called Investment Banking. In 1999, Investment Banking was the term used to describe the business unit engaged in Investment Banking activity, as well as sales, trading, principal investing and other non-investment banking activities.

44. The 1999 Incentive Compensation Program For Equity Capital Markets provided:

Subject to approval from the President/Head of Capital Markets, in consultation with the Co-Heads of Investment Banking, a subjectively determined Bonus pool will be established for utilization by all Equity Capital Markets organizations. The Co-heads of Investment Banking will allocate the resulting total incentive dollars to the appropriate groups within Equity Capital Markets, and work with the various equity group managers to determine the allocation of incentive award monies within the respective groups.

This Incentive Compensation Program was not executed due to changes in the management structure of Equity Capital Markets at the end of 1999.

F. Participation in Investment Banking was a Factor in Evaluating the Performance of Some WCM Research Analysts

45. During the Relevant Period, WCM's process for annual performance evaluations of employees required the employees to perform a self-evaluation and the employee's manager to evaluate the employee on the same criteria. Some performance evaluations of Research Analysts and their Associates, as well as Research Management, considered investment banking activity, among other things, as a criterion for assessing whether the employee had fulfilled the job requirements.

Research Analysts

46. For the year 2000, 46 of 52 evaluations for Research Analysts contained comments by managers of Research. Twenty-three of the forty-six evaluations (50%) discussed investment banking. Comments by the managers include:

a. Under areas for development, analysts were told to take a "Proactive approach to investment banking."

b. Research Management commented that one Research Analyst was "Very flexible in adding coverage when investment banking had a sense of urgency."

47. Forty-two performance evaluations for 2000 included a self-evaluation by the Research Analyst. Thirty-four of the forty-two evaluations (80%) contained comments relating to the analysts' investment banking activities. Examples of comments from the analysts' self-evaluations include, but are not limited to:

a. One Research Analyst responded to the question "How have the employee's performance/business results compared to the accountabilities/expectations established at the beginning of the review period?" by declaring "my performance has exceeded expectations, both in a quantitative and qualitative way, particularly given the meaningful contribution to First Union's equity issuance calendar in the early stages."

b. Another Research Analyst stated "my banker and I have generated a good [amount] of fees for the firm." The Analyst identified goals for 2001, which included "increase banking fees by at least 20%."

c. In citing reasons for feeling positive about his performance during 2000, one Research Analyst stated, "[i]n a tough market, we were productive on the banking front. I helped FUSI win co-manager roles with 20%+ economics in HAKI secondary offering and VVVV IPO." The Analyst identified several other deals on which WCM had been co-manager. Under areas of development, the Research Analyst stated "I need to raise my profile with public and private companies that we don't cover. This will lead to more invitations for banking business."

d. Under quantitative and qualitative goals for 2001, one WCM Research Analyst stated as a goal to "Work with banking to give them ideas of companies to pitch and [to] pitch with them."

48. For the year 2001, 36 of 42 performance evaluations for Research Analysts contained comments by Research Management. On 31 out of the 36 evaluations (86%), the manager discussed investment banking. In doing so, the manager used phrases such as:

- "Proven ability to win and execute quality business";
- "Has shown ability to monetize research franchise through quality IB business";
- "Deal performance has met/exceeded expectations."

In some instances, the manager commented that the Research Analyst was "Supportive of the broader CIB effort," adding the caveat that "deal performance has been below expectations" or "capital raising in sector remains lackluster."

49. Forty of the forty-two evaluations for 2001 contained self-evaluations by the subject Research Analyst. In assessing their own performance in 2001, 32 of these 40 evaluations (80%) included comments regarding investment banking activities. Examples of comments by the analysts include, but are not limited to:

a. In the self-assessment for areas for development, one Research Analyst wrote:

I believe I was negative[ly] impacted by the First Union/ Wachovia brand (lack of) in the largest banking deal this year. . . . Bulge bracket bias runs deep during market downturns, and I believe we received little support from executive management to brake [sic] down those barriers. We understand that the executive management of JP Morgan put on an aggressive campaign to be added as one of the four underwriters of the KCIN deal. Hopefully, the successful hiring of a rainmaking head of tech banking will resolve this issue (but the new org structure may hurt those efforts). Through aggressive research and relationship building post-IPO, we believe we are well-positioned for a run at some form of "co" slot in the future.

b. In assessing her own performance, another Research Analyst wrote:

Banking has been somewhat disappointing; . . . [I]n two specific examples (AirGate and Nextel Partners), we were told we were not included in investment banking deals due to an 'issue' or problem with the First Union bankers. This hurt the most as we were clearly told by the CFO in both these companies that there was no problem with the reseach [sic] effort and we would have been on the deal had these banking issue [sic] not come up.

c. One Research Analyst complained "it has been difficult to formulate a cohesive strategy with investment banking for additional coverage."

d. A Research Analyst noted that, on the positive side of his performance, he had "[w]orked closely with banking to identify and market to both public and private companies" and said he "[e]stablished close relationship with Marvell, which is on the firm's investment banking focus list." In assessing his strengths, the Analyst wrote "I believe my industry contacts continue to make my job easier both with respect to equity research and investment banking. I have been able to leverage these contacts into both making the right call on individual stocks as well as being able to identify potential banking business."

e. As a specific goal for improving performance in the upcoming year, one Research Analyst recognized that, if he wanted to advance, he would need to break from the patterns followed in his first years as an Analyst. The Research Analyst stated that he "sought to implement the procedures and methodology put in place in equity research to the letter. I am pleased with the results." The Analyst also stated: "Rather than following companies that corporate finance believes are prospects, I need to develop the ability and credibility within the industry." The Analyst stated that he would "work to develop a strong partnership with the new investment banking structure in Charlotte, and insure that my product compliments their business" and do his "best to help investment banking enhance its client relationships."

50. Annual Business Plans were prepared by the Research Analysts. The Business Plan format included a section in which Research Analysts were asked to identify 2 to 3 things needed from a resource standpoint or things the analyst would change that would noticeably improve their business. Research Analysts sometimes commented that they wanted or needed an investment banker or increased investment banking resources in their sector. One Research Analyst stated he wanted "Support from senior management on IPO pitches to demand business."

51. In March 2000, a member of Research Management wrote a memorandum to a Research Analyst regarding the Analyst's possible promotion from Director to Managing Director (the highest title for a Research Analyst). In addressing the Analyst's compliance with criteria for promotion, the

Research manager stated "[I]f you were to deliver a co-lead or lead managed deal to the firm sometime this year (as you suggested you might) it would certainly solidify this view [that the Analyst met many of the criteria for promotion], assuming of course that you continued to function at your current high level."

#### Associates

52. Evaluations of certain Associates also made reference to investment banking. Examples of such references include, but are not limited to:

a. In the performance evaluation for 2000, one Research Analyst identified four "Areas for Development" for her Associate, including "Get more involved in investment banking pitches."

b. In a self-evaluation, an Associate Analyst identified flexibility as one of her strengths. The Associate stated, "I have supported [the Research Analyst] and my other 'customers' at every turn and have abandoned projects in which I had invested much time and energy to focus and concentrate on the priority project of the moment." The Associate stated she assisted with priority projects, including, among other things, "helping corporate finance in their pitchbook development."

c. Under quantitative and qualitative goals for the upcoming year, an Associate Analyst listed "Grow my contact list as well as improve upon the current year's investment banking business in my space."

d. Another Associate Analyst was instructed by the Research Analyst to have "more interaction with investment banking" during the upcoming year. The Associate Analyst was told "to go on at least six banking calls" during that year.

#### Research Management

53. Performance evaluations of members of Research Management for 2001 mentioned investment banking. For example:

a. One Research manager was praised for exceeding expectations for 2001. According to the supervisor conducting the manager's evaluation, "[t]hroughout 2001, changes were made in our research department to better create a balance to support our insti'l [sic] ranking as well as investment banking." The manager's supervisor identified "Increased integration and support for evolving investment banking platform" as an area which the manager needed to develop.

b. In assessing his own performance for 2001, one of the Research Managers commented that, as part of Research Management, he was "responsible for . . . the success of our analysts' involvement in investment banking." The manager further stated "Our interaction and support of investment banking increased in 2001" and commented that Research Management "continue[d] to work closely with [Investment Banking Management] and his team. They rely heavily on us for input, views on strategic direction and personnel assessment."

c. In a 2001 performance evaluation, a member of Research Management was complimented for having "Begun stronger communication and strategy with IB." "Support and communication for IB management" was identified as an area that the Research manager needed to develop. In a personal evaluation, the Research manager stated that he planned on "Spending more time understanding investment banking's strategic objectives and spending more time in Charlotte."<sup>6</sup>

#### IV. WCM FAILED REASONABLY TO SUPERVISE ITS RESEARCH ANALYSTS

54. During the Relevant Period, WCM's management failed to maintain and enforce adequate policies, procedures and systems reasonably designed to manage the potential conflicts of interest outlined above. Among other things, this failure to supervise gave rise to and perpetuated the above-described violative conduct.

#### V. WCM FAILED TO MAINTAIN AND PRODUCE IN A TIMELY MANNER CERTAIN BOOKS AND RECORDS REQUIRED BY SECURITIES RULE 21 VAC 5-20-240

##### A. WCM Did Not Have Adequate Systems or Procedures in Place to Ensure that All Electronic Mail Communications Were Maintained and Were Readily Accessible

55. On October 16, 2002, WCM was required to produce, pursuant to a larger request for access to its books and records: "The electronic mail files, including incoming, outgoing, draft and deleted files, for [six specified Research Analysts], wherever stored, from January 1, 1999, through October 16, 2002, including all electronic files and attachments thereto." The request was later modified to request the electronic mail files for the six analysts for the following dates: January 1, 1999; April 10, 2002; and the last day of each quarter from January 1, 1999, through the date of production. WCM produced compact discs containing a total of 71 e-mail folders<sup>7</sup> pursuant to the request. Of the 90 folders that should have been produced (taking into account dates for which the identified analysts were not employed by WCM), 19 e-mail folders (20% of the requested folders) could not be produced.

56. On January 10, 2003, the State Regulators requested the e-mail folders for the six identified Research Analysts for the 15th day of each month beginning January 1999 through June 2000. WCM produced compact discs containing e-mail folders for 42 days, some of which had been produced

<sup>6</sup> During the Relevant Period, Investment Banking was headquartered in Charlotte, North Carolina; Equity Research and Equity Capital Markets were headquartered in Baltimore, Maryland. No research analysts were located in Charlotte.

<sup>7</sup> For purposes of this Order, "e-mail folder" refers to the file produced by WCM for a specified analyst retrieved from a back-up tape for a specific date. The folder contained e-mail messages sent and received through the e-mail address assigned to a particular analyst; WCM represented that the folder would also contain all messages deleted by the analyst during a period of seven days prior to the date of the back-up tape from which the folder was pulled. In addition, a folder may contain an address book of contact information for frequent correspondents, calendar entries, and a journal of activities, depending on the set-up for the particular analyst.

previously. Of the 87 folders which should have been produced (taking into account dates for which the identified analysts were not employed by WCM) 37 e-mail folders (42% of the folders requested) were not produced initially.<sup>8</sup>

57. WCM represented to the State Regulators that, if the e-mail folders for a particular day could not be restored, it attempted to restore the next closest date but, in many instances, the closest available date was a date for which the e-mail folder had already been provided.

58. On February 24, 2003, the State Regulators requested information, in the form of an affidavit, regarding the difficulties encountered by WCM during the production of the electronic mail files. The information provided by WCM in response to the affidavit request was not fully responsive.

59. Through the affidavit, WCM provided several explanations for its inability to produce the e-mail folders, including representations that some tapes were not readable by the tape drive, some tapes contained no data, some tapes could not be located by the outside storage facility, or computer catalogs of the back-up tapes could not be located on the server. The State Regulators attempted to obtain additional information from WCM's affiant regarding the provided explanations for the production problems; however, the affiant did not have sufficient personal knowledge about the search procedures and document production of electronic mail folders to provide all of the specific information requested. WCM contends the information could have been obtained from other WCM employees.

60. As a result of these failures, WCM did not maintain readily accessible books and records as required by Securities Rule 21 VAC 5-20-240.

**B. WCM Failed to Maintain An Organized System to Locate and Retrieve Tapes which Purportedly Contained the Back-up for the Electronic Mail System**

61. WCM did not maintain, and/or could not produce upon request, documents showing which tapes containing the daily back-ups of the electronic mail systems were transferred to its third party storage facility.

62. According to an affidavit provided by WCM, in some instances, the computer catalog for the software used to backup the electronic mail system contained no reference to a back-up having been done for a particular date. This catalog was used to identify back-up tapes to be retrieved for purposes of compliance with previously described requests throughout the course of the investigation. Based on the information provided, no reference in the catalog exists for more than 25% of the time period covered by the January 10, 2003 request.

63. The failure to maintain records regarding the transfer of tapes to the storage facility and the failure of the computer catalog to have a reference to all back-ups was a significant contributing factor in WCM's inability to retrieve tapes necessary to fully respond to the requests.

**CONCLUSIONS OF LAW**

1. 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

2. WCM failed to reasonably supervise its agents or employees, in violation of Securities Rule 21 VAC 5-20-260 B.

3. WCM failed to preserve for a period of three years, and/or preserve in an accessible place for two years, all internal and external electronic communications relating to the business of WCM in violation of Securities Rule 21 VAC 5-20-240.

4. This Order is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and the provisions of the Act.

**ORDER**

On the basis of the Findings of Fact, Conclusions of Law, and WCM'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, accordingly,

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 Commission as it relates to WCM, or any of its affiliates, and their current or former officers, directors, and employees, arising from or relating to the subject of the investigation, including certain research and investment banking practices at WCM pursuant to Securities Rule 5-20-260 B and the failure by WCM to maintain all electronic communications during the Relevant Period pursuant to Securities Rule 5-20-240, provided, however, that excluded from and not covered by this paragraph are any claims by the Commission arising from or relating to enforcement of the Order provisions contained herein.

(2) This Consent Order shall become final upon entry.

(3) As a result of the Findings of Fact and Conclusions of Law contained in this Order, WCM shall pay assessments as follows:

(a) The amount of Two Hundred Thousand Dollars (\$200,000), as a civil monetary penalty pursuant to § 13.1-521 of the Act, to be deposited in the Literary Fund, which amount combined with the cost of investigation below, constitutes the Commonwealth of Virginia's proportionate share of the state settlement amount of Twenty Million Dollars (\$20,000,000), for failing to supervise its employees in connection with potential conflicts of interest between Equity Research and Investment Banking, which shall be payable to the Treasurer of the Commonwealth within ten (10) business days of the date on which this Order is entered;

<sup>8</sup> Six of the missing folders subsequently were produced on December 2, 2003.

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(b) The amount of Thirty-five thousand, Nine Hundred Ninety-seven Dollars (\$35,997.00) to the Treasurer of the Commonwealth as a civil monetary penalty pursuant to § 13.1-521 of the Act, to be deposited in the Literary Fund, which amount constitutes the Commonwealth of Virginia's proportionate share of the state settlement amount of One Million Six Hundred Fifty thousand Dollars (\$1,650,000) for failing to preserve certain books and records required by Securities Rule 21 VAC 5-20-240, which shall be payable to the Treasurer of the Commonwealth within ten (10) business days of the date on which this Order is entered;

(c) The amount of Sixty-five thousand, Four Hundred Forty Nine Dollars (\$65,449.00) which amount constitutes the Commission's portion of the state settlement amount of Three Million Dollars (\$3,000,000) to be used for investor education paid to the Division's Investor Education Fund to be paid within ninety (90) days of the date on which this order is entered; and

(d) The amount of Two Hundred Thirty Six Thousand Three Hundred Twenty-six Dollars (\$236,326.00), payable to the Division, which amount constitutes the Division's cost of investigation pursuant to § 13.1-518 of the Act.

(4) The total amount to be paid by WCM to state securities regulators and the Investor Education Fund of the Investor Protection Trust 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 WCM's state settlement offer, the amount of the Commonwealth of Virginia's payment and the portion of the payment to the Investor Education Fund of the Investor Protection Trust, if any, shall not be affected, and shall remain as stated in this Order.

(5) If payment is not made by WCM, the Commission may vacate this Order, at its sole discretion, upon 10 days notice to WCM and without opportunity for hearing and WCM 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) WCM 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 any civil monetary penalty that WCM shall pay pursuant to this Order. WCM 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 civil money penalty that WCM shall pay pursuant to this Order. WCM understands and acknowledges that these provisions are not intended to imply that the Commonwealth of Virginia would agree that any other amounts WCM shall pay pursuant to this Order 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.

(7) This Order is not intended by the Commission to subject any Covered Person to any disqualifications under the laws of the United States, any state, the District of Columbia or Puerto Rico, including, without limitation, any disqualifications from relying upon the state or federal registration exemptions or safe harbor provisions. "Covered Person" means WCM or any of its affiliates and their current or former officers, directors, employees, or other persons that would otherwise be disqualified as a result of the Orders (as defined below).

(8) This Order and the order of any other State in related proceedings against WCM (collectively, the "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.

(9) For any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against WCM including, without limitation, the use of any e-mails or other documents of WCM or of others regarding research practices or limit or create liability of WCM or limit or create defenses of WCM to any claims.

(10) 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, civil, criminal, or injunctive relief against WCM in connection with certain research and/or banking practices at WCM.

(11) 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.

(12) 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.

(13) WCM 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 WCM's: (i) testimonial obligations or (ii) right to take legal or factual positions in defense of litigation or in defense of a claim or other legal proceedings in which the Commission is not a party.

(14) This Order shall be binding upon WCM and its successors and assigns. Further, with respect to all conduct subject to Paragraph 3 above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions, the terms "WCM" and "WCM's" as used here shall include WCM's successors and assigns (which, for these purposes, shall include a successor or assign to WCM's investment banking and/or equity research operations, and in the case of an affiliate of WCM, a successor or assign to WCM's investment banking or equity research operations).

(15) WCM, through its execution of the Admission and Consent portion of this Order, voluntarily waives their right to a hearing on this matter and to judicial review of this Consent Order under § 12.1-39 of the Code of Virginia.

**CASE NOS. SEC-2003-00053 and SEC-2003-00075  
MARCH 30, 2006**

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

v.

ALIREZA ATEFI GARAKANI  
and

WORLDONLINE 247, INC. a/k/a WORLDONLINE, CORPORATION a/k/a WORLD ON-LINE CORPORATIONS a/k/a  
WORLD ONLINE, INC. a/k/a WORLDONLINE a/k/a WORLD ONLINE, INC.  
Defendants

**FINAL ORDER**

On February 25, 2004, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against World Online 247, Inc. ("WOL"), and Alireza Atefi Garakani ("Garakani"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), §§ 13.1-501 *et seq.* of the Code of Virginia.

In the Rule, the Division of Securities and Retail Franchising ("Division") alleged that (1) WOL offered and sold unregistered securities, in violation of § 13.1-507 of the Act; (2) WOL sold securities through Garakani, who was not registered as an agent of an issuer with the Division, in violation of § 13.1-504 B of the Act; (3) Garakani and WOL obtained money by means of an untrue statement of a material fact, in that prospective investors were told that the former owner of the Cleveland Indians, Rich Jacobs, had invested more than three million dollars (\$3,000,000) in WOL as an indication that WOL was a quality investment, in violation of § 13.1-502(2) of the Act; (4) Garakani and WOL offered and sold securities in WOL without providing adequate disclosure of the financial condition of WOL and the risk level of the investment, in violation of § 13.1-502(2) of the Act; (5) Garakani and WOL obtained money by means of material omissions in the offer and sale of securities to investors, in that they failed to disclose that a previous company owned by Garakani which provided the same service as WOL had failed and investors lost their investments, in violation of § 13.1-502(2) of the Act; (6) Garakani and WOL engaged in a transaction, practice, or course of business which operated as a fraud or deceit upon the purchaser of securities, in that WOL held itself out to be a corporation, and investors bought shares of that "corporation," but no such entity existed until long after the investments were made, in violation of § 13.1-502(3) of the Act; and (7) Garakani transacted business as an agent of the issuer for WOL without being so registered with the Division, in violation of § 13.1-504 A of the Act.

On November 11, 2004, prior to the hearing on the merits, the Defendants, with counsel, agreed to the entry of a Settlement Order, which was entered on November 16, 2004. Pursuant to the terms of the Settlement Order, the Defendants each agreed to a penalty of thirty thousand dollars (\$30,000) to be paid to the Treasurer of the Commonwealth of Virginia pursuant to § 13.1-521 of the Act and pay, jointly and severally, a sum of one thousand five hundred dollars (\$1,500) to the Commission to defray the costs of investigation pursuant to § 13.1-518 of the Act. However, in lieu of paying the agreed penalty, the Defendants were allowed to make a rescission offer to all WOL investors, and repay the investment amounts of all investors who accepted that rescission offer no later than August 16, 2005.

Follow up investigation conducted by the Division revealed that the Defendants have made no payments to investors, and in fact, some investors were never provided with the rescission offer at all, as ordered in the November 16, 2004, Settlement Order.

Although the Defendants did remit a check for \$1,500 for the cost of investigation, the \$30,000 penalty that each defendant agreed to if the rescission terms were not satisfied has not been paid.

The Defendants were also ordered to provide two affidavits to the Division no later than September 16, 2005. One affidavit would provide information relating to the rescission offer, including the date the rescission offer was made, the investor's response to that offer, and the date, if applicable, that the investor was paid. The second affidavit was to include the names, addresses, and phone numbers, along with social security numbers and FEINs for Garakani and each of the WOL entities, as well as the names and addresses of every investor along with the dates and amounts of each investment and the amount of shares purchased, and the name of the company in which the investment was made. Neither of these affidavits has been provided.

On December 5, 2005, a new Rule to Show Cause ("Contempt Rule") based on this failure to comply with the terms of the Settlement Order was issued. The Commission served the Defendants with the Contempt Rule on December 7, 2005, pursuant to § 12.1-19.1 (C) of the Code of Virginia, through service by certified mail upon the Defendants' counsel of record, David R. Mahdavi, Esq. at 1650 Tysons Boulevard, Suite 610, McLean, Virginia 22102. On December 9, 2005, the Commission's Clerk's Office received the return receipt of certified mailing for the Defendants signed by Tamara Khatib, an agent of the offices of Mr. Mahdavi, on December 7, 2005.

Ordering Paragraph 2 of the Contempt Rule provided the Defendants with an opportunity to admit or deny each of the Contempt Rule's allegations in a responsive pleading to be filed on or before December 30, 2005. Ordering Paragraph 3 of the Contempt Rule stated that if the Defendants failed to file a timely Responsive Pleading, then they may be found in default and thereby would waive all objections to the admissibility of evidence. The Contempt Rule specified that, upon default, the Defendants could have entered against them a judgment by default imposing sanctions against them.

The Contempt Rule was assigned to Hearing Examiner Howard Anderson, and scheduled for hearing on February 2, 2006. The Defendants were ordered to appear at the hearing to show cause why they should not be penalized pursuant to § 13.1-521 of the Act for the alleged violations of the Act as set forth in the Rule.

On January 24, 2006, counsel for the Division filed a Motion for Default Judgment alleging that the Defendants had failed to file an answer or other responsive pleading by the date set forth in the Contempt Rule.

On February 2, 2006, the matter was heard by Howard Anderson, Hearing Examiner. Counsel appearing at the hearing was Mary Beth Taylor, Esquire, for Commission Staff. Although the Defendants received notice of the hearing and were properly served, the Defendants failed to appear at the hearing. The testimony of William Ward, in the form of an affidavit and attached exhibits regarding the allegations, was marked as an exhibit and admitted into the record. Counsel for the Staff moved for a default judgment based on the Defendants' failure to file a responsive pleading and appear at the hearing.

The Hearing Examiner issued his Report from the bench. In his Report, he incorporated the facts, history, and case law contained in the Motion for Default Judgment filed by the Division, and found that: (1) WOL and Garakani had consented to the entry of the November 16, 2004, Settlement Order, and had not complied with the terms of that Settlement Order; (2) the Defendants are in default on the Contempt Rule; and (3) the Defendants should be penalized in the amount of \$30,000 each, as agreed in the Settlement Order.

The Hearing Examiner recommended that the Commission enter a Judgment Order against the Defendants that: (1) adopts the findings and recommendations in his Report; and (2) penalizes each defendant the sum of \$30,000, the amounts that the defendants agreed to be penalized if they did not make restitution in accordance with the settlement agreement. There were no comments filed in response to the Hearing Examiner's Report.

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

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the February 2, 2006, Hearing Examiner's Report are hereby adopted.

(2) In accordance with the Commission's regulatory duties and powers and pursuant to § 13.1-521 of the Act, judgment is entered for the Commonwealth and against the Defendants, and a civil penalty of \$30,000 shall be imposed on each of the Defendants for the violations of the Act as described herein.

(3) Pursuant to § 13.1-519 of the Act, the Defendants are hereby enjoined from any further violations of the Act.

(4) The papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. SEC-2003-00080  
FEBRUARY 21, 2006**

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

v.

MUTUAL BENEFITS CORPORATION,  
Defendant

**ORDER OF DISMISSAL**

On January 30, 2006, the Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission"), by counsel, filed with the Clerk of the Commission a Motion to Dismiss the above-entitled matter. In its Motion, the Division stated that the Defendant was under a federal receivership and that Virginia investor claims would be addressed in the federal receivership. The federal action makes the pending Commission action unnecessary. Local counsel filed a response to the Motion to Dismiss on January 31, 2006, representing on behalf of the federal receiver that there was no objection to the Division's Motion.

On January 31, 2006, the Commission's Hearing Examiner issued a Report in the above-entitled matter recommending that the Commission enter an order dismissing the Rule to Show Cause against Mutual Benefits Corporation without prejudice and that this matter be struck from the Commission's docket of active cases.

The Commission, upon consideration of this matter, is of the opinion and finds that the request should be granted. It is therefore,

ORDERED that the Rule to Show Cause entered against Mutual Benefits Corporation is dismissed without prejudice and that this matter be removed from the Commission's docket of active cases.

**CASE NO. SEC-2004-00035  
FEBRUARY 21, 2006**

MICHAEL SINDRAM

v.

DIVISION OF SECURITIES AND RETAIL FRANCHISING,  
DAVID B. ROBINSON,

and

ROGER SEBRILL,  
Defendants

**ORDER DISMISSING PETITION FOR APPEAL  
AND PETITION FOR WRIT OF MANDAMUS**

On February 16, 2006, the staff of the Division of Securities and Retail Franchising ("Division"), by counsel, moved that the Petition for Appeal and Petition for Writ of Mandamus filed by the petitioner in this matter on January 30, 2006, be dismissed. As grounds, therefore, the Division stated the following:

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1. The Final Order denying and dismissing this case was entered on February 23, 2005. Pursuant to § 12.1-39 of the Code of Virginia, appeals of Final Judgments of the State Corporation Commission ("Commission") are appealable only to the Supreme Court of Virginia, and Petitions for Appeal must be filed with the Clerk of the Supreme Court within four (4) months of the entry of the Final Order. Similarly, pursuant to § 17.1-309 of the Code of Virginia, the Supreme Court is also the proper venue for a Petition for Writ of Mandamus to the Commission. It is counterintuitive that the Commission should issue a Writ of Mandamus to itself, as requested by the Petition filed by Mr. Sindram. As such, these Petitions are improperly filed with the Commission and are clearly outside of the permissible timeframe for filing such pleadings, even if they had been filed in the correct venue.

2. Further, Mr. Sindram has already filed a Petition for Appeal and Petition for Writ of Mandamus with the Virginia Supreme Court in this case, and both were denied by the Supreme Court on July 12, 2005, and his Petition for Rehearing was denied on September 23, 2005.

3. Mr. Sindram has exhausted his remedies in this case, and these Petitions should be denied.

THE COMMISSION, upon receipt of the Division's Motion, and after reviewing the file and being fully aware of the premises therein, hereby ORDERS THAT:

1. The Petitioner's Petition for Appeal and Petition for Writ of Mandamus are improperly filed with the State Corporation Commission;
  2. The State Corporation Commission has no jurisdiction to rule on these Petitions, and the Petitions, therefore, must be denied and dismissed;
- and
3. The Division's Motion is hereby granted.

**CASE NO. SEC-2005-00026  
MAY 8, 2006**

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

v.  
SHANE IVAN FRANKOVIC a/k/a SHANE FRANKO,  
Defendant

**SETTLEMENT ORDER**

The Commission's Division of Securities and Retail Franchising ("Division") has instituted an investigation of Defendant, Shane Ivan Frankovic ("Frankovic"), 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 that Frankovic offered for sale and sold unregistered, non-exempt securities, to wit: shares of Traders Restaurant Group, Ltd., Accu-search, Inc., and a loan to Money Movers, Inc., from a Virginia investor, in violation of § 13.1-507 of the Act; Frankovic transacted business as an unregistered agent in violation of § 13.1-504A of the Act; Frankovic obtained money by means of an untrue statement of material fact, in that investors were told Traders Restaurant Group, Ltd. was a functioning restaurant company, when it was not, in violation of § 13.1-502(2) of the Act; Frankovic engaged in a transaction which would operate as a fraud or deceit upon the purchaser, to wit: the investor was directed to make a check payable to Shane Frankovic for the purchase of shares of Accu-search, Inc., but no such shares were ever purchased for the investor and the investor's check was not deposited in an account for his benefit, in violation of § 13.1-502(2) of the Act; and Frankovic acted as a custodian for money or securities from a customer, in violation of 21 VAC 5-20-280(B)(1).

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 selling unregistered securities in violation of § 13.1-507 of the Act, and neither admits nor denies the remaining allegations. Frankovic admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, Defendant has offered, and agreed to comply with, the following terms and undertakings:

(1) The Defendant agrees not to violate the provisions of the Act in the future and will pay to the Treasurer of the Commonwealth of Virginia the amount of five thousand dollars (\$5,000) in monetary penalties. Three thousand dollars (\$3,000) will be paid contemporaneously with the entry of this Order. One thousand dollars (\$1,000) will be paid on June 1, 2006, and again on July 1, 2006.

(2) Pursuant to § 13.1-518 of the Act, the Defendant will also pay to the Commission the sum of two thousand dollars (\$2,000) to defray the costs of investigation. One thousand dollars (\$1,000) will be paid on August 1, 2006, and again on September 1, 2006.

(3) The Defendant will not apply for registration or become registered 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 two (2) years from the date of the entry of this Order.

(4) 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 Defendant's offer of settlement be accepted 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) 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) The Defendant will fully comply with the aforesaid terms and undertakings of the settlement;
- (3) The Defendant shall pay to this Commonwealth the amount of five thousand dollars (\$5,000) in monetary penalties. A check for three thousand dollars (\$3,000) is tendered contemporaneously with the entry of this Order, and is accepted. The remaining two thousand dollars (\$2,000) will be paid in one thousand dollar (\$1,000) increments on June 1, 2006, and July 1, 2006.
- (4) The Defendant shall pay to the Commission two thousand dollars (\$2,000) to defray the costs of investigation. This will be paid in one thousand dollar (\$1,000) increments on August 1, 2006, and September 1, 2006;
- (5) The Defendant will not apply for registration or become registered 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 two (2) years from the date of the entry of this Order; and
- (6) This case is continued generally until after the submission of the final payment on September 1, 2006, to ensure compliance with the terms of this Order.

**CASE NO. SEC-2005-00052  
APRIL 10, 2006**

IN RE INVESTIGATION OF  
LUIS ALBERTO GARCIA d/b/a PC PHONE LINK INC.,  
PCPHONELINK INCORPORATED,  
and  
GPS NANNY, INC.,  
Defendants

**ORDER OF DISMISSAL**

On April 5, 2006, the Division of Securities and Retail Franchising ("Division"), State Corporation Commission ("Commission"), by counsel, filed with the Clerk of the Commission a Motion to Dismiss the above-entitled matter. In its Motion, the Division stated that the Defendants had complied with the terms of the Commission's Subpoena to Produce Documents ("Subpoena") issued on November 10, 2005, and that the hearing scheduled to enforce the Commission's Subpoena was no longer necessary because the Defendants had sent the Division the required documents to complete its investigation.

On April 5, 2006, the Commission's Hearing Examiner issued a Report in the above-entitled matter recommending that the Commission enter an order dismissing the Rule to Show Cause against the Defendants and that this matter be dismissed from the Commission's docket of active cases.

The Commission, upon consideration of this matter, is of the opinion and finds that the request should be granted.

Accordingly, **IT IS THEREFORE ORDERED** that the Rule to Show Cause entered against the Defendants is dismissed and that this matter is removed from the Commission's docket of active cases.

**CASE NOS. SEC-2005-00054 and SEC-2005-00056  
JANUARY 23, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
FORTUNATO AND COMPANY, INC. D/B/A FORTUNATO FINANCIAL SERVICES  
and  
MADELINE C. FORTUNATO  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant, Fortunato and Company, Inc. d/b/a Fortunato Financial Services ("FCI"), violated § 13.1-504 C (i) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the

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Code of Virginia, by employing two (2) unregistered investment advisor representatives, and violated Securities Rule 21 VAC 5-80-170 B by failing to exercise diligent supervision over the advisory activities of all of its investment advisor representatives, in that the Defendant failed to supervise the required legal registration of its investment advisor representatives. It is further alleged that the Defendant, Madeline C. Fortunato, violated § 13.1-504 A (ii) of the Act by transacting business in the Commonwealth as an investment advisor representative prior to being registered, and violated Securities Rule 21 VAC 5-80-170 C by failing to exercise reasonable supervision over the advisory activities of all investment advisor representatives under the Defendant's responsibility, in that the Defendant failed to supervise the required legal registration of FCI's investment advisor representatives.

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 will abide by and comply with the following terms and undertakings:

(1) The Defendants will immediately discontinue offering or conducting any investment advisory business until such time as the investment advisor representatives are properly registered.

(2) The Defendant, FCI, will refrain from displaying its website until such time as the issues listed in the deficiency letter of July 21, 2005, are corrected.

(3) The Defendants agree to refrain from any further conduct that constitutes a violation of the Virginia Securities Act or the Rules promulgated thereunder.

(4) The Defendants will not violate the Act in the future and will pay to the Commission the amount of three thousand dollars (\$3,000) to defray the cost of investigation pursuant to § 13.1-518 of the Act.

(5) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of eight thousand dollars (\$8,000) in monetary penalties pursuant to § 13.1-521 of the Act.

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 three thousand dollars (\$3,000) to defray the cost of investigation and pay to the Treasurer of the Commonwealth the amount of eight thousand dollars (\$8,000) in monetary penalties;

(4) This case is dismissed and the papers herein shall be placed in the file for ended causes; and

(5) Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NOS. SEC-2005-00060 and SEC-2005-00061  
MARCH 2, 2006**

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

v.  
BILLY RAY SMITH  
and  
XCELPLUS INTERNATIONAL, 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 § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia by, directly or indirectly, obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in that the Defendants provided investors with a Private Placement Memorandum that falsely stated the name of Xcelplus International Inc.'s ("Xcelplus") Chief Financial Officer, that falsely stated that Xcelplus was making a "506 of Regulation D offering," that omitted information pertaining to the bankruptcy of Xcelplus' Vice President, Arlene Smith, and that failed to provide investors with

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information pertaining to investment risk; and violated § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration, in that the Defendants offered and sold stock issued by Xcelplus thirty-six (36) times. It is further alleged that the Defendant Billy Ray Smith ("Smith") violated § 13.1-504 A (i) of the Act by transacting business as an agent of an issuer without being so registered with the Division, in that Smith offered and sold stock issued by Xcelplus thirty-six (36) times; and the Defendant Xcelplus violated § 13.1-504 B of the Act by employing an unregistered agent, in that Xcelplus employed Smith to offer and sell stock issued by Xcelplus thirty-six (36) times without being registered as an agent.

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 will abide by and comply with the following terms and undertakings:

(1) The Defendants will make a rescission offer to each Xcelplus investor.

(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 investor, which will include an offer to repay the consideration paid to the Defendants for Xcelplus stock if each investor returns all Xcelplus stock certificates to the Defendants and a provision that gives each investor thirty (30) days from the date of receipt of the rescission offer to provide the Defendants with written notification of the 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 and the stock certificate is received by the Defendants, the Defendants will forward the payment to each investor within fifteen (15) days of receipt of the acceptance and the stock certificate. If the investor does not respond within the thirty (30) day period, the rescission offer will be deemed rejected by the investor and the Defendants will have no payment obligation.

(d) 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 investor received the offer of rescission, each investor's response, and, if applicable, the amount and the date that payment was sent to each investor.

(2) The Defendants will not violate the Act in the future and will pay, jointly and severally, to the Commission, contemporaneously with this Order, the amount of five thousand seven hundred dollars (\$5,700) to defray the cost of investigation pursuant to § 13.1-518 of the Act.

(3) The Defendant, Billy Ray Smith, will pay to the Treasurer of the Commonwealth of Virginia the amount of three hundred ten thousand dollars (\$310,000) in monetary penalties pursuant to § 13.1-521 of the Act.

(4) The Defendant, Xcelplus International, Inc., will pay to the Treasurer of the Commonwealth of Virginia the amount of four hundred thirty-two thousand five hundred dollars (\$432,500) in monetary penalties pursuant to § 13.1-521 of the Act.

(5) Both penalties, listed in paragraphs (3) and (4) above, will be waived if each investor is offered rescission; if each investor accepting the offer of rescission is paid; and if all other provisions of the Order are fulfilled.

(6) 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, jointly and severally, to the Commission, contemporaneously with the entry of this Order, the amount of five thousand seven hundred dollars (\$5,700) to defray the cost of investigation.

(4) The Defendant, Billy Ray Smith, pay to the Treasurer of the Commonwealth of Virginia the amount of three hundred ten thousand dollars (\$310,000) in monetary penalties, and the Defendant, Xcelplus International, Inc., pay to the Treasurer of the Commonwealth of Virginia the amount of four hundred thirty-two thousand five hundred dollars (\$432,500) in monetary penalties. Both penalties will be waived provided rescission is made by the Defendants in accordance with Section 1 of this Order.

(5) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2005-00064  
MAY 2, 2006**

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

v.

SCH ENTERPRISES 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,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that David Roy Schultz ("Schultz") violated § 13.1-503 A 2 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, as fully described in the State Corporation Commission's ("Commission") Amended Rule to Show Cause dated February 6, 2006.

In addition, the Division alleged that SCH Enterprises 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 (collectively, "Schultz Enterprises") violated its fiduciary duty as an investment advisor by violating § 13.1-503 A 4, in that Schultz Enterprises violated Securities Rule 21 VAC 5-80-200 A 1, Securities Rule 21 VAC 5-80-200 A 2, Securities Rule 21 VAC 5-80-200 A 4, Securities Rule 21 VAC 5-80-200 A 5, Securities Rule 21 VAC 5-80-200 A 8, Securities Rule 21 VAC 5-80-200 A 10, Securities Rule 21 VAC 5-80-200 A 12, Securities Rule 21 VAC 5-80-200 A 16, Securities Rule 21 VAC 5-80-200 C, and Securities Rule 21 VAC 5-80-160 A 7, as fully described in the Commission's Amended Rule to Show Cause dated February 6, 2006.

The 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.

Schultz admits to the allegation that he violated § 13.1-504 A (ii) of the Act, in that he failed to comply with the registration requirements of an investment advisor representative. Schultz and Schultz Enterprises neither admit nor deny the remaining 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 will abide by and comply with the following terms and undertakings:

- (1) Schultz agrees to be barred from applying for, or acting as, a broker-dealer, broker-dealer agent, investment advisor, investment advisor representative, agent of the issuer, or principal of either a broker-dealer or investment advisor in the Commonwealth of Virginia for a period of eight (8) years from the date of entry of this Order.
- (2) The Defendants will pay to the Commission on June 1, 2006, the amount of one thousand dollars (\$1,000) to defray the cost of investigation pursuant to § 13.1-518 of the Act.
- (3) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of nine thousand dollars (\$9,000) in monetary penalties pursuant to § 13.1-521 of the Act. This penalty will be waived only if the Defendants produce an affidavit stating an inability to pay. Any documents provided by the Defendants as an exhibit to the affidavit shall be maintained as a confidential document pursuant to Commission Rule 5 VAC 5-20-170.
- (4) The Defendants will not violate the Act in the future.

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

Accordingly, 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 one thousand dollars (\$1,000) to defray the cost of investigation and pay to the Treasurer of the Commonwealth of Virginia the amount of nine thousand dollars (\$9,000) in monetary penalties. The penalty will be waived only if the Defendants produce an affidavit stating an inability to pay; 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-2005-00065  
JANUARY 23, 2006**

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

v.

STROLLER STRIDES, LLC,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant violated § 13.1-560 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 of Virginia ("Commonwealth") prior to registration with the Division, in that the Defendant is alleged to have granted seven (7) 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 seven (7) franchisees with a copy of an approved disclosure document.

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 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 made an offer of settlement to the Commission, wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will make a rescission offer to each Virginia franchisee.

(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 franchisee, which will include an offer to repay all monies invested by or through the Defendant, and a provision that gives each franchisee thirty (30) days from the date of receipt of the rescission offer to provide the Defendant with written notification of their decision to accept or reject the offer.

(b) The Defendant will include with the written offer of rescission a copy of this Settlement Order.

(c) If the rescission offer is accepted, the Defendant 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 Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the date on which each franchisee received the offer of rescission and a copy of the Settlement 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 Defendant will not violate the Act in the future and will pay to the Commission the amount of five hundred dollars (\$500) to defray the cost of investigation pursuant to § 13.1-567 of the Act.

(3) 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 is hereby accepted;

(2) The Defendant will fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendant will pay to the Commission the amount of five hundred dollars (\$500) 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 Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2005-00066**  
**MARCH 6, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
 STATE CORPORATION COMMISSION  
 v.  
 CAPITAL INVESTMENT ADVISORS, INC.,  
 Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant, Capital Investment Advisors, Inc., violated § 13.1-504 C (i) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by employing an unregistered investment advisor representative; violated Securities Rule 21 VAC 5-80-170 B by failing to exercise diligent supervision over the advisory activities of an investment advisor representative; and violated Securities Rule 21 VAC 5-80-170 D by failing to establish, maintain, and enforce written procedures, in that the Defendant failed to ensure that investment advisor representatives were properly registered.

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 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 made an offer of settlement to the Commission wherein the Defendant complied with the following terms and undertakings:

- (1) The Defendant agreed to be permanently enjoined from committing any further violations of the Act.
- (2) The Defendant agreed to and refunded advisory fees in the amount of two thousand twenty-eight dollars and three cents (\$2,028.03) to the nine (9) Virginia clients.
- (3) The Defendant agreed to and submitted to the Division an affidavit, executed by the Defendant, which contained the name and address of each Virginia client and the date and amount of the advisory fees refunded to each Virginia client.
- (4) The Defendant agreed to and paid to the Commission the amount of two thousand eight hundred dollars (\$2,800) to defray the cost of investigation pursuant to § 13.1-518 of the Act.
- (5) The Defendant agreed to and paid to the Treasurer of the Commonwealth of Virginia the amount of one thousand three hundred thirty-four dollars (\$1,334) in monetary penalties pursuant to § 13.1-521 of the Act.

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.

Accordingly, 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) Entry of this Order shall not affect any duty or obligation to disclose the existence or nature of this matter;
- (3) This case is dismissed; and
- (4) The papers herein shall be filed among the ended cases.

**CASE NOS. SEC-2005-00068, SEC-2005-00069, and SEC-2005-00070  
JUNE 23, 2006**

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

v.

EARTHWALK COMMUNICATIONS, INC.,  
EVAN T. McCONNELL, JR.,  
MARGARET E. McCONNELL,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that EarthWalk Communications, Inc., Evan T. McConnell, Jr., and Margaret E. McConnell (collectively, "Defendants"): (1) violated § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by making numerous material misrepresentations and omissions in the offer and sale of securities, as more fully described in the Rule to Show Cause entered by the State Corporation Commission ("Commission") on January 24, 2006 ("Rule");<sup>1</sup> (2) violated § 13.1-507 of the Act by making numerous offers and sales of unregistered securities as more fully described in the Rule; and (3) violated § 13.1-504 B of the Act by making numerous offers and sales of securities without a registered agent, as more fully described in the Rule.

In addition, the Division alleges that Defendant EarthWalk Communications, Inc. ("EarthWalk") violated § 13.1-504 A of the Act by employing an unregistered agent to offer and sell its securities, as more fully described in the Rule.

The 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. Such actions may be taken 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 ("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) EarthWalk will establish an independent audit committee of which neither Evan T. McConnell, Jr. nor Margaret E. McConnell (collectively, "McConnells") will be a member.

(2) EarthWalk will make full disclosure of the Arthur Anderson report to its current shareholders in a letter to be approved by the Division, approval not to be unreasonably withheld.

(3) Upon the entry of the Order and continuing through June 30, 2008, only one McConnell will be a member of EarthWalk's Board of Directors ("Board"). During that time period, EarthWalk's Board will consist of at least three members. Each Board member will be entitled to one vote on matters before the Board.

(4) While serving on the Board, the McConnells will be permanently recused from voting on any transaction which is a related party transaction as to any member of the McConnell family.

(5) Upon the entry of the Order and continuing through June 30, 2008, the McConnells will be restricted from transferring for value or selling any of their equity securities in EarthWalk in any transaction without the prior express written consent of the Division, such permission not to be unreasonably withheld. Nothing contained herein shall prevent the McConnells from (i) gifting their equity securities of EarthWalk; (ii) funding a trust with such securities; or (iii) posting such securities as collateral to a lender with assets in excess of \$5 million.

(6) For a period of two years from the date of entry of the Order, the Defendants will file notice with the Commission when using any self-executing exemptions from registration. The Division will have the opportunity to review and comment on the disclosures in all offering materials to be used in connection with any offer or sale pursuant to a self-executing exemption. Defendants will add, delete or change disclosure based upon comments made by the Division. The Division will allow Defendants a reasonable amount of time to respond to the Division's comments and to use alternate language not unacceptable to the Division.

(7) For a period of three years from the date of entry of the Order, the Division will have the opportunity to review and comment on the disclosures in all offering materials to be used in connection with any offer or sale pursuant to all exemptions from registration, excluding self-executing exemptions. EarthWalk will add, delete or change disclosure based upon comments made by the Division. The Division will allow EarthWalk a reasonable amount of time to respond to the Division's comments and to use alternate language not unacceptable to the Division.

(8) EarthWalk will pay to the Commission, contemporaneously with the entry of this Order, the amount of ten thousand dollars (\$10,000) to defray the cost of investigation pursuant to § 13.1-518 A of the Act.

(9) EarthWalk will pay to the Treasurer of the Commonwealth of Virginia a total of fifty thousand dollars (\$50,000) in monetary penalties pursuant to § 13.1-521 of the Act, twelve thousand five hundred dollars (\$12,500) tendered contemporaneously with the entry of this Order, twelve thousand

<sup>1</sup> The Commission acknowledges that certain of the allegations in the Rule, particularly those relating to capitalization, may have been amended if this matter had gone to hearing.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

five hundred dollars (\$12,500) tendered ninety (90) days after the entry of this Order, twelve thousand five hundred dollars (\$12,500) tendered one hundred eighty (180) days after the entry of this Order, and twelve thousand five hundred dollars (\$12,500) tendered two hundred seventy (270) days after the entry of this Order.

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.

Accordingly, 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 ten thousand dollars (\$10,000) to defray the cost of investigation;
- (4) The Defendants will pay to the Treasurer of the Commonwealth of Virginia a total of fifty thousand dollars (\$50,000) in monetary penalties, twelve thousand five hundred dollars, (\$12,500) tendered contemporaneously with the entry of this Order, twelve thousand five hundred dollars (\$12,500) tendered ninety (90) days after the entry of this Order, twelve thousand five hundred dollars (\$12,500) tendered one hundred eighty (180) days after the entry of this Order, and twelve thousand five hundred dollars (\$12,500) tendered two hundred seventy (270) days after the entry of this Order; and
- (5) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2006-00001  
FEBRUARY 1, 2006**

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

v.

ACE SUSHI FRANCHISE CORPORATION  
and  
ASIANA MANAGEMENT GROUP, 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 franchises in the Commonwealth of Virginia prior to registering under the provisions of the Act, and violated § 13.1-563(e)(ii) of the Act by failing to, directly or indirectly, provide disclosure documents to franchisees as may be required by rule or order of the State Corporation Commission ("Commission").

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 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 will abide by and comply with the following terms and undertakings:

- (1) The Defendants will not violate the Act in the future and will pay to the Commission the amount of one thousand five hundred dollars (\$1,500) to defray the cost of investigation pursuant to § 13.1-567 of the Act.
- (2) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of fifteen thousand six hundred dollars (\$15,600) in monetary penalties pursuant to § 13.1-570 of the Act.

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 five hundred dollars (\$1,500) to defray the cost of investigation and pay to the Treasurer of the Commonwealth of Virginia the amount of fifteen thousand six hundred dollars (\$15,600) in monetary penalties;
- (4) This case is dismissed and the papers herein shall be placed in the file for ended causes; and
- (5) Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00004  
JANUARY 25, 2006**

APPLICATION OF  
MEDIA DEVELOPMENT LOAN FUND, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

THIS MATTER came before the State Corporation Commission ("Commission") for consideration by written application received September 20, 2005, with exhibits attached thereto, as subsequently amended, of Media Development Loan Fund, Inc. ("MDLF"), requesting that the notes that the issuer characterizes as Free Press Investment Notes be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that the Deputy Managing Director of MDLF be exempted from the agent registration requirements of the Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: MDLF is a New York corporation operating not for private profit but exclusively for educational and benevolent purposes; MDLF intends to offer and sell Free Press Investment 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 Deputy Managing Director of MDLF, who will not be compensated for the sales efforts.

THE COMMISSION, based on the facts asserted by MDLF in the written application and exhibits, is of the opinion and finds, and does hereby ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act and the Deputy Managing Director is exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2006-00004  
MAY 31, 2006**

APPLICATION OF  
MEDIA DEVELOPMENT LOAN FUND, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**AMENDED ORDER OF EXEMPTION**

On January 25, 2006, the State Corporation Commission ("Commission") entered an Order of Exemption ("Order") for the above-referenced applicant, Media Development Loan Fund, Inc. ("MDLF"). A copy of that Order is attached hereto and incorporated herein by reference.

Subsequent to entry of the Order, MDLF requested that the Division of Securities and Retail Franchising ("Division") recommend to the Commission that the Order be amended to add additional personnel who would be allowed to offer and sell the Free Press Investment Notes ("Notes") described in the Order. The Order allows only the Deputy Managing Director of MDLF to be exempted from the agent registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. In its letter dated April 4, 2006, MDLF requested that three additional members of MDLF - specifically, the General Counsel, Managing Director, and Director of Development for MDLF - be allowed to offer and sell the Notes in Virginia. As in the original Order, none of these additional staff will be compensated for their sales efforts.

Based on the facts submitted by MDLF in the letter submitted to the Division, the Commission finds it appropriate to, and does hereby ORDER that, the Order entered by the Commission on January 25, 2006, be amended to add additional MDLF staff to the sales force, including the General Counsel, the Managing Director, and the Director of Development under the same terms as the original Order.

**CASE NO. SEC-2006-00006  
AUGUST 23, 2006**

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

v.  
THE CURE SERVICE GROUP, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that The Cure Service Group, Inc. ("Defendant" or "Company") violated § 13.1-563 (b) of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code"), by providing a Virginia franchisee a Uniform Franchise Offering Circular that contained untrue statements of a material fact. The true name of the CEO was not disclosed and the disclosure regarding the CEO's bankruptcy and litigation was false.

The State Corporation Commission ("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. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

Prior to this Settlement Order, the Defendant and the Virginia franchisee entered into a Termination of Franchise Agreement and Mutual General Release ("Agreement"). As part of this Agreement, the Defendant refunded monies to the Virginia franchisee.

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

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of fifteen thousand dollars (\$15,000) in monetary penalties pursuant to § 13.1-570 of the Act.

(2) Within thirty (30) days of the date of this Settlement Order, the Defendant will submit to the Division an affidavit, executed by the Company's CEO, Ricky Stonell ("Stonell"), stating the amount and date of payment(s) to the Virginia franchisee under the Agreement.

(3) If Stonell or any member of Stonell's family is an officer of or in a position of control of the Company, the Company will withdraw its registration with the Division within thirty (30) days of the date of this Settlement Order.

(4) If the Company maintains its registration with the Division, Stonell will provide the Division with an affidavit that attests to the Company's compliance within thirty (30) days of the date of this Settlement Order.

(5) For a period of two (2) years from the date of this Settlement Order, if Stonell or any member of Stonell's family is an officer for the Company or in a position of control with the Company, the Company will not file for registration or renewal with the Division.

(6) The Defendant will not violate the Act in the future.

(7) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of seven hundred fifty dollars (\$750) to defray the cost of investigation pursuant to § 13.1-567 of the Act.

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.

Accordingly, 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 fully comply with the aforesaid terms and undertakings of this settlement;
- (3) The Defendant pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of fifteen thousand dollars (\$15,000) in monetary penalties;
- (4) The Defendant pay to the Commission, contemporaneously with the entry of this Order, the amount of seven hundred fifty dollars (\$750) to defray the cost of investigation; and
- (5) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2006-00009  
MARCH 30, 2006**

MICHAEL SINDRAM,  
Petitioner  
v.  
DIVISION OF SECURITIES AND RETAIL FRANCHISING,  
DAVID B. ROBINSON,  
and  
ROGER SEBRILL,  
Defendants

**DISMISSAL ORDER**

On January 30, 2006, Michael Sindram ("Petitioner" or "Sindram") filed a Verified Complaint and Request for Injunctive Relief ("Complaint"). Therein, the Petitioner requests, among other things, that the State Corporation Commission ("Commission") award him \$257,000 from several named defendants.

On February 22, 2006, the Division of Securities and Retail Franchising ("Division"), by counsel, filed a Motion to Dismiss ("Motion"). In the Motion, the Division alleged the following:

1. On January 30, 2006, Sindram filed the Verified Complaint and Request for Injunctive Relief ("Complaint 2") at issue in this Motion to Dismiss. It is identical to a Verified Complaint and Request for Injunctive Relief ("Complaint 1") filed in SEC-2004-00035 on October 15, 2004. The only change between Complaint 1 and Complaint 2 is the addition of a bible passage after the prayers for relief in Complaint 2.

2. On November 23, 2004, the Division filed a Motion to Dismiss Complaint 1 ("Motion to Dismiss"), stating that Petitioner's complaint to the Division had been thoroughly investigated and found that, contrary to his claims in Complaint 1, Mr. Sindram had in fact been paid for the bonds at issue, and he was seeking to force the defendants to pay him a second time by perpetrating a fraud upon the Court. The Motion to Dismiss further stated that proper service had never been made, and that Complaint 1 failed to state a claim upon which relief could be granted.

3. On December 22, 2004, Hearing Examiner Howard Anderson issued a report granting the Division's Motion to Dismiss, and recommending that the Commission adopt his findings and dismiss the matter with prejudice.

4. The Commission entered a Final Order on February 23, 2005, in which the Commission adopted the findings in the Hearing Examiner's Report and dismissed Complaint 1 with prejudice. The Final Order also noted that "[e]ven 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."

5. Petitioner then filed a Petition for Appeal and Petition for Writ of Mandamus with the Supreme Court of Virginia. On July 5, 2005, after much correspondence and direction from the Clerk of the Supreme Court to Petitioner, the Petitions were dismissed for failure to comply with the Rules of the Supreme Court of Virginia, which were provided to him twice by the Division and again by the Clerk of the Supreme Court.

6. Petitioner is now seeking to get "another bite at the apple" by masking the exact same Complaint upon which he has exhausted his remedies as a new case. The two Complaints are identical word for word, and Mr. Sindram's continued manipulation of the court system cannot be permitted.

On March 8, 2006, Sindram filed a document entitled "Motion for Clarification and Modification of 'Order' and for Related Relief; Notice of Appeal" ("Motion for Clarification"). Therein, Sindram asserts that he should be entitled to "offer proof" on his Complaint and further requests that the Commission: (i) grant his Motion for Clarification; (ii) order the hearing examiner to fully adjudicate the merits of his Complaint; (iii) transmit the record of this case to the Supreme Court of Virginia; and, (iv) transmit the record in Case No. SEC-2004-00035, *Michael Sindram v. Division of Securities and Retail Franchising, David B. Robinson, and Roger Sebril*, to the Supreme Court of Virginia.

NOW THE COMMISSION, having considered the Complaint and Motion for Clarification, the Division's Motion, and the procedural history of this case and Case No. SEC-2004-00035, *Michael Sindram v. Division of Securities and Retail Franchising, David B. Robinson, and Roger Sebril*, finds that the Division's Motion should be granted.

**ACCORDINGLY, IT IS ORDERED THAT:**

- (1) The Division's Motion is hereby GRANTED.
- (2) Petitioner's Motion for Clarification is hereby DENIED.
- (3) The Complaint is hereby DISMISSED, with prejudice.
- (4) This case is dismissed and the papers herein be passed to the file for ended causes.

**CASE NOS. SEC-2006-00010, SEC-2006-00011, and 2006-00012  
MAY 31, 2006**

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

v.

BEVINCO AMERICAN BAR SYSTEMS, LTD.,  
BARRY DRIEDGER,  
and  
BEVINCO CORP.,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant, Bevinco American Bar Systems, Ltd., 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 of Virginia prior to registration with the Division, in that the Defendant is alleged to have granted four (4) franchises in Virginia without being registered. It is further alleged that the Defendant, Barry Driedger ("Driedger"), violated § 13.1-504 A (i) of the Virginia Securities Act ("Securities Act"), § 13.1-501 *et seq.* of the Code of Virginia, by transacting business as an agent of the issuer, Bevinco Corp. ("Bevinco"), without being so registered with the Division under the Securities Act, and violated § 13.1-507 of the Securities Act by offering or selling securities that were not registered under the Act or exempt from registration, in that Driedger sold Bevinco stock. It is further alleged that Bevinco violated § 13.1-504 B of the Securities Act by employing an unregistered agent, Driedger, and violated § 13.1-507 of the Securities Act by offering or selling securities that were not registered under the Act or exempt from registration, in that Bevinco sold Bevinco stock.

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 Commission is also authorized by § 13.1-506 of the Securities Act to revoke the Defendants' registration, by § 13.1-519 of the Securities Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Securities Act to impose costs of investigation, and by § 13.1-521 of the Securities 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 these 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, having made a rescission offer to each Virginia franchisee and all Virginia Bevinco stockholders, will submit to the Division, contemporaneously with the entry of this Order, a sworn statement, executed by the Defendants, which contains the names of all franchisees and stockholders offered rescission, the date on which each franchisee and stockholder received an offer of rescission, the names of each franchisee and stockholder who accepted the offer of rescission, and the amount and the date that payment was sent to each franchisee and stockholder who accepted the offer of rescission.

(2) The Defendants will not violate the Act or Securities Act in the future.

(3) The Defendants will pay, jointly and severally, to the Commission, contemporaneously with the entry of this Order, the amount of one thousand five hundred dollars (\$1,500) to defray the cost of investigation pursuant to § 13.1-567 of the Act.

(4) The Defendants will pay, jointly and severally, to the Commission, contemporaneously with the entry of this Order, the amount of seven hundred dollars (\$700) to defray the cost of investigation pursuant to § 13.1-518 of the Securities Act.

(5) The Defendants will pay, jointly and severally, to the Treasurer of the Commonwealth of Virginia, the amount of twenty thousand dollars (\$20,000) in monetary penalties for violations of the Act, pursuant to § 13.1-570 of the Act. The Defendants will pay ten thousand dollars (\$10,000) contemporaneously with the entry of this Order and the remaining ten thousand dollars (\$10,000) by August 1, 2006.

(6) The Defendants will also pay, jointly and severally, to the Treasurer of the Commonwealth of Virginia, the amount of five thousand dollars (\$5,000) in monetary penalties for violations of the Securities Act, pursuant to § 13.1-521 of the Securities Act, by August 1, 2006.

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, contemporaneously with the entry of this Order, a total of two thousand two hundred dollars (\$2,200) to defray the cost of investigation; and

(4) The Defendants will pay to the Treasurer of the Commonwealth of Virginia, a total of twenty-five thousand dollars (\$25,000) in monetary penalties, ten thousand dollars (\$10,000) tendered contemporaneously with the entry of this Order, and fifteen thousand dollars (\$15,000) by August 1, 2006.

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-2006-00015  
SEPTEMBER 11, 2006**

PETITION OF  
VIRGINIA GOLF CAR CENTER, INC.  
Petitioner,  
v.  
VIRGINIA GOLF CARS, INC.,  
Respondent

**ORDER OF DISMISSAL**

On February 24, 2006, Virginia Golf Car Center, Inc. ("Petitioner"), filed a Petition with the Clerk of the State Corporation Commission ("Commission"), pursuant to the Trademark and Service Mark Act ("Act"), § 59.1-92.1 *et seq.* of the Code of Virginia, seeking to cancel the trademark registration of Virginia Golf Cars, Inc. ("Respondent"), granted on or about April 8, 2004.

The Commission issued an Order to Take Notice ("Order") in this matter on March 20, 2006, directing the Respondent to take notice that the Commission would enter an order canceling the registration of Respondent's trademark pursuant to § 59.1-92.10 of the Act if the Respondent did not file an answer and request a hearing within twenty-one (21) days of receipt of the Order. In addition, the Commission assigned this case to a Hearing Examiner to conduct all further proceedings on behalf of the Commission.

On April 10, 2006, Respondent filed an Answer and Request for Hearing. The Respondent requested that the Commission deny the Petitioner's requested relief, or in the alternative, withhold any action on the Petition until the merits of the case could be adjudicated in the Circuit Court of Hanover County, Virginia, as allowed under § 59.1-92.17 of the Act.

By Hearing Examiner's Ruling entered on April 17, 2006, an evidentiary hearing was scheduled for June 27, 2006. At the request of counsel for the parties, the hearing was continued by rulings entered on June 23, 2006, and July 14, 2006.

On August 25, 2006, the parties filed a Joint Motion for Dismissal of Petition Without Prejudice ("Motion"). As a result of this Motion, the Hearing Examiner recommended that the Commission enter a Final Order in this case adopting the findings of the Hearing Examiner's Report; granting the Joint Motion for Dismissal of Petition Without Prejudice; dismissing the Petition filed herein without prejudice; and passing the papers herein to the file for ended causes.

The Commission, upon consideration of this matter, is of the opinion and finds that the Hearing Examiner's Report should be adopted.

Accordingly, it is therefore ORDERED that the parties' Joint Motion for Dismissal Without Prejudice is granted; this case is dismissed without prejudice; and that this matter be removed from the Commission's docket of active cases.

**CASE NO. SEC-2006-00016  
MAY 26, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
NATIONAL TENANT NETWORK, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that National Tenant Network, Inc. ("Defendant"): (1) 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 two franchises in the Commonwealth of Virginia prior to registering under the provisions of the Act; and (2) violated § 13.1-563(e)(ii) of the Act by failing to provide, directly or indirectly, Virginia approved disclosure documents to two franchisees as may be required by rule or order of the State Corporation Commission ("Commission").

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. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant admits these allegations and 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 made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will not violate the Act in the future.
- (2) The Defendant will pay to the Commission the amount of five hundred dollars (\$500) to defray the cost of investigation pursuant to § 13.1-567 of the Act.
- (3) The Defendant will pay to the Treasurer of the Commonwealth of Virginia the amount of five thousand dollars (\$5,000) in monetary penalties pursuant to § 13.1-570 of the Act.

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 is hereby accepted;
- (2) The Defendant will fully comply with the aforesaid terms and undertakings of this settlement;
- (3) The Defendant will pay to the Commission the amount of five hundred dollars (\$500) to defray the cost of investigation and pay to the Treasurer of the Commonwealth of Virginia the amount of five thousand dollars (\$5,000) in monetary penalties;
- (4) This case is dismissed and the papers herein shall be placed in the file for ended causes; and
- (5) Dismissal of this case does not relieve the Defendant from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00017  
APRIL 4, 2006**

APPLICATION OF  
NATIONAL COVENANT PROPERTIES

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

THIS MATTER came before the State Corporation Commission ("Commission") for consideration by written application received February 27, 2006, with exhibits attached thereto, as subsequently amended, of National Covenant Properties, requesting that Unsecured Debt Securities: 5-Year Fixed Rate Renewable Certificates (Series A), Variable Rate Certificates (Series G), Individual Retirement Account Certificates, and Health Savings Account Certificates (collectively "Certificates"), be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that certain officers of National Covenant Properties be exempted from the agent registration requirements of the Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: National Covenant Properties is an Illinois corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; National Covenant Properties intends to offer and sell the Certificates in an approximate aggregate amount of up to \$60,000,000 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 officers of National Covenant Properties who will not be compensated for their sales efforts; and that National Covenant Properties will discontinue issuer transactions for all Certificates previously exempted by the Commission upon the grant of the exemption for the offering of Certificates described herein.

THE COMMISSION, based on the facts asserted by National Covenant Properties in the written application and exhibits, is of the opinion and finds, and does hereby ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act, and the officers of National Covenant Properties are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2006-00018  
JUNE 21, 2006**

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

v.

SUNAMERICA SECURITIES, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant: (1) violated Securities Rule 21 VAC 5-20-260 B by failing to supervise the investment advisory securities activities of their broker-dealer agent Laron D. Shannon, III ("Shannon") and knowingly allowing him to act as an unregistered investment advisor; and (2) violated § 13.1-506 (5) of the Act by failing to furnish information or records requested by the State Corporation Commission ("Commission") concerning its conduct of the securities or investment advisory business.

The 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. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

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 made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant made an offer of restitution to each Virginia investor of all known and verified fees paid to Shannon for financial planning services and/or management of their assets for the time period Shannon was affiliated with the Defendant, May 8, 2001, through December 1, 2003. Said fees are to include payments earned by Shannon while affiliated with the Defendant but received by Shannon after his termination by the Defendant.

(2) The Defendant contacted Shannon's clients by correspondence approved by the Division. Said correspondence requested that the clients provide documentation of payments they made to Shannon in order to receive a refund.

(3) After July 3, 2006, but no later than July 17, 2006, the Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the name and address of each client identified for restitution, the date and amount of advisory fees refunded, and the disposition of any possible claims for restitution which have been identified but not yet paid, and the date by which each responding client will be paid.

(4) The Defendant agrees not to dissolve SunAmerica Securities, Inc., prior to verifying and refunding all possible claims for restitution of fees paid to Shannon for financial planning services and/or management of assets that are identified by July 3, 2006.

(5) The Defendant will not violate the Act in the future.

(6) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of ten thousand dollars (\$10,000) to defray the cost of investigation pursuant to § 13.1-518 of the Act.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS 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 will fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of ten thousand dollars (\$10,000) 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 Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2006-00025  
MAY 4, 2006**

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

v.  
TODD RUSSELL TASKEY,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that from 1989 until 2005 the Defendant, Todd Russell Taskey, both as an individual and as sole owner of Solutions Planning Group, Inc., violated § 13.1-504 (A) (ii) of the Virginia Securities Act ("Act") and § 13.1-501 *et seq.* of the Code of Virginia by transacting business in the Commonwealth of Virginia as an investment advisor prior to being registered and violated § 13.1-504 (C) (i) of the Act by employing an unregistered investment advisor representative to conduct business in the Commonwealth of Virginia.

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 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 made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will not violate the Act in the future.
- (2) The Defendant will pay to the Commission the amount of one thousand five hundred dollars (\$1,500) to defray the cost of investigation pursuant to § 13.1-518 of the Act.
- (3) The Defendant will pay to the Treasurer of the Commonwealth of Virginia the amount of four thousand five hundred dollars (\$4,500) in monetary penalties pursuant to § 13.1-521 of the Act.
- (4) The Defendant agrees to be barred from applying for, or acting as, a broker-dealer, broker-dealer agent, investment advisor, investment advisor-representative, agent of the issuer, or principal of either a broker-dealer or investment advisor in the Commonwealth of Virginia for a period of five (5) years from the date of entry of this Order.

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.

Accordingly, 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 will fully comply with the aforesaid terms and undertakings of this settlement;
- (3) Contemporaneously with the entry of this Order, the Defendant will pay to the Commission the amount of one thousand five hundred dollars (\$1,500) to defray the cost of investigation and will pay to the Treasurer of the Commonwealth of Virginia four thousand five hundred dollars (\$4,500) in monetary penalties;
- (4) The Defendant is barred from applying for, or acting as, a broker-dealer, broker-dealer agent, investment advisor, investment advisor-representative, agent of the issuer, or principal of either a broker-dealer or investment advisor in the Commonwealth of Virginia for a period of five (5) years from the date of entry of this Order; and
- (5) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from his reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00026  
OCTOBER 31, 2006**

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

v.

MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Merrill Lynch, Pierce, Fenner & Smith, Incorporated ("Defendant"): (1) violated Securities Rule 21 VAC 5-20-280 A 3 when the Defendant, through its registered agent Francis Lee Summers, III ("Summers"), recommended unsuitable transactions by advising a Virginia resident to sell stock shares to purchase other shares of stock that were unsuitable, given the investor's objectives; and (2) violated Securities Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over Summers' securities recommendations to a Virginia investor.

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, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

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

(1) The Defendant, in lieu of paying a monetary penalty, has agreed and offered rescission to the Virginia investor in the amount of twenty-five thousand dollars (\$25,000).

(2) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of eight thousand dollars (\$8,000) to defray the cost of investigation.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant 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.

Accordingly, 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;

(3) The Defendant pay to the Commission, contemporaneously with the entry of the Order, the amount of eight thousand dollars (\$8,000) to defray the cost of investigation; and

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

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00032  
SEPTEMBER 1, 2006**

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

v.

SCOTT AND STRINGFELLOW, INC.  
and  
PETER L. REUSS,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant, Scott and Stringfellow, Inc.: (1) through its agent, Peter L. Reuss, violated Securities Rule 21 VAC 5-20-280 A 3 by recommending to customers the purchase, sale or exchange of a security without reasonable grounds to believe that the recommendation is suitable for the customer; and (2) violated Securities Rule

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21 VAC 5-20-260 B by failing to exercise diligent supervision over the securities activities of Peter L. Reuss. It is further alleged that Peter L. Reuss violated Securities Rule 21 VAC 5-20-280 B 6 by recommending to customers the purchase, sale, or exchange of a security without reasonable grounds to believe that the recommendation was suitable for the customer.

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 A of the Act to impose certain monetary penalties. Such actions may be taken 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 will abide by and comply with the following terms and undertakings:

(1) The Defendant, Scott and Stringfellow, Inc., will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of four thousand dollars (\$4,000) in monetary penalties pursuant to § 13.1-521 A of the Act.

(2) The Defendant, Peter L. Reuss, will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of two thousand dollars (\$2,000) in monetary penalties pursuant to § 13.1-521 A of the Act.

(3) The Defendant, Scott and Stringfellow, Inc., has agreed to place Peter L. Reuss under heightened supervision for a period of twelve (12) months from the date of entry of this Order. Mr. Reuss will be required to obtain permission from his branch manager and the Scott and Stringfellow, Inc., compliance department prior to soliciting any transactions involving the following: (i) withdrawing funds from a variable annuity to purchase a mutual fund; (ii) selling stock shares to purchase a mutual fund; or (iii) switching from one mutual fund to another.

(4) The Defendant, Scott and Stringfellow, Inc., will pay to the Commission the amount of two thousand dollars (\$2,000) to defray the cost of investigation pursuant to § 13.1-518 A of the Act.

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.

Accordingly, 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 fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendant, Scott and Stringfellow, Inc., place Peter L. Reuss under heightened supervision for a period of twelve (12) months from the date of entry of this Order;

(4) The Defendant, Scott and Stringfellow, Inc., pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of four thousand dollars (\$4,000) in monetary penalties pursuant to § 13.1-521 A of the Act;

(5) The Defendant, Peter L. Reuss, pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of two thousand dollars (\$2,000) in monetary penalties pursuant to § 13.1-521 A of the Act; and

(6) The Defendant, Scott and Stringfellow, Inc., pay to the Commission the amount of two thousand dollars (\$2,000) to defray the cost of investigation pursuant to § 13.1-518 A of the Act.

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-2006-00033  
NOVEMBER 6, 2006**

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

**SETTLEMENT ORDER**

On June 20, 2006, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against American Enterprises, Inc. ("Defendant"), based upon an investigation conducted by the Division of Securities and Retail Franchising ("Division"). In the Rule, the Division alleged that the Defendant: (1) violated § 13.1-507 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by failing to register and then offering units of Limited Liability Companies ("LLCs") in Virginia to more than 35 eligible purchasers, making the offerings ineligible for a notice filing

under Regulation D, Rule 506, 15 U.S.C. § 77d; and (2) violated § 13.1-504 A of the Act by transacting business in the Commonwealth of Virginia as a broker-dealer prior to being registered.

On April 20, 2006, the United States District Court, Southern District of Florida, Miami Division, Case No. 06-20975, entered a Judgment of Permanent Injunction and other Relief ("Judgment Order") against the Defendant. In that Judgment Order, the court ordered the Defendant to be permanently restrained and enjoined from violating various sections of the Securities Act of 1933 (15 U.S.C. § 77q(a)(1)), Securities Exchange Act of 1934, 15 U.S.C. § 78j(b) and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5) as they pertain to the offer or sale of securities. The Judgment Order also required that all funds and assets of the investors that are held by the Defendant be repatriated into the current federal receivership of the Defendant.

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 A of the Act to impose certain monetary penalties. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violation.

Due to the pending federal case and receivership of the Defendant and so as to not impede the pending federal matter, the Defendant has agreed to the imposition of a permanent injunction barring the Defendant from applying for or acting as a broker-dealer, agent, investment advisor, investment advisor representative, or agent of the issuer in the Commonwealth of Virginia.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order. Moreover, in light of the Defendant's settlement offer, the Commission has made no findings in this action.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will agree to be permanently enjoined from applying for or acting as a broker-dealer, agent, investment advisor, investment advisor representative, or agent of the issuer in the Commonwealth of Virginia.

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.

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

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00035  
JUNE 20, 2006**

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

v.

JOHN W. GRUBBS,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant violated: (1) § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by directly or indirectly, obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; (2) violated § 13.1-504 A (ii) by transacting business in the Commonwealth of Virginia as an investment advisor representative prior to being registered; and (3) violated § 13.1-506.5 by failing to furnish information or records requested by the State Corporation Commission ("Commission") concerning the Defendant's conduct of the securities or investment advisory business. It is further alleged that the Defendant violated Securities Rule 21 VAC 5-20-280 A 18 by using advertising or sales presentations in such a fashion as to be deceptive or misleading and violated Securities Rule 21 VAC 5-20-280 E 12 by failing to comply with NASD Rule 1031 (a).

The 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. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

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

- (1) The Defendant ceased using documents which represent the Defendant as a registered investment advisor. The documents include business cards, stationery, and newsletters.
- (2) The Defendant provided a copy of the new documents that will be used to replace the above referenced documents.
- (3) The Defendant will not violate the Act in the future.
- (4) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of two thousand four hundred forty-eight dollars (\$2,448.00) to partially defray the cost of investigation pursuant to § 13.1-518 A of the Act.
- (5) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of ten thousand dollars (\$10,000) in monetary penalties pursuant to § 13.1-521 of the Act.

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.

Accordingly, 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 will fully comply with the aforesaid terms and undertakings of this settlement;
- (3) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of two thousand four hundred forty-eight dollars (\$2,448.00) to partially defray the cost of investigation and will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of ten thousand dollars (\$10,000) in monetary penalties; and
- (4) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from his reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00036  
MAY 24, 2006**

APPLICATION OF  
NPC FUND FOR CHARITABLE GIVING, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

THIS MATTER came before the State Corporation Commission ("Commission") for consideration upon the written application of NPC Fund for Charitable Giving, Inc. ("NPC"), which the Commission received on February 6, 2006, together with attached exhibits. Such application, as subsequently amended, requested that certain charitable gift annuities and charitable remainder trusts 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 NPC be exempted from the agent registration requirements of the Act.

BASED UPON THE INFORMATION submitted, the following facts appear to exist in addition to others not enumerated herein: (1) NPC is a non-stock Maryland corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (2) NPC intends to offer and sell charitable gift annuities and charitable remainder trusts as a continuous offering with no dollar objective, providing a service to its members on terms and conditions more fully described in the brochure and attachments which were filed as a part of the application; and (3) these securities are to be offered and sold by officers of NPC, who will not be compensated for their sales efforts, and may also be offered and sold by broker-dealers so registered under the Act.

BASED ON THE FACTS ASSERTED by NPC in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the officers of NPC are exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2006-00038  
JUNE 5, 2006**

APPLICATION OF  
MISSION INVESTMENT FUND OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Mission Investment Fund of the Evangelical Lutheran Church in America ("Mission Investment Fund"), which the Commission received on March 30, 2006, with attached exhibits. The application requested that the unsecured debt obligations that the issuer characterizes as Mission Investments in the aggregate amount of \$240,000,000 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 appear to exist, in addition to others not enumerated herein: (1) Mission Investment Fund is a Minnesota corporation operating not for private profit but exclusively for religious purposes; (2) Mission Investment Fund intends to offer and sell the Mission Investments on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (3) these securities are to be offered and sold by certain Mission Investment Fund registered agents.

Based on the facts asserted by Mission Investment Fund in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby **ADJUDGE AND ORDER** that the securities described above are exempt from the securities registration requirements of the Act. This **ORDER** revokes all previous Orders for Mission Investment Fund that have been granted exemptions by the Commission.

**CASE NO. SEC-2006-00042  
JULY 19, 2006**

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

v.

SHOCKOE BOTTOM ENTERPRISES, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant violated: (1) § 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 franchises in the Commonwealth of Virginia prior to registration; and (2) violated § 13.1-563 (e) (ii) of the Act by failing to, directly or indirectly, provide disclosure documents to franchisees as may be required by rule or order of the State Corporation Commission ("Commission").

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. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

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 made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

The Defendant will not violate the Act in the future.

The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of five hundred dollars (\$500) to defray the cost of investigation pursuant to § 13.1-567 of the Act.

The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of eight thousand dollars (\$8,000) in monetary penalties pursuant to § 13.1-570 of the Act.

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.

Accordingly, **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) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of five hundred dollars (\$500) to defray the cost of investigation and pay to the Treasurer of the Commonwealth, contemporaneously with the entry of this Order, eight thousand dollars (\$8,000) in monetary penalties; and

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

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00045  
OCTOBER 31, 2006**

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

v.

ROBERT APLEY,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Robert Apley ("Defendant"): (1) violated § 13.1-504 A (i) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by transacting business in the Commonwealth of Virginia as an agent prior to being registered; and (2) 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 Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

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

(1) The Defendant agrees to be barred from applying for, or acting as, a broker-dealer, broker-dealer agent, investment advisor, investment advisor representative, agent of the issuer, or principal of either a broker-dealer or investment advisor in the Commonwealth of Virginia for a period of five (5) years from the date of entry of this Order.

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.

Accordingly, 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;

(3) The Defendant be barred from applying for, or acting as, a broker-dealer, broker-dealer agent, investment advisor, investment advisor representative, agent of the issuer, or principal of either a broker-dealer or investment advisor in the Commonwealth of Virginia for a period of five (5) years from the date of entry of the Order; and

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

Dismissal of this case does not relieve the Defendant from his reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00047  
SEPTEMBER 25, 2006**

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

v.

THE SPAGHETTI SHOP OF MID-AMERICA, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that The Spaghetti Shop of Mid-America, Inc. ("Defendant"): (1) 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 franchises in the Commonwealth of Virginia prior to registering under the provisions of the Act; and (2) violated § 13.1-563 (e) (ii) of the Act by failing to, directly or indirectly, provide disclosure documents to franchisees as may be required by rule or order of the State Corporation Commission ("Commission").

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, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

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

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia a penalty in the amount of thirty-seven thousand five hundred dollars (\$37,500). This penalty will be waived if the Defendant offers rescission to the Virginia franchisee according to section (3) below.

(2) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of five hundred dollars (\$500) to defray the cost of investigation.

(3) The Defendant will make a rescission offer to the Virginia franchisee.

(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 the franchisee, which will include a provision that gives the franchisee thirty (30) days from the date of receipt of the rescission offer to provide the Defendant with written notification of the franchisee's decision to accept or reject the offer.

(b) The Defendant will include with the written offer of rescission a copy of this Settlement Order.

(c) If the franchisee does not respond within thirty (30) days, the rescission will be deemed rejected by the franchisee.

(d) Within ninety (90) days from the date of this Settlement Order, the Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the date on which the franchisee received the offer of rescission and the franchisee's response.

(4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant 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.

Accordingly, 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 fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendant pay to the Treasurer of the Commonwealth of Virginia a penalty in the amount of thirty-seven thousand five hundred dollars (\$37,500). This penalty will be waived if the Defendant offers rescission to the Virginia franchisee according to section (3) of this Order;

(4) The Defendant pay to the Commission, contemporaneously with the entry of this Order, the amount of five hundred dollars (\$500) to defray the cost of investigation; and

(5) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2006-00051  
JULY 31, 2006**

APPLICATION OF  
THE FREE METHODIST FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of The Free Methodist Foundation ("Free Methodist"), which the Commission received on April 6, 2006, with attached exhibits. The application requested that the Flexible, Term, and Institutional Unsecured Certificates ("Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers and certain employees be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Free Methodist is an Oklahoma corporation operating not for private profit but exclusively for charitable, religious, and educational purposes; (ii) Free Methodist intends to offer and sell \$50,000,000 of the Certificates in a continuous offering on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iii) these securities are to be offered and sold by the officers and the employees who are authorized by Free Methodist to assist in the offer and sale of the Certificates, who will not be compensated for the sales efforts.

Based on the facts asserted by Methodist Foundation in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that, the securities described above are exempt from the securities registration requirements of the Act. IT IS FURTHER ORDERED that officers and the employees who are authorized by Free Methodist to assist in the offer and sale of the Certificates are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2006-00057  
AUGUST 28, 2006**

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

v.

TRANSCOMMUNITY FINANCIAL CORPORATION,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that TransCommunity Financial Corporation ("Defendant") violated § 13.1-504 B of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by employing one or more unregistered agents.

The State Corporation Commission ("Commission") is authorized by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies this allegation but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from this allegation with respect to the Defendant, its officers, directors, employees and agents, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of fifty thousand dollars (\$50,000) in monetary penalties.

(2) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of eight thousand nine hundred dollars (\$8,900) to defray the cost of investigation.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS 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;

(3) The Defendant pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of fifty thousand dollars (\$50,000) in monetary penalties;

(4) The Defendant pay to the Commission, contemporaneously with the entry of this Order, the amount of eight thousand nine hundred dollars (\$8,900) 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.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00061  
NOVEMBER 29, 2006**

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

v.

CLARKE ENERGY GROUP, INC.

and

DAVID A. CLARKE,

Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Clarke Energy Group, Inc. and David A. Clarke ("Defendants"): (1) violated § 13.1-507 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by offering and selling unregistered non-exempt securities, working oil interests, to twenty-three (23) investors; (2) the Defendant, Clarke Energy Group, Inc. violated § 13.1-504 A (i) of the Act by transacting business as an unregistered broker-dealer; (3) the Defendant, David A. Clarke violated § 13.1-504 (i) by transacting the business of an unregistered broker-dealer agent; and (4) the Defendant, Clarke Energy Group, Inc. violated § 13.1-504 B of the Act by employing an unregistered broker-dealer agent, David A. Clarke.

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, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

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

(1) The Defendants will pay, jointly and severally, to the Treasurer of the Commonwealth of Virginia the amount of one hundred fifteen thousand dollars (\$115,000) in monetary penalties. This penalty will be waived if an offer of rescission is made to all investors for the amounts they invested.

(2) The Defendants will pay, jointly and severally, to the Commission the amount of one thousand dollars (\$1,000) to defray the cost of investigation.

(3) The Defendants will make a rescission offer to all investors as follows:

(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 the investors, which will include an offer to repay all monies invested by or through the Defendants, and a provision that gives each investor thirty (30) days from the date of receipt of the 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 the investors within seven (7) days of receipt of the acceptance.

(d) 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 investor received the offer of rescission, the investor's response, and, if applicable, the amount and the date that payment was sent to the investor.

(4) The Defendants will not violate the Act in the future.

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

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS 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 fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendants pay, jointly and severally, to the Treasurer of the Commonwealth of Virginia the amount of one hundred fifteen thousand dollars (\$115,000) in monetary penalties. The penalty will be waived if an offer of rescission is made to all investors for the amounts they invested;

(4) The Defendants pay, jointly and severally, to the Commission the amount of one thousand dollars (\$1,000) to defray the cost of investigation; and

(5) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2006-00065  
OCTOBER 31, 2006**

APPLICATION OF  
SOUTHERN VIRGINIA DIOCESAN FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration upon the written application of Southern Virginia Diocesan Foundation ("SVDF") which the Commission received on July 26, 2006, together with attached exhibits. Such application, as subsequently amended, requested that certain investment units be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that certain officers of SVDF be exempted from the agent registration requirements of the Act.

Based on the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) SVDF is a Virginia non-stock corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) SVDF intends to offer and sell investment units as a continuous offering with a total offering amount of \$60,000,000, providing a service to its members on terms and conditions more fully described in the statement of information and forms which were filed as a part of the application; and (iii) these securities are to be offered and sold by officers of SVDF, who will not be compensated for their sales efforts.

Based on the facts asserted by SVDF in the written application and exhibits, and pursuant to § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempted from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the officers of SVDF are exempted from the agent registration requirements of said Act.

**CASE NO. SEC-2006-00066  
OCTOBER 4, 2006**

APPLICATION OF  
LUTHERAN ASSOCIATION FOR CHURCH EXTENSION, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia"

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Lutheran Association for Church Extension, Inc. ("Lutheran Association"), which the Commission received on August 31, 2006, with attached exhibits. The application requested that the Two-Year Loan Certificates, Three-Year Loan Certificates, Five-Year Loan Certificates, Demand Certificates, and IRA Investment Certificates (hereinafter "Certificates"), be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers of Lutheran Association be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Lutheran Association is a Michigan non-stock corporation operating not for profit but exclusively for religious, educational, benevolent, and charitable purposes; (ii) Lutheran Association intends to offer and sell the Certificates in a \$12,000,000 offering to persons who are members, constituents, participants, or contributors to the churches, schools, or other organizations affiliated with the Wisconsin Evangelical Lutheran Synod or the Evangelical Lutheran Synod on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iii) these securities are to be offered and sold by officers of Lutheran Association, who will not be compensated for the sales efforts.

Based on the facts asserted by Lutheran Association in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempt from the securities registration requirements of the Act. IT IS FURTHER ORDERED that officers of Lutheran Association are exempt from the agent registration requirements of § 13.1-504 of the Act. Lutheran Association will discontinue issuer transactions for all other securities previously exempted by the Commission.

**CASE NO. SEC-2006-00067  
NOVEMBER 29, 2006**

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

v.

TRUST ALLIANCE, THE REAL ESTATE INVESTMENT COMPANY, LLC,  
TRUST ALLIANCE SAVINGS, LLC,

and

JOERG MEYER,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that: (1) Joerg Meyer violated § 13.1-504 A of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by acting as an agent of the issuer without being registered with the Division; (2) Trust Alliance, The Real Estate Investment Company, LLC ("TA REI") and Trust Alliance Savings, LLC ("Trust Alliance") violated § 13.1-504 B of the Act by employing an unregistered agent, Joerg Meyer; and (3) TA REI, Trust Alliance, and Joerg Meyer 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, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

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 agree to continue to make payments, including interest, to the investors who may still be owed funds on existing investment contracts, with the final payment to be made no later than January 1, 2010.

(2) The Defendants agree that until they reorganize as a Real Estate Investment Trust or hire a professional financial consultant to ensure that proper accounting controls are put in place and are registered with the Division to sell securities or claim an exemption from registration, they will not solicit new investors.

(3) On or before January 1, 2010, the Defendants will provide an affidavit to the Division certifying the status of payments to the investors as detailed under item (1) and the status of any reorganization or financial controls as detailed under item (2).

(4) The Defendants will not violate the Act in the future.

The Defendants have established with the Division that they are financially incapable of paying penalties and costs in this matter.

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

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS 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 fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement

**CASE NO. SEC-2006-00068  
OCTOBER 11, 2006**

APPLICATION OF  
LUTHERAN CHURCH EXTENSION FUND - MISSOURI SYNOD

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Lutheran Church Extension Fund-Missouri Synod ("Lutheran Church"), which the Commission received on August 29, 2006, with attached exhibits. The application requested that the Dedicated Savings Certificates, Steward Account Certificates, Fixed-Rate Term Notes, Floating-Rate Term Notes, Growth Certificates,

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Congregation Demand Certificates, Congregation Stewart Account Certificates, Congregation Fixed-Rate Endowment Certificates, Congregation Floating-Rate Endowment Certificates, Flex Plus Certificates, and Saving Stamps (hereinafter "Certificates"), be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia and that the officers of the Lutheran Church be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) The Lutheran Church is a Missouri corporation operating not for profit but exclusively for religious, educational, and charitable purposes; (ii) the Lutheran Church intends to offer and sell the Certificates in a \$75,000,000 offering on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iii) these securities are to be offered and sold by officers of the Lutheran Church, who will not be compensated for the sales efforts.

Based on the facts asserted by the Lutheran Church in the written application and exhibits, and pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and does hereby ADJUDGE AND ORDER that the securities described above are exempt from the securities registration requirements of the Act. IT IS FURTHER ORDERED that officers of the Lutheran Church are exempt from the agent registration requirements of § 13.1-504 of the Act. The Lutheran Church will discontinue issuer transactions for all other securities previously exempted by the Commission.

**CASE NO. SEC-2006-00070  
OCTOBER 24, 2006**

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION

v.  
MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission ("Commission") entered into a Settlement Order ("2004 Settlement") with Merrill Lynch, Pierce, Fenner & Smith, Incorporated ("Defendant" or "Merrill Lynch"), Case No. SEC-2003-00041, on January 30, 2004, based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), and pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. That Order, among other things, provided that: (1) the Defendant would make restitution to two (2) Virginia investors; and (2) the Defendant would not violate the Act in the future. The Defendants complied with those terms and a Final Order was entered on October 17, 2006. An additional provision of the 2004 Settlement provided that Merrill Lynch would agree to engage a third party examiner to conduct eight randomly selected branch examinations in the eastern third of the United States of America that were outside of the Commonwealth of Virginia, that employed Virginia registered agents and that maintained at least 250 Virginia customer accounts. The eight branch offices to be examined would be selected by the Division for examination. The Division also conducted a separate staff examination of Merrill Lynch's Richmond, Virginia branch office. The third party examiner issued reports which included criticisms of certain aspects of Merrill Lynch's supervision relating to Financial Foundation Reports ("FFRs"), mutual fund switch letters and the sale of class B and C shares, Merrill Lynch Unlimited Advantage ("MLUA") accounts, retention of books and records, and testing for discrepancies of client information. The third party examiner filed its Final Report with the Division on June 9, 2005. The information generated by the Final Report, along with the results of the Division's examination, were submitted to and discussed with Merrill Lynch.

Based upon the results of the reports and discussions with Merrill Lynch, the Division alleges that the Defendant: (1) violated Securities Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over the securities activities of all of its agents, including instances of over-burdened branch management; (2) violated Securities Rule 21 VAC 5-20-280 A 3 by failing to maintain all information known about customers contained in the FFRs and Merrill Lynch's internal computer designation for client account profiles ("KDIs"), including the failure to reconcile such information between the FFRs and the KDI system, and by failing to establish a supervisory review to ensure that appropriate disclosures were documented when it offered only the State of Maine 529 Plan without comparison of this plan to Virginia's in-state 529 Plan; and (3) violated Securities Rule 21 VAC 5-20-280 A 12 by failing to consistently notify certain clients with MLUA accounts of the difference between the fees they had incurred in the MLUA program and the standard transaction charges they would have been charged had the account not been in MLUA.

The 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, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

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

(1) Merrill Lynch instituted new procedures to help confirm that client information submitted with a FFR is accurate, consistent, and up to date with the information appearing on Merrill Lynch's records. This is in addition to Merrill Lynch sending clients Data Validation Letters. Merrill Lynch is currently in the process of building a Client Data repository whose purpose is to support the multiple client data related processes that are part of its Global Private Client business sector. This effort has been scoped as a multi-year program with multiple incremental implementations. The size and scope of this project are consistent with similar efforts for other large companies that are attempting the transition from an account-centric to client-centric service model. The Client Experience Data Program, which encompasses this effort, is in its initial stages. The initial stages focus on building the data stores and data processing infrastructure and architecture required to eventually support a client-centric service environment. Implementation of this initial stage is planned for 2007. As Merrill Lynch begins to upgrade its system and at each material stage of the implementation program, Merrill Lynch will notify the Division of the implementation, including a description of the phase being implemented. Merrill Lynch will also notify the Division when the upgrade is completed.

Merrill Lynch has also issued a Global Compliance Alert ("Alert") discussing the importance of updating client information when new information becomes available. This Alert has been sent to all U.S. and Non-U.S. Global Private Client branch office employees to remind them that as they learn of any changes in a client's personal and financial situation they must update the appropriate client profile pages on the appropriate Merrill Lynch workstation. The Alert also instructed branch employees who are introducing clients to a FFR (or similar planning tool) that they must compare the information collected to the client profile information contained on the KDI system. Any material differences with the client information will have to be confirmed with the client and the KDI system will have to be updated accordingly. The information to be reconciled includes: (i) income; (ii) net worth; (iii) employer or employment status/retirement; (iv) marital status; (v) investment objective; and (vi) risk tolerance.

(2) Merrill Lynch is revising certain 529 plan policies and procedures to include expanded suitability requirements and documented disclosures, and has revised its educational requirements for its Financial Advisors regarding the sale of 529 plans to clients.

Merrill Lynch Financial Advisors, when soliciting sales of an out-of-state 529 plan, will: (i) document appropriate factors considered in connection with making a recommendation to purchase the plan; (ii) require written acknowledgment from the client that they are aware of applicable state benefits and received the disclosure required by the Municipal Securities Rulemaking Board ("MSRB") with respect to out-of-state 529 plans; (iii) require manager approval prior to opening an out-of-state 529 plan account; and (iv) retain evidence that the client received the disclosure required by the MSRB with respect to sales of out-of-state 529 plans.

(3) Merrill Lynch will require its Financial Advisors to deliver a MLUA Guide to customers prior to enrolling in the program. In 2002, Merrill Lynch implemented the Utilization Report for the MLUA program and has continually enhanced the Utilization Report and MLUA program to include notifying customers, or terminating their account, when the accounts are identified by certain criteria as potentially being under-utilized for a specified period of time. The Utilization Report aids managers in their supervision of MLUA by identifying those accounts that should be evaluated further in light of their level of activity to determine whether traditional, commission-based pricing may be more appropriate for the customer and, with the Utilization Report, Merrill Lynch provided detailed review guidelines and instructions for client contact by branch managers. In addition, in January 2002, Merrill Lynch updated its Compliance Outline for Financial Advisors to include a MLUA Utilization section, and in June 2004, Merrill Lynch issued a Compliance Bulletin entitled "Important Considerations In Choosing An Account Pricing Program Like Unlimited Advantage." In 2004, Merrill Lynch also enhanced MLUA by implementing certain parameters to document whether MLUA accounts were opened and maintained only when appropriate.

Merrill Lynch will continue to maintain, utilize, and enhance, when necessary, the Utilization Report (or similar report) it created in 2002 to determine whether its clients' objectives coincide with the features of the MLUA program. Merrill Lynch will also continuously monitor and scrutinize, when necessary, its agents' activities to confirm whether MLUA accounts are established for a client only when it is anticipated such an account will be beneficial to the client. Merrill Lynch intends to accomplish this undertaking by: (1) mandating asset thresholds to enroll in the MLUA program; (2) establishing price ceilings on the annual fee charged to clients; (3) requiring its agents to interact with clients to complete questionnaires that will be designed to elicit clients' objectives; (4) enhancing the "Welcome Kit" clients receive when establishing an account by including the results of the aforesaid questionnaire in the "Welcome Letter" that is sent to clients; and (5) refraining from using the asset value of underwritten securities for a period of 190 days in calculating fees that are charged to clients' MLUA accounts.

(4) Merrill Lynch agrees to pay the costs associated with the Division's investigation in the amount of seventy-five thousand dollars (\$75,000) pursuant to § 13.1-518 of the Act. This sum shall be paid within ten (10) business days of entry of this Order and made payable to the Division.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS 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;
- (3) The Defendant pay to the Division the amount of seventy-five thousand dollars (\$75,000) 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 Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2006-00071  
DECEMBER 20, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
DIGITAL BROADCAST CORPORATION,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission ("Commission") entered into a Settlement Order ("2002 Settlement") with Digital Broadcast Corporation ("Defendant"), Case No. SEC -2000-00072, on February 11, 2002, based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. That 2002 Settlement, among other things, provided that: (1) the Defendant would pay to the Treasurer of the Commonwealth of Virginia the amount of one hundred thousand dollars

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(\$100,000) in monetary penalties; and (2) the Defendant would pay to the Commission the amount of two thousand five hundred dollars (\$2,500) to defray the cost of investigation. An additional provision of the 2002 Settlement provided that the Defendant would not violate the Act in the future.

Subsequent to the entry of the 2002 Settlement, the Division conducted an additional investigation of the Defendant regarding the sales of unregistered securities, a failure to comply with the 2002 Settlement.

The 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, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

As a proposal to settle all matters arising from the additional investigation, the Defendant has made an offer of settlement to the Commission wherein the Defendant has paid to the Commission the amount of six thousand dollars (\$6,000) to defray the cost of investigation. The Defendant has complied with all other non-monetary settlement provisions entered into between the Defendant and the Division.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS 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 shall be filed among the ended cases.

**CASE NO. SEC-2006-00075  
NOVEMBER 6, 2006**

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

v.  
ROBERT YEAGER  
and  
DONNA D. YEAGER,  
Defendants

**SETTLEMENT ORDER**

On June 20, 2006, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against American Enterprises, Inc. ("AEI"), and AEI's principals, Donna D. Yeager, President, and Robert Yeager, sole shareholder and director ("Defendants") based upon an investigation conducted by the Division of Securities and Retail Franchising ("Division"). In the Rule, the Division alleged that AEI: (1) violated § 13.1-507 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, by failing to register and then offering units of Limited Liability Companies ("LLCs") in Virginia to more than 35 eligible purchasers, making the offerings ineligible for a notice filing under Regulation D, Rule 506, 15 U.S.C. § 77d; and (2) violated § 13.1-504 A of the Act by transacting business in the Commonwealth of Virginia as a broker-dealer prior to being registered.

On April 20, 2006, the United States District Court, Southern District of Florida, Miami Division, Case No. 06-20975, entered a Judgment of Permanent Injunction and other Relief ("Judgment Order") against AEI and the Defendants. In that Judgment Order, the court ordered AEI to be permanently restrained and enjoined from violating various sections of the Securities Act of 1933 (15 U.S.C. § 77q(a)(1)), Securities Exchange Act of 1934, 15 U.S.C. § 78j(b) and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5) as they pertain to the offer or sale of securities. The Judgment Order also required that all funds and assets of the investors that are held by AEI and the Defendants be repatriated into the current federal receivership of AEI.

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 A of the Act to impose certain monetary penalties. Such actions may be taken upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

Due to the pending federal case and receivership of AEI and so as to not impede the pending federal matter, the Division requested, and the Defendants have agreed, to the imposition of a permanent injunction barring the Defendants from applying for or acting as broker-dealers, agents, investment advisors, investment advisor representatives, or agents of the issuer in the Commonwealth of Virginia.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order. Moreover, in light of the Defendants' settlement offer, the Commission has made no findings in this action.

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 agree to be permanently enjoined from applying for or acting as broker-dealers, agents, investment advisors, investment advisor representatives, or agents of the issuer in the Commonwealth of Virginia.

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.

Accordingly, 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 fully comply with the aforesaid terms and undertakings of this settlement; and
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2006-00076  
DECEMBER 8, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
DAILY GRIND OF WINCHESTER, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Daily Grind of Winchester, Inc. ("Defendant") 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 franchises in the Commonwealth of Virginia prior to registration.

The State Corporation Commission ("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, by § 13.1-570 of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

The Division acknowledges that the Defendant cooperated during the investigation and took steps to ensure that there will not be a recurrence of similar violations in the future. The Defendant's retention of new counsel to establish proper compliance procedures has been considered by the Division in reaching this settlement.

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

- (1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, contemporaneously with the entry of this Order, the amount of six thousand dollars (\$6,000) in monetary penalties.
- (2) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of one thousand dollars (\$1,000) to defray the cost of investigation.
- (3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted;
- (2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement;
- (3) The Defendant pay to the Treasurer of the Commonwealth, contemporaneously with the entry of the Order, the amount of six thousand dollars (\$6,000) in monetary penalties;
- (4) The Defendant pay to the Commission, contemporaneously with the entry of the Order, the amount of one thousand dollars (\$1,000) 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.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

## DIVISION OF UTILITY AND RAILROAD SAFETY

### CASE NO. URS-2004-00445 JANUARY 24, 2006

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

#### ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("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 for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("CGV" or "Company"), the Defendant, and alleges that:

- (1) CGV is a public service corporation as defined in § 56-1 of the Code of Virginia and, specifically, a person within the meaning of § 56-257.2 of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards and Virginia statutes by the following conduct:
  - a) § 56-257.1 of the Code of Virginia - Failing on one occasion to install an electrically conductive wire or other means of locating plastic pipe;
  - b) 49 C.F.R. § 192.225 (a) - Failing on two occasions to weld in accordance with welding procedures qualified to produce welds meeting the requirements of 49 C.F.R. Part 192, Subpart E;
  - c) 49 C.F.R. § 192.241 (a) - Failing on several occasions to visually inspect each weld in accordance with CGV Policies and Procedures ("P&P") 641-6, Section 3 to ensure welding is performed in accordance with welding procedures;
  - d) 49 C.F.R. § 192.273 (a) - Failing on one occasion to properly install each joint so it could sustain contraction or expansion of the piping;
  - e) 49 C.F.R. § 192.273 (b) - Failing to ensure that a joint is made in accordance with written procedures that have been proven by test or experience to produce strong gas tight joints;
  - f) 49 C.F.R. § 192.281 (e)(2) - Failing to follow CGV P&P 643-4, Section 4 for installation of a rigid internal stiffener in conjunction with a compression fitting;
  - g) 49 C.F.R. § 192.303 - Failing on several occasions to construct a main in accordance with comprehensive written specifications or standards by failing to join plastic pipe in accordance with manufacturer's instructions;
  - h) 49 C.F.R. § 192.311 - Failing on several occasions to repair or remove damage that could impair the serviceability of plastic pipe;
  - i) 49 C.F.R. § 192.321 (a) - Failing on one occasion to install plastic pipe below ground level;
  - j) 49 C.F.R. § 192.321 (c) - Failing to minimize stresses in accordance with CGV P&P 640-2, Section 10 by not installing a weak link while installing a plastic pipe;
  - k) 49 C.F.R. § 192.323 (d) - Failing to protect casing vents from the weather to prevent water from entering the casing;
  - l) 49 C.F.R. § 192.353 (a) - Failing on several occasions to protect a meter and service regulator from vehicular or other damage;
  - m) 49 C.F.R. § 192.355 (b)(1) - Failing on two occasions to have vent lines that are rain and insect resistant;
  - n) 49 C.F.R. § 192.355 (b)(2) - Failing on several occasions to locate a service regulator vent at a place where gas from the vent could escape freely into the atmosphere and away from any opening into buildings;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- o) 49 C.F.R. § 192.605 (a) - Failing to follow CGV P&P 640-10, Section 2.2 which was developed in accordance with 192.751, by not grounding a squeeze off tool;
- p) 49 C.F.R. § 192.605 (a) - Failing to follow CGV P&P 640-10, Section 2.3 by performing a squeeze off within five pipe diameters of a previous squeeze off;
- q) 49 C.F.R. § 192.605 (a) - Failing to follow CGV P&P 640-10, Section 4.3 by installing a squeeze off tool with the wrong over squeeze protection setting;
- r) 49 C.F.R. § 192.605 (a) - Failing to check for leak-through before parting a line as required by CGV Policy & Procedure 640-7, Section 9;
- s) 49 C.F.R. § 192.605 (a) - Failing to man a fire extinguisher at all times during a tie-in procedure as required by CGV's Supplement to the Tie-in and Bypass Plan for Plastic Facilities;
- t) 49 C.F.R. § 192.605 (a) - Failing on one occasion to have and follow an approved Tie-in & Bypass Plan as required by the Company's Policy and Procedure 640-7, Section 4;
- u) 49 C.F.R. § 192.617 - Failing on one occasion to follow CGV P&P 555-1 for analyzing accidents and failures, including the selection of samples of the failed facility or equipment for laboratory examination, where appropriate, for the purpose of determining the causes of the failure and minimizing the possibility of a recurrence;
- v) 49 C.F.R. § 192.623 (a) - Failing to ensure that a low-pressure distribution system is not operated at a pressure high enough to make unsafe the operation of any connected and properly adjusted low-pressure gas burning equipment;
- w) 49 C.F.R. § 192.707 (d)(2) - Failing on two occasions to display the operator's name and telephone number (including area code) where the operator can be reached at all times on a pipeline marker;
- x) 49 C.F.R. § 192.721 (b) - Failing to patrol a main located in a place where anticipated physical movement or external loading could cause failure or leaks;
- y) 49 C.F.R. § 192.747 - Failing to check and service a valve, the use of which may be necessary for the safe operation of a distribution system, at an interval not exceeding 15 months;
- z) 49 C.F.R. § 192.751 - Failing on two occasions to take steps to minimize the danger of accidental ignition of a combustible gas-air mixture; and
- aa) 49 C.F.R. § 192.805 (c) - Failing to ensure that non-qualified individuals were being directed and observed while applying coating on a pipeline by an individual that was qualified.

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, CGV represents and undertakes that:

(1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$274,900 of which \$178,700 shall be paid contemporaneously with the entry of this Order. The remaining \$96,200 shall be due as outlined in Paragraph (5) on page 7, and may be suspended in whole or in part by the Commission, provided the Company timely tenders the requisite certifications as required by Paragraphs (3) and (4) on page 7. 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, VA 23218-1197;

(2) The Company shall take the following remedial actions:

(a) On or before January 30, 2006, the Company will begin to provide the Division on every working day, as that term is defined in § 56-265.15 of the Code of Virginia, by electronic mail or telefacsimile, the "Job Location Sheets" for each Company crew and its contractors by operating area.

(b) Beginning February 15, 2006, the Company shall:

(i) Begin to place the appropriately sized C.A.R.E. Logo on all Company letterhead, Company prepared surveys, plats, plans, newly acquired employee uniforms, Company vehicles, and its contractors' vehicles;

(ii) Place the C.A.R.E. logo on CGV's Mobile Odorization Unit;

(iii) Begin to place C.A.R.E. decals on all new gas meters, pipeline markers, and test stations as they are installed and on all existing gas meters, pipeline markers, and test stations as the opportunity arises; and

(iv) Provide those stakeholders whose contract employees are responsible for the majority of damage to CGV'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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

compliance with Virginia's Underground Utility Damage Prevention Act and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

- (c) On or before May 15, 2006, the Company shall paint the appropriately sized damage prevention message on the side of the Company's office building in Staunton, Virginia, and maintain it for a period of at least ten (10) years.
  - (d) Assist in conducting damage prevention education for construction students at the Southside Virginia Community College ("SVCC") for at least three (3) years from the date of entry of this Order. This assistance may include providing CGV personnel for teaching, sponsoring damage prevention events, and donating materials for use by the SVCC in its damage prevention educational efforts.
  - (e) Prepare and disseminate various damage prevention educational and promotional items in compliance with 49 C.F.R. § 192.616.
- (3) On or before March 1, 2006, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the General Manager of Columbia Gas of Virginia certifying that the Company has begun to perform the remedial actions set forth in Paragraphs (2)(a), (2)(b), (2)(d), and (2)(e) on pages 6 and 7 of this Order.
- (4) On or before June 1, 2006, the Company shall tender to the Clerk (4) of the Commission, with a copy to the Division, an affidavit executed by the General Manager of Columbia Gas of Virginia certifying that the Company has completed the remedial action set forth in Paragraph (2)(c) on page 6.
- (5) Upon timely receipt of said affidavits, the Commission may suspend up to \$96,200 of the fine amount specified in Paragraph (1) on pages 5 and 6. Should CGV fail to tender said affidavits required by Paragraphs (3) and (4) above or begin to take the actions required by Paragraph (2), a payment of \$96,200 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 \$96,200, 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 CGV'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 CGV 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-2004-00445.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by CGV be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, CGV be, and it hereby (3) is, fined in the amount of \$274,900.
- (4) The sum of \$178,700 tendered contemporaneously with the entry of this Order is accepted. The remaining \$96,200 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 6 and 7 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-2004-00445  
NOVEMBER 16, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**DISMISSAL ORDER**

On January 24, 2006, the State Corporation Commission ("Commission") entered an Order of Settlement ("Order") that, among other things, fined Columbia Gas of Virginia, Inc. ("Columbia" or "the Company"), \$274,900 for certain alleged violations of the Commission's minimum gas pipeline safety standards.<sup>1</sup> In accordance with the provisions thereof, \$178,700 was paid contemporaneously with the Order's entry.

<sup>1</sup> In Case No. PUE-1998-00052, 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 in Virginia. See Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program, Case No. PUE-1989-00051, 1989 S.C.C. Ann. Rep. 312.

Undertaking Paragraph (1) and Ordering Paragraph (4) of the Order provided that the remaining \$96,200 would be due as outlined in Undertaking Paragraph (5), but could be suspended in whole or in part, provided that: (i) the Company timely undertakes the actions required by Undertaking Paragraph (2) and files an affidavit due on or before March 1, 2006, certifying that the Company has begun to perform the remedial actions set forth in Undertaking Paragraphs (2)(a), (2)(b), (2)(d), and (2)(e) of the Order, and (ii) timely files an affidavit on or before June 1, 2006, certifying that the Company has completed the remedial action set forth in Undertaking Paragraph (2)(c) of the Order.

On February 27, 2006, and May 19, 2006, the Company filed affidavits certifying its compliance with the remedial actions set forth in the January 24, 2006 Order.

NOW UPON CONSIDERATION of the foregoing, the Commission is of the opinion and finds that in accordance with the Company's representations, the remaining payment of \$96,200 provided for in the January 24, 2006 Order 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 remaining \$96,200 payment provided for in the January 24, 2006 Order of Settlement is hereby suspended.
- (2) The captioned case shall be dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. URS-2005-00204  
FEBRUARY 23, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("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 for natural gas facilities under § 56-5.1 of the Code of Virginia<sup>1</sup>, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("CGV" or "Company"), the Defendant, and alleges that:

- (1) CGV 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 and Virginia statutes by the following conduct:
  - a) 49 C.F.R. § 192.13 (c) -Failing on several occasions to conduct failure investigations for material failures and construction defects as required by CGV's Policy & Procedure 555-1 and 49 C.F.R. § 192.617;
  - b) 49 C.F.R. § 192.199 (h) - Failing on one occasion to prevent the unauthorized operation of any stop valve that will make a pressure relief valve or pressure limiting device inoperative;
  - c) 49 C.F.R. § 192.283 (c) - Failing on one occasion to have a written procedure for joining plastic pipe available to the persons making and inspecting the joints;
  - d) 49 C.F.R. § 192.303 - Failing on one occasion to construct a main in accordance with comprehensive written specifications or standards by not storing pipe in accordance with CGV's Policy & Procedure 640-1 (38), Section 8;
  - e) 49 C.F.R. § 192.319 (b)(2) - Failing on one occasion to backfill a main with material that would prevent damage to the pipe and pipe coating from equipment or from the backfill material;

<sup>1</sup> The 2005 Session of the General Assembly repealed Va. Code § 56-5.1, effective July 1, 2005. See 2005 Va. Acts ch. 35. The alleged violations cited herein occurred prior to the repeal of Va. Code § 56-5.1. Consequently, this Order refers only to Va. Code § 56-5.1 rather than Va. Code § 56-257.2.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- f) 49 C.F.R. § 192.353 (a) - Failing on several occasions to install a meter and service regulator so that it is protected from vehicular damage that may be anticipated;
- g) 49 C.F.R. § 192.355 (b)(l) - Failing on one occasion to install a service regulator vent that is rain and insect resistant;
- h) 49 C.F.R. § 192.357 (a) - Failing on one occasion to install a meter and regulator to minimize anticipated stresses upon the connected piping;
- i) 49 C.F.R. § 192.479 (a) - Failing on two occasions to clean and coat an above-ground pipeline that is exposed to the atmosphere; and
- j) 49 C.F.R. § 192.605 (a) - Failing on one occasion to man a fire extinguisher at all times during a tie-in procedure as required by CGV's Supplement to the Tie-In and Bypass Plan for Plastic Facilities.

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, CGV represents and undertakes that:

(1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$44,500, 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 23218-1 197; 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 CGV 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-2005-00204.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by CGV is hereby accepted.
- (3) Pursuant to § 56-5.1 of the Code of Virginia, CGV be, and it hereby is, fined in the amount of \$44,500.
- (4) The sum of \$44,500 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-2005-00205  
MAY 4, 2006**

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<sup>1</sup>, which allows the Commission to impose the fines and penalties authorized therein.

<sup>1</sup> The 2005 Session of the General Assembly repealed Va. Code § 56-5.1, effective July 1, 2005, and amended Va. Code § 56-257.2 to address the Commission's enforcement of the Safety Standards. See 2005 Va. Acts ch. 35. The alleged violations cited herein occurred prior to the repeal of Va. Code § 56-5.1.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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. § 192.13 (c) - Failing to install an anodeless riser to minimize anticipated piping strain and external loading as required by ASME B 31.8;
- b) 49 C.F.R. § 192.199 (h) - Failing to prevent unauthorized operation of a stop valve that will make a pressure relief valve or pressure limiting device inoperative;
- c) 49 C.F.R. § 192.241 (a) - Failing to visually inspect welding to verify it is performed in accordance with the welding procedure;
- d) 49 C.F.R. § 192.303 - Failing to construct a main in accordance with comprehensive written specifications or standards by failing to install an electrofusion tee in accordance with manufacturer's instructions developed to comply with § 192.281 (c)(3);
- e) 49 C.F.R. § 192.303 - Failing to construct a main in accordance with comprehensive written specifications or standards by failing to install a weak-link while directional drilling in accordance with AGLR's Construction Manual, Division I, Section 9;
- f) 49 C.F.R. § 192.327 (b) - Failing on several occasions to install a main with at least 24 inches of cover;
- g) 49 C.F.R. § 192.353 (a) - Failing on several occasions to install a meter and service regulator so that they are protected from vehicular damage that may be anticipated;
- h) 49 C.F.R. § 192.355 (b)(1) - Failing on several occasions to install a service regulator vent that is rain and insect resistant;
- i) 49 C.F.R. § 192.355 (b)(2) - Failing on several occasions to install a service regulator vent that is located at a place where gas from the vent can escape freely into the atmosphere and away from any opening into the building;
- j) 49 C.F.R. § 192.359 (a) - Failing to ensure that a meter is installed in a system where the pressure that it could be operated at is not more than 67 percent of the manufacturer's test pressure;
- k) 49 C.F.R. § 192.479 (a) - Failing on several occasions to clean and either coat or jacket with a material suitable for the prevention of atmospheric corrosion an above ground pipeline that is exposed to the atmosphere;
- l) 49 C.F.R. § 192.605 (a) - Failing to use a squeeze off tool with over-squeeze protection as required by ASTM F 1563;
- m) 49 C.F.R. § 192.605 (a) - Failing to shore an excavation greater than five feet in depth as required by AGLR's Construction Manual, Division VI, Section 6.1;
- n) 49 C.F.R. § 192.605 (a) - Failing to check for residual gas as required by AGLR's Operations Procedure Manual, Division II, Section 4;
- o) 49 C.F.R. § 192.725 (b) - Failing on several occasions to test each service line temporarily disconnected from the main, from the point of disconnection to the service line valve in the same manner as a new service line;
- p) 49 C.F.R. § 192.751 - Failing to minimize the danger of accidental ignition by not grounding a pipe cutter prior to cutting into a live gas main; and
- q) 49 C.F.R. § 192.751 (a) - Failing to provide an adequate fire extinguisher when a hazardous amount of gas is being vented into open air.

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 to the Commonwealth of Virginia the amount of \$171,625 of which \$96,000 shall be paid contemporaneously with the entry of this Order. The remaining \$75,625 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 that it has completed specific actions, as set forth below in Paragraph (2), on or before the scheduled date for completion of said actions. At the completion of all 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, VA 23218-1197;

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) The Company shall begin to take the following actions on or before May 15, 2006:
  - (a) The Company shall install meter protection bollards at the 329 meter sets it has identified as needing meter protection; and
  - (b) The Company shall initiate a review of service regulators for the adequacy of the regulator vent installation relative to the prevention of the build up of ice on the vent. If the review indicates that a potential for ice build-up exists on the service regulator vent, the Company shall install appropriate equipment to mitigate any potential problem.
- (3) On or before May 31, 2006, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the President of Virginia Natural Gas, Inc. certifying that the Company has begun to perform the actions set forth in Paragraph (2) on pages 4 and 5 of this Order.
- (4) Upon timely receipt of said affidavit, the Commission may suspend up to \$75,625 of the amount specified in Paragraph (1) on page 4. Should VNG fail to tender said affidavit required by Paragraph (3) above or begin to take the actions required by Paragraph (2), a payment of \$75,625 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 \$75,625, it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due, and upon such determination, the Company shall immediately tender to the Commission said amount.
- (5) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of VNG's cost of service. Any such amounts 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 be, and it hereby is, accepted.
- (2) Pursuant to § 56-5.1 of the Code of Virginia, VNG shall pay the amount of \$171,625 in settlement hereof.
- (3) The sum of \$96,000 tendered contemporaneously with the entry of this Order is accepted. The remaining \$75,625 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) on pages 4 and 5 of this Order and files the timely certification of the actions as outlined herein.
- (4) 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-2005-00206  
AUGUST 28, 2006**

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.<sup>1</sup>

<sup>1</sup> The 2005 Session of the General Assembly repealed Va. Code § 56-5.1, effective July 1, 2005, and amended Va. Code § 56-257.2 to authorize the Commission, among other things, to enforce its Safety Standards as to persons failing to obey these Safety Standards and to impose penalties set out in the statute for the violation of the Safety Standards. See 2005 Va. Acts at 102-103. The alleged violations cited in this Order occurred prior to the repeal of Va. Code § 56-5.1, a statute that was applicable to public service corporations and natural gas companies and that addressed the penalties applied to violations of the Safety Standards.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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. § 192.199 (h) - Failing to prevent unauthorized operation of any stop valve that will make a pressure relief valve or pressure limiting device inoperative;
  - b) 49 C.F.R. § 192.353 (a) - Failing on several occasions to install a meter and service regulator so that it is protected from vehicular damage that may be anticipated;
  - c) 49 C.F.R. § 192.355 (b) (2) - Failing on two occasions to install a service regulator vent that is located at a place where gas from the vent can escape freely into the atmosphere and away from any opening into the building;
  - d) 49 C.F.R. § 192.479 (a) - Failing to clean and coat a pipeline that is exposed to the atmosphere;
  - e) 49 C.F.R. § 192.481 (a) - Failing to inspect a pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion;
  - f) 49 C.F.R. § 192.605 (a) - Failing to follow Section 3033 of WG's Operation and Maintenance manual by not ensuring that an adequate distance is maintained between the first edge of a joint and the squeeze off tool;
  - g) 49 C.F.R. § 192.629 (a) - Failing to purge a pipeline of air by gas by introducing a moderately rapid and continuous flow of gas into the pipeline before placing it in to service; and
  - h) 49 C.F.R. § 192.707 (c) - Failing to place and maintain line markers along each section of a main that is located aboveground in an area accessible to the public.

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 \$65,000, of which \$57,000 shall be paid contemporaneously with the entry of this Order. The remaining \$8,000 shall be due as outlined in Paragraph (4) on page 4, and may be suspended in whole or in part by the Commission, provided the Company timely tenders the requisite certification as required by Paragraph (3) on page 4. 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, VA 23218-1197;
- (2) By September 15, 2006, the Company shall provide training to Company and contractor personnel relative to the proper principles and practices for use when purging gas facilities prior to being placed into or taken out of service;
- (3) On or before October 2, 2006, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit certifying that the Company has begun to perform the remedial actions set forth in Paragraph (2) above;
- (4) Upon timely receipt of said affidavit, the Commission may suspend up to \$8,000 of the fine amount specified in Paragraph (1) on page 3. Should WG fail to tender said affidavit required by Paragraph (3) above or begin to take the actions required by Paragraph (2) above, a payment of \$8,000 shall become due to the Commission. 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 \$8,000, it may recommend to the Commission a reduction in the amount due or suspension of the penalty. 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-2005-00206.
- (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 \$65,000.

(4) The sum of \$57,000 tendered contemporaneously with the entry of this Order is accepted. The remaining \$8,000 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 4 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-2005-00260  
SEPTEMBER 21, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("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 apply these Safety Standards to natural gas facilities and to enforce these Safety Standards under §§ 56-5.1 and -257.2 B of the Code of Virginia.<sup>1</sup>

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("CGV" or "Company"), the Defendant, and alleges that:

- (1) CGV is a public service corporation as defined in § 56-1 of the Code of Virginia and, specifically, a person within the meaning of § 56-257.2 A of the Code of Virginia;
- (2) CGV is a natural gas company within the meaning of 4 56-5.1 of the Code of Virginia; and
- (3) The Company violated the Commission's Safety Standards and Virginia statutes by the following conduct:
  - a) 49 C.F.R. § 192.161 (a) - Failing on one occasion to properly support equipment associated with a pipeline;
  - b) 49 C.F.R. § 192.273 (b) - Failing on several occasions to perform a fusion in accordance with written procedures;
  - c) 49 C.F.R. § 192.353 (a) - Failing on several occasions to protect a meter and service regulator installed outside a building from vehicular damage that may be anticipated;
  - d) 49 C.F.R. § 192.361 (b) - Failing on one occasion to backfill a service pipeline with material that is free of materials that could damage the pipe or its coating;
  - e) 49 C.F.R. § 192.361 (d) - Failing on one occasion to install a protective sleeve over a socket fusion at a service tee to minimize piping strain and external loading;
  - f) 49 C.F.R. § 192.479 (a) - Failing on several occasions to clean and coat with a material suitable for the prevention of atmospheric corrosion an above ground pipeline that is exposed to the atmosphere;
  - g) 49 C.F.R. § 192.707 (d)(2) - Failing on one occasion to display the telephone number (including area code) where the operator can be reached at all times on a pipeline marker;
  - h) 49 C.F.R. § 192.725 (b) - Failing on one occasion to test a temporarily disconnected service line from the point of disconnection to the service line valve in the same manner as a new service line before reconnecting;

<sup>1</sup> The 2005 Session of the General Assembly repealed Va. Code § 56-5.1, effective July 1, 2005, and amended Va. Code § 56-257.2 to authorize the Commission, among other things, to enforce its Safety Standards as to persons failing to obey these Standards and to impose penalties set out in the statute for the violation of the Standards. See 2005 Va. Acts at 102-103. Several alleged violations cited in this Order occurred prior to the repeal of Va. Code § 56-5.1, a statute that was applicable to public service corporations and natural gas companies that addressed the penalties applied to violations of the Safety Standards. Other alleged violations occurred after July 1, 2005, which was the effective date of Va. Code § 56-257.2. Consequently, both §§ 56-5.1 and -257.2 of the Code of Virginia are cited in this Order.

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- i) 49 C.F.R. § 192.727 (b) - Failing on one occasion to properly abandon a pipeline in place by disconnecting the pipeline from all sources and supplies of gas; and
- j) 49 C.F.R. § 192.747 (a) - Failing on several occasions to check and service each valve which may be necessary for the safe operation of a distribution system at intervals not exceeding 15 months, but at least once each calendar year.

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, CGV represents and undertakes that:

(1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$85,600 of which \$38,850 shall be paid contemporaneously with the entry of this Order. The remaining \$46,750 shall be due as outlined in Paragraph (4) on pages 4 and 5, and may be suspended in whole or in part by the Commission, provided the Company timely tenders the requisite certification as required by Paragraph (3) below. 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, VA 23218-1197;

(2) The Company shall begin to take the following remedial actions on or before September 25, 2006:

- (a) The Company shall begin a 5-year program to install meter protection bollards for the 923 meter sets it has identified as needing meter protection. The Company shall provide, by no later than September 30, 2006, a list of the 923 meter sets it has identified for corrective action, to the Division;
- (b) The Company shall begin a five (5) year program to inspect residential meter settings for surface oxidation and potential atmospheric corrosion and take corrective actions where needed. The Company shall provide the Division with a listing of all meter settings to be remediated during the calendar year by January 30th of each calendar year for the next five years; and
- (c) The Company shall initiate a review of district and town border regulator stations to consider the adequacy of protection against atmospheric corrosion. If CGV's review indicates that atmospheric corrosion is taking place or that the protection is inadequate, the Company shall remediate the affected facilities by properly preparing the surface and apply the appropriate protective coating. By September 25, 2006, the Company shall provide the Division with a listing of all district and town border regulator stations to be remediated.

(3) On or before October 15, 2006, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the General Manager of Columbia Gas of Virginia, Inc., certifying that the Company has begun to perform the remedial actions set forth in Paragraph (2) above.

(4) Upon timely receipt of said affidavit, the Commission may suspend up to \$46,750 of the fine amount set forth in Paragraph (1) on page 3 hereof. Should CGV fail to tender the affidavit required by Paragraph (3) above or begin to take the actions required by Paragraph (2), a payment of \$46,750 shall become due and payable, and the Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Paragraphs (2) and (3) herein. If upon investigation, the Division determines that the reason for said failure justifies a payment lower than \$46,750, it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due, and upon such determination, the Company shall immediately tender to the Commission said amount.

(5) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of CGV'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 CGV 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-2005-00260.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by CGV be, and it hereby is, accepted.
- (3) Pursuant to §§ 56-5.1 and-257.2 B of the Code of Virginia, CGV be, and it hereby is, fined in the amount of \$85,600.
- (4) The sum of \$38,850 tendered contemporaneously with the entry of this Order is accepted. The remaining \$46,750 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 4 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-2005-00261  
SEPTEMBER 21, 2006**

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 g. ("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 apply these Safety Standards to natural gas facilities and to enforce these Safety Standards under §§ 56-5.1 and -257.2 B of the Code of Virginia.<sup>1</sup>

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("WGL" or "Company"), the Defendant, and alleges that:

- (1) WGL is a public service corporation as defined in § 56-1 of the Code of Virginia and, specifically, a person within the meaning of § 56-257.2 of the Code of Virginia;
- (2) WGL is also a natural gas company within the meaning of § 56-5.1 of the Code of Virginia; and
- (3) The Company violated the Commission's Safety Standards and Virginia statutes by the following conduct:
  - a) 49 C.F.R. § 192.53 (c) - Failing on one occasion to use materials for pipe that are qualified in accordance with subpart B of 49 C.F.R. Part 192;
  - b) 49 C.F.R. § 192.63 (a)(1) - Failing on one occasion to install pipe that is marked as prescribed in the standard to which it was manufactured;
  - c) 49 C.F.R. § 192.319 (b)(2) - Failing on one occasion to backfill in a manner that prevents damage to the pipe and pipe coating from equipment or from the backfill material;
  - d) 49 C.F.R. § 192.353 (a) - Failing on several occasions to protect a meter and service regulator from vehicular damage that may be anticipated;
  - e) 49 C.F.R. § 192.465 (a) - Failing on one occasion to test each pipeline that is under cathodic protection at least once each calendar year but with intervals not to exceed 15 months;
  - f) 49 C.F.R. § 192.465 (d) - Failing on one occasion to take prompt remedial action to correct deficiencies indicated by corrosion monitoring;
  - g) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow operation and maintenance procedures by not installing a purge stack during purging operations;
  - h) 49 C.F.R. § 192.605 (a) - Failing on one occasion to prepare and follow a manual of written operation and maintenance procedures relative to peening and scoring a coupling during a leak repair;
  - i) 49 C.F.R. § 192.605 (b)(8) - Failing on one occasion to periodically review the work done by operator personnel to determine the effectiveness and adequacy of the procedures used; and
  - j) 49 C.F.R. § 192.751 (a) - Failing on one occasion to minimize the danger of accidental ignition of gas when a hazardous amount of gas is being vented into the open air by not grounding a purge stack during purging operations.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

<sup>1</sup> The 2005 Session of the General Assembly repealed Va. Code § 56-5.1, effective July 1, 2005, and amended Va. Code § 56-257.2 to authorize the Commission, among other things, to enforce its Safety Standards as to persons failing to obey these Safety Standards and to impose penalties set out in the statute for the violation of the Safety Standards. 2005 Va. Acts at 102-103. Several alleged violations cited in this Order occurred prior to the repeal of Va. Code § 56-5.1, a statute that was applicable to public service corporations and natural gas companies that addressed the penalties applied to violations of the Safety Standards. Other alleged violations occurred after July 1, 2005, which was the effective date of Va. Code § 56-257.2. Consequently, both §§ 56-5.1 and -257.2 of the Code of Virginia are cited in this Order.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As an offer to settle all matters arising from the allegations made against it, WGL represents and undertakes that:

(1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$86,750 of which \$44,100 shall be paid contemporaneously with the entry of this Order. The remaining \$42,650 shall be due as outlined in Paragraph (5) on page 5, and may be suspended in whole or in part by the Commission, provided the Company timely tenders the requisite certifications as required by Paragraphs (3) and (4) below. 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, VA 23218-1197;

(2) The Company shall take the following remedial actions:

(a) No later than September 25, 2006, the Company shall:

- (1) begin to install meter protection bollards at the 297 meter sets it has identified as needing meter protection and will provide the Division a listing of the meters that have been identified as needing protection;
- (2) begin placing the CARE logo on approximately 27,000 company maps and project plans, distributing CAFÉ decals for use on hardhats, and installing CARE decals on the approximately 375,000 WGL meters in Virginia; and,

(b) No later than November 1, 2006, the Company shall begin placing at least Damage Prevention advertisements in the approximately 6,400 issues of "Energy Edge" magazine.

(3) On or before October 2, 2006, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the President of Washington Gas Light Company certifying that the Company has performed the remedial actions set forth in Paragraph (2)(a) above.

(4) On or before December 1, 2006, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the President of Washington Gas Light Company certifying that the Company has begun to perform the remedial actions set forth in Paragraph (2)(b) above.

(5) Upon timely receipt of said affidavits, the Commission may suspend up to \$42,650 of the fine amount specified in Paragraph (1) on page 3 herein. Should WGL fail to tender said affidavits required by Paragraphs (3) and (4) on page 4 or begin to take the actions required by Paragraph (2) on page 4, a payment of \$42,650 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 \$42,650, 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 WGL'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 WGL 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-2005-00261.

(2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by WGL be, and it hereby is, accepted.

(3) Pursuant to §§ 56-5.1 and -257.2 B of the Code of Virginia, WGL be, and it hereby is, fined in the amount of \$86,750.

(4) The sum of \$44,100 tendered contemporaneously with the entry of this Order is accepted. The remaining \$42,650 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 page 4 of this Order and files the timely certifications 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-2005-00261  
DECEMBER 14, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WASHINGTON GAS LIGHT COMPANY,  
Defendant

**ORDER SUSPENDING PAYMENT  
AND DISMISSING PROCEEDING**

On September 21, 2006, the State Corporation Commission ("Commission") entered an Order of Settlement ("Order") that, among other things, fined Washington Gas Light Company ("WGL" or the "Company") \$86,750 for certain alleged violations of the Commission's minimum pipeline safety standards.<sup>1</sup> In accordance with the provisions thereof, \$44,100 was paid contemporaneously with the Order's entry.

Undertaking Paragraph (1) and Ordering Paragraph (4) of the Order provided that the remaining \$42,650 would be due, but could be suspended in whole, or in part, provided that the Company timely tendered affidavits certifying that the Company had begun to perform the remedial actions set out in Undertaking Paragraph (2) of the Order. Undertaking Paragraph (2) (a) (1) of the Order required WGL to begin to install meter protection bollards at the 297 meter sets it has identified as needing meter protection and to provide the Division of Utility and Railroad Safety ("Division") a listing of the meters that have been identified as needing protection. Undertaking Paragraph (2) (a) (2) of the Order required WGL to begin: (i) placing the CARE logo on approximately 27,000 company maps and project plans, (ii) distributing CARE decals for use on hard hats, and (iii) installing CARE decals on the approximately 375,000 WGL meters in Virginia.

Pursuant to Undertaking Paragraph (3) of the Order, the Company's Affidavit was due to be filed with the Clerk of the Commission, with a copy to the Division on or before October 2, 2006, certifying that the Company had performed the remedial action set forth in Undertaking Paragraph (2)(a).

Undertaking Paragraph (2)(b) of the Order required that, no later than November 1, 2006, the Company begin placing Damage Prevention advertisements in approximately 6,400 issues of Energy Edge magazine. Pursuant to Undertaking Paragraph (4), the Company's Affidavit was due to be filed with the Commission, with a copy to the Division, on or before December 1, 2006, certifying that the Company has begun to perform the remedial actions set forth in Undertaking Paragraph (2)(b).

The affidavits required by Undertaking Paragraphs (3) and (4) of the Order were timely filed by the Company on October 2, 2006, and December 1, 2006, respectively, certifying that the required remedial actions specified by the Order had begun.

NOW UPON CONSIDERATION of the foregoing, the Commission is of the opinion and finds that in accordance with its representations, the Company has complied with the remedial provisions of the September 21, 2006 Order; that the remaining \$42,650 payment provided for in the September 21, 2006 Order of Settlement should be suspended; and that this case should be dismissed from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

(1) WGL's affidavits filed herein on October 2, 2006, and December 1, 2006, shall be accepted as demonstrating compliance with the terms of the September 21, 2006 Order of Settlement in accordance with the representations therein.

(2) The remaining \$42,650 payment provided for in the September 21, 2006 Order of Settlement shall be suspended.

(3) The captioned 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.

<sup>1</sup> 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 in Virginia. See Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rep. 312.

**CASE NO. URS-2005-00262  
DECEMBER 21, 2006**

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 apply these Safety Standards to natural gas facilities and to enforce these Safety Standards under §§ 56-5.1 and -257.2 B of the Code of Virginia.<sup>1</sup>

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Virginia Natural Gas, Inc. ("VNG" or the "Company"), the Defendant, and alleges that:

- (1) VNG is a public service corporation as defined in § 56-1 of the Code of Virginia and, specifically, a person within the meaning of § 56-257.2 A of the Code of Virginia;
- (2) VNG is a natural gas company within the meaning of § 56-5.1 of the Code of Virginia; and
- (3) The Company violated the Commission's Safety Standards and Virginia statutes by the following conduct:
  - a) 49 C.F.R. § 192.145 (c) - Failing on one occasion to install a valve that meets the anticipated operating conditions;
  - b) 49 C.F.R. § 192.199 (e) - Failing on two occasions to design pressure relief and limiting devices including discharge stacks, vents, or outlet ports to prevent the accumulation of water, ice, or snow;
  - c) 49 C.F.R. § 192.281 (a) - Failing on one occasion to allow a heat fusion joint to properly set prior to disturbing;
  - d) 49 C.F.R. § 192.311 - Failing on one occasion to repair or remove each imperfection that would impair the serviceability of plastic pipe;
  - e) 49 C.F.R. § 192.353 (a) - Failing on several occasions to protect a meter and service regulator from vehicular damage that may be anticipated;
  - f) 49 C.F.R. § 192.355 (b)(1) - Failing on two occasions to install a service regulator so that it is rain and insect resistant;
  - g) 49 C.F.R. § 192.503 (a) - Failing on one occasion to test a section of main in accordance with Subpart J;
  - h) 49 C.F.R. § 192.619 (a)(1) - Failing on one occasion to establish a maximum allowable operating pressure less than the weakest element of a segment of pipeline; and
  - i) 49 C.F.R. § 192.751 (a) - Failing on one occasion to provide a fire extinguisher during tapping 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 an amount to the Commonwealth of Virginia of \$50,000, of which \$5,000 shall be paid contemporaneously with the entry of this Order. The remaining \$45,000 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 action, as set forth below in Paragraph (2), on or before the scheduled date for completion of said action. At the completion of the action described below, the Commission may 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 over the operation and maintenance of 9 gas master meter systems served by VNG by August 31, 2007;
- (3) On or before September 17, 2007, VNG shall tender to the Clerk of the Commission an affidavit executed by the President certifying that the Company has completed the action set forth in Paragraph (2) above;
- (4) Upon timely receipt of said affidavit, the Commission may suspend up to \$45,000 of the amount specified in Paragraph (1) on pages 3 and 4 of this Order. Should VNG fail to tender said affidavit or take the actions required by Paragraphs (2) and (3), a payment of \$45,000 shall become due. The Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by Paragraphs (2) and (3); and upon investigation, if the Division determines that the reason for said failure justifies a payment lower than \$45,000, 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; and

<sup>1</sup> The 2005 Session of the General Assembly repealed Va. Code § 56-5.1, effective July 1, 2005, and amended Va. Code § 56-257.2 to authorize the Commission, among other things, to enforce its Safety Standards as to persons failing to obey these Safety Standards, as amended. Va. Code § 56-257.2 B authorized the Commission to impose penalties set out in the statute for any violation of the Safety Standards. See 2005 Va. Acts at 102. Several alleged violations cited in this Order occurred prior to the repeal of Va. Code § 56-5.1, a statute that was applicable to public service corporations and natural gas companies and that addressed the penalties applied to violations of the Safety Standards. Other alleged violations occurred after July 1, 2005, which was the effective date of Va. Code § 56-257.2. Consequently, both §§ 56-5.1 and -257.2 of the Code of Virginia are cited in this Order.

(5) Any amount 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 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) The captioned case shall be docketed and assigned Case No. URS-2005-00262.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by VNG be, and it hereby is, accepted.
- (3) Pursuant to §§ 56-5.1 and -257.2 B of the Code of Virginia, VNG shall pay the amount of \$50,000 in settlement hereof.
- (4) The sum of \$5,000 tendered contemporaneously with the entry of this Order is accepted. The remaining \$45,000 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) and (3), found on page 4 of this Order and files the timely certification of the action 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-2005-00386  
JANUARY 12, 2006**

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 December 13, 2004, Basic Construction Company, L.L.C., damaged a four-inch steel gas main line operated by Virginia Natural Gas, Inc., located at or near Shoe Lane and Warwick Boulevard, Newport News, Virginia, while excavating;
- (2) On the occasion set out in paragraph (1) above, Central Locating Service, Ltd. ("Company"), failed to report the marking status to the excavator-operator information exchange system 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;
- (3) On or about January 26, 2005, Newport News Water Works damaged a one and one-quarter inch steel gas service line operated by Virginia Natural Gas, Inc., located at or near 716 31st Street, Newport News, Virginia, while excavating;
- (4) On or about February 3, 2005, Reeds Enterprise, L.L.C., damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near Mathews Street and Water Street, York County, Virginia, while excavating;
- (5) On or about February 4, 2005, Innerview Ltd. damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 1404 West Ocean View Avenue, Norfolk, Virginia, while excavating;
- (6) On or about February 15, 2005, Mastec North America, Inc., damaged a three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 2910 Pretty Lake Avenue, Norfolk, Virginia, while excavating;
- (7) On or about February 16, 2005, A. L. Sallinger, L.C., damaged a two-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 2418 Condon Road, Newport News, Virginia, while excavating; and
- (8) On the occasions set out in paragraphs (3) 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 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.

## 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, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$7,100 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 \$7,100 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-2005-00387  
JANUARY 30, 2006**

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 December 24, 2004, and June 8, 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 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.
  - (c) 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 D of the Code of Virginia.
  - (d) Failing on certain occasions to use all information necessary to mark their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

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 October 12, 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 \$13,400 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 \$13,400 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-2005-00483  
SEPTEMBER 25, 2006**

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 4, 2005, and May 14, 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 and D of the Code of Virginia.
  - (d) Failing on one occasion to train locators in accordance with NULCA standards in violation of §§ 56-265.19 E 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 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 \$11,300 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 \$11,300 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-2005-00518  
JUNE 30, 2006**

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 March 3, 2005, Micropact Engineering, Inc., damaged a one and one-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 75 Nealy Avenue, Langley Air Force Base, Hampton, Virginia, while excavating;

(2) On the occasion set out in paragraph (1) above, 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 failed to use all information necessary to mark their facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act;

(3) On or about March 21, 2005, Campbell's Plumbing & Mechanical damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 109 Manockin Turn, York County, Virginia, while excavating;

(4) On or about May 13, 2005, Tidewater Utility Construction, Inc., damaged a three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1420 Martin Avenue, Chesapeake, Virginia, while excavating;

(5) On the occasions set out in paragraphs (3) and (4) 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 and D of the Code of Virginia;

(6) On or about March 14, 2005, G. E. Gaynor Building Contractor Incorporated damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 227 Woodbury Forest, Hampton, Virginia, while excavating; and

(7) On the occasion set out in paragraph (6) above, the Company failed to mark the underground utility line 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.

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 \$5,650 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 \$5,650 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-2005-00519  
JANUARY 12, 2006**

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

v.

MASTEC NORTH AMERICA, INC.,  
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 10, 2005, Mastec North America, Inc. ("Company"), excavated at or near Old Donation Parkway between Bayne Drive and Timberwood, Virginia Beach, Virginia;

(2) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect underground utility lines, in violation of § 56-265.24 A of the Code of Virginia;

(3) On or about August 10, 2005, the Company damaged a cable television line operated by the City of Virginia Beach, located at or near 1201 Old Donation Parkway between Bayne Drive and Timberwood, Virginia Beach, Virginia, while excavating;

(4) On the occasion set out in paragraph (3) above, the Company failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code of Virginia;

(5) On or about August 11, 2005, the Company excavated at or near 1201 Old Donation Parkway, Virginia Beach, Virginia;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(6) On the occasion set out in paragraph (5) above, the Company failed to take all reasonable steps necessary to properly protect, support, and backfill this underground utility line, in violation of § 56-265.24 A of the Code of Virginia; and

(7) On the occasion set out in paragraph (5) above, the Company failed to use the same or similar backfill material that was originally around the utility line and ensure there was proper compaction around the utility line, in violation of 20 VAC 5-309-140 5 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, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$7,500 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 \$7,500 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-2005-00523  
FEBRUARY 7, 2006**

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 June 16, 2005, and August 26, 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 notify the notification center (Miss Utility) before beginning its excavation, in violation of § 56-265.17 A of the Code of Virginia;
- (2) 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 2 of the Code of Virginia;
- (3) 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;
- (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 lines of excavation, in violation of § 56-265.24 A of the Code of Virginia;
- (6) Failing on certain occasions to request the re-marking of lines when the markings locating the underground utility lines become illegible due to time, weather, construction, or any other cause, in violation of § 56-265.24 B of the Code of Virginia;
- (7) Failing on certain occasions to immediately notify the operator of the damages, in violation of § 56-265.24 D of the Code of Virginia;
- (8) Failing on certain occasions to ensure that bore equipment stakes are installed at a safe distance from marked utility lines, in violation of 20 VAC 5-309-150 2 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act; and
- (9) Failing on certain occasions for a parallel type bore to expose the utility line by hand digging at reasonable distances along the bore path, in violation of 20 VAC 5-309-150 6 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

## 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 October 12, 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 \$30,250 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 \$30,250 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-2005-00524  
JUNE 30, 2006**

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 March 16, 2005, and August 29, 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 provide markings at sufficient intervals to clearly indicate the approximate horizontal location and direction of the underground utility line accurately in violation of 20 VAC 5-309-110 B of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.
  - (e) Failing on certain occasions to provide a minimum of three separate marks for each underground utility line marking in violation of 20 VAC 5-309-110 E of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.
  - (f) Failing on certain occasions to use all information necessary to mark their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

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 October 12, 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 \$48,950 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

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 \$48,950 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-2005-00608  
JUNE 30, 2006**

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 July 8, 2004, and April 29, 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 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 November 8, 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 \$10,600 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 \$10,600 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-2005-00613  
JANUARY 5, 2006**

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 July 6, 2005, Ivy H. Smith Company, LLC ("Company"), damaged a one-half inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 8006 Hampton Crest Circle, Chesterfield, Virginia, while excavating;

(2) On or about July 12, 2005, the Company damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 2285 Trant Lake Drive, Virginia Beach, Virginia, while excavating;

(3) On or about July 14, 2005, the Company damaged a three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 2385 Haversham Close, Virginia Beach, Virginia, while excavating;

(4) On or about August 8, 2005, the Company excavated at or near Alcott Road and Coconut Lane, Virginia Beach, Virginia;

(5) On the occasions set out in paragraphs (1) through (4) 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;

(6) On the occasion set out in paragraph (3) above, the Company failed to expose all utility lines that 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;

(7) On or about July 27, 2005, the Company damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1693 Dey Cove, Virginia Beach, Virginia, while excavating; and

(8) On the occasion set out in paragraph (7) above, the Company failed to wait forty-eight hours, beginning 7:00 a.m. the next working day following notice to the notification center, before excavating and failed to confirm that all applicable operators had either marked their underground utility lines or reported that no lines were present in the vicinity of the excavation, in violation of § 56-265.17 B 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 \$9,550 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 \$9,550 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.

**CASE NO. URS-2005-00614  
JUNE 16, 2006**

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 March 30, 2005, and October 4, 2005, 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 § 56-265.17 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 provide markings extending a reasonable distance beyond the boundaries of the specific location of the proposed work as detailed on the ticket in violation of §§ 56-265.19 A and D of the Code of Virginia and 20 VAC 5-309-110 I of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.
  - (e) Failing on certain occasions to use all information necessary to mark their 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 November 8, 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 \$115,000 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 \$115,000 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-2005-00616  
SEPTEMBER 11, 2006**

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

v.

ATMOS ENERGY CORPORATION,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.* ("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 apply these Safety Standards to natural gas facilities and to enforce these Safety Standards under §§ 56-5.1 and -257.2 B of the Code of Virginia.<sup>1</sup>

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Atmos Energy Corporation ("Atmos" or "Company"), the Defendant, and alleges that:

(1) Atmos is a public service corporation as defined in § 56-1 of the Code of Virginia and, specifically, a person within the meaning of § 56-257.2 of the Code of Virginia;

(2) Atmos is also a natural gas company within the meaning of § 56-5.1 of the Code of Virginia; and

(3) The Company violated the Commission's Safety Standards by the following conduct:

- a) 49 C.F.R. § 192.273 (a) - Failing on one occasion to install each joint so that it will sustain the longitudinal pullout or thrust forces caused by contraction or expansion of the piping or by anticipated external or internal loading, on a steel main;
- b) 49 C.F.R. § 192.353 (a) - Failing on one occasion to install a meter and service regulator outside a building so that it is protected from vehicular damage that may be anticipated;
- c) 49 C.F.R. § 192.355 (b)(1) - Failing on one occasion to ensure that a service regulator vent is rain resistant;
- d) 49 C.F.R. § 192.605 (a) - Failing on several occasions to reevaluate a grade two leak within the time frame specified in the Company's procedures;
- e) 49 C.F.R. § 192.605 (a) - Failing on several occasions to repair a grade two leak within the time frame specified in the Company's procedures;
- f) 49 C.F.R. § 192.605 (a) - Failing on several occasions to document pressure test information as required by Company O and M Standard No. A:210.01; and
- g) 49 C.F.R. § 192.725 (b) - Failing on several occasions to test a temporarily disconnected service line from the point of disconnection to the service line valve in the same manner as a new service line before being reconnected.

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, Atmos represents and undertakes that:

(1) The Company shall pay a fine to the Commonwealth of Virginia in the amount of \$38,000 of which \$27,300 shall be paid contemporaneously with the entry of this Order. The remaining \$10,700 shall be due as outlined in Paragraph (4) on page 4 herein, and may be suspended in whole or in part by the Commission, provided the Company timely undertakes the remedial actions set out in Paragraph (2) herein and timely tenders the requisite certifications as required by Paragraph (3) on page 4. 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, VA 23218-1197.

<sup>1</sup> The 2005 Session of the General Assembly repealed Va. Code § 56-5.1, effective July 1, 2005, and amended Va. Code § 56-257.2 to authorize the Commission, among other things, to enforce its Safety Standards as to persons failing to obey these Standards and to impose penalties set out in the statute for the violation of the Standards. See 2005 Va. Acts at 102-103. Several alleged violations cited in this Order occurred prior to the repeal of Va. Code § 56-5.1, a statute that was applicable to public service corporations and natural gas companies that addressed the penalties applied to violations of the Safety Standards. Other alleged violations occurred after July 1, 2005, which was the effective date of Va. Code § 56-257.2. Consequently, both §§ 56-5.1 and -257.2 of the Code of Virginia are cited in this Order.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) The Company shall take the following remedial actions on or before September 15, 2006:
- (a) The Company shall begin to install meter protection bollards at the 260 meter sets it has identified as needing meter protection; and
  - (b) The Company shall begin to install damage prevention adhesive labels including the C.A.R.E. message on all customer meters.
- (3) On or before September 15, 2006, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit certifying that the Company has begun to perform the remedial actions set forth in Paragraphs (2)(a) and (2)(b) above.
- (4) Upon timely receipt of said affidavits, the Commission may suspend up to \$10,700 of the fine amount specified in Paragraph (1) on page 3. Should Atmos fail to tender said affidavit required by Paragraph (3) above or begin to take the actions required by Paragraph (2) on page 3 herein, a payment of \$10,700 shall become due and payable as provided herein to the Commission. 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 \$10,700, it may recommend to the Commission a reduction in the amount due or suspension of the penalty. The Commission shall determine the amount due, and upon such determination, the Company shall immediately tender to the Commission said amount.
- (5) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of Atmos' 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 Amos 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-2005-00616.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Amos be, and it hereby is, accepted.
- (3) Pursuant to §§ 56-5.1 and -257.2 B of the Code of Virginia, Atmos be, and it hereby is, fined in the amount of \$38,000.
- (4) The sum of \$27,300 tendered contemporaneously with the entry of this Order is accepted. The remaining \$10,700 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 3 and 4 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-2005-00708  
FEBRUARY 16, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
BASIC CONSTRUCTION COMPANY, L.L.C.,  
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 27, 2005, Basic Construction Company, L.L.C. ("Company"), damaged a three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 38 Deep Creek Road, Newport News, Virginia, while excavating;
- (2) On or about August 22, 2005, the Company damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 14 Deep Creek Road, Newport News, Virginia, while excavating;
- (3) On or about September 2, 2005, the Company damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 52 Deep Creek Road, Newport News, Virginia, while excavating;
- (4) On or about September 7, 2005, the Company damaged a three-quarter inch steel gas service line operated by Virginia Natural Gas, Inc., located at or near 50 Deep Creek Road, Newport News, Virginia, while excavating;
- (5) On or about September 21, 2005, the Company damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 52 Deep Creek Road, Newport News, Virginia, while excavating;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(6) On or about September 26, 2005, the Company damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 40 Deep Creek Road, Newport News, Virginia, while excavating;

(7) On the occasions set out in paragraphs (1) through (6) above, the Company failed to take all reasonable steps necessary to properly protect, support, and backfill the underground utility lines, in violation of § 56-265.24 A of the Code of Virginia;

(8) On or about August 12, 2005, the Company damaged a four-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near Thimble Shoals, Newport News, Virginia, while excavating;

(9) On the occasion set out in paragraph (8) above, the Company failed to exercise due care at all times to protect underground utility lines, in violation of § 56-265.24 A of the Code of Virginia;

(10) On or about October 17, 2005, the Company damaged a four-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 12330 Jefferson Avenue, Newport News, Virginia, while excavating; and

(11) On the occasion set out in paragraph (10) above, the Company failed to request the re-marking of lines, in violation of § 56-265.24 B 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 \$6,900;

(2) That \$550 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, \$6,350, will be paid contemporaneously with the entry of this Order by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

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 \$6,900.

(4) The sum of \$6,350 tendered contemporaneously with the entry of this Order is accepted.

(5) The balance of the penalty amount, \$550, 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-2005-00710  
FEBRUARY 7, 2006**

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 July 19, 2005, Ivy H. Smith Company, LLC ("Company"), damaged a copper gas tracer wire operated by Virginia Natural Gas, Inc., located at or near 2281 Haversham Close, Virginia Beach, Virginia, while excavating;

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) On or about July 19, 2005, the Company damaged a copper gas tracer wire line operated by Virginia Natural Gas, Inc., located at or near 2277 Haversham Close, Virginia Beach, Virginia, while excavating;

(3) On the occasions set out in paragraphs (1) and (2) above, the Company failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code of Virginia;

(4) On or about July 26, 2005, the Company excavated at or near 2952 Lynnhaven Drive, Virginia Beach, Virginia;

(5) On the occasions set out in paragraphs (1) and (4) 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;

(6) On the occasion set out in paragraph (4) above, the Company failed to expose all utility lines that will be in the bore path by hand digging to establish the underground utility lines' location prior to commencing the bore, in violation of § 56-265.24 A of the Code of Virginia and 20 VAC 5-309-150-6 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

(7) On or about September 19, 2005, the Company damaged a one-half inch plastic gas service line operated by Washington Gas Light Company, located at or near 6300 Batte Rock Drive, Clifton, Virginia, while excavating; and

(8) On the occasion set out in paragraph (7) 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 \$6,050 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 \$6,050 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-2005-00711  
FEBRUARY 7, 2006**

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

v.

VIRGINIA NATURAL GAS, INC.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, the 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 22, 2005, K. F. Wilson Contractor, Inc., damaged a three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. ("Company"), located at or near 3120 Victoria Boulevard, Hampton, Virginia, while excavating;

(2) On or about August 29, 2005, the City of Hampton damaged a three-quarter inch plastic gas service line operated by the Company located at or near 708 Homestead Avenue, Hampton, Virginia, while excavating;

(3) On or about September 21, 2005, the City of Newport News damaged a one and one-quarter inch steel gas service line operated by the Company located at or near 828 24th Street, Newport News, Virginia, while excavating;

(4) On or about September 21, 2005, the City of Newport News damaged a one and one-quarter inch steel gas service line operated by the Company located at or near 836 24th Street, Newport News, Virginia, while excavating;

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(5) On or about October 4, 2005, the City of Newport News damaged a one and one-quarter inch steel gas service line operated by the Company located at or near 218 36th Street, Newport News, Virginia, while excavating;

(6) On the occasions set out in paragraphs (1) through (5) 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 \$5,200 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.

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 \$5,200 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-2005-00712  
MARCH 17, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
PROMARK UTILITY LOCATORS, INC.,  
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 which occurred between June 17, 2005, and November 2, 2005, listed in Attachment A, involving Promark Utility Locators, Inc. ("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 December 13, 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 \$7,200 to be paid contemporaneously with the

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 \$7,200 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-2005-00713  
JUNE 16, 2006**

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 24, 2005, and May 23, 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 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 December 13, 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 \$17,250 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 \$17,250 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-2005-00714  
JUNE 16, 2006**

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 August 19, 2004, and November 8, 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 in violation of §§ 56-265.19 A and D of the Code of Virginia.
  - (d) Failing on certain occasions to participate in preplanning and preconstruction meetings originated by state, county or municipal authority in violation of §§ 56-265.19 C and 56-265.19 D of the Code of Virginia.
  - (e) 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.
  - (f) Failing on certain occasions to meet with the excavator by 7:00 a.m. on the third working day following the excavator's meeting notice in violation of §§ 56-265.22:1 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, which includes all probable violations presented to the Underground Utility Damage Prevention Advisory Committee on December 13, 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 \$106,950 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

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 \$106,950 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-2006-00054  
JUNE 8, 2006**

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 13, 2005, and December 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.
  - (d) Failing on certain occasions to use all information necessary to mark the operators' facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act 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 January 10, 2006, 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 \$73,700 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 \$73,700 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-2006-00061  
FEBRUARY 22, 2006**

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:

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- (1) On or about July 27, 2005, Ivy H. Smith Company, LLC ("Company"), excavated at or near 1804 Streatham Court, Virginia Beach, Virginia;
- (2) On or about August 19, 2005, the Company damaged a fifty-pair copper telephone cable operated by Verizon Virginia Inc., located at or near 3300 Middle Plantation Quay, Virginia Beach, Virginia, while excavating;
- (3) On or about August 19, 2005, the Company damaged a two hundred-pair copper telephone cable operated by Verizon Virginia Inc., located at or near 3104 Celbridge Court, Virginia Beach, Virginia, while excavating;
- (4) On the occasions set out in paragraphs (1) through (3) above, the Company failed to exercise due care at all times to protect underground utility lines, in violation of § 56-265.24 A of the Code of Virginia;
- (5) On or about July 27, 2005, the Company excavated at or near 1805 Streatham Court, Virginia Beach, Virginia;
- (6) On the occasion set out in paragraph (5) 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;
- (7) On or about August 16, 2005, the Company excavated at or near 1220 Wivenhoe Court, Virginia Beach, Virginia;
- (8) On or about August 19, 2005, the Company damaged a copper power service line operated by Virginia Electric and Power Company, located at or near 1141 Wivenhoe Way, Virginia Beach, Virginia, while excavating;
- (9) On or about August 19, 2005, the Company excavated at or near 3104 Celbridge Court, Virginia Beach, Virginia;
- (10) On the occasions set out in paragraphs (7) through (9) 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; and
- (11) On the occasion set out in paragraph (7) above, the Company failed to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of § 56-265.24 A of the Code of Virginia and 20 VAC 5-309-150 4 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, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$8,700 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 \$8,700 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-2006-00120  
JUNE 1, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
VIRGINIA NATURAL GAS, INC.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, the 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 September 30, 2004, The Blair Bros., Inc., damaged a three-quarter inch steel gas service line operated by the Virginia Natural Gas, Inc. ("Company"), located at or near 117 Clay Street, Suffolk, Virginia, while excavating;

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(2) On or about September 1, 2005, The Blair Bros., Inc., damaged a four-inch plastic gas main line operated by the Company, located at or near 100 Saratoga Street, Suffolk, Virginia, while excavating;

(3) On or about September 12, 2005, Basic Construction Company, L.L.C., damaged a one-half inch plastic gas service line operated by the Company, located at or near 103 Deep Creek Road, Newport News, Virginia, while excavating;

(4) On or about September 24, 2005, the City of Virginia Beach damaged a two-inch plastic gas main line operated by the Company, located at or near 1040 Birch Bark Lane, Virginia Beach, Virginia, while excavating;

(5) On or about October 4, 2005, C. P. G., Inc., damaged a three-quarter inch plastic gas service line operated by the Company, located at or near 5101 Jefferson Avenue, Newport News, Virginia, while excavating;

(6) On or about October 21, 2005, the City of Newport News damaged a one and one-quarter inch iron gas main line operated by the Company, located at or near 208 37th Street, Newport News, Virginia, while excavating;

(7) On or about November 30, 2005, J. Sanders Construction Co. damaged a two-inch plastic gas main line operated by the Company, located at or near Wormley Creek Drive, York County, Virginia, while excavating;

(8) On or about December 17, 2005, Eastcom Directional Drilling Inc. damaged a three-quarter inch plastic gas service line operated by the Company, located at or near 243 South Blake Drive, Norfolk, Virginia, while excavating; and

(9) On the occasions set out in paragraphs (1) through (8) 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 \$8,950 to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any 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.

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 \$8,950 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-2006-00122  
JUNE 15, 2006**

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 September 22, 2004, and December 13, 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:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (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 their facilities accurately in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

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 14, 2006, 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 \$65,900 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 \$65,900 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-2006-00124  
JUNE 1, 2006**

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

v.

TRIPLE E UTILITY SERVICE, INC.,  
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 10, 2006, and January 27, 2006, listed in Attachment A, involving Triple E Utility Service, Inc. ("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, B, 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 ("Committee") on February 14, 2006, and set out in Attachment A hereto, the Company represents and undertakes:

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- (1) That it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$20,000.
- (2) That \$6,000 of said penalty will be suspended upon the condition that the Company accepts a training session for all its employees working in Virginia 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.
- (3) That the balance of said amount, \$14,000, will be paid contemporaneously with the entry of this Order by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (4) That in accordance with the Advisory Committee's recommendation, \$8,000 of the \$14,000 will be used to fund the Virginia Pilot Project.<sup>1</sup>

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 Company fully comply with the aforesaid terms and undertakings of the settlement.
- (3) The Company is hereby penalized in the amount of \$20,000.
- (4) The sum of \$14,000 tendered contemporaneously with the entry of this Order is accepted.
- (5) The balance of the penalty amount, \$6,000, 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.

<sup>1</sup> The Virginia Pilot Project is a program designed to identify and test practices and technologies that would improve the exchange of accurate information among the statewide notification center, excavators and facility operators.

**CASE NO. URS-2006-00176  
OCTOBER 19, 2006**

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 ("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 11, 2005, and February 2, 2006, 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.

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 28, 2006, 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 \$46,450 to be paid contemporaneously with the

entry of this Order. This payment will be made by check payable to the Treasurer of Virginia as well as a cash payment 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 \$46,450 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-2006-00237  
JULY 13, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
TRIPLE E UTILITY SERVICE, INC.,  
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 January 13, 2006, Team EAS, Inc., excavated at or near 4260 Cappahosic Estates Lane, Gloucester County, Virginia;
- (2) On or about January 13, 2006, Team EAS, Inc., excavated at or near 9798 Davenport Road, Gloucester County, Virginia;
- (3) On or about February 10, 2006, Team EAS, Inc., excavated at or near 3372 Victoria Street, Gloucester County, Virginia;
- (4) On or about February 10, 2006, Team EAS, Inc., excavated at or near 3377 Woodside Street, Gloucester County, Virginia;
- (5) On or about February 10, 2006, Team EAS, Inc., excavated at or near 6948 Harrell Lane, Gloucester County, Virginia; and
- (6) On the occasions set out in paragraphs (1) through (5) above, Triple E Utility Service, Inc. ("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.

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 \$5,000 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 \$5,000 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-2006-00238  
JUNE 30, 2006**

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

v.  
VIRGINIA NATURAL GAS, INC.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, the 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 December 7, 2005, Tidewater Utility Construction, Inc., damaged a three-quarter inch steel gas service line operated by Virginia Natural Gas, Inc. ("Company"), located at or near Great Bridge Boulevard, Chesapeake, Virginia, while excavating;

(2) On or about December 21, 2005, JCB Construction Co., Inc., damaged a three-quarter inch plastic gas service line operated by the Company, located at or near 7420 Murrifield Road, Norfolk, Virginia, while excavating;

(3) On or about January 4, 2006, Newport News Water Works damaged a one and one-quarter inch steel gas service line operated by the Company, located at or near 118 Linden Avenue, Hampton, Virginia, while excavating;

(4) On or about January 9, 2006, Stilley Company, Inc., damaged a one and one-quarter inch steel gas service line operated by the Company, located at or near 46th Street, Newport News, Virginia, while excavating;

(5) On or about February 21, 2006, Nansemond River Contractors Corp. damaged a two-inch plastic gas main line operated by the Company, located at or near 2717 Virginia Beach Boulevard, Virginia Beach, Virginia, while excavating;

(6) On or about March 7, 2006, Hudgins Contracting Corporation damaged a one and one-quarter inch steel gas service line operated by the Company located at or near 649 30th Street, Newport News, Virginia, while excavating; and

(7) On the occasions set out in paragraphs (1) through (6) 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 \$6,600 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.

(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.

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 \$6,600 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-2006-00239  
JULY 13, 2006**

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

v.

ATMOS ENERGY CORPORATION,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, 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 January 19, 2006, the City of Radford damaged a three-quarter inch plastic gas service line operated by Atmos Energy Corporation ("Company"), located at or near 217 Arnold Avenue, Radford, Virginia, while excavating;

(2) On or about January 31, 2006, the City of Radford damaged a three-quarter inch plastic gas service line operated by the Company, located at or near 516 Fourth Avenue, Radford, Virginia, while excavating;

(3) On or about February 16, 2006, Edwards Telecommunications Inc. damaged a one-half inch plastic gas service line operated by the Company, located at or near the corner of Church and Chilhowie Street, Smyth County, Virginia, while excavating;

(4) On or about March 8, 2006, Rehab Builders, Inc., damaged a two-inch plastic gas main line operated by the Company, located at or near 711 Oakview Avenue, Bristol, Virginia, while excavating;

(5) On or about March 13, 2006, Edwards Telecommunications Inc. damaged a one-half inch plastic gas service line operated by the Company, located at or near 293 Meadowcrest Drive, Bristol, Virginia, while excavating;

(6) On or about March 31, 2006, Virginia Fence Builders, Inc., damaged a one-half inch plastic gas service line operated by the Company, located at or near 1412 Prospect Street, Pulaski County, Virginia, while excavating; and

(7) On the occasions set out in paragraphs (1) through (6) 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 \$5,500 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.

(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.

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-2006-00241  
OCTOBER 19, 2006**

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 ("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 13, 2005, and April 14, 2006, 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 one occasion to provide markings extending a reasonable distance beyond the boundaries of the specific location of the proposed work, in violation of 20 VAC 5-309-110 I of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act and § 56-265.19 D of the Code of Virginia.
  - (e) Failing on one occasion to provide offset markings using horizontal marking symbols by marking standards as shown in the Virginia Underground Utility Marking Best Practices, in violation of 20 VAC 5-309-110 P 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 May 9, 2006, 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 \$50,850 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 \$50,850 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-2006-00242  
AUGUST 7, 2006**

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 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 13, 2006, WB&E Construction, Inc., notified the notification center of proposed excavation at or near 319 Idlewood Avenue, Portsmouth, Virginia;
- (2) On or about February 13, 2006, WB&E Construction, Inc., notified the notification center of proposed excavation at or near 318 Idlewood Avenue, Portsmouth, Virginia;
- (3) On or about February 13, 2006, WB&E Construction, Inc., notified the notification center of proposed excavation at or near 1721 Holladay Street, Portsmouth, Virginia;
- (4) On or about February 14, 2006, WB&E Construction, Inc., notified the notification center of proposed excavation at or near 324 Court Street, Portsmouth, Virginia;
- (5) On the occasions set out in paragraphs (1) through (4) above, Columbia Gas of Virginia, Inc. ("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 of the Code of Virginia;
- (6) On or about February 6, 2006, Tidewater Utility Construction, Inc., damaged a two-inch plastic gas main line operated by the Company, located at or near Craneybrook Lane and Thistle Drive, Portsmouth, Virginia, while excavating;
- (7) On or about March 8, 2006, the City of Waynesboro damaged a one-inch plastic gas service line operated by the Company, located at or near 714 Locust, Augusta County, Virginia, while excavating; and
- (8) On the occasions set out in paragraphs (6) and (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 \$7,200 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.

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 \$7,200 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-2006-00244  
NOVEMBER 6, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
MYERS CABLE, 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 August 2, 2005, Myers Cable, Inc. ("Company"), damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 7120 Wytheville Circle, Spotsylvania County, Virginia, while excavating;
- (2) On or about August 2, 2005, Myers Cable, Inc. ("Company"), damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 7122 Wytheville Circle, Spotsylvania County, Virginia, while excavating;
- (3) On or about August 2, 2005, Myers Cable, Inc. ("Company"), damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 7126 Wytheville Circle, Spotsylvania County, Virginia, while excavating;
- (4) On or about August 2, 2005, Myers Cable, Inc. ("Company"), damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 7128 Wytheville Circle, Spotsylvania County, Virginia, while excavating;
- (5) On the occasions set out in paragraphs (1) through (4) above, the Company failed to wait until three hours after an additional call was made to the notification center for the area to begin excavating, in violation of § 56-265.17 C of the Code of Virginia; and
- (6) On the occasions set out in paragraphs (1) through (4) above, the Company failed 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 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 \$13,400;
- (2) That \$4,500 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, \$8,900, will be paid contemporaneously with the entry of this Order by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

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 \$13,400.
- (4) The sum of \$8,900 tendered contemporaneously with the entry of this Order is accepted.
- (5) The balance of the penalty amount, \$4,500, 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-2006-00246  
JULY 20, 2006**

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

v.

WASHINGTON GAS LIGHT COMPANY,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, the 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 December 15, 2005, WCC Cable, Inc., damaged a three-eighths inch plastic gas service line operated by Washington Gas Light Company ("Company"), located at or near 6834 Stoneybrooke Lane, Fairfax County, Virginia, while excavating;

(2) On or about December 16, 2005, William B. Hopke Co., Inc., damaged a one-half inch plastic gas service line operated by the Company, located at or near 3436 North Washington Boulevard, Arlington County, Virginia, while excavating;

(3) On or about January 26, 2006, P & P Construction damaged a one-half inch plastic gas service line operated by the Company, located at or near 2208 Valley Circle, Alexandria, Virginia, while excavating;

(4) On or about February 1, 2006, Fiber Technology Construction, Inc., damaged a one-half inch plastic gas service line operated by the Company, located at or near 14610 Icelandic Place, Fairfax County, Virginia, while excavating;

(5) On or about February 17, 2006, A & M Concrete Corp. damaged a two-inch plastic gas service line operated by the Company, located at or near 6654 Arlington Boulevard, Fairfax County, Virginia, while excavating;

(6) On or about March 17, 2006, D&F Construction, Inc., damaged a two-inch plastic gas main line operated by the Company, located at or near North Randolph Street and North 5th Street, Arlington County, Virginia, while excavating;

(7) On or about March 22, 2006, Chapel Valley Landscape Company excavated at or near 3200 Mount Vernon Memorial Parkway, Fairfax County, Virginia; 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 \$7,400 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.

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 \$7,400 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-2006-00295  
NOVEMBER 3, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WILLIAMS GAS PIPELINES/TRANSCO,  
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) Williams Gas Pipelines/Transco ("Company") failed to mark the approximate horizontal locations of four steel gas transmission lines operated by the Company at or near 13618 Hensborough Drive, Fairfax County, Virginia in response to a notice of proposed excavation from Welded Construction, L.P. ("Excavator"), each in violation of § 56-265.19 A of the Code of Virginia; and

(2) On or about October 3, 2005, the Excavator damaged one of the four gas transmission lines identified in paragraph (1) above while excavating.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of \$10,000 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 Division 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 \$10,000 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-2006-00302  
AUGUST 9, 2006**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WASHINGTON GAS LIGHT COMPANY,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia, the 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 March 3, 2006, Arborcare, Inc., damaged a one-quarter inch copper gas service line operated by Washington Gas Light Company ("Company"), located at or near 8711 Pine Needle Court, Fairfax County, Virginia, while excavating;

(2) On or about March 8, 2006, Fort Myer Construction Corporation damaged a one and one-half inch steel gas service line operated by the Company, located at or near 519 South Royal Street, Alexandria, Virginia, while excavating;

(3) On or about March 13, 2006, Garcia Cable, Inc., damaged a three-eighths inch plastic gas service line operated by the Company, located at or near 12629 Harbor Drive, Prince William County, Virginia, while excavating;

(4) On or about March 14, 2006, Leo Construction Company damaged a three-quarter inch plastic gas service line operated by the Company, located at or near Lot 32, White Mountain Court, Loudoun County, Virginia, while excavating;

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(5) On or about March 23, 2006, Vision Tech Services damaged a one-half inch plastic gas service line operated by the Company, located at or near 3002 Applebrook Lane, Fairfax County, Virginia, while excavating; and

(6) On the occasions set out in paragraphs (1) through (5) 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.

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 \$5,400 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-2006-00361  
SEPTEMBER 14, 2006**

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 9, 2006, Ivy H. Smith Company, LLC ("Company"), excavated at or near 14206 and 14207 Whirlaway Terrace, Chesterfield County, Virginia;

(2) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect underground utility lines, in violation of § 56-265.24 A of the Code of Virginia;

(3) On the occasion set out in paragraph (1) above, the Company failed to maintain a reasonable clearance between the marked or staked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 4 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act;

(4) On or about February 16, 2006, the Company excavated at or near 14101 Wood Rock Way, Fairfax County, Virginia;

(5) On the occasions set out in paragraphs (1) and (4) above, the Company failed to take all reasonable steps necessary to properly protect, support and backfill the underground utility lines, in violation of § 56-265.24 A of the Code of Virginia; and

(6) On the occasions set out in paragraphs (1) and (4) above, the Company failed to utilize hand tools within two feet of the extremities of all exposed utility lines, in violation of 20 VAC 5-309-140 3 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act.

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 \$5,600 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of 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 \$5,600 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-2006-00440  
NOVEMBER 16, 2006**

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 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 May 19, 2006, Ivy H. Smith Company, LLC ("Company"), excavated at or near Green Springs Court, Virginia Beach, Virginia;
- (2) On or about May 19, 2006, the Company excavated at or near Great Hall Court, Virginia Beach, Virginia;
- (3) On or about May 19, 2006, the Company excavated at or near William Penn Boulevard, Virginia Beach, Virginia;
- (4) On or about May 19, 2006, the Company excavated at or near Windsor Woods Boulevard, Virginia Beach, Virginia;
- (5) On or about May 19, 2006, the Company excavated at or near Edgewood Court, Virginia Beach, Virginia;
- (6) On or about May 19, 2006, the Company excavated at or near Great Meadows Court, Virginia Beach, Virginia;
- (7) On or about May 19, 2006, the Company excavated at or near Chancellor Drive, Virginia Beach, Virginia;
- (8) On or about May 19, 2006, the Company excavated at or near Silina Drive, Virginia Beach, Virginia; and
- (9) On the occasions set out in paragraphs (1) through (8) above, the Company failed to commence excavation within thirty working days from the date of the original notification to the notification center, in violation of § 56-265.24 F 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 \$23,000 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 \$23,000 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.

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#### VIRGINIA CORPORATIONS

|   | <u>12/31/05</u> | <u>12/31/06</u> |
|---|-----------------|-----------------|
| Certificates of Incorporation issued .....      | 20,609          | 19,612          |
| Corporations voluntarily terminated .....       | 3,079           | 3,300           |
| Corporations involuntarily terminated .....     | 85              | 107             |
| Corporations automatically terminated .....     | 15,174          | 15,922          |
| Reinstatements of terminated corporations ..... | 4,716           | 4,753           |
| Charters amended .....                          | 2,897           | 2,853           |
| Active Stock Corporations .....                 | 149,656         | 150,898         |
| Active Non-Stock Corporations .....             | 33,445          | 34,877          |
| Total Active Virginia Corporations .....        | 183,101         | 185,775         |

#### FOREIGN CORPORATIONS

|  |         |         |
|--|---------|---------|
| Certificates of Authority to do business in Virginia issued .....      | 4,741   | 4,612   |
| Voluntary withdrawals from Virginia .....                              | 1,211   | 1,162   |
| Certificates of Authority automatically revoked .....                  | 2,090   | 2,118   |
| Certificates of Authority involuntarily revoked .....                  | 25      | 25      |
| Reentry of corporations with surrendered or revoked certificates ..... | 686     | 744     |
| Charters amended .....   | 889     | 922     |
| Active Stock Corporations .....  | 33,753  | 34,514  |
| Active Non-Stock Corporations .....                                    | 2,205   | 2,256   |
| Total Active Foreign Corporations .....                                | 35,958  | 36,770  |
| Total Active (Domestic and Foreign) Corporations .....                 | 219,059 | 222,545 |

#### LIMITED PARTNERSHIPS

|  |       |       |
|--|-------|-------|
| Limited Partnership Certificates filed .....                   | 632   | 533   |
| Limited Partnership Certificates amended .....                 | 292   | 251   |
| Limited Partnership Certificates voluntarily canceled .....    | 218   | 283   |
| Limited Partnership Certificates involuntarily canceled .....  | 578   | 520   |
| Total Active (Domestic and Foreign) Limited Partnerships ..... | 8,509 | 8,319 |

#### LIMITED LIABILITY COMPANIES

|   |         |         |
|---|---------|---------|
| Articles of organization filed .....                                  | 36,283  | 37,125  |
| Articles of organization amended .....                                | 2,540   | 2,547   |
| Articles of organization voluntarily canceled .....                   | 2,297   | 3,066   |
| Articles of organization involuntarily canceled .....                 | 12,300  | 15,612  |
| Total Active (Domestic and Foreign) Limited Liability Companies ..... | 129,062 | 149,331 |

#### LIMITED LIABILITY PARTNERSHIPS

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|---|-------|-------|
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| Annual Continuation Reports of registration as a Registered Limited Liability Partnership ..... | 1,150 | 1,238 |
| Total Active (Domestic and Foreign) Registered Limited Liability Partnerships .....             | 1,299 | 1,356 |

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| Total active General Partnerships on record ..... | 978 | 1,092 |

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| Articles of Trust amended .....                | 1  | 2   |
| Articles of Trust voluntarily canceled.....    | 1  | 2   |
| Articles of Trust involuntarily canceled ..... | 8  | 18  |
| Total Active Business Trusts .....             | 97 | 133 |

**COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE  
FOR THE FISCAL YEARS ENDING JUNE 30, 2005, AND JUNE 30, 2006**

| <u>General Fund</u>                          | <u>2005</u>            | <u>2006</u>            | <u>(Difference)</u>   |
|--|------------------------|------------------------|-----------------------|
| Securities Application Fees-Utilities        | \$10,650.00            | \$9,600.00             | (\$1,050.00)          |
| Charter Fees                                 | 1,659,360.00           | 1,632,415.50           | (26,944.50)           |
| Entrance Fees                                | 1,426,070.00           | 1,417,875.00           | (8,195.00)            |
| Filing Fees                                  | 908,680.00             | 905,997.00             | (2,683.00)            |
| Registered Name                              | 3,310.00               | 3,250.00               | (60.00)               |
| Registered Office and Agent                  | 0.00                   | 0.00                   | 0.00                  |
| Service of Process                           | 35,610.00              | 36,180.00              | 570.00                |
| Copy and Recording Fees                      | 465,288.85             | 492,392.65             | 27,103.80             |
| SCC Annual Report Sales                      | 4,903.00               | 1,300.00               | (3,603.00)            |
| Uniform Commercial Code Revenues             | 1,690,333.00           | 1,736,206.00           | 45,873.00             |
| Excess Fees Paid into State Treasury         | 253,316.65             | 256,617.02             | 3,300.37              |
| Miscellaneous Sales                          | <u>3,000.00</u>        | <u>26,000.00</u>       | <u>23,000.00</u>      |
| <b>TOTAL</b>                                 | <b>\$6,460,521.50</b>  | <b>\$6,517,833.17</b>  | <b>\$57,311.67</b>    |
| <br><u>Special Fund</u>                      |                        |                        |                       |
| Domestic-Foreign Corp. Registration Fee      | \$31,235,146.86        | \$31,813,951.09        | \$578,804.23          |
| Limited Partnership Registration Fee         | 417,660.00             | 413,294.00             | (4,366.00)            |
| Reserved Name - Limited Partnership          | 16,550.00              | 16,100.00              | (450.00)              |
| Certificate Limited Partnership              | 55,775.00              | 46,225.00              | (9,550.00)            |
| Application Reg. Foreign LP                  | 24,700.00              | 20,300.00              | (4,400.00)            |
| Reinstatement LP                             | 15,950.00              | 15,050.00              | (900.00)              |
| Registration Fee LLC                         | 3,925,043.00           | 4,881,209.96           | 956,166.96            |
| Application For. Reg. LLC                    | 281,000.00             | 334,400.00             | 53,400.00             |
| Art of Org. Dom. LLC                         | 3,126,105.00           | 3,414,620.00           | 288,515.00            |
| AMEND, CANC, CORR. RAC, Etc. LLC             | 139,305.00             | 165,435.00             | 26,130.00             |
| SCC Bad Check Fee                            | 13,692.00              | 17,155.00              | 3,463.00              |
| Interest on Del. Tax                         | 2.10                   | 66.72                  | 64.62                 |
| Penalty on Non-Pay Fees by Due Date          | 795,143.89             | 924,052.49             | 128,908.60            |
| Statement of Reg. As Domestic LLP            | 6,500.00               | 7,860.00               | 1,360.00              |
| LLP Annual Continuation                      | 55,050.00              | 63,150.00              | 8,100.00              |
| Statement of Partnership Authority GP Dom    | 5,975.00               | 6,250.00               | 275.00                |
| Statement of Partnership Authority GP For    | 450.00                 | 500.00                 | 50.00                 |
| Statement of Amendments - GP                 | 710.00                 | 1,500.00               | 790.00                |
| Statement of Reg. As Foreign LLP             | 2,700.00               | 1,400.00               | (1,300.00)            |
| Statement of Amendment LLP                   | 1,100.00               | 1,050.00               | (50.00)               |
| Reinstatement/Reentry LLC                    | 165,125.00             | 196,300.00             | 31,175.00             |
| Tape Sales, Misc. Fees                       | 63,000.00              | 43,000.00              | (20,000.00)           |
| Copies, Recording Fees                       | 0.00                   | 0.00                   | 0.00                  |
| Recovery of Prior Yr Expenses                | 0.00                   | 0.00                   | 0.00                  |
| LLP Reinstatement                            | 200.00                 | 0.00                   | (200.00)              |
| Expedited Fees Collected                     | <u>800,485.00</u>      | <u>1,539,808.00</u>    | <u>739,323.00</u>     |
| <b>TOTAL</b>                                 | <b>\$41,147,367.85</b> | <b>\$43,922,677.26</b> | <b>\$2,775,309.41</b> |
| <br><u>Valuation Fund</u>                    |                        |                        |                       |
| Corp. Operations Rec. Of Copy and Cert. Fees | \$2,092.00             | \$1,814.00             | (\$278.00)            |
| Recovery of Prior Yr .Expenses               | <u>2.00</u>            | <u>225.00</u>          | <u>223.00</u>         |
| <b>TOTAL</b>                                 | <b>\$2,094.00</b>      | <b>\$2,039.00</b>      | <b>(\$55.00)</b>      |

**Trust & Agency Fund**

|                                    |                     |                     |                    |
|------------------------------------|---------------------|---------------------|--------------------|
| Fines Imposed and Collected by SCC | \$20,800.00         | \$660,500.00        | \$639,700.00       |
| Debt Set Off Collection            | <u>672.00</u>       | <u>0.00</u>         | <u>(672.00)</u>    |
| <b>TOTAL</b>                       | \$21,472.00         | \$660,500.00        | \$639,028.00       |
| <br><b>GRAND TOTAL</b>             | <br>\$47,631,455.35 | <br>\$51,103,049.43 | <br>\$3,471,594.08 |

**COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS  
FOR FISCAL YEARS ENDING JUNE 30, 2005, AND JUNE 30, 2006**

|  | <u>2005</u>   | <u>2006</u>   |
|--|---------------|---------------|
| Banks                                  | \$5,967,189   | \$6,980,952   |
| Savings Institutions and Savings Banks | 10,658        | 5,822         |
| Consumer Finance Licensees             | 455,167       | 478,068       |
| Credit Unions                          | 941,370       | 965,714       |
| Trust Subsidiaries and Trust Companies | 94,298        | 49,376        |
| Industrial Loan Associations           | 15,204        | 12,265        |
| Money Order Sellers and Transmitters   | 50,250        | 49,500        |
| Credit Counseling Agency Licensees     | 21,800        | 4,550         |
| Mortgage Lenders and Mortgage Brokers  | 1,989,897     | 2,084,409     |
| Check Cashers                          | 48,950        | 58,100        |
| Payday Lenders                         | 310,604       | 294,063       |
| Miscellaneous Collections              | <u>74,062</u> | <u>63,570</u> |
| <b>TOTAL</b>                           | \$9,979,448   | \$11,046,389  |

**CONSUMER SERVICES**

The Bureau received and acted upon 1,157 formal written complaints during 2006 and recovered \$589,975 on behalf of Virginia consumers.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE  
FOR THE FISCAL YEARS ENDING JUNE 30, 2005, AND JUNE 30, 2006**

| <u>Kind</u>                                  | <u>2005</u>      | <u>2006</u>      | <u>Increase or<br/>(Decrease)</u> |
|--|------------------|------------------|-----------------------------------|
| <u>General Fund</u>                          |                  |                  |                                   |
| Gross Premium Taxes of Insurance Companies   | \$373,568,970.80 | \$373,682,135.47 | \$113,164.67                      |
| Fraternal Benefit Societies Licenses         | 500.00           | 500.00           | 0.00                              |
| Interest on Delinquent Taxes                 | 120,250.62       | 116,401.99       | (3,848.63)                        |
| Penalty on non-payment of taxes by due date  | 104,661.80       | 236,373.98       | 131,712.18                        |
| <u>Special Fund</u>                          |                  |                  |                                   |
| Company License Application Fee              | 24,000.00        | 18,000.00        | (6,000.00)                        |
| Health Maintenance Organization License Fee  | 500.00           | 0.00             | (500.00)                          |
| Automobile Club/Agent Licenses               | 6,800.00         | 6,700.00         | (100.00)                          |
| Insurance Premium Finance Companies Licenses | 13,800.00        | 14,400.00        | 600.00                            |
| Agents Appointment Fees                      | 14,037,815.00    | 15,568,714.00    | 1,530,899.00                      |
| Surplus Lines Broker Licenses                | 52,650.00        | 56,400.00        | 3,750.00                          |
| Producer License Application Fees            | 695,776.00       | 847,275.15       | 151,499.15                        |
| Surety Bail Bondsmen License Fee             | 4,050.00         | (50.00)          | (4,100.00)                        |
| P&C Consultant License Fees                  | 58,600.00        | 61,400.00        | 2,800.00                          |
| Recording, Copying, and Certifying           |                  |                  |                                   |
| Public Records Fee                           | 41,040.10        | 37,546.50        | (3,493.60)                        |
| SCC Bad Check Fee                            | 225.00           | 100.00           | (125.00)                          |
| Managed Care Health Ins. Plan Appeals Fee    | 1,700.00         | 1,550.00         | (150.00)                          |
| Administrative Penalty Payment               | 0.00             | 296,000.00       | 296,000.00                        |
| State Publication Sales                      | 0.00             | 0.00             | 0.00                              |
| Assessments To Insurance Companies for       |                  |                  |                                   |
| Maintenance of the Bureau of Insurance       | 5,466,902.15     | 7,243,442.85     | 1,776,540.70                      |
| Reinsurance Intermediary Broker Fees         | 1,000.00         | 0.00             | (1,000.00)                        |
| Reinsurance Intermediary Managers Fee        | 1,000.00         | 2,500.00         | 1,500.00                          |
| Managing General Agent Fees                  | 6,500.00         | 7,000.00         | 500.00                            |
| Viatical Settlement Provider Lic. Fees       | 4,600.00         | 5,600.00         | 1,000.00                          |

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

|   |                         |                         |                       |
|---|-------------------------|-------------------------|-----------------------|
| Viatical Settlement Broker Lic. Fees          | 9,350.00                | 13,050.00               | 3,700.00              |
| MCHIP Assessment                              | 701.71                  | 0.00                    | (701.71)              |
| Appointment Fee Penalty                       | 94,800.00               | 177,310.00              | 82,510.00             |
| Miscellaneous Revenue                         | 29.46                   | 0.00                    | (29.46)               |
| Recovery of Prior Year Expenses               | 77,792.22               | 79,996.54               | 2,204.32              |
| Fire Programs Fund                            | 24,337,461.40           | 25,940,755.23           | 1,603,293.83          |
| Fire Programs Fund Interest                   | 117,742.09              | 61,073.57               | (56,668.52)           |
| DMV Uninsured Motorist Transfer               | 3,605,685.95            | 7,232,710.14            | 3,627,024.19          |
| Flood Assessment Fund                         | 253,283.24              | 282,826.18              | 29,542.94             |
| Heat Assessment Fund                          | 1,894,653.84            | 1,698,032.66            | (196,621.18)          |
| Fines Imposed by State Corporation Commission | 2,197,481.14            | 1,559,360.35            | (638,120.79)          |
| Fraud Assessment Fund                         | 4,808,577.20            | 5,068,691.35            | 260,114.15            |
| Fraud Assessment Interest                     | <u>30,027.42</u>        | <u>15,244.00</u>        | <u>(14,783.42)</u>    |
| <b>TOTAL</b>                                  | <b>\$431,638,927.14</b> | <b>\$440,331,039.96</b> | <b>\$8,692,112.82</b> |

**COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES  
FOR THE YEARS 2005 AND 2006**

| <u>Class of Company</u>                     | Value of all Taxable Property<br>Including Rolling Stock |                            | Increase or<br>(Decrease) |
|---|--|----------------------------|---------------------------|
|   | <u>2005</u>  | <u>2006</u>                |                           |
| Electric Light & Power Corporations         | \$17,818,811,839.00                                      | \$17,854,167,026.00        | \$35,355,187.00           |
| Gas Corporations                            | 1,423,805,052.00   | 1,453,542,729.00           | 29,737,677.00             |
| Motor Vehicle Carriers (Rolling Stock only) | 43,204,982.00  | 39,639,552.00              | (\$3,565,430.00)          |
| Telecommunications Companies                | 8,505,287,191.00   | 8,662,054,610.00           | \$156,767,419.00          |
| Water Corporations                          | <u>124,844,117.00</u>                                    | <u>136,547,028.00</u>      | <u>11,702,911.00</u>      |
| <b>TOTAL</b>                                | <b>\$27,915,953,181.00</b>                               | <b>\$28,145,950,945.00</b> | <b>\$229,997,764.00</b>   |

**COMPARISON OF ASSESSMENT OF STATE TAXES OF PUBLIC SERVICE  
COMPANIES FOR THE YEARS 2005 AND 2006**

| <u>Class of Company</u>             | The Yearly License Tax |                       | Increase or<br>(Decrease) |
|-------------------------------------|------------------------|-----------------------|---------------------------|
|                                     | <u>2005</u>            | <u>2006</u>           |                           |
| Electric Light & Power Corporations | \$0.00                 | \$0.00                | \$0.00                    |
| Gas Corporations                    | 0.00                   | 0.00                  | 0.00                      |
| Water Corporations                  | <u>1,021,437.00</u>    | <u>1,087,914.00</u>   | <u>66,477.00</u>          |
| <b>TOTAL</b>                        | <b>\$1,021,437.00</b>  | <b>\$1,087,914.00</b> | <b>\$66,477.00</b>        |

Note: STATE TAXES ABOVE EXCLUDE License Tax for 2005 and 2006 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 2005 AND 2006**

| <u>Class of Company</u>             |              |              | Increase or<br>(Decrease) |
|-------------------------------------|--------------|--------------|---------------------------|
|                                     | <u>2005</u>  | <u>2006</u>  |                           |
| Electric Light & Power Corporations | \$0.00       | \$0.00       | \$0.00                    |
| Gas Corporations                    | 0.00         | 0.00         | 0.00                      |
| Motor Vehicle Carriers              | 30,646.00    | 32,932.00    | 2,286.00                  |
| Railroad Companies                  | 733,882.00   | 842,709.00   | 108,827.00                |
| Telecommunications Companies        | 5,499,606.00 | 5,499,152.00 | (454.00)                  |

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

|                             |                  |                  |                 |
|-----------------------------|------------------|------------------|-----------------|
| Virginia Pilots Association | 18,515.00        | 18,767.00        | 252.00          |
| Water Corporations          | <u>51,072.00</u> | <u>54,396.00</u> | <u>3,324.00</u> |
| <b>TOTAL</b>                | \$6,333,720.00   | \$6,447,956.00   | \$114,236.00    |

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 2005 and 2006 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>2005</u>       | <u>2006</u>       | <u>Increase or<br/>(Decrease)</u> |
|---------------------|-------------------|-------------------|-----------------------------------|
| Alexandria          | \$672,817,070     | \$732,162,326     | \$59,345,256                      |
| Bedford             | 7,202,394         | 6,061,325         | (1,141,069)                       |
| Bristol             | 16,174,595        | 12,898,947        | (3,275,648)                       |
| Buena Vista         | 10,646,908        | 9,256,624         | (1,390,284)                       |
| Charlottesville     | 115,270,955       | 109,195,424       | (6,075,531)                       |
| Chesapeake          | 813,640,767       | 822,744,382       | 9,103,615                         |
| Colonial Heights    | 26,893,102        | 26,991,186        | 98,084                            |
| Covington           | 17,485,117        | 18,077,203        | 592,086                           |
| Danville            | 46,468,222        | 43,838,753        | (2,629,469)                       |
| Emporia             | 18,661,494        | 17,057,120        | (1,604,374)                       |
| Fairfax             | 111,751,753       | 108,229,657       | (3,522,096)                       |
| Falls Church        | 27,581,215        | 29,052,232        | 1,471,017                         |
| Franklin            | 7,333,096         | 5,406,190         | (1,926,906)                       |
| Fredericksburg      | 47,182,955        | 39,149,695        | (8,033,260)                       |
| Galax               | 12,541,268        | 12,232,851        | (308,417)                         |
| Hampton             | 215,146,847       | 213,785,287       | (1,361,560)                       |
| Harrisonburg        | 40,859,371        | 35,411,615        | (5,447,756)                       |
| Hopewell            | 368,270,816       | 319,785,907       | (48,484,909)                      |
| Lexington           | 14,483,331        | 12,152,188        | (2,331,143)                       |
| Lynchburg           | 176,291,682       | 172,450,757       | (3,840,925)                       |
| Manassas            | 64,838,827        | 63,512,814        | (1,326,013)                       |
| Manassas Park       | 22,864,416        | 21,583,638        | (1,280,778)                       |
| Martinsville        | 24,407,621        | 20,701,504        | (3,706,117)                       |
| Newport News        | 291,137,266       | 277,571,737       | (13,565,529)                      |
| Norfolk             | 498,089,651       | 447,207,657       | (50,881,994)                      |
| Norton              | 23,846,909        | 21,738,905        | (2,108,004)                       |
| Petersburg          | 74,984,488        | 67,399,330        | (7,585,158)                       |
| Poquoson            | 11,950,344        | 10,694,136        | (1,256,208)                       |
| Portsmouth          | 195,024,050       | 177,717,627       | (17,306,423)                      |
| Radford             | 15,742,835        | 14,386,471        | (1,356,364)                       |
| Richmond            | 809,267,547       | 771,754,295       | (37,513,252)                      |
| Roanoke             | 233,504,814       | 227,273,495       | (6,231,319)                       |
| Salem               | 26,428,302        | 28,003,165        | 1,574,863                         |
| Staunton            | 62,213,837        | 49,777,197        | (12,436,640)                      |
| Suffolk             | 157,525,685       | 137,411,237       | (20,114,448)                      |
| Virginia Beach      | 524,712,688       | 539,034,894       | 14,322,206                        |
| Waynesboro          | 73,358,945        | 63,298,636        | (10,060,309)                      |
| Williamsburg        | 48,512,030        | 47,686,582        | (825,448)                         |
| Winchester          | <u>62,015,435</u> | <u>50,162,918</u> | <u>(11,852,517)</u>               |
| <b>Total Cities</b> | \$5,987,128,648   | \$5,782,855,907   | \$(204,272,741)                   |

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF  
PROPERTIES OF PUBLIC SERVICE CORPORATIONS  
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

| <u>Counties</u> | <u>2005</u>   | <u>2006</u>   | <u>Increase or<br/>(Decrease)</u> |
|-----------------|---------------|---------------|-----------------------------------|
| Accomack        | \$186,654,285 | \$97,216,959  | \$(89,437,326)                    |
| Albemarle       | 221,685,744   | 197,130,219   | (24,555,525)                      |
| Alleghany       | 62,270,697    | 57,587,119    | (4,683,578)                       |
| Amelia          | 21,599,654    | 31,131,386    | 9,531,732                         |
| Amherst         | 62,661,708    | 58,544,607    | (4,117,101)                       |
| Appomattox      | 27,449,671    | 25,661,638    | (1,788,033)                       |
| Arlington       | 682,583,199   | 690,073,033   | 7,489,834                         |
| Augusta         | 185,130,823   | 160,760,446   | (24,370,377)                      |
| Bath            | 1,545,605,667 | 1,293,874,664 | (251,731,003)                     |
| Bedford         | 166,637,219   | 141,221,458   | (25,415,761)                      |
| Bland           | 30,787,455    | 35,833,223    | 5,045,768                         |
| Botetourt       | 113,696,977   | 133,877,838   | 20,180,861                        |
| Brunswick       | 34,606,888    | 50,006,603    | 15,399,715                        |
| Buchanan        | 74,219,402    | 64,197,295    | (10,022,107)                      |
| Buckingham      | 36,890,078    | 34,584,665    | (2,305,413)                       |
| Campbell        | 173,536,702   | 155,451,148   | (18,085,554)                      |
| Caroline        | 115,781,532   | 194,149,356   | 78,367,824                        |
| Carroll         | 83,166,032    | 74,445,683    | (8,720,349)                       |
| Charles City    | 34,449,755    | 30,972,290    | (3,477,465)                       |
| Charlotte       | 29,249,822    | 27,928,228    | (1,321,594)                       |
| Chesterfield    | 1,228,234,060 | 1,167,435,023 | (60,799,037)                      |
| Clarke          | 26,665,483    | 39,724,330    | 13,058,847                        |
| Craig           | 10,191,687    | 13,422,842    | 3,231,155                         |
| Culpeper        | 73,221,627    | 61,488,148    | (11,733,479)                      |
| Cumberland      | 24,638,028    | 29,075,482    | 4,437,454                         |
| Dickenson       | 30,839,921    | 35,943,130    | 5,103,209                         |
| Dinwiddie       | 92,349,884    | 72,490,201    | (19,859,683)                      |
| Essex           | 25,419,562    | 22,902,409    | (2,517,153)                       |
| Fairfax         | 2,826,451,194 | 3,087,342,156 | 260,890,962                       |
| Fauquier        | 302,480,177   | 537,765,583   | 235,285,406                       |
| Floyd           | 44,295,916    | 40,714,951    | (3,580,965)                       |
| Fluvanna        | 443,130,240   | 393,647,064   | (49,483,176)                      |
| Franklin        | 110,538,178   | 96,610,720    | (13,927,458)                      |
| Frederick       | 168,750,373   | 136,848,693   | (31,901,680)                      |
| Giles           | 140,379,295   | 128,316,763   | (12,062,532)                      |
| Gloucester      | 54,027,024    | 82,566,946    | 28,539,922                        |
| Goochland       | 84,140,008    | 71,697,779    | (12,442,229)                      |
| Grayson         | 26,263,153    | 39,139,014    | 12,875,861                        |
| Greene          | 26,863,689    | 19,569,452    | (7,294,237)                       |
| Greensville     | 21,252,843    | 20,740,018    | (512,825)                         |
| Halifax         | 942,882,681   | 1,022,296,397 | 79,413,716                        |
| Hanover         | 517,226,986   | 503,083,438   | (14,143,548)                      |
| Henrico         | 762,357,741   | 762,951,320   | 593,579                           |
| Henry           | 114,126,472   | 112,747,357   | (1,379,115)                       |
| Highland        | 12,984,370    | 19,339,833    | 6,355,463                         |
| Isle of Wight   | 193,290,405   | 169,175,312   | (24,115,093)                      |
| James City      | 153,016,147   | 140,593,933   | (12,422,214)                      |
| King and Queen  | 16,787,331    | 13,875,616    | (2,911,715)                       |
| King George     | 219,847,817   | 280,236,336   | 60,388,519                        |
| King William    | 35,785,788    | 27,973,177    | (7,812,611)                       |
| Lancaster       | 35,705,145    | 32,717,833    | (2,987,312)                       |
| Lee             | 51,864,559    | 47,508,378    | (4,356,181)                       |
| Loudoun         | 1,104,607,487 | 1,348,300,475 | 243,692,988                       |
| Louisa          | 2,107,902,283 | 2,188,603,166 | 80,700,883                        |
| Lunenburg       | 29,433,977    | 25,977,574    | (3,456,403)                       |
| Madison         | 36,749,535    | 32,141,920    | (4,607,615)                       |
| Mathews         | 23,520,759    | 21,331,137    | (2,189,622)                       |
| Mecklenburg     | 195,301,856   | 166,609,823   | (28,692,033)                      |
| Middlesex       | 28,584,482    | 18,574,792    | (10,009,690)                      |
| Montgomery      | 123,691,318   | 115,730,285   | (7,961,033)                       |
| Nelson          | 54,214,406    | 49,988,186    | (4,226,220)                       |
| New Kent        | 57,091,788    | 47,170,815    | (9,920,973)                       |
| Northampton     | 40,310,742    | 25,359,568    | (14,951,174)                      |

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

|                                    |                                |                                |                             |
|------------------------------------|--------------------------------|--------------------------------|-----------------------------|
| Northumberland                     | 20,174,479                     | 38,647,253                     | 18,472,774                  |
| Nottoway                           | 31,281,619                     | 46,179,129                     | 14,897,510                  |
| Orange                             | 45,975,991                     | 39,257,565                     | (6,718,426)                 |
| Page                               | 39,467,323                     | 31,288,075                     | (8,179,248)                 |
| Patrick                            | 37,733,510                     | 37,138,359                     | (595,151)                   |
| Pittsylvania                       | 230,182,769                    | 262,364,917                    | 32,182,148                  |
| Powhatan                           | 53,726,749                     | 75,690,699                     | 21,963,950                  |
| Prince Edward                      | 40,702,821                     | 37,658,525                     | (3,044,296)                 |
| Prince George                      | 62,500,349                     | 77,164,350                     | 14,664,001                  |
| Prince William                     | 1,198,745,075                  | 1,292,158,197                  | 93,413,122                  |
| Pulaski                            | 92,543,631                     | 86,285,346                     | (6,258,285)                 |
| Rappahannock                       | 18,594,932                     | 24,501,189                     | 5,906,257                   |
| Richmond                           | 29,049,364                     | 25,723,621                     | (3,325,743)                 |
| Roanoke                            | 191,253,053                    | 185,545,449                    | (5,707,604)                 |
| Rockbridge                         | 64,364,398                     | 88,368,848                     | 24,004,450                  |
| Rockingham                         | 120,012,619                    | 165,858,710                    | 45,846,091                  |
| Russell                            | 190,987,821                    | 180,303,634                    | (10,684,187)                |
| Scott                              | \$56,814,768                   | 53,253,241                     | \$(3,561,527)               |
| Shenandoah                         | 79,589,954                     | 107,565,632                    | 27,975,678                  |
| Smyth                              | 84,010,898                     | 70,568,310                     | (13,442,588)                |
| Southampton                        | 86,929,020                     | 102,651,745                    | 15,722,725                  |
| Spotsylvania                       | 167,304,635                    | 208,258,445                    | 40,953,810                  |
| Stafford                           | 164,186,146                    | 205,368,883                    | 41,182,737                  |
| Surry                              | 1,400,072,755                  | 1,105,482,622                  | (294,590,133)               |
| Sussex                             | 32,690,742                     | 52,131,062                     | 19,440,320                  |
| Tazewell                           | 81,012,730                     | 95,531,569                     | 14,518,839                  |
| Warren                             | 36,427,901                     | 29,593,407                     | (6,834,494)                 |
| Washington                         | 195,968,666                    | 184,614,055                    | (11,354,611)                |
| Westmoreland                       | 26,973,373                     | 44,414,732                     | 17,441,359                  |
| Wise                               | 63,132,078                     | 55,788,576                     | (7,343,502)                 |
| Wythe                              | 103,802,637                    | 92,723,255                     | (11,079,382)                |
| York                               | 333,327,018                    | 397,000,853                    | 63,673,835                  |
| <b>Total Counties</b>              | <b><u>\$21,885,619,551</u></b> | <b><u>\$22,323,455,486</u></b> | <b><u>\$437,835,935</u></b> |
| <b>Total Cities &amp; Counties</b> | <b>\$27,872,748,199</b>        | <b>\$28,106,311,393</b>        | <b>\$233,563,194</b>        |

**COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL  
FRANCHISING FOR THE YEARS ENDING DECEMBER 31, 2005, AND DECEMBER 31, 2006**

| <u>Kind</u>                 | <u>2005</u>           | <u>2006</u>           | <u>Increase or<br/>(Decrease)</u> |
|-----------------------------|-----------------------|-----------------------|-----------------------------------|
| Securities Act              | \$8,018,309.75        | \$8,444,572.00        | \$426,262.25                      |
| Retail Franchising Act      | 451,100.00            | 486,850.00            | 35,750.00                         |
| Trademarks-Service Marks    | 35,045.00             | 28,685.00             | (6,360.00)                        |
| Penalties                   | 173,047.30            | 207,850.00            | 34,802.70                         |
| Global Settlement Penalties | 627,219.00            | 235,997.00            | (391,222.00)                      |
| Cost of Investigations      | <u>50,826.48</u>      | <u>152,698.00</u>     | <u>101,871.52</u>                 |
| <b>TOTAL</b>                | <b>\$9,355,547.53</b> | <b>\$9,556,652.00</b> | <b>\$201,104.47</b>               |

## PROCEEDINGS BY DIVISIONS DURING THE YEAR 2006

### DIVISION OF PUBLIC UTILITY ACCOUNTING

The following statistical data summarizes the following Cases: Rate, Performance-Based Regulation, Certificate, Annual Informational Filings/Earnings Tests, Fuel Factor, Compliance Audits, Depreciation Studies & Special Studies made by PUA in 2006.

|   |          |
|---|----------|
| <u>General Rate Cases/Performance Based Regulation Cases/Investigation into Rates</u> |          |
| Electric  | 2        |
| Electric Cooperatives   | 0        |
| Gas Companies   | 5        |
| Water and Sewer Companies   | <u>2</u> |
| <b>Total General Rate Cases</b>   | 9        |
| <u>Expedited Rate Cases</u>   |          |
| Gas Companies   | 3        |
| Water Companies   | <u>1</u> |
| <b>Total Expedited Rate Cases</b>   | 4        |
| <b>Total Rate Cases</b>   |          |
|   | 13       |
| <u>Ch. 5/Certificate Cases</u>  |          |
| Water and Sewer Companies   | <u>3</u> |
| <b>Total Ch. 5/Certificate Cases</b>  | 3        |
| <u>Annual Informational Filings/Earnings Tests</u>                                    |          |
| Electric Companies  | 5        |
| Gas Companies   | 5        |
| Water and Sewer Companies   | <u>2</u> |
| <b>Total Annual Informational Filings</b>   | 12       |
| <u>Fuel Factor Cases - Electric Companies</u>   |          |
|   | 3        |
| <u>Depreciation Studies</u>   |          |
| Electric Companies  | 1        |
| Gas Companies   | <u>2</u> |
| <b>Total Depreciation Studies</b>   | 3        |
| <u>Special Studies</u>  |          |
| Electric Companies  | 9        |
| Electric Cooperatives   | 1        |
| Gas Companies   | 4        |
| Miscellaneous   | <u>1</u> |
| <b>Total Special Studies</b>  | 15       |

During the year 2006, 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                           | 5        |
| Transfer of Securities or Control            | 36       |
| <u>Number of Affiliates Act Cases</u>        |          |
| Service Agreements                           | 4        |
| Power Sales                                  | 2        |
| Storage Services                             | 2        |
| Gas Sales                                    | 3        |
| Transportation Services                      | 3        |
| Fuel Purchase                                | 3        |
| Lease Agreement                              | 2        |
| Tax Allocation Agreement                     | 3        |
| Exemptions                                   | <u>4</u> |
| <b>Total Number of Cases</b>                 | 67       |

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The average number of days to process applications and issue an order for applications filed under the Affiliates Act and the Utility Transfers Act for cases not involving hearings was as follows:

|                    |     |
|--------------------|-----|
| Electric           | 36  |
| Gas                | 90  |
| Water and sewer    | 104 |
| Telecommunications | 39  |

One electric case involved a hearing and took 101 days to process. One water case involved a hearing and took 290 days to process.

The Commission's Division of Public Utility Accounting consisted of the following personnel on December 31, 2006:

| <u>Filled</u> | <u>Vacant</u> | <u>Description</u>                   |
|---------------|---------------|--------------------------------------|
| 1             |               | Director                             |
| 2             |               | Deputy Directors                     |
| 3             |               | Manager of Audits                    |
| 1             |               | Systems Supervisor                   |
| 1             | 1             | Administrative Supervisor            |
| 1             |               | Senior Office Technician             |
| 5             |               | Principal Public Utility Accountants |
| 1             |               | Senior Public Utility Accountant     |
| 2             | 1             | Public Utility Accountants           |
| <u>1</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 2006, there were subject to the regulatory oversight of the Division:

|     |   |
|-----|---|
| 13  | Incumbent Investor-Owned Local Exchange Telephone Companies |
| 165 | Competitive Local Exchange Telephone Companies              |
| 116 | Long Distance Telephone Companies                           |
| 244 | Payphone Service Providers                                  |
| 15  | Operator Service Providers for Payphones                    |

### SUMMARY OF 2006 ACTIVITIES

|   |           |
|---|-----------|
| Consumer Complaints and Inquiries:                                    | 6,020     |
| Wireline Complaints   | 5,522     |
| Wireless Complaints   | 498       |
| Total Consumer Credit Adjustments:                                    | \$436,729 |
| Wireline Credit Adjustments   | \$347,549 |
| Wireless Credit Adjustments   | \$89,180  |
| Service Quality Oversight:  |           |
| Network Access Lines (reported as of June 30, 2006)                   | 5,023,547 |
| Tariff revisions received:  |           |
| Incumbent Local Exchange Companies                                    | 114       |
| Competitive Local Exchange Companies                                  | 153       |
| Interexchange Companies   | 103       |
| Tariff sheets filed:  |           |
| Incumbent Local Exchange Companies                                    | 779       |
| Competitive Local Exchange Companies                                  | 2,979     |
| Interexchange Companies   | 1,817     |
| Promotional Filings:  |           |
| Incumbent Local Exchange Companies                                    | 75        |
| Competitive Local Exchange Companies                                  | 157       |
| Interexchange Companies   | 11        |
| Cases in which staff members prepared testimony, reports, or comments | 24        |

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|  |        |
|--|--------|
| Certificates of Convenience and Necessity:                     |        |
| Competitive Local Exchange Companies                           |        |
| Granted  | 14     |
| Amended  | 3      |
| Canceled   | 20     |
| Interexchange Companies  |        |
| Granted  | 11     |
| Amended  | 2      |
| Canceled   | 10     |
| Interconnection Agreements or Amendments approved or dismissed | 96     |
| Collocation Exemption Requests                                 | 3      |
| Sales & Use Tax Surcharge Reviews                              | 4      |
| Extended Area Service studies completed or underway            | 4      |
| Payphone registration and rules enforcement provided on:       |        |
| Local Exchange Company payphone service providers              | 13     |
| Local Exchange Company payphones                               | 20,346 |
| Private payphone service providers                             | 231    |
| Private payphones  | 9,403  |
| Payphone audits  | 926    |
| General Network/Infrastructure Field Reviews                   | 25     |
| Local Serving Area Boundary Adjustments                        | 2      |

**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.

Pursued various activities related to the Commission's alternative plans for regulating telephone companies, including the following:

- Reviewed Verizon's price ceiling analysis implemented as a result of its new alternative regulatory plan.
- 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, and telephone companies.

Implemented and administered Service Quality Rules and Telecommunications Bill of Rights.

Represented Commission during General Assembly session on matters relating to Telecommunications.

Implemented voluntary wireless complaint investigation and monitoring program.

Implemented Service Quality corrective action programs.

Reached settlement agreement with Verizon in directory listing errors and omissions proceeding.

Participated in Atlantic Payphone Association meetings.

Responded to questionnaires and inquiries from the National Association of Regulatory Utility Commissioners ("NARUC") and others with respect to telecommunications matters.

Conducted operational reviews with facilities-based telecommunications providers.

Managed Virginia's telephone number utilization program.

Monitored Telecommunications Relay Service funding levels pending transition to the Department of Taxation.

Two staff members participated in NARUC's Consumer Affairs Staff Training.

Staff member serves on the NARUC Staff Subcommittee on Communications.

Staff member serves on the NARUC Staff Subcommittee on Accounting and Finance.

## 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 membership within the regional transmission organization known as PJM Interconnection, LLC
- 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 2006**

- Presented testimony on capital structure, cost of capital, and other financial issues in six investor-owned utility rate 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 10 Annual Informational Filing reports for electric, gas, telephone, and water utilities.
- Analyzed and processed 31 applications of utilities seeking authority to issue securities.
- Processed the applications of and/or prepared reports regarding the financial condition of 17 competitive local exchange carriers and/or interexchange carriers and one municipal local exchange carrier applying for certification.
- Participated in five major Federal Energy Regulatory Commission proceedings related to Regional Transmission Organizations and the Energy Policy Act of 2005.
- Prepared a report on an application for a certificate to construct an electric generating facility.
- Prepared testimony for two electric fuel factor proceedings.
- Prepared reports regarding the financial condition of 2 companies seeking licensure as aggregators.
- Developed and maintained various econometric models that help 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 net energy metering.
- Reviewed and prepared market price and price-to-compare computations for 2007 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.
- Monitored involvement of Electronic Data Interchange guidelines for communication among utilities and competitive service providers in Virginia and the surrounding region, as well as nationally.
- Monitored activities 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 the consumption tax collected on natural gas 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 valuation fund for the Offices of Commission Comptroller and Public Service Taxation.
- Maintained the Virginia Electronic Data Transfer website.
- Maintained a comprehensive database on competitive energy service providers.
- Began development of a database for use in identifying the geographic areas of the state where each new entrant serves, or is ready to serve, customers in Virginia.
- Participated in the Staff's analysis and resulting report regarding the transfer of Central Telephone Company of Virginia and United Telephone-Southeast, Inc.

### **DIVISION OF ENERGY REGULATION**

#### **Activities for Calendar Year 2006**

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

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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 2006**

|  |       |
|--|-------|
| Consumer Complaints, Letters of Protest, and Inquiries Received            | 5,496 |
| Tariff Filings Received  | 111   |
| Testimony and Reports Filed by Staff                                       | 37    |
| Certificates of Convenience and Necessity Granted, Transferred, or Revised | 13    |
| Affiliates Applications  | 12    |
| Electric On-Site Construction Inspections                                  | 1     |
| Meter Tests Witnessed  | 3     |
| Federal Energy Regulatory Commission Filing/Comments                       | 3     |
| Community Meetings and Presentations                                       | 3     |

**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 3,829 applications for various certificates of authority as shown below:

APPLICATIONS RECEIVED AND/OR ACTED UPON  
BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2006

|  |      |
|--|------|
| New Banks  | 5    |
| Bank Branches  | 124  |
| Bank Branch Office Relocations                         | 12   |
| Bank Mergers   | 12   |
| Acquisitions Pursuant to Chapter 13 of Title 6.1       | 8    |
| Acquisitions Pursuant to Chapter 15 of Title 6.1       | 7    |
| Bank Trust Business                                    | 3    |
| Credit Union Mergers                                   | 4    |
| Credit Union Service Facilities                        | 12   |
| Out of State Credit Union Bus. in VA                   | 1    |
| Move a Credit Union Office                             | 1    |
| New Consumer Finance                                   | 5    |
| Consumer Finance Offices                               | 25   |
| Consumer Finance Other Business                        | 90   |
| Consumer Finance Office Relocations                    | 19   |
| New Mortgage Brokers                                   | 582  |
| New Mortgage Lenders                                   | 44   |
| New Mortgage Lenders and Brokers                       | 135  |
| Mortgage Lender Broker Additional Authority            | 66   |
| Exclusive Agent Qualifications                         | 8    |
| Acquisitions of Mortgage Lenders/Brokers               | 61   |
| Mortgage Branches                                      | 1401 |
| Mortgage Office Relocations                            | 776  |
| New Money Order Sellers/Money Transmitters             | 27   |
| Acquisitions of Money Order Sellers/Money Transmitters | 5    |
| Credit Counseling Agency Additional Offices            | 105  |
| Credit Counseling Office Relocations                   | 5    |
| New Credit Counseling Agencies (Ch. 10.2)              | 8    |
| Industrial Loan Office Relocations                     | 2    |
| New Check Cashers                                      | 111  |
| New Payday Lenders                                     | 21   |
| Payday Additional Offices                              | 103  |
| Payday Office Relocations                              | 19   |
| Acquisitions of Payday Lenders                         | 1    |

At the end of 2006, there were under the supervision of the Bureau 86 banks with 746 branches, 64 Virginia bank holding companies, 28 non-Virginia bank holding companies with banking offices in Virginia, 1 independent trust company, 4 subsidiary trust companies, 1 savings institution, 58 credit unions, 6 industrial loan associations, 17 consumer finance companies with 229 Virginia offices, 65 money transmitters, 40 credit counseling agencies, 301 check cashers, 142 mortgage lenders with 484 offices, 1,488 mortgage brokers with 2,612 offices, 575 mortgage lender/brokers with 2,830 offices, and 84 payday lenders with 791 offices.

### BUREAU OF INSURANCE REGULATION ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2006

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 2006 ACTIVITIES

|   |         |
|---|---------|
| New insurance companies licensed to do business in Virginia                 | 34      |
| Insurance company financial statements analyzed                             | 6,909   |
| Financial examinations of insurance companies conducted                     | 37      |
| Property and Casualty insurance rules, rates and form submissions           | 4,894   |
| Life and Health insurance policy forms and rates submissions                | 6,575   |
| Property and Casualty insurance complaints received                         | 2,431   |
| Life and Health insurance complaints received                               | 2,198   |
| Market conduct examinations completed by the Life and Health Division       | 23      |
| Market conduct examinations completed by the Property and Casualty Division | 8       |
| Insurance agents and agencies licensed                                      | 135,150 |
| Tax and assessment audits   | 7,821   |

#### EXTERNAL APPEAL FISCAL YEAR 2006

|   |           |
|---|-----------|
| Number of Cases Reviewed                      | 251       |
| Eligible Appeals                              | 109       |
| Ineligible Appeals                            | 142       |
| Eligibility Pending                           | 0         |
| Final Adverse Decision Upheld By Reviewer     | 58        |
| Final Adverse Decision Overturned by Reviewer | 42        |
| MCHIP Reversed Itself                         | 9         |
| Appeal Decisions Pending                      | 0         |
| Approximate Cost Savings to Appellants        | \$942,678 |

### 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:

|         |   |
|---------|---|
| 52      | securities registrations approved   |
| 25      | securities registrations denied, withdrawn, or terminated                                     |
| 2,691   | investment company notice filings originals and renewals accepted                             |
| 395     | investment company notice filings originals and renewals denied, withdrawn, or terminated     |
| 35      | exemptions from registration approved   |
| 2,316   | exemption notice filings for federal-covered securities accepted                              |
| 4       | exemption notice filings for federal-covered securities denied, withdrawn, or terminated      |
| 2,501   | broker-dealer registrations, renewals, and amendments approved                                |
| 178     | broker-dealer registrations and renewals denied, withdrawn, or terminated                     |
| 39      | broker-dealer audits completed  |
| 154,785 | broker-dealer agent registrations and renewals approved                                       |
| 2       | broker-dealer agents placed on special supervision  |
| 601     | broker-dealer agent registrations and renewals denied, withdrawn, or terminated               |
| 2,587   | investment advisor registrations, renewals, and amendments approved                           |
| 178     | investment advisor registrations, renewals, and amendments denied, withdrawn, or terminated   |
| 89      | investment advisor audits completed   |
| 491     | audit violation deficiencies resolved   |
| 10,508  | investment advisor representative registrations and renewals approved                         |
| 131     | investment advisor representative registrations and renewals denied, withdrawn, or terminated |
| 103     | agent of issuer registrations and renewals approved   |
| 24      | agent of issuer registrations and renewals denied, withdrawn, or terminated                   |
| 126     | investigations completed  |

### UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

|     |  |
|-----|--|
| 755 | trademarks and/or service marks approved, renewed, or assigned           |
| 815 | trademarks and/or service marks denied, abandoned, expired, or withdrawn |

### UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

|       |   |
|-------|---|
| 1,571 | franchise registrations, renewals, or post-effective amendments approved                                      |
| 398   | franchise registrations, renewals, or post-effective amendments denied, withdrawn, non-renewed, or terminated |
| 28    | investigations completed  |

### ORDERS, JUDGMENTS, AND SETTLEMENTS:

|    |  |
|----|--|
| 8  | orders granting exemptions and/or official interpretations             |
| 24 | orders for subpoena of records by banks, corporations, and individuals |
| 20 | orders of show cause   |
| 38 | judgments of compromise and settlement                                 |
| 46 | final orders and/or judgments  |

## TELEPHONE CALLS, E-MAILS, AND COMPLAINTS:

|        |   |
|--------|---|
| 606    | enforcement general inquiry calls/e-mails     |
| 2,209  | calls/e-mails regarding pending enforcements  |
| 1,057  | calls/e-mails regarding pending registrations |
| 16,418 | registration general inquiry calls/e-mails    |
| 1,668  | calls/e-mails regarding pending audits        |
| 707    | audit general inquiry calls/e-mails           |
| 12,052 | examination general inquiry calls/e-mails     |
| 2,627  | calls/e-mails regarding pending examinations  |
| 177    | complaints resulting in investigations        |
| 48     | complaints resulting in referrals             |
| 58     | complaints resulting in no actions            |

**UNIFORM COMMERCIAL CODE**

The Clerk's Office is the central filing office in the Commonwealth for financing statements, amendments, assignments and terminations filed under the Uniform Commercial Code – Secured Transactions. The Clerk's Office is the filing office in the Commonwealth for notices and certificates applicable to the personal property of corporations and partnerships filed under the Uniform Federal Lien Registration Act.

**SUMMARY OF CALENDAR YEAR ACTIVITIES**

|  | <u>12/31/05</u> | <u>12/31/06</u> |
|--|-----------------|-----------------|
| Financing/Subsequent Statements Filed    | 85,813          | 83,476          |
| Federal Tax Liens/Subsequent Liens Filed | 2,784           | 2,854           |
| Reels of Microfilmed documents sold      | 371             | 343             |

**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 2006 Activities**

|  |         |
|--|---------|
| Consumer Complaints and Inquiries Received                     | 5       |
| Natural Gas Safety Inspections                                 | 337     |
| Hazardous Liquid Safety Inspections                            | 32      |
| Testimony and Reports  | 3       |
| Pipeline Accident Investigations                               | 35      |
| Underground Utility Damage Reports Processed                   | 2,335   |
| Persons receiving Damage Prevention Training from Staff        | 4,012   |
| Number of Damage Prevention Educational Materials Disseminated | 250,000 |
| Number of Railroad Track Units <sup>1</sup>                    | 9,488   |
| Number of Railroad Locomotive and Car Units <sup>2</sup>       | 29,692  |
| Number of Railroad Operating Practice Units <sup>3</sup>       | 982     |
| Railroad Accident Investigations                               | 8       |

<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.

<sup>3</sup> Each location where operations are or may occur such as switchyards, field offices, yard offices, trains, yard crew locations, and dispatching are considered an operating practice unit.

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## LIST OF CASES ESTABLISHED IN 2006

| <b>BAN/BFI:</b> | <b>BUREAU OF FINANCIAL INSTITUTIONS</b>   |
|-----------------|---|
| BAN20060001     | SITEL Home Mortgage Corp. - For a mortgage broker's license   |
| BAN20060002     | FreeStar Financial, Inc. - For a mortgage broker's license  |
| BAN20060003     | Mortgage Financial, Inc. - For a mortgage lender and broker license   |
| BAN20060004     | Senderra Funding LLC - For a mortgage lender and broker license   |
| BAN20060005     | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 201 Old Padonia Road, Suite B, Cockeysville, MD   |
| BAN20060006     | Check into Cash of Virginia, LLC d/b/a Check into Cash - To open a payday lender's office at 2808 Yadkin Road, Suite A, Chesapeake, VA  |
| BAN20060007     | DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from 27001 La Paz Road, Suite 300, Mission Viejo, CA to 26691 Plaza Drive, Suite 260, Mission Viejo, CA  |
| BAN20060008     | Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To relocate mortgage lender broker's office from 3810 Concorde Parkway, Suite 1100, Chantilly, VA to 4101 Chain Bridge Road, Suite 311, Fairfax, VA                                     |
| BAN20060009     | GMAC Mortgage Corporation d/b/a Ditech.Com - To relocate mortgage lender broker's office from 3959 Electric Road, Roanoke, VA to 5372 Fallowater Lane, S.W., Roanoke, VA  |
| BAN20060010     | SunTrust Bank - To open a branch at 27 Broad Street, Manakin, VA  |
| BAN20060011     | Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 705 South College Avenue, Bluefield, VA   |
| BAN20060012     | Donald O. King d/b/a Access Mortgage Kod - To open a mortgage broker's office at 1577 Wilroy Road, Suite 201, Suffolk, VA   |
| BAN20060013     | Homeloan USA Corporation - To open a mortgage lender and broker's office at 117 West Main Street, Mason, OH   |
| BAN20060014     | Heartland Home Finance, Inc. - To relocate mortgage lender broker's office from 7123 Pearl Road, Suite 303, Middleburg Heights, OH to 7043 Pearl Road, Suite 240, Middleburg Heights, OH  |
| BAN20060015     | ResMAE Mortgage Corporation - To relocate mortgage lender broker's office from 3350 E. Birch Street, Suite 102, Brea, CA to 6 Pointe Drive, Brea, CA  |
| BAN20060016     | Anchor Funding, LLC - To relocate mortgage broker's office from 4867 Montgomery Road, Ellicott City, MD to 3006 Westchester Avenue, Ellicott City, MD   |
| BAN20060017     | River Mortgage, Inc. - To open a mortgage broker's office at 290 Fountain Lane, Heathsville, VA   |
| BAN20060018     | Metropolitan Consulting Group, LLC - For a mortgage broker's license  |
| BAN20060019     | Guaranteed Home Mortgage Company Inc. - For a mortgage lender and broker license  |
| BAN20060020     | CTC Mortgage of Virginia, LLC (Used in VA by: CTC Mortgage, LLC) - For a mortgage broker's license  |
| BAN20060021     | USMAC Corp. (Used in VA by: Citywide Mortgage Corporation) - For a mortgage broker's license  |
| BAN20060022     | David L. Wexler - To acquire 25 percent or more of Choice Finance Corporation   |
| BAN20060023     | David Etute d/b/a America Continental Home Loan & Investment - To open a mortgage broker's office at 1353 South Military Highway, Chesapeake, VA  |
| BAN20060024     | David Etute d/b/a America Continental Home Loan & Investment - To open a mortgage broker's office at 3513 Scott Street, Portsmouth, VA  |
| BAN20060025     | MegaStar Financial Corp. - To open a mortgage lender's office at 234 Columbine, Suite 220, Denver, CO   |
| BAN20060026     | Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 405-A North Franklin Street, Christiansburg, VA   |
| BAN20060027     | H&R Block Mortgage Corporation - To relocate mortgage lender broker's office from 4256 Hacienda Drive, Suite 100, Pleasanton, CA to 27451 Tourney Road, Building 1, Santa Clarita, CA   |
| BAN20060028     | Danarir Investments, Inc. - To relocate mortgage broker's office from 6305 Ivy Lane, Suite 420, Greenbelt, MD to MTC 1, 7500 Greenway Center Drive, Suite 1000, Greenbelt, MD   |
| BAN20060029     | 1st American Mortgage Financial, LLC d/b/a Fidelity Mortgage Financial, LLC - To relocate mortgage lender broker's office from 12011 Lee Jackson Memorial Highway, Fairfax, VA to 12011 Lee Jackson Memorial Highway, Suites 504 and 505, Fairfax, VA |
| BAN20060030     | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 238 N. Lowry, Smyrna, TN to 242 North Lowry Street, Smyrna, TN  |
| BAN20060031     | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To relocate mortgage lender broker's office from 870 E. Higgins Road, Suite 138F, Schaumburg, IL to 765 N. Route 83, Suite 123, Bensenville, IL |
| BAN20060032     | Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where home security plans will be sold  |
| BAN20060033     | Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where sales finance business will also be conducted   |
| BAN20060034     | Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where open-end lending will also be conducted   |
| BAN20060035     | Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where mortgage lending will also be conducted   |
| BAN20060036     | Gibraltar Funding Corp. - For a mortgage lender and broker license  |
| BAN20060037     | A-1 Unique Mortgage, Inc. - For a mortgage broker's license   |
| BAN20060038     | Global Mortgage, Inc. - To open a mortgage broker's office at 2803 Cobblestone Boulevard, Fayetteville, GA  |
| BAN20060039     | Global Mortgage, Inc. - To open a mortgage broker's office at 5455 Garden Grove Boulevard, Suite 610, Westminster, CA   |
| BAN20060040     | Global Mortgage, Inc. - To open a mortgage broker's office at 101 Northeast 3rd Avenue, Suite 1500, Ft. Lauderdale, FL  |
| BAN20060041     | D and D Home Loans Inc d/b/a Terry Mortgage Group - To open a mortgage broker's office at 4705 Columbus Street, Suite 303, Virginia Beach, VA   |
| BAN20060042     | Credit Foundation of America - To relocate credit counseling office from 9501 Jeronimo Road, Suite 120, Irvine, CA to 23101 Lake Center Drive, Suite 110, Lake Forest, CA   |
| BAN20060043     | Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 4425 Portsmouth Boulevard, Suite 110, Chesapeake, VA to 800 Loudoun Avenue, Suite 1-B, Portsmouth, VA   |
| BAN20060044     | Community Mortgage Centers, LLC d/b/a The Mortgage Store U.S.A. - To open a mortgage broker's office at 2607 B Mount Vernon Avenue, Alexandria, VA  |
| BAN20060045     | Global Mortgage, Inc. - To open a mortgage broker's office at 9400 Livingston Road, Suite 335, Fort Washington, MD  |
| BAN20060046     | American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 9712 Belair Road, Suite LL1, Perry Hall, MD   |

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BAN20060047 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 70 East Mosby Road, Harrisonburg, VA

BAN20060048 Miracle Mortgage, Inc. - To open a mortgage broker's office at 508 North Birdneck Road, Suite D, Virginia Beach, VA

BAN20060049 Miracle Mortgage, Inc. - To open a mortgage broker's office at 109 Southernwood Drive, Ladson, SC

BAN20060050 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 5833 Richmond-Tappahannock Highway, Suite 106B, Aylett, VA

BAN20060051 Viking Mortgage Company, LLC - To open a mortgage broker's office at 11848 Rock Landing Drive, Suite 202-A, Newport News, VA

BAN20060052 Viking Mortgage Company, LLC - To open a mortgage broker's office at 870 Greenbrier Circle, Suite 204, Chesapeake, VA

BAN20060053 Viking Mortgage Company, LLC - To open a mortgage broker's office at 514 E. Atlantic Street, Suite B, South Hill, VA

BAN20060054 First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 11350 Random Hills Road, Suite 853, Fairfax, VA

BAN20060055 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 9311 Sparrow Valley Drive, Montgomery Village, MD

BAN20060056 Best Marketing, LLC d/b/a Paramax Mortgage - To relocate mortgage broker's office from 8133 Leesburg Pike, Suite 780, Vienna, VA to 8133 Leesburg Pike, Suite 620, Vienna, VA

BAN20060057 1st Choice Mortgages, Inc. - To open a mortgage broker's office at 6710 Madison Street, Haymarket, VA

BAN20060058 Highlands Union Bank - To open a branch at 113 Hardin Lane, Sevierville, TN

BAN20060059 Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where the sale of non-credit related disability income insurance will also be conducted

BAN20060060 Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where extended service contracts will also be sold

BAN20060061 Global Mortgage, Inc. - To open a mortgage broker's office at 515 Grove Street, Suite 3A, Haddon Heights, NJ

BAN20060062 Nationside Mortgage Inc. - To open a mortgage broker's office at 9300 Forest Point Circle, Suite 105, Manassas, VA

BAN20060063 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 4654 36th Street South, #B, Arlington, VA

BAN20060064 Platinum Capital Group, Inc. (Used in VA by: Platinum Capital Group) - To open a mortgage lender and broker's office at 2800 Corporate Exchange Drive, Suite 110, Columbus, OH

BAN20060065 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 15417-B Dahlgren Road, King George, VA

BAN20060066 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 705 South College Avenue, Bluefield, VA

BAN20060067 Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 13135 River's Bend Boulevard, Chester, VA

BAN20060068 Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 300 Brannan Street, Suite 605, San Francisco, CA

BAN20060069 Infinity Financial USA Corp. - To relocate mortgage broker's office from 46643 E. Church Road, Sterling, VA to 7611 Coppermine Drive, Manassas, VA

BAN20060070 Millennium Financial Group, Inc. d/b/a Mlend - To relocate mortgage broker's office from 1011 E. Patrick Street, Frederick, MD to 20 North Court Street, Frederick, MD

BAN20060071 Power Financial Co., Inc. - To relocate mortgage broker's office from 2921 Churchville Road, Churchville, MD to 2219 Old Emmorton Road, Bel Air, MD

BAN20060072 Heritage Funding, Inc. - To open a mortgage broker's office at 4310 Indian River Road, Suite 9, Chesapeake, VA

BAN20060073 Recovery Financial Services LLC - To open a mortgage broker's office at 1700 Reisterstown Road, Suite 127, Baltimore, MD

BAN20060074 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 8975 Roswell Road, Suite 295, Atlanta, GA

BAN20060075 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 9286-A Warwick Boulevard, Suite B, Newport News, VA

BAN20060076 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 60 Ferry Street, Lawrence, MA

BAN20060077 Home Funding Group, LLC d/b/a 800-345-CASH (Vienna location only) - To open a mortgage broker's office at 8614 Westwood Center Drive, Suite 1250, Vienna, VA

BAN20060078 Nationside Mortgage Inc. - To open a mortgage broker's office at 49 Culpeper Street, Warrenton, VA

BAN20060079 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 254 Route 17K, Suite 103, Newburgh, NY

BAN20060080 ACT Lending Corporation d/b/a ACT Mortgage Capital - To open a mortgage lender's office at 799 International Parkway, Sunrise, FL

BAN20060081 Global Mortgage, Inc. - To open a mortgage broker's office at 10176 Corporate Square Drive, Suite 100-A, Creve Coeur, MO

BAN20060082 S. Hottman Processing LLC - For a mortgage broker's license

BAN20060083 Highlands Mortgage Services LLC - For a mortgage broker's license

BAN20060084 340 Foodmart - To open a check casher at 3355 Lord Fairfax Highway, Berryville, VA

BAN20060085 Colonial Home Mortgage, Inc. - For a mortgage broker's license

BAN20060086 Global Financial Mortgage Inc. (Used in VA by: Global Financial Services Inc.) - For a mortgage broker's license

BAN20060087 First Priority Mortgage & Finance, Inc. - For a mortgage broker's license

BAN20060088 Mohsin Mortgage Corp. - For a mortgage broker's license

BAN20060089 Kwik Cash Inc. - For a payday lender license

BAN20060090 American Freedom Group, Inc. - To relocate mortgage broker's office from 10310 Ashcrest Place, Richmond, VA to 319 Clubhouse Drive, Roanoke, VA

BAN20060091 Benjamin Financial Consulting Firm, Inc. - To relocate mortgage broker's office from 10400 Little Patuxent Parkway, Columbia, MD to 14201 Laurel Park Drive, Suite 105, Laurel, MD

BAN20060092 BB&T Corporation - To acquire Main Street Banks, Inc.

BAN20060093 Potomac Mortgage Capital, Inc. - For additional mortgage authority

BAN20060094 MPI Mortgage Services, Inc. (Used in VA by: Mortgage Professionals, Inc.) - For a mortgage broker's license

BAN20060095 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 2208 Colonial Acres Court, Virginia Beach, VA

BAN20060096 Beazer Mortgage Corporation - To open a mortgage lender and broker's office at 9302 Lee Highway, Suite 405, Fairfax, VA

BAN20060097 American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To relocate payday lender's office from 234 East Main Street, Suite B, Marion, VA to 104 Snavely Street, Marion, VA

BAN20060098 Harbor Financial Group, Inc. - To relocate mortgage broker's office from 6190 Fairmount Avenue, Suite F, San Diego, CA to 2050 Camino de La Reina, Suite 114, San Diego, CA

BAN20060099 Family Home Lending Corporation - To relocate mortgage lender broker's office from 4745 Red Duck Court, Virginia Beach, VA to 830 Spence Circle, Virginia Beach, VA

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|             |  |
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| BAN20060100 | Coast To Coast Mortgage, Inc. - To relocate mortgage lender broker's office from 1304 Old Lancaster Pike, Suite D, Hockessin, DE to 300 Delaware Avenue, Suite 210, Wilmington, DE   |
| BAN20060101 | Streamline Mortgage LLC - For a mortgage broker's license  |
| BAN20060102 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 1432 North Great Neck Road, Suite 207, Virginia Beach, VA                                 |
| BAN20060103 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 111 South Wood Avenue, Iselin, NJ   |
| BAN20060104 | NFC-Check Cashing Service, Inc. d/b/a NFC-Payday Advance - To open a payday lender's office at 202 East Atlantic Street, South Hill, VA  |
| BAN20060105 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 2131 Bethel Avenue, Pennsauken, NJ  |
| BAN20060106 | SAK Mortgage Inc. - To relocate mortgage broker's office from 714 Sentinel Drive, Leesburg, VA to 19440 Golf Vista Plaza, Suite 310, Lansdowne, VA   |
| BAN20060107 | Waterford Mortgage Company, Inc. - To open a mortgage broker's office at 1941 Roland Clarke Place, Suite 119, Reston, VA   |
| BAN20060108 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 2281 Valley Avenue, Suite 213, Winchester, VA  |
| BAN20060109 | Loan Planet, LLC - To open a mortgage lender and broker's office at 13939 Jefferson Davis Highway, Woodbridge, VA  |
| BAN20060110 | Global Mortgage, Inc. - To open a mortgage broker's office at 10104 Senate Drive, Suite 210, Lanham, MD  |
| BAN20060111 | Global Mortgage, Inc. - To open a mortgage broker's office at 317 South Main Street, Dayton, OH  |
| BAN20060112 | Taylor, Bean & Whitaker Mortgage Corp. - To open a mortgage lender's office at 7500 San Felipe, Suite 500, Houston, TX   |
| BAN20060113 | CitiFinancial Services, Inc. - To open a consumer finance office at 6328 Richmond Highway, Suite J, Fairfax County, VA   |
| BAN20060114 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 1076 Regional Park Road, Lebanon, VA   |
| BAN20060115 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To relocate payday lender's office from 1748 Rio Hill Center, Charlottesville, VA to 1746 Rio Hill Center, Charlottesville, VA             |
| BAN20060116 | Commonwealth Mortgage Group, Inc. - To relocate mortgage broker's office from 9 East Nelson Street, Lexington, VA to 203 North Main Street, Lexington, VA  |
| BAN20060117 | Washington Home Mortgage, LLC - To relocate mortgage broker's office from 4825 Bethesda Avenue, Suite 220, Bethesda, MD to 7508 Wisconsin Avenue, 3rd Floor, Bethesda, MD  |
| BAN20060118 | Paragon Mortgage, Inc. - To relocate mortgage broker's office from 548 Williamson Road, Suite 3, Mooresville, NC to 204 East Water Street, Statesville, NC   |
| BAN20060119 | DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from One City Boulevard, West, Suite 655, Orange, CA to 180 S. Prospect Avenue, Suite 220, Tustin, CA   |
| BAN20060120 | E-Z Cash, Inc. - To open a check casher at 229 W. Danville Street, South Hill, VA  |
| BAN20060121 | Valley Fast Cash LLC - To open a check casher at 904 South High Street, Harrisonburg, VA   |
| BAN20060122 | UMTH Lending Company, L.P. - For a mortgage lender's license   |
| BAN20060123 | Homeline Lending LLC - For a mortgage broker's license   |
| BAN20060124 | Affordable Trust Mortgage, LLC - For a mortgage broker's license   |
| BAN20060125 | First Belmont Mortgage Inc. - For a mortgage broker's license  |
| BAN20060126 | Bradford Mortgage Company, LLC - For a mortgage lender and broker license  |
| BAN20060127 | Fairfield Financial Mortgage Group, Inc. - For a mortgage lender and broker license  |
| BAN20060128 | ChoiceAmerica Lending, LLC - For a mortgage lender and broker license  |
| BAN20060129 | Custom Mortgage Corp. - For additional mortgage authority  |
| BAN20060130 | TrustMor Mortgage Company d/b/a Members Mortgage Solutions - To open a mortgage lender and broker's office at 20 North 20th Street, Suite A, Richmond, VA  |
| BAN20060131 | TrustMor Mortgage Company d/b/a Members Mortgage Solutions - To open a mortgage lender and broker's office at 1900 Manakin Road, Manakin-Sabot, VA   |
| BAN20060132 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 2375 Camelback Road, 5th Floor, Phoenix, AZ   |
| BAN20060133 | New Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 230 West 200, South, Suite 3201, Salt Lake City, UT  |
| BAN20060134 | Home123 Corporation - To open a mortgage lender and broker's office at 11235 Southeast 6th Street, Suite 130, Bellevue, WA   |
| BAN20060135 | North American Home Loans, Inc. - To open a mortgage broker's office at 3831 Old Forest Road, Suite 6, Lynchburg, VA   |
| BAN20060136 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 4928 Virginia Beach Boulevard, Virginia Beach, VA   |
| BAN20060137 | Gateway Mortgage Group, LLC - To relocate mortgage lender broker's office from 15415 Patrick Henry Highway, Amelia, VA to 4713 Otterdale Road, Moseley, VA   |
| BAN20060138 | Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 1355-B Lynnfield Road, Suite 189, Memphis, TN to 154 Timber Creek Drive, Suite 2, Cordova, TN  |
| BAN20060139 | Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 9563 South Kingston Court, Englewood, CO to 9177 East Mineral Circle, Suite 100, Centennial, CO               |
| BAN20060140 | Custom Mortgage Corp. - To relocate mortgage broker's office from 2548 Fleet Street, Baltimore, MD to 1001 South Kenwood Avenue, Baltimore, MD   |
| BAN20060141 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 111 Haddonfield-Berlin Road, Suite D, Cherry Hill, NJ to 515 Grove Street Plaza, Suite 3A, Haddon Heights, NJ |
| BAN20060142 | Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where business loans will also be made   |
| BAN20060143 | Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where a non-credit related life insurance business will also be conducted  |
| BAN20060144 | Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where an auto club membership business will also be conducted  |
| BAN20060145 | ION Capital Inc. - For a mortgage lender's license   |
| BAN20060146 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 20609 Gordon Park Square, Suite 110, Ashburn, VA  |

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|             |  |
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| BAN20060147 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 5557 Mapledale Plaza, Dale City, VA   |
| BAN20060148 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 400 William Street, Fredericksburg, VA  |
| BAN20060149 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at Fifty West Corp Center, 3975 FairRidge Drive, Suite 315, Fairfax, VA  |
| BAN20060150 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 10291 N. Meridian Street, Suite 200, Indianapolis, IN   |
| BAN20060151 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 3000 E. Coliseum Boulevard, Fort Wayne, IN  |
| BAN20060152 | New Star Funding Corp. - To open a mortgage broker's office at 34 West Merrick Road, 1st Floor, Valley Stream, NY  |
| BAN20060153 | First Residential Mortgage Services Corporation - To open a mortgage lender and broker's office at 18-10 Whitestone Expressway, 3rd Floor, Whitestone, NY  |
| BAN20060154 | Household Realty Corporation (Used in VA by: Household Realty Corporation) - To open a mortgage lender and broker's office at 703-E East Market Street, Leesburg, VA   |
| BAN20060155 | Advantage Mortgage Group, LTD - To relocate mortgage broker's office from 2727 Electric Road, Suite 107, Roanoke, VA to 133 Salem Avenue, SW, Roanoke, VA  |
| BAN20060156 | Lux & Associates, LLC - For a mortgage broker's license  |
| BAN20060157 | Perry M. Hawkins t/a VIP Financial - To relocate mortgage broker's office from 1109 Derken Court, Virginia Beach, VA to 4665 Haygood Road, Suite 403, Virginia Beach, VA   |
| BAN20060158 | New Century Mortgage Corporation d/b/a Home123 Corporation (In Certain Offices) - To open a mortgage lender and broker's office at 10245 Centurion Parkway, North, Jacksonville, FL  |
| BAN20060159 | Thomas Ford McNutt d/b/a Professional Choice Mortgage - For a mortgage broker's license  |
| BAN20060160 | AVision Residential Solutions, LLC - For a mortgage broker's license   |
| BAN20060161 | Alexandria Mortgage, LLC - For a mortgage broker's license   |
| BAN20060162 | Direct Mortgage Corp. - For a mortgage lender and broker license   |
| BAN20060163 | C-3 Financial, Inc. d/b/a EZ Cash, Cash Advance - For a payday lender license  |
| BAN20060164 | American National Bankshares, Inc. - To acquire Community First Financial Corporation  |
| BAN20060165 | Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 231 Springside Drive, Suite 211, Bath, OH   |
| BAN20060166 | Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 23945 Mercantile Road, Suite 1, Beachwood, OH   |
| BAN20060167 | Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 271 Route 46, West Building 101F, Fairfield, NJ  |
| BAN20060168 | Bay Capital Corp. d/b/a Level One Mortgage Capital (Silver Spring Office) - To open a mortgage lender and broker's office at 2815 Williamson Road, Suite C, Roanoke, VA  |
| BAN20060169 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 452 South Main Street, Suite G, Davidson, NC   |
| BAN20060170 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 131 Cove Point Drive, Suffolk, VA   |
| BAN20060171 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 4654 36th Street, South, Suite B, Arlington, VA   |
| BAN20060172 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 944 S. Wakefield Street, Arlington, VA   |
| BAN20060173 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 920 W. Broad Street, Falls Church, VA  |
| BAN20060174 | AEGIS Wholesale Corporation - To open a mortgage lender's office at 6256 Greenwich Drive, Suite 200, San Diego, CA   |
| BAN20060175 | Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 9408 South Congress Street, New Market, VA   |
| BAN20060176 | Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 3900 University Drive, Suite 110, Fairfax, VA to 11290 Balls Ford Road, Manassas, VA   |
| BAN20060177 | Global Mortgage, Inc. - To relocate mortgage broker's office from 713 South Streeper Street, Baltimore, MD to 309 North Charles Street, 3rd Floor, Baltimore, MD   |
| BAN20060178 | MortgageStar, Inc. - To relocate mortgage lender broker's office from 733 15th Street, Suite 527, Washington, DC to 9701 Apollo Drive, Suite 345, Largo, MD  |
| BAN20060179 | America's Lending Leader LLC d/b/a Mortgage America Direct LLC - For a mortgage broker's license   |
| BAN20060180 | Integrity Home and Finance, Inc. - For a mortgage broker's license   |
| BAN20060181 | 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 410 Bay Street, Lynchburg, VA  |
| BAN20060182 | Mortgage Network Solutions, LLC - To open a mortgage broker's office at 133 Willis Avenue, Floyd, VA   |
| BAN20060183 | Premier Mortgage Funding, Inc. - To open a mortgage broker's office at 3357 Hazelwood Road, Edgewater, MD  |
| BAN20060184 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 6600 St. Ignatius Drive, Fort Washington, MD  |
| BAN20060185 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 302 Crestview Court, Westminster, MD  |
| BAN20060186 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 8710 Greens Lane, Randallstown, MD  |
| BAN20060187 | Provident Funding Group, Inc. - To open a mortgage lender's office at 500 Noblestown Road, Suite 101, Carnegie, PA   |
| BAN20060188 | Elizabeth River Mortgage, L.P. - To open a mortgage lender's office at 2828 North Harwood, Dallas, TX  |
| BAN20060189 | HomeLoan USA Corporation - To open a mortgage lender and broker's office at 10480 Little Patuxent Parkway, Suite 400, Columbia, MD   |
| BAN20060190 | Rocuda Fast Cash, Inc. - To open a payday lender's office at 912 Brookdale Road, Suite 1, Martinsville, VA   |
| BAN20060191 | Global Mortgage, Inc. - To open a mortgage broker's office at 15009 Keller Lake Drive, Suite 101, Burnsville, MN   |
| BAN20060192 | Global Mortgage, Inc. - To open a mortgage broker's office at 858 Rockland Square, Leesburg, VA  |
| BAN20060193 | Global Mortgage, Inc. - To relocate mortgage broker's office from 3001 Park Center Drive, Suite 1511, Alexandria, VA to 5404 Sideburn Road, Fairfax, VA  |
| BAN20060194 | NMLI Incorporated (Used in VA by: NMLI) - To relocate mortgage broker's office from 3001 Red Hill, Building 6, Suite 107, Costa Mesa, CA to 16842 Von Karman Avenue, Suite 450, Irvine, CA                                   |
| BAN20060195 | Atlantic Funding Corporation of Va. (Used in VA by: Atlantic Funding Corporation) - To relocate mortgage broker's office from 1027 US Highway 70, West, Suite 109, Garner, NC to 111 West Main Street, Suite 202, Garner, NC |
| BAN20060196 | Preferred Mortgage Consultants, Inc. d/b/a Alero Home Loans - To relocate mortgage broker's office from 23240 Chagrin Boulevard, Suite 405, Beachwood, OH to 120 West Aurora Road, Suite A, Northfield, OH                   |
| BAN20060197 | First NLC Financial Services, LLC d/b/a The Lending Center - To relocate mortgage lender broker's office from 12443 Bel-Red Road, Suite 330, Bellevue, WA to 411 108th Avenue, NE, Bellevue, WA                              |

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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| BAN20060198 | Vanguard Mortgage & Title Inc. - To relocate mortgage lender broker's office from 9200 W. Cross Drive, Suite 520, Littleton, CO to 7921 Southpark Plaza, Suite 100, Littleton, CO   |
| BAN20060199 | Appomattox Mortgage, LLC - To relocate mortgage broker's office from 8921 Forest Hill Avenue, Richmond, VA to 11615 Busy Street, Richmond, VA   |
| BAN20060200 | SunTrust Bank - To open a branch at 11201 Nuckols Road, Glen Allen, VA  |
| BAN20060201 | PMC Funding Inc. - For a mortgage broker's license  |
| BAN20060202 | Optima Mortgage Corporation - For a mortgage lender's license   |
| BAN20060203 | Pioneer Home Equity Corporation - To open a mortgage broker's office at 513 Main Street, Sharpsville, PA  |
| BAN20060204 | Global Mortgage, Inc. - To open a mortgage broker's office at 1640 Powers Ferry Drive, Suite 19-100, Marietta, GA   |
| BAN20060205 | Greenwood Properties, LLC d/b/a Greenwood Lending - To open a mortgage broker's office at 427 Lee Jackson Highway, Suite A102, Staunton, VA   |
| BAN20060206 | Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance - To relocate payday lender's office from 3330 South Military Highway, Chesapeake, VA to 3519 Victory Boulevard, Portsmouth, VA  |
| BAN20060207 | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 42 Stoneridge Drive, Suite 100, Waynesboro, VA to 15 Boyington Boulevard, Suite 105, Waynesboro, VA                                     |
| BAN20060208 | Amerigroup Mortgage Corporation (Used in VA by: Mortgage Investors Corporation) - To relocate mortgage lender broker's office from Stanford Place 3, Third Floor, Denver, CO to 5555 DTC Parkway, Suite B 2100, Englewood, CO |
| BAN20060209 | Salem Financial, LC - To relocate mortgage broker's office from 1910 Electric Road, Roanoke, VA to 2350 Electric Road, Roanoke, VA  |
| BAN20060210 | Woodforest National Bank - To open a branch at 13245 Lee Highway, Bristol, VA   |
| BAN20060211 | Woodforest National Bank - To open a branch at 9401 Liberia Avenue, Manassas, VA  |
| BAN20060212 | Woodforest National Bank - To open a branch at 116 Lucy Lane, Waynesboro, VA  |
| BAN20060213 | Woodforest National Bank - To open a branch at 171 Burgess Road, Harrisonburg, VA   |
| BAN20060214 | Woodforest National Bank - To open a branch at 1170 North Military Highway, Norfolk, VA   |
| BAN20060215 | All American Mortgage Corporation - To relocate mortgage broker's office from 1100 Welborne Drive, Suite 204, Richmond, VA to 1415 Eastridge Road, Richmond, VA   |
| BAN20060216 | The American Mortgage Group, Inc. d/b/a Zen Loans - For a mortgage broker's license   |
| BAN20060217 | Global Marketing Corporation of Charlotte - For additional mortgage authority   |
| BAN20060218 | Waterford Financial Services, Incorporated d/b/a First Commonwealth Funding - For additional mortgage authority   |
| BAN20060219 | Barry M. Goldberg - To acquire 25 percent or more of Backbay Holding Company, LLC   |
| BAN20060220 | Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 7500 Greenway Center Drive, Suite 800, Greenbelt, MD  |
| BAN20060221 | Opteum Financial Services, LLC d/b/a Home Star Direct (MO Only) - To open a mortgage lender's office at 3625 Cumberland Boulevard, Suite 1400, Atlanta, GA  |
| BAN20060222 | Calusa Investments, LLC d/b/a Next Day Loans - To open a mortgage lender and broker's office at 1150 First Avenue, Suite 500, King of Prussia, PA   |
| BAN20060223 | Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 3605 Peters Court, High Point, NC   |
| BAN20060224 | Destiny Mortgage Group, Inc. - To open a mortgage broker's office at 8884 Song Sparrow Drive, Gainesville, VA   |
| BAN20060225 | Cash Express of Virginia, Inc. - To open a payday lender's office at 3297 Mechanicsville Turnpike, Richmond, VA   |
| BAN20060226 | Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 4034 Plank Road, Suite 4034-A, Fredericksburg, VA   |
| BAN20060227 | Wall Street Mortgage, Inc. - To relocate mortgage broker's office from 13814 52nd Avenue, North, Plymouth, MN to 4124 Quebec Avenue, North, Suite 306, New Hope, MN   |
| BAN20060228 | Brooks Financial Group, LLC - To relocate mortgage broker's office from 10045 Red Run Boulevard, Owings Mills, MD to 1447 York Road, Suite 312, Lutherville, MD   |
| BAN20060229 | Beneficial Virginia Inc. - To conduct consumer finance business where the business of offering no-obligation insurance needs analysis will also be conducted  |
| BAN20060230 | Ambika Associates LLC d/b/a Ambika Mortgage Solutions - For a mortgage broker's license   |
| BAN20060231 | Centennial Lending Corp. - For a mortgage broker's license  |
| BAN20060232 | HomeSouth Mortgage Corporation - For a mortgage lender's license  |
| BAN20060233 | Trujillo Trading & Travel Giros Express, Inc. - For a money transmitter license   |
| BAN20060234 | North American Home Loans, Inc. - To open a mortgage broker's office at 111 Hickory Lane, Annapolis, MD   |
| BAN20060235 | American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 6210A Old Franconia Road, Alexandria, VA  |
| BAN20060236 | Global Mortgage, Inc. - To open a mortgage broker's office at 3201-B Corporate Court, Ellicott City, MD   |
| BAN20060237 | Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 1717 K Street, N.W., Suite 600, Washington, DC  |
| BAN20060238 | Bekele L. Erenna d/b/a Absolute Mortgage Services - To open a mortgage broker's office at 6116 Rolling Road, Suite 208, Springfield, VA   |
| BAN20060239 | Equitable Trust Mortgage Corporation - To relocate mortgage lender broker's office from 1609 Eastern Avenue, Baltimore, MD to 30 West Gude Drive, Suite 270, Rockville, MD  |
| BAN20060240 | Equitable Trust Mortgage Corporation - To relocate mortgage lender broker's office from 120 Hays Street, Bel Air, MD to 7400 Bradshaw Road, Kingsville, MD  |
| BAN20060241 | Equis Financial, Inc. - To relocate mortgage broker's office from 3415 West Chester Pike, Suite 201, Newtown Square, PA to 11 Duane Road, Suite A, Doylestown, PA   |
| BAN20060242 | Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where a settlement agent business will also be conducted  |
| BAN20060243 | Grand Colonial Mortgage Corporation - For a mortgage broker's license   |
| BAN20060244 | Heritage Mortgage, LLC - For a mortgage broker's license  |
| BAN20060245 | Carniceria El Barrio, Inc. d/b/a Carniceria El Barrio - To open a check casher at 9644 Grant Avenue, Manassas, VA   |
| BAN20060246 | FMF Capital LLC - To open a mortgage lender's office at 553 South Lynnhaven Road, Virginia Beach, VA  |
| BAN20060247 | Family Home Lending Corporation - To open a mortgage lender and broker's office at 825 Gum Branch Road, Suite 119, Jacksonville, NC   |
| BAN20060248 | Nationwide Funding Corporation - To open a mortgage broker's office at 340 Mill Street, N.E., Suite E, Vienna, VA   |

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BAN20060249 SAI Mortgage, Inc. - To open a mortgage broker's office at 6551 Loisdale Court, Suite 950 A, Springfield, VA  
 BAN20060250 Mortgage Quest, Incorporated - To open a mortgage broker's office at 2301 Merry Oaks Court, Virginia Beach, VA  
 BAN20060251 Mortgage Quest, Incorporated - To open a mortgage broker's office at 225 Serenity Place, Newport, VA  
 BAN20060252 Barrow & Birchenough Mortgage Services, Inc. - To open a mortgage broker's office at 2411 Hunting Ridge Road, Winchester, VA  
 BAN20060253 Global Mortgage, Inc. - To open a mortgage broker's office at 12000 Biscayne Boulevard, Suite 703, Miami, FL  
 BAN20060254 Global Mortgage, Inc. - To open a mortgage broker's office at 4670 Mexico Road, St. Peters, MO  
 BAN20060255 Priority Financial Services, LLC - To open a mortgage broker's office at 1657 Elkton Road, Elkton, MD  
 BAN20060256 Priority Financial Services, LLC - To open a mortgage broker's office at 2737 Dillon Street, Baltimore, MD  
 BAN20060257 Priority Financial Services, LLC - To open a mortgage broker's office at 5 Christy Drive, Suite 309, Chadds Ford, PA  
 BAN20060258 Priority Financial Services, LLC - To open a mortgage broker's office at 405 Douglas Avenue, Suite 2305, Altamonte Springs, FL  
 BAN20060259 Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 6489 Main Street, The Plains, VA  
 BAN20060260 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 151 Kristiansand Drive, Suite 115-C, Williamsburg, VA to 1781 Jamestown Road, Suite 231, Williamsburg, VA  
 BAN20060261 Beneficial Mortgage Co. of Virginia - To relocate mortgage lender broker's office from 6097 George Washington Memorial, Gloucester, VA to 6888 Main Street, Gloucester, VA  
 BAN20060262 Beneficial Discount Co. of Virginia - To relocate mortgage lenders's office from 6097 George Washington Memorial, Gloucester, VA to 6888 Main Street, Gloucester, VA  
 BAN20060263 Ikon Mortgage, Inc. - To relocate mortgage broker's office from 5820 Tilbury Road, Alexandria, VA to 4328-L Evergreen Lane, Annandale, VA  
 BAN20060264 Peoples Financial Services, Inc. - To relocate mortgage broker's office from 56 Southgate Square, Colonial Heights, VA to 230 Southpark Circle, Colonial Heights, VA  
 BAN20060265 Cash Advance of Clearbrook Inc. - To conduct a payday lending business where an auto title lending business will also be conducted  
 BAN20060266 1st Choice Mortgage/Equity Corporation of Lexington - To relocate mortgage lender broker's office from 3740 South Evans Street, Suite E, Greenville, NC to 313 Clifton Street, Suite B, Greenville, NC  
 BAN20060267 GMAC Mortgage Corporation d/b/a Ditech.Com - To relocate mortgage lender broker's office from 1770 Kirby Parkway, Memphis, TN to 520 South Main Street, Memphis, TN  
 BAN20060268 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 3452 Highway 903, Bracey, VA to 1043 Cedar Grove Road, South Hill, VA  
 BAN20060269 American Government Mortgage, L.L.C. - To relocate mortgage broker's office from 3500 Boston Street, Suite 414, Baltimore, MD to 9525 Harford Road, Baltimore, MD  
 BAN20060270 Beneficial Virginia Inc. - To relocate consumer finance office from 6097 George Washington Memorial, Gloucester, VA to 6888 Main Street, Gloucester, VA  
 BAN20060271 Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington - To open an additional credit counseling office at 3927 Old Lee Highway, Suite 101-E, Fairfax, VA  
 BAN20060272 Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington - To open an additional credit counseling office at 2971 Valley Avenue, Winchester, VA  
 BAN20060273 Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington - To open an additional credit counseling office at 604 South King Street, Suite 7, Leesburg, VA  
 BAN20060274 Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington - To open an additional credit counseling office at 801 North Pitt Street, Suite 117, Alexandria, VA  
 BAN20060275 Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington - To open an additional credit counseling office at 10629 Crestwood Drive, Manassas, VA  
 BAN20060276 Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington - To open an additional credit counseling office at 12662-B Lake Ridge Drive, Woodbridge, VA  
 BAN20060277 Checks Mate, Inc. d/b/a Checks Mate - To open a payday lender's office at 14100 Sullyfield Circle, Suite 300-B, Chantilly, VA  
 BAN20060278 Peoples Home Equity, Inc. - To open a mortgage lender and broker's office at 287 Independence Boulevard, Suite 113, Virginia Beach, VA  
 BAN20060279 Admiral Lending, LLC d/b/a TheEquityNetwork.com - To open a mortgage broker's office at 1400 Duke Street, Alexandria, VA  
 BAN20060280 Embassy Mortgage, Inc. - To open a mortgage lender and broker's office at 14549 Jefferson Davis Highway, Woodbridge, VA  
 BAN20060281 Bank of Virginia - To open a branch at 4023 West Hundred Road, Chester, VA  
 BAN20060282 PreCash, Inc. - For a money transmitter license  
 BAN20060283 Six Star Mortgage, Inc. - For a mortgage broker's license  
 BAN20060284 Lineage Marketing Inc. - For a mortgage broker's license  
 BAN20060285 Twin Star of Petersburg, Inc. d/b/a Twins Express - To open a check casher at 2755 South Crater Road, Petersburg, VA  
 BAN20060286 Keystone Funding Group LLC - For a mortgage broker's license  
 BAN20060287 Equality Finance & Realty, Inc. - For a mortgage broker's license  
 BAN20060288 Virginia Credit Union, Inc. - To open a credit union service office at J. Sargeant Reynolds Community College, 1651 E. Parham Road, Richmond, VA  
 BAN20060289 Superior Mortgage Corporation - To open a mortgage lender and broker's office at 1145 Gaskins Road, Suite 100, Richmond, VA  
 BAN20060290 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 124 W. Front Street, Suite 201, Findlay, OH  
 BAN20060291 Beneficial Virginia Inc. - To conduct consumer finance business where cancer insurance will also be sold  
 BAN20060292 Beneficial Virginia Inc. - To conduct consumer finance business where emergency care insurance will also be sold  
 BAN20060293 Beneficial Virginia Inc. - To conduct consumer finance business where quality life insurance will also be sold  
 BAN20060294 Beneficial Virginia Inc. - To conduct consumer finance business where term life insurance will also be sold  
 BAN20060295 Beneficial Virginia Inc. - To conduct consumer finance business where whole life insurance will also be sold  
 BAN20060296 A R Financial Corp of New Jersey (Used in VA by : AR FINANCIAL CORP.) - For a mortgage broker's license  
 BAN20060297 AAA WorldWide Financial Co. - For a mortgage lender and broker license  
 BAN20060298 Network Funding, L.P. - To open a mortgage lender and broker's office at 2644 Barnett Road, Virginia Beach, VA  
 BAN20060299 Network Funding, L.P. - To open a mortgage lender and broker's office at 2124 Monroe Street, Mandeville, LA  
 BAN20060300 Global Mortgage, Inc. - To open a mortgage broker's office at 354 Main Street, Newington, CT  
 BAN20060301 Aggressive Mortgage Corp. - To open a mortgage lender and broker's office at 7528 Diplomat Drive, Suite 201, Manassas, VA  
 BAN20060302 Gold Key Mortgage L.L.C. - To open a mortgage broker's office at 713 North Augusta Street, Staunton, VA

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| BAN20060303 | First Guaranty Mortgage Corporation d/b/a Broker's Edge Lending (In Certain Offices) - To open a mortgage lender and broker's office at 9116 Chesapeake Avenue, N. Beach, MD   |
| BAN20060304 | Masari, Inc USA - To relocate mortgage broker's office from 333 South Anita Drive, Suite 725A, Orange, CA to 600 W. Santa Ana Boulevard, Suite 101A, Santa Ana, CA   |
| BAN20060305 | American General Financial Services, Inc. - To relocate mortgage lender broker's office from 7102 Hull Street Road, Suite D, Richmond, VA to Oxbridge Square Shopping Center, 9925 Hull Street Road, Richmond, VA                          |
| BAN20060306 | American General Financial Services of America, Inc. - To relocate consumer finance office from 7102 Hull Street Road, Suite D, Chesterfield County, VA to Oxbridge Square Shopping Center, 9925 Hull Street Road, Chesterfield County, VA |
| BAN20060307 | Capital Funding & Mortgage Group, Inc. - For a mortgage broker's license   |
| BAN20060308 | Triton Financial Group, LLC - For a mortgage broker's license  |
| BAN20060309 | MicroFinance International Corporation d/b/a Alante Financial - For a mortgage broker's license  |
| BAN20060310 | River City Bank - To open a branch at 109 E. Nine Mile Road, Highland Springs, VA  |
| BAN20060311 | Bank of the James - To open a branch at 4935 Boonsboro Road, Suite C, Lynchburg, VA  |
| BAN20060312 | Global Mortgage, Inc. - To open a mortgage broker's office at 5240 Piney Grove Drive, Cumming, GA  |
| BAN20060313 | Global Mortgage, Inc. - To open a mortgage broker's office at 4080 Lafayette Center Drive, Suite 190, Chantilly, VA  |
| BAN20060314 | Mid-Atlantic Mortgage Corporation - To open a mortgage broker's office at 420 West Jubal Early Drive, Winchester, VA   |
| BAN20060315 | United Capital, Inc. d/b/a United Capital Mortgage - To open a mortgage lender and broker's office at 3420 Holland Road, Suite 107, Virginia Beach, VA   |
| BAN20060316 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 6177 Prophecy Place, Columbia, MD   |
| BAN20060317 | Mortgage America Companies, Inc. - To open a mortgage broker's office at 11002 Viers Mill Road, Suite 600, Wheaton, MD   |
| BAN20060318 | The Loan Corporation - To open a mortgage lender and broker's office at 200 Central Avenue, Suite 170, St. Petersburg, FL  |
| BAN20060319 | Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 770 Ritchie Highway, Suites W8-W10, Severna Park, MD  |
| BAN20060320 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 4801 E. Independence Boulevard, Suite 1026, Charlotte, NC  |
| BAN20060321 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 13706 Palm Road, Woodbridge, VA  |
| BAN20060322 | Stonewall Mortgage LLC - To open a mortgage broker's office at 3263 Jefferson Davis Highway, Stafford, VA  |
| BAN20060323 | Paradigm Mortgage Services, Inc. - To relocate mortgage broker's office from 4720 Montgomery Lane, Suite 1010, Bethesda, MD to 7272 Wisconsin Avenue, Suite 300, Bethesda, MD  |
| BAN20060324 | Oswald Redman d/b/a Greater Capital Mortgage - To relocate mortgage broker's office from 3450 Laurel Fort Meade Road, Suite 203, Laurel, MD to 312 Marshall Avenue, Suite 1004, Laurel, MD   |
| BAN20060325 | Advance Funding Group, Inc. - To relocate mortgage broker's office from 9001 Braddock Road, Suite 380, Springfield, VA to 6179 Grovedale Court, Suite 100, Alexandria, VA  |
| BAN20060326 | DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from 26 Corporate Park, Suite 100, Irvine, CA to 30 Corporate Park, Suite 310, Irvine, CA   |
| BAN20060327 | Simplified Lending Solutions LLC - For a mortgage broker's license   |
| BAN20060328 | Global Mortgage, Inc. - To open a mortgage broker's office at 1370 Piccard Drive, Suite 210, Rockville, MD   |
| BAN20060329 | American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 620 Vincent Drive, North Huntingdon, PA  |
| BAN20060330 | Mortgage Lenders of America, L.L.C. - To open a mortgage lender and broker's office at 217 Jamestown Park Road, Suite 9, Brentwood, TN   |
| BAN20060331 | Guardian Funding Inc. - To open a mortgage lender and broker's office at 126 East Patrick Street, Frederick, MD  |
| BAN20060332 | M.T.G.E. Mortgage Corporation - To relocate mortgage lender broker's office from 8521 Leesburg Pike, Suite 500, Vienna, VA to 11350 Random Hills Road, Suite 380, Fairfax, VA  |
| BAN20060333 | Home Funding Group, LLC d/b/a 800-345-CASH (Vienna Location Only) - To relocate mortgage broker's office from 8614 Westwood Center Dr., Suite 1250, Vienna, VA to 1719 Route 10, East, Suite 314, Parsippany, NJ                           |
| BAN20060334 | Apple Valley Mortgage, LLC - To relocate mortgage broker's office from 47 W. Jubal Early Drive, Suite, Winchester, VA to 3050 Valley Avenue, Suite 102, Winchester, VA   |
| BAN20060335 | Sunshine Mortgage LLC - To relocate mortgage broker's office from 7777 Leesburg Pike, Suite 5LS, Falls Church, VA to 7777 Leesburg Pike, Suite 304S, Falls Church, VA  |
| BAN20060336 | Mutual Funding MY, Inc. (Used in VA by: Mutual Funding, Inc.) - To relocate mortgage broker's office from 2285 Cross Road, Suite A, Glenside, PA to 871 N. Easton Road, Glenside, PA   |
| BAN20060337 | Cash & Go, Inc. - To conduct a payday lending business where prepaid phone cards will also be sold   |
| BAN20060338 | Elite Funding Corporation d/b/a Tenacity Mortgage Corp. - To open a mortgage lender and broker's office at 5020 Campbell Boulevard, Suite G, White Marsh, MD   |
| BAN20060339 | The Prime Financial Group Inc. - For a mortgage lender and broker license  |
| BAN20060340 | Colonial Credit, LLC - For a mortgage broker's license   |
| BAN20060341 | Globe Mortgage America, L.L.C. - For a mortgage lender and broker license  |
| BAN20060342 | Mortgage Wholesalers LLC - For a mortgage broker's license   |
| BAN20060343 | HomeTown Bank - To open a branch at 13400 Booker T. Washington Highway, Moneta, VA   |
| BAN20060344 | Express Capital Lending, Inc. (Used in VA by: Express Capital Lending) - To open a mortgage lender's office at 4000 Westerly Place, 1st Floor, Newport Beach, CA   |
| BAN20060345 | Nationwide Funding Corporation - To open a mortgage broker's office at 4008 Jenesee Place, Suite 105, Woodbridge, VA   |
| BAN20060346 | Z&S Financial Marketing, L.L.C. - To open a mortgage broker's office at 12404 Radnor Lane, Laurel, MD  |
| BAN20060347 | Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 811 Hill Street, Bristol, TN  |
| BAN20060348 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 1185 West Utah Avenue, Suites 101 and 103, Hildale, UT                              |
| BAN20060349 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 438 East 12300 South, Suite 9, Draper, UT   |
| BAN20060350 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 1585 Boston Post Road, Unit A, Suite 101, Milford, CT                               |

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BAN20060351 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 785 N. State Street, Suite 101, Hildale, UT

BAN20060352 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 50 Pond Road, Old Saybrook, CT

BAN20060353 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 11951 Freedom Drive, 13th Floor, Reston, VA

BAN20060354 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 6307 Executive Boulevard, Rockville, MD to 6333 Executive Boulevard, Rockville, MD

BAN20060355 Citizens Trust Financial Group, Inc. - To open a mortgage lender and broker's office at 11 East Chase Street, Suite 4A, Baltimore, MD

BAN20060356 Citizens Trust Financial Group, Inc. - To relocate mortgage lender broker's office from 3104 Lord Baltimore Drive, Suite 109, Windsor Mill, MD to 4929 Berry Hill Circle, Perry Hall, MD

BAN20060357 Family Home Lending Corporation - To relocate mortgage lender broker's office from 5119 Summer Avenue, Suite 229, Memphis, TN to 1255-A Lynnfield Road, Suite 108, Memphis, TN

BAN20060358 BuyersOne Mortgage Corporation - For a mortgage lender and broker license

BAN20060359 Homeland Mortgage Services LLC - For a mortgage broker's license

BAN20060360 The Mortgage Market, Inc. - For a mortgage broker's license

BAN20060361 Express Mortgage, LLC - For a mortgage broker's license

BAN20060362 Wheaton Services, Inc. - To open a check casher at 8382 Richmond Highway, Alexandria, VA

BAN20060363 Jerry Cash Corporation - To open a check casher at 5867 Columbia Pike, Falls Church, VA

BAN20060364 Village Bank - To open a branch at 1650 Willow Lawn Drive, Henrico County, VA

BAN20060365 Then Marathon Bank - To open a branch at 120 Oxbow Drive, Strasburg, VA

BAN20060366 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 2230 Gallows Road, Suite 310, Vienna, VA

BAN20060367 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 2003 West Lincoln Drive, Marlton, NJ

BAN20060368 Nationwide Funding Corporation - To open a mortgage broker's office at 297 Herndon Parkway, Suite 302, Herndon, VA

BAN20060369 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 651 Boulevard, Space 1, Colonial Heights, VA

BAN20060370 Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 7820 Sudley Road, Manassas, VA

BAN20060371 Executive Mortgage Services, Inc. - To relocate mortgage broker's office from 5622 Columbia Pike, Suite 205, Falls Church, VA to 3120 North Pershing Drive, Arlington, VA

BAN20060372 Wells Fargo Financial Virginia, Inc. - To relocate consumer finance office from 410 Albemarle Square, Albemarle County, VA to 225 Connor Drive, Albemarle County, VA

BAN20060373 Paragon Commercial Bank - To open a branch at 1700 Bayberry Court, Suite 101, Henrico County, VA

BAN20060374 United First Mortgage USA, Inc. - For a mortgage broker's license

BAN20060375 Network Funding, L.P. - To open a mortgage lender and broker's office at 5504 Democracy Drive, Suite 200, Plano, TX

BAN20060376 Network Funding, L.P. - To open a mortgage lender and broker's office at 15950 North Dallas Parkway, Suite 400, Dallas, TX

BAN20060377 Global Mortgage, Inc. - To open a mortgage broker's office at 2203 N. Lois Avenue, Suite 900, Tampa, FL

BAN20060378 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To relocate mortgage lender broker's office from 414 Oakmeads Crescent, Suite 201, Virginia Beach, VA to 321 Office Square Lane, Suite 201, Virginia Beach, VA

BAN20060379 EPI Mortgage Center, Inc. - For a mortgage lender and broker license

BAN20060380 Ohio Lending Solutions, Inc. - To open a mortgage broker's office at 27801 Euclid Avenue, Suite 200, Euclid, OH

BAN20060381 Ohio Lending Solutions, Inc. - To open a mortgage broker's office at 103 Milan Avenue, Amherst, OH

BAN20060382 Zip Pizza and Deli, Inc. - To open a check casher at 1605 Memorial Avenue, Lynchburg, VA

BAN20060383 Vision Mortgage Services, LLC - For a mortgage broker's license

BAN20060384 Nova Terra Mortgage Corp. - For a mortgage broker's license

BAN20060385 Equity Options, Inc. - For a mortgage lender and broker license

BAN20060386 Kim L. Clark - To acquire 25 percent or more of Millennium Financial Group, Inc.

BAN20060387 Timothy J. Burke - To acquire 25 percent or more of Nationwide Lending Corporation

BAN20060388 Firas Alqublan d/b/a Z Market #1 - To open a check casher at 1401 Park Avenue, Lynchburg, VA

BAN20060389 Mihyang Yi d/b/a Pilgrim Wireless - To open a check casher at 13294 Warwick Boulevard, Newport News, VA

BAN20060390 Branch Banking and Trust Company of Virginia - To open a branch at 2993 Shore Drive, Virginia Beach, VA

BAN20060391 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 3500 Virginia Beach Boulevard, Suite 206, Virginia Beach, VA

BAN20060392 Allied Mortgage, L.L.C. d/b/a Continental Mortgage (Verona Office) - To open a mortgage broker's office at 322 Lee Highway, Verona, VA

BAN20060393 The Infinity Funding Group, Inc. - To open a mortgage broker's office at 235 N. Main Street, Kilmarnock, VA

BAN20060394 Community Mortgage, LLC - To open a mortgage broker's office at 2708 Virginia Beach Boulevard, Virginia Beach, VA

BAN20060395 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 123 Tice Boulevard, Suite 200, Woodcliff Lake, NJ

BAN20060396 Ocwen Loan Servicing, LLC - To open a mortgage lender's office at 2650 Warrenton Road, Suite 200, Downers Grove, IL

BAN20060397 Bernice B. Brown d/b/a Gemris Group - To open a mortgage broker's office at 1020 Preserve Court, Great Falls, VA

BAN20060398 Bernice B. Brown d/b/a Gemris Group - To relocate mortgage broker's office from 5019-A Backlick Road, Suite 11, Annandale, VA to 7619 Little River Turnpike, Suite 200B, Annandale, VA

BAN20060399 Michael O. Crawford d/b/a Michael O. Crawford Financial Resources - To relocate mortgage broker's office from 109 Westwood Office Park, Fredericksburg, VA to 1901 Plank Road, Fredericksburg, VA

BAN20060400 Weststar Mortgage, Inc. - To relocate mortgage lender broker's office from 5700 Cleveland Street, Suite 310, Virginia Beach, VA to 5700 Cleveland Street, Suite 215, Virginia Beach, VA

BAN20060401 American Mortgage Professionals LLC - To relocate mortgage broker's office from 230 Merrimac Court, Prince Frederick, MD to 222 Merrimac Court, Prince Frederick, MD

BAN20060402 Amston Mortgage Company, Inc. - To open a mortgage broker's office at 3074 Brickhouse Court, Virginia Beach, VA

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20060403 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 12902 Federal Systems Park Drive, 2nd Floor, Fairfax, VA

BAN20060404 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1205 W. Main Street, Suite 204, Richmond, VA

BAN20060405 The Mortgage Zone, Inc. - To open a mortgage lender and broker's office at 8300 Dow Circle, Suite 200, Strongsville, OH

BAN20060406 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 15991 Red Hill Avenue, Suite 203, Tustin, CA

BAN20060407 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 5101 La Palma Avenue, Suite 207, Anaheim, CA

BAN20060408 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 1851 East 1st Street, Suite 900, Santa Ana, CA

BAN20060409 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 1000 North Coast Highway, Suite 7, Laguna Beach, CA

BAN20060410 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 20 N. Main Street, Suite B, Rochester, NH

BAN20060411 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 640 Rodi Road, Pittsburgh, PA to 1003 Perry Highway, Suite 102, Pittsburgh, PA

BAN20060412 First Wholesale Mortgage Corporation - To relocate mortgage broker's office from 10285 Summerlin Way, Fishers, IN to 7046 South U.S. Highway 45, Oshkosh, WI

BAN20060413 Commerce Bank, N.A. - To open a branch at 725 Walker Road, Great Falls, VA

BAN20060414 Freestate Mortgage Services, Inc. - For a mortgage broker's license

BAN20060415 Tana Business Services LLC - For a money transmitter license

BAN20060416 Best Option Mortgage Inc. - For a mortgage lender and broker license

BAN20060417 Pamela H. Sisk d/b/a Sisk Mortgage Group - To relocate mortgage broker's office from 1113 E. Main Street, Luray, VA to 1900 Elkin Street, Alexandria, VA

BAN20060418 A Money Matter Mortgage Inc. - To open a mortgage lender and broker's office at 14701 Lee Highway, Suite A308, Centreville, VA

BAN20060419 Mortgage Bankers of Virginia, Inc. - To open a mortgage broker's office at 2180 Plainview Court, Powhatan, VA

BAN20060420 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 20 Kinderkamack Road, Youngsville, NC

BAN20060421 Pulte Mortgage LLC - To open a mortgage lender and broker's office at 12300 E. Arapahoe Road, Centennial, CO

BAN20060422 Choice Mortgage, LLC - For a mortgage lender and broker license

BAN20060423 New Peoples Bank, Inc. - To open a branch at 11241 Indian Creek Road, Pound, VA

BAN20060424 Franklin American Mortgage Company - For additional mortgage authority

BAN20060425 Get Lower, Inc. - For a mortgage broker's license

BAN20060426 Good Faith Mortgage, Inc. - For a mortgage broker's license

BAN20060427 First Guaranty Mortgage Corporation d/b/a Broker's Edge Lending (In Certain Offices) - To open a mortgage lender and broker's office at 1801 McCormick Drive, Suite 280, Largo, MD

BAN20060428 MorEquity of Nevada, Inc. (Used in VA by: MorEquity, Inc.) - To open a mortgage lender and broker's office at 850 Ridge Lake Boulevard, Suite 210, Memphis, TN

BAN20060429 Bay Capital Corp. d/b/a Level One Mortgage Capital (Silver Spring Office) - To open a mortgage lender and broker's office at 8201 Greensboro Drive, Suite 214, McLean, VA

BAN20060430 National Finance Corp. d/b/a Nationwide Mortgage Solutions - To open a mortgage lender and broker's office at 9310 Old Keene Mill Road, Suite A, Burke, VA

BAN20060431 Embassy Mortgage, Inc. - To open a mortgage lender and broker's office at 1978, 1980 and 1982 William Street, Fredericksburg, VA

BAN20060432 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 30 Linden Hill Way, SW, Suite A, Leesburg, VA

BAN20060433 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To relocate mortgage lender broker's office from 211 North Union Street, Suite 100, Alexandria, VA to 6701 Democracy Boulevard, Suite 300, Bethesda, MD

BAN20060434 Metrocities Mortgage, LLC - To relocate mortgage lender broker's office from 13860 Ballantyne Corporate Place, Charlotte, NC to 2101 Rexford Road, Suite 350, W, Charlotte, NC

BAN20060435 Global Mortgage, Inc. - To relocate mortgage broker's office from 10104 Senate Drive, Suite 210, Lanham, MD to 10104 Senate Drive, Suite 201, Lanham, MD

BAN20060436 Alcova Mortgage LLC - To relocate mortgage broker's office from 413 South Monroe Avenue, Covington, VA to 212 North Monroe Avenue, Covington, VA

BAN20060437 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To relocate mortgage lender broker's office from 622 West Main Street, Suite 108, Arlington, TX to 990 N. Walnut Creek, Suite 2016, Mansfield, TX

BAN20060438 Global Mortgage, Inc. - To relocate mortgage broker's office from 12138 Central Avenue, Suite 323, Mitchellville, MD to 3511 Fullerton Street, Beltsville, MD

BAN20060439 BSM Financial L.P. d/b/a Brokersource - To relocate mortgage lender broker's office from 16479 Dallas Parkway, Suite 700, Addison, TX to 1301 Central Expressway South, Allen, TX

BAN20060440 CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted

BAN20060441 CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted

BAN20060442 CitiFinancial Services, Inc. - To conduct a consumer finance business where mortgage guaranty insurance will be sold

BAN20060443 CitiFinancial Services, Inc. - To conduct consumer finance business where title insurance business will also be conducted

BAN20060444 CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted

BAN20060445 CitiFinancial Services, Inc. - To conduct consumer finance business where non-filing insurance business will also be conducted

BAN20060446 CitiFinancial Services, Inc. - To conduct a consumer finance business where home security plans will be sold

BAN20060447 CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted

BAN20060448 CitiFinancial Services, Inc. - To conduct consumer finance business where a credit life insurance with mortgage loans business will also be conducted

BAN20060449 CitiFinancial Services, Inc. - To conduct consumer finance business where an auto club membership business will also be conducted

BAN20060450 Pine Supermarket, Inc. - To open a check casher at 1800 27th Street, Newport News, VA

BAN20060451 New Peoples Bank, Inc. - To open a branch at 5448 Wise-Norton Road, Essersville, VA

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BAN20060452 Platinum Capital Group, Inc. (Used in VA by: Platinum Capital Group) - To open a mortgage lender and broker's office at 437 Grant Street, Pittsburgh, PA

BAN20060453 MortgageStar, Inc. - To open a mortgage lender and broker's office at 9521 Wallingford Drive, Burke, VA

BAN20060454 The Mortgage Link, Inc. - To open a mortgage broker's office at 6575 Edsall Road, Springfield, VA

BAN20060455 Capital Home Funding Corporation - To open a mortgage broker's office at 11818 Rock Landing Drive, Newport News, VA

BAN20060456 Integrated Mortgage Strategies Ltd - To open a mortgage lender and broker's office at 4700 Six Forks Road, Suite 120, Raleigh, NC

BAN20060457 Integrated Mortgage Strategies Ltd - To relocate mortgage lender broker's office from 300 Meadowmont Village Circle, Chapel Hill, NC to 1414 Raleigh Road, Suite 415, Chapel Hill, NC

BAN20060458 SLM Mortgage Corporation-VA d/b/a Sallie Mae Mortgage - To relocate mortgage lender broker's office from 610 Thimble Shoals Boulevard, Suite 303-D, Newport News, VA to 610 Thimble Shoals Boulevard, Suite 201-A, Newport News, VA

BAN20060459 MBS Financial Inc. d/b/a Commonwealth Lending - To relocate mortgage broker's office from 21143 Brookside Lane, Suite 100, Potomac Falls, VA to 1605A Guard Hill Court, Haymarket, VA

BAN20060460 WashingtonFirst Bank - To open a branch at Plaza America Shopping Center, 11636 Plaza America Drive, Reston, VA

BAN20060461 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - For a mortgage lender and broker license

BAN20060462 Heartwell Mortgage Corporation - For a mortgage lender and broker license

BAN20060463 JSI Mortgage, LLC - For a mortgage broker's license

BAN20060464 D and D Home Loans Inc. d/b/a Terry Mortgage Group (348 Southport Circle Only) - For additional mortgage authority

BAN20060465 Fouad H. Naghmi - To acquire 25 percent or more of Horizon Mortgage Corp.

BAN20060466 Ryan Hall - To acquire 25 percent or more of First Residential Mortgage Corporation

BAN20060467 C-3 Financial, Inc. d/b/a EZ Cash, Cash Advance - To open a check casher at 2076 Magnolia Avenue, Suite A, Buena Vista, VA

BAN20060468 SLM Mortgage Corporation-VA d/b/a Sallie Mae Mortgage - To open a mortgage lender and broker's office at 4151 Quarles Court, Harrisonburg, VA

BAN20060469 SLM Financial Corporation d/b/a Sallie Mae Financial - To open a consumer finance office at 4151 Quarles Court, Harrisonburg, VA

BAN20060470 Nationwide Funding Corporation - To open a mortgage broker's office at 4041 University Drive, Suite 401, Fairfax, VA

BAN20060471 ABC Mortgage Funding, Inc. - To open a mortgage broker's office at 610 Thimble Shoals Boulevard, Suite 203B, Newport News, VA

BAN20060472 Solstice Capital Group, Inc. - To open a mortgage lender and broker's office at 4636 East University Drive, Suite 175, Phoenix, AZ

BAN20060473 Solstice Capital Group, Inc. - To open a mortgage lender and broker's office at 2630 S. Jones Boulevard, Suites 3 and 4, Las Vegas, NV

BAN20060474 Virginia Community Bank - To open a branch at the northeast corner intersection of U.S. Route 15 and U.S. Route 250, Zion Crossroads, VA

BAN20060475 Western Home Mortgage Corporation - To relocate mortgage broker's office from 502 E. Oceanfront, Newport Beach, CA to 19600 Fairchild Road, Suite 100, Irvine, CA

BAN20060476 A+ Financial Corporation d/b/a Allied Home Mortgage Financial Services - To relocate mortgage broker's office from 1901 Prospector Avenue, Suite 12, Park City, UT to 2825 East Cottonwood Parkway, Suite 500, Salt Lake City, UT

BAN20060477 SAI Mortgage, Inc. - To relocate mortgage broker's office from 5612 7th Place, Arlington, VA to 5236 Fillmore Avenue, Alexandria, VA

BAN20060478 Pacific Northwest Mortgage Corporation - To relocate mortgage lender broker's office from 100 Saratoga Avenue, Suite 200A, Santa Clara, CA to 1899 Concourse Drive, San Jose, CA

BAN20060479 AmTrust Funding Services, Inc. - To relocate mortgage broker's office from 710 Oakfield Drive, Suite 254, Brandon, FL to 215 Lithia Pinecrest Road, Brandon, FL

BAN20060480 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 203 Romancoke Road, Suite 510, Stevensville, MD to 410 Main Street, Stevensville, MD

BAN20060481 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 408 Craine Highway, Unit #9, Glen Burnie, MD to 1414 N. Craine Highway, Suite 3B, Glen Burnie, MD

BAN20060482 First-Citizens Bank & Trust Company - To merge into it First Citizens Bank-National Association

BAN20060483 MortgageStar, Inc. - To open a mortgage lender and broker's office at 4801 E. Independence Boulevard, Suites 1027 and 1029, Charlotte, NC

BAN20060484 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 13209 Sherwood Forest Drive, Silver Spring, MD

BAN20060485 Global Mortgage, Inc. - To open a mortgage broker's office at 20815 NE 16th Avenue, North Miami, FL

BAN20060486 Global Mortgage, Inc. - To open a mortgage broker's office at 9888 Main Street, Damascus, MD

BAN20060487 Millennium Financial Group, Inc. d/b/a Mlend - To open a mortgage broker's office at 101 Baughman's Lane, Frederick, MD

BAN20060488 Millennium Financial Group, Inc. d/b/a Mlend - To relocate mortgage broker's office from 1011 E. Patrick Street, Frederick, MD to 207 B South Church Street, Middletown, MD

BAN20060489 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 7840 Madison Avenue, Suite 154, Fair Oaks, CA

BAN20060490 Semidey & Semidey Mortgage Group, LLC - To open a mortgage broker's office at 8150 Leesburg Pike, Suite 512, Vienna, VA

BAN20060491 Brandi Wine Financial, Inc. - For a mortgage broker's license

BAN20060492 Cortson Mortgage, LLC - For a mortgage broker's license

BAN20060493 Home123 Corporation - To relocate mortgage lender broker's office from 414 N. Orleans Street, Suite 008, Chicago, IL to 414 N. Orleans Street, Suite 601, Chicago, IL

BAN20060494 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 8302-D Old Courthouse Road, Vienna, VA to 2095 Chain Bridge Road, Vienna, VA

BAN20060495 QC Financial Services, Inc. d/b/a Quik Cash - To open a payday lender's office at 1409A Lynnhaven Parkway, Virginia Beach, VA

BAN20060496 Atlantic Mortgage and Funding, Inc. - For a mortgage broker's license

BAN20060497 Quicken Loans Inc. - To open a mortgage lender's office at 1500 West Third Street, MK-Ferguson, Suite 510, Cleveland, OH

BAN20060498 Joseph LaLuna - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.

BAN20060499 First Bank of Virginia (Used in VA by: First Bank) - To open a branch at 205 Broad Street, Dublin, VA

BAN20060500 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 8500 Westphelia Road, Upper Marlboro, MD

BAN20060501 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 759 South Federal Highway, Suite 219, Stuart, FL

BAN20060502 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 55 Westlake Road, Suite 112, Hardy, VA to 45 Westlake Road, Suite 112, Hardy, VA

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| BAN20060503 | Walter Mortgage Company - To open a mortgage lender's office at 4211 W. Boy Scout Boulevard, Tampa, FL  |
| BAN20060504 | Speedy Cash, Inc. - To open a payday lender's office at 6353 Indian River Road, Virginia Beach, VA  |
| BAN20060505 | Speedy Cash, Inc. - To open a payday lender's office at 484 Denbigh Boulevard, Newport News, VA   |
| BAN20060506 | New Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 5296 S. Commerce Drive, Suite 102, Murray, UT   |
| BAN20060507 | Global Mortgage, Inc. - To open a mortgage broker's office at 1511 Barksdale Drive, Leesburg, VA  |
| BAN20060508 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 3945 Prince William Parkway, Woodbridge, VA   |
| BAN20060510 | Global Mortgage, Inc. - To open a mortgage broker's office at 6500 Harbour View Court, Suite 203, Midlothian, VA  |
| BAN20060511 | Global Mortgage, Inc. - To relocate mortgage broker's office from 858 Rockland Square, Leesburg, VA to 46175 West Lake Drive, Unit 110, Potomac Falls, VA   |
| BAN20060512 | American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 8996 Fern Park Drive, Burke, VA   |
| BAN20060513 | Cross Atlantic Mortgage Bank, Inc. - For a mortgage broker's license  |
| BAN20060514 | New Vision Financial, Inc. - For a mortgage broker's license  |
| BAN20060515 | Union Bankshares Corporation - To acquire Prosperity Bank & Trust Company Springfield, VA   |
| BAN20060516 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 8730 Georgia Avenue, Suite 300, Silver Spring, MD  |
| BAN20060517 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 5457 Twin Knolls Road, Suite 101, Columbia, MD   |
| BAN20060518 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1306 North Parham Road, Richmond, VA  |
| BAN20060519 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1675 South State Street, Dover, DE  |
| BAN20060520 | Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 2216 West Manor Avenue, Poland, OH   |
| BAN20060521 | Access Capital Mortgage, LLC - To open a mortgage lender and broker's office at 753 Thimble Shoals Boulevard, Suite 2-B, Newport News, VA   |
| BAN20060522 | Homeloan USA Corporation - To relocate mortgage lender broker's office from 5100 Tennyson Parkway, Suite 2600, Plano, TX to 2591 Dallas Parkway, Suite 401, Frisco, TX  |
| BAN20060523 | Edelman Mortgage Services II, LLC (Used in VA by: Edelman Mortgage Services, LLC) - To relocate mortgage broker's office from 12450 Fair Lakes Circle, Suite 200, Fairfax, VA to 4000 Legato Road, 9th Floor, Fairfax, VA |
| BAN20060524 | Elite Mortgage Services LLC - To relocate mortgage broker's office from 9430 Lanham Severn Road, Suite 206, Lanham, MD to 9138 Lanham Severn Road, Lanham, MD   |
| BAN20060525 | Community Mortgage Services Corporation - To relocate mortgage broker's office from The Jefferson Building, 8100 Three Chopt, Richmond, VA to 10045 Midlothian Turnpike, Richmond, VA                                     |
| BAN20060526 | Lighthouse Home Mortgage, L.L.C. - To open a mortgage broker's office at 2414 Colonial Avenue, Norfolk, VA  |
| BAN20060527 | Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 6919 Baltimore National Pike, Suite D, Frederick, MD to 1323 Main Street, Hampstead, MD                                       |
| BAN20060528 | Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 1298 Bay Dale Drive, Suite 204, Arnold, MD to 1037 West Nursery Road, Linthicum Heights, MD                                   |
| BAN20060529 | Sentrust Mortgage, LLC - To relocate mortgage broker's office from One Bank Street, Suite 160, Gaithersburg, MD to 656 Quince Orchard Road, Suite 620, Gaithersburg, MD   |
| BAN20060530 | California Loan Servicing, LLC - For a mortgage broker's license  |
| BAN20060531 | Key Financial Services, LLC - For a mortgage broker's license   |
| BAN20060532 | Anchor Lending, Inc. (Used in VA by: Anchor Financial Mortgage Company, Inc.) - For a mortgage lender and broker license  |
| BAN20060533 | Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 30 Campus Drive, Building CP-2, Edison, NJ   |
| BAN20060534 | 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 34 Garden Court, Ruckersville, VA   |
| BAN20060535 | Trustworthy Mortgage Corporation - To open a mortgage broker's office at 9161 Liberia Avenue, Suite 206, Manassas, VA   |
| BAN20060536 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 1566-5 Village Square Boulevard, Tallahassee, FL   |
| BAN20060537 | Family Home Lending Corporation - To relocate mortgage lender broker's office from 979 Bristol Pike, Bensalem, PA to 25 Old Kings Road North, Suite 2B, Palm Coast, FL  |
| BAN20060538 | 4 Capital M, LLC - To relocate mortgage broker's office from 123 Milton Avenue, Fallston, MD to 1818 Pot Spring Road, Suite 26, Lutherville, MD   |
| BAN20060539 | A Homeowners Mtg. Co., LLC - For a mortgage broker's license  |
| BAN20060540 | Metropolitan Capital Group, LLC - For a mortgage broker's license   |
| BAN20060541 | Charter Lending, LLC - For a mortgage lender and broker license   |
| BAN20060542 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 4538 Lantern Place, Alexandria, VA  |
| BAN20060543 | Furey Lending Group, LLC - To open a mortgage broker's office at 46178 Aisquith Terrace, Sterling, VA   |
| BAN20060544 | America One Mortgage Corporation d/b/a America One Mortgage Group - To open a mortgage broker's office at 7417 Reservation Drive, Springfield, VA   |
| BAN20060545 | Mortgage One Solutions, Inc. - To open a mortgage broker's office at 1400 S. Jackson Street, Suite 21, Seattle, WA  |
| BAN20060546 | Mortgage One Solutions, Inc. - To open a mortgage broker's office at 8001 Franklin Farms Road, Suite 114, Richmond, VA  |
| BAN20060547 | Shore Bank - To relocate office from 21220 N. Bayside Drive, Cheriton, VA to 22468 Lankford Highway, Cape Charles, VA   |
| BAN20060548 | America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To relocate mortgage lender broker's office from 197 Tyler Von Way, Fredericksburg, VA to 12311 Charles Lacey Drive, Manassas, VA                       |
| BAN20060549 | Fidelity Mutual Mortgage Company (Used in VA by: Fidelity First Mortgage Company) - For additional mortgage authority   |
| BAN20060550 | First City Financial Group, LLC - For a mortgage broker's license   |
| BAN20060551 | Chase Mortgage Corporation - For a mortgage broker's license  |
| BAN20060552 | Cornestone Home Mortgage, L.L.C. - To open a mortgage broker's office at 1226 Progressive Drive, Suite 210, Chesapeake, VA  |
| BAN20060553 | Amerisave Mortgage Corporation - To open a mortgage lender and broker's office at 14425 College Boulevard, Suite 100, Lenexa, KS  |
| BAN20060554 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 4084 Airline Parkway, Chantilly, VA   |
| BAN20060555 | Quotemearate.com, Inc. - To open a mortgage lender and broker's office at 6311 Buckler Road, Clinton, MD  |

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BAN20060556 Network Funding, L.P. - To relocate mortgage lender broker's office from 1105 Waxhaw Indian Trail Road, Indian Trail, NC to 1047-C Van Buren Avenue, Indian Trail, NC

BAN20060557 Global Equity Lending, Inc. - To relocate mortgage lender broker's office from 212 Sequoyah Trail, Hendersonville, TN to 639 East Main Street, Suites 1 and 2, Lower Level, Hendersonville, TN

BAN20060558 Farmers & Merchants Bank - To open a branch at 1 East Luray Shopping Center, East Main Street, Luray, VA

BAN20060559 Beneficial Virginia Inc. - To conduct consumer finance business where a CreditKeeper membership business will also be conducted

BAN20060560 Maycor Financial Group, Inc. - For a mortgage broker's license

BAN20060561 12th Street Mortgage Inc. - For a mortgage broker's license

BAN20060562 American Heritage Capital, L.P. - For a mortgage broker's license

BAN20060563 Preservation Mortgage, Inc. - For a mortgage broker's license

BAN20060564 Southside Bank - To merge into it Hanover Bank

BAN20060565 Southside Bank - To merge into it Bank of Northumberland, Incorporated

BAN20060566 Ohmkar, LLC d/b/a Fairfield BP Amoco - To open a check casher at 5051 Nine Mile Road, Richmond, VA

BAN20060567 1st American Mortgage, Inc. d/b/a CU Mortgage Group (Vienna only) - To open a mortgage lender and broker's office at 385 Garrisonville Road, Suite 120, Stafford, VA

BAN20060568 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 13800 Coppermine Road, Suite 100, Herndon, VA

BAN20060569 Silver State Financial Services, Inc. d/b/a Silver State Mortgage - To open a mortgage lender's office at 2485 Village View Drive, Suite 300, Henderson, NV

BAN20060570 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 11886 New Country Lane, Columbia, MD

BAN20060571 Dana Capital Group, Inc. - To relocate mortgage lender broker's office from 2902 West Aquafria, Suite 1120, Phoenix, AZ to 3010 West Agua Fria Highway, Suite 101, Phoenix, AZ

BAN20060572 1st Virginia Mortgage Corporation - To relocate mortgage broker's office from 1786 Tyndall Point Lane, Gloucester, VA to 4102 George Washington Highway, Suite 106, Yorktown, VA

BAN20060573 Covenant Mortgage and Investment Group, Ltd. - To relocate mortgage broker's office from 139 North Main Street, Suite 305, Bel Air, MD to 1615 A Robin Circle, Forest Hill, MD

BAN20060574 Commerce Bank, N.A. - To open a branch at northwest corner of Route 7 (East Market St.) and Plaza Street, NE, Leesburg, VA

BAN20060575 Just Mortgage, Inc. - To open a mortgage lender's office at 7611 Little River Turnpike, Suite 205W, Annandale, VA

BAN20060576 U S Mortgage & Investment Services, Inc. - To open a mortgage broker's office at 8200 Greensboro Drive, Suite 900, McLean, VA

BAN20060577 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 322 Morgan Ford Road, Front Royal, VA

BAN20060578 OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 8996 Fern Park Drive, Burke, VA

BAN20060579 Century 21 Mortgage Corporation - To open a mortgage lender's office at 910 Parham Road, Richmond, VA

BAN20060580 Global Mortgage, Inc. - To open a mortgage broker's office at 4440 Von Karman Avenue, Suite 205, Newport Beach, CA

BAN20060581 Greenwood Properties, LLC d/b/a Integrity Lending - For additional mortgage authority

BAN20060582 First American Home Loans, Inc. - For a mortgage lender and broker license

BAN20060583 Tower Mortgage Corporation - For additional mortgage authority

BAN20060584 The Mortgage Zone, Inc. - To relocate mortgage lender broker's office from 4700 Richmond Road, Suite 100, Warrenton Heights, OH to 23550 Commerce Park Road, Suite 5, Beachwood, OH

BAN20060585 Quality Florida Group, Corp. d/b/a Quality Virginia Mortgage, Corp. - To relocate mortgage lender broker's office from 14001 Minnieville Road, Woodbridge, VA to 5695 Columbia Pike, Suite 201, Falls Church, VA

BAN20060586 EWA Mortgage, Inc. - To relocate mortgage broker's office from 6201 Riverdale Road, Suite 310, Riverdale, MD to 7913 Belle Point Drive, Greenbelt, MD

BAN20060587 America's Home Loan Corporation - To relocate mortgage broker's office from 1360 Powers Ferry Road, Marietta, GA to 2143 Wood Glen Lane, SE, Marietta, GA

BAN20060588 Fairmont Funding Ltd. - For additional mortgage authority

BAN20060589 Chase Financial, Inc. - For a mortgage broker's license

BAN20060590 Cemide Financial Services LLC - For a payday lender license

BAN20060591 Green Valley Mortgage LLC - For a mortgage broker's license

BAN20060592 Ballantrae Texas Acquisition Corporation - To acquire 25 percent or more of Vertical Lend, Inc.

BAN20060593 Captus Capital, Inc. - To open a mortgage lender and broker's office at 1100 H Street N.W., Suite 400, Washington, DC

BAN20060594 The Credit People Company - To open a mortgage broker's office at 1100 H Street, N.W., Suite 400, Washington, DC

BAN20060595 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 1452 Hughes Road, Suite 268, Grapevine, TX

BAN20060596 Nationside Mortgage Inc. - To open a mortgage broker's office at 4005 Williamsburg Court, Second Floor, Fairfax, VA

BAN20060597 David Etute d/b/a America Continental Home Loan & Investment - To open a mortgage broker's office at 3850 Gaskins Road, Suite 200, Richmond, VA

BAN20060598 InstantRefi.com LLC - To open a mortgage broker's office at 1203 Troy-Schenectady Road, Suite 101, Latham, NY

BAN20060599 Nationwide Funding Corporation - To open a mortgage broker's office at 5501 Cherokee Avenue, Suite 207, Alexandria, VA

BAN20060600 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 8323 Clermont Street, Tampa, FL

BAN20060601 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 14341 Jacob Lane, Centreville, VA

BAN20060602 Mortgage Direct 2, LLC (Used in VA by: Mortgage Direct, LLC) - To open a mortgage broker's office at 7810 Breakstone Court, Ellicott City, MD

BAN20060603 MFS/TA, Inc. - To open a mortgage broker's office at 1120 Clatter Avenue, Wake Forest, NC

BAN20060604 MFS/TA, Inc. - To relocate mortgage broker's office from 105 N. Rose Street, Suite 211, Escondido, CA to 105 N. Rose Street, Suite 201, Escondido, CA

BAN20060605 Dreams to Reality, LLC d/b/a Dreams to Reality Mortgage - To relocate mortgage broker's office from 16362 Heritage Pines Circle, Bowling Green, VA to 101 Washington Street, Suite 301, Falmouth, VA

BAN20060606 MortgageStar, Inc. - To relocate mortgage lender broker's office from 3408 Dunran Road, Baltimore, MD to 32789 Greens Way, Long Neck, DE

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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| BAN20060607 | First Equitable Mortgage and Investment Company, Incorporated - To relocate mortgage broker's office from 601 Caroline Street, Suite 600, Fredericksburg, VA to 5955 Centerville Crest Lane, Centerville, VA |
| BAN20060608 | Brown Financial Enterprise, Inc. d/b/a Mortgage Marketing Services of Virginia, Inc. - For a mortgage broker's license   |
| BAN20060609 | K D Lending, Inc. - For a mortgage broker's license  |
| BAN20060610 | First Choice Lending of Delaware, Inc. - For a mortgage broker's license   |
| BAN20060611 | Definitive Financial, Incorporated - For a mortgage broker's license   |
| BAN20060612 | Equity Direct Mortgage Corp. - For a mortgage lender and broker license  |
| BAN20060613 | Southern Star Mortgage Corp. - To open a mortgage lender and broker's office at 105-17 Jamaica Avenue, Richmond Hill, NY   |
| BAN20060614 | First Residential Mortgage Network, Inc. d/b/a SurePoint Lending - To open a mortgage lender and broker's office at 9721 Ormsby Station Road, Suite 100, Louisville, KY                                      |
| BAN20060615 | H&R Block Mortgage Corporation - To open a mortgage lender and broker's office at 6133 North River Road, Suite 400, Rosemont, IL   |
| BAN20060616 | H&R Block Mortgage Corporation - To open a mortgage lender and broker's office at 7979 East Tufts Avenue, Suite 1200, Denver, CO   |
| BAN20060617 | Advantage Mortgage Services, Inc. - To open a mortgage broker's office at 4919 Brambleton Avenue, Roanoke, VA  |
| BAN20060618 | Global Mortgage, Inc. - To open a mortgage broker's office at 9006 Woodyard Road, Clington, MD   |
| BAN20060619 | Global Mortgage, Inc. - To open a mortgage broker's office at 933 Main Plaza Drive, Wentzville, MO   |
| BAN20060620 | First Guaranty Mortgage Corporation d/b/a Broker's Edge Lending (In Certain Offices) - To open a mortgage lender and broker's office at 4920 Southpoint Drive, Fredericksburg, VA                            |
| BAN20060621 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 2815 Godwin Boulevard, Suite A, Suffolk, VA                        |
| BAN20060622 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 754 Warrenton Road, Suite 109, Fredericksburg, VA                  |
| BAN20060623 | AmTrust Mortgage Corporation - To relocate mortgage lenders' office from 2617 Sandy Plains Road, Suites C and D, Marietta, GA to 1701 Barrett Lakes Boulevard, Suite 510, Kennesaw, GA                       |
| BAN20060624 | AmTrust Mortgage Corporation - To relocate mortgage lenders' office from 17311 Dallas Parkway, Suite 140, Dallas, TX to 5080 Spectrum Drive, Suite 320W, Addison, TX   |
| BAN20060625 | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 5301 Talbot Road South, Suite T101, Renton, WA to 9919 185th Street E, Puyallup, WA                                    |
| BAN20060626 | Superior Home Loans, Inc. - To relocate mortgage broker's office from 706 Giddings Avenue, Suite 2B, Annapolis, MD to 706 Giddings Avenue, Suite 2C, Annapolis, MD   |
| BAN20060627 | Shri Vallabh LLC - To open a check casher at 3825 South Crater Road, Petersburg, VA  |
| BAN20060628 | Jones Mortgage, Inc. - For a mortgage broker's license   |
| BAN20060629 | Justin Graham - For a mortgage broker's license  |
| BAN20060630 | iHomeowners, Inc. - For a mortgage broker's license  |
| BAN20060631 | Nationwide Financial Solutions, Inc. - To acquire 25 percent or more of Bay Capital Corp.  |
| BAN20060632 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 34382 Carpenters Way, Suite C, Lewes, DE  |
| BAN20060633 | A Better Way, Inc. - To open a mortgage broker's office at 1050 17th Street, Suite 635, Washington, DC   |
| BAN20060634 | Justin Enterprises, Inc. d/b/a Cash To Payday - To open a payday lender's office at 203 North Independence Avenue, Suite D, Independence, VA   |
| BAN20060635 | AEGIS Funding Corporation d/b/a AEGIS Home Equity - To open a mortgage lender's office at 5265 Colonel Johnson Lane, Alexandria, VA  |
| BAN20060636 | AEGIS Funding Corporation d/b/a AEGIS Home Equity - To open a mortgage lender's office at 3101 North Hampton Drive, Unit 1418, Alexandria, VA  |
| BAN20060637 | America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 190 Hawthorne Park, Suite E, Athens, GA   |
| BAN20060638 | Greenwood Properties, LLC d/b/a Greenwood Lending - To open a mortgage broker's office at 8328 Seminole Trail, Ruckersville, VA  |
| BAN20060639 | Vanguard Mortgage & Title Inc. - To open a mortgage lender and broker's office at 1313 W. Bogart Road, Suite A, Sandusky, OH   |
| BAN20060640 | Provident Capital Mortgage, Inc. - To relocate mortgage broker's office from 2895 South Federal Highway, Delray Beach, FL to 2424 North Federal Highway, Boca Raton, FL                                      |
| BAN20060641 | Nationwide Funding Corporation - To relocate mortgage broker's office from 14532 General Washington Drive, Woodbridge, VA to 4008 Genasse Place, Suite 101, Woodbridge, VA                                   |
| BAN20060642 | Miracle Mortgage & Loan, LLC - For a mortgage broker's license   |
| BAN20060643 | Financial Freedom Mortgage, LLC - For a mortgage broker's license  |
| BAN20060644 | 1st Fidelity Mortgage Group, LTD. (Used in VA by: FIRST FIDELITY MORTGAGE GROUP, LTD.) - For a mortgage broker's license   |
| BAN20060645 | Jerry B. Flowers, III - To acquire 25 percent or more of Southern Trust Mortgage, LLC  |
| BAN20060646 | Awais Haider d/b/a Chief Executive Mortgage & Financial - To open a mortgage broker's office at 7011 Calamo Street, Suite 209, Springfield, VA   |
| BAN20060647 | Mortgage Bankers of Virginia, Inc. - To open a mortgage broker's office at 43 Main Street, 2nd Floor, Mathews, VA  |
| BAN20060648 | Old Virginia Mortgage, Inc. - To open a mortgage lender and broker's office at 7308 Hanover Green Drive, Suite 201, Mechanicsville, VA   |
| BAN20060649 | Family Home Lending Corporation - To open a mortgage lender and broker's office at 315 Chenoweth Drive, Simpsonville, SC   |
| BAN20060650 | ResMAE Mortgage Corporation - To open a mortgage lender and broker's office at 3010 Saturn Street, Suite 100, Brea, CA   |
| BAN20060651 | Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 8302-D Old Courthouse Road, Vienna, VA to 2095 Chain Bridge Road, Suite 200, Vienna, VA                                     |
| BAN20060652 | Eagle Creek Mortgage, LLC - To relocate mortgage broker's office from 2900 Linden Lane, Suite 200, Silver Spring, MD to 20601 Miracle Drive, Gaithersburg, MD  |
| BAN20060653 | Americorp Credit Corporation - To relocate a mortgage lender broker's office from 2400 E. Katella Avenue, Suite 1265, Anaheim, CA to 1075 Montecito Drive, Corona, CA  |
| BAN20060654 | Home Loan Corporation - To relocate mortgage lender broker's office from 2350 North Belt East, Suite 850, Houston, TX to 450 Gears Road, Suite 600, Houston, TX  |

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| BAN20060655 | Buckeye Check Cashing of Virginia Inc. - To conduct a payday lending business where an open end credit business will also be conducted  |
| BAN20060656 | Diamond Funding Corporation - For a mortgage lender and broker license  |
| BAN20060657 | PSO, Inc. - For a money transmitter license   |
| BAN20060658 | Jon Matthew Mekeal - To acquire 25 percent or more of International Mortgage Corporation  |
| BAN20060659 | Chris F. Beisler - To acquire 25 percent or more of International Mortgage Corporation  |
| BAN20060660 | Scott R. Nickel - To acquire 25 percent or more of International Mortgage Corporation   |
| BAN20060661 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 3357 Hazlewood Road, Edgewater, MD  |
| BAN20060662 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 208 South Loudoun Street, Winchester, VA  |
| BAN20060663 | CoreStar Financial Group, LLC - To open a mortgage lender and broker's office at 7900 Triad Center, Suite 325, Greensboro, NC   |
| BAN20060664 | Mid Atlantic Mortgage Specialists LLC (Used in VA by:d Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1350 North Black Horse Pike, Williamstown, NJ   |
| BAN20060665 | Teddy L. Deel, Sr. d/b/a Quick Cash - To open a payday lender's office at 3020 Fourth Avenue, St. Paul, VA  |
| BAN20060666 | Nationside Mortgage Inc. - To open a mortgage broker's office at 414 Hungerford, Suite 102, Rockville, MD   |
| BAN20060667 | U.S.A. Financial Services, Inc. d/b/a Progressive Mortgage - To open a mortgage lender and broker's office at 4900 Leesburg Pike, Suite 205, Alexandria, VA   |
| BAN20060668 | Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 100 B Prestige Park, Hurricane, WV   |
| BAN20060669 | Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 6211 Centreville Road, Suite 800, Centreville, VA  |
| BAN20060671 | Lincoln Mortgage, LLC - To relocate mortgage broker's office from 113 Middleway Pike, Inwood, WV to 986 Middleway Pike, Inwood, WV  |
| BAN20060672 | Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 622 Hungerford Drive, Suite 22, Rockville, MD to 622 Hungerford Drive, Suite 18, Rockville, MD |
| BAN20060673 | Gulfport Financial LLC d/b/a Virginia Cash Advance - To conduct a payday lending business where a check cashing/ATM business will also be conducted   |
| BAN20060674 | Cardinal Bank - To open a branch at 14000 Sullyfield Circle, Chantilly, VA  |
| BAN20060675 | Vanguard Capital Funding, LLC - For a mortgage broker's license   |
| BAN20060676 | The New York Mortgage Company, LLC d/b/a mortgageline.com - To open a mortgage lender's office at 273 South River Road, Suites 1 and 2, Bedford, NH   |
| BAN20060677 | Equihome Mortgage, Corp. - To open a mortgage lender and broker's office at 100 Matawan Road, Suite 310, Matawan, NJ  |
| BAN20060678 | Equihome Mortgage, Corp. - To open a mortgage lender and broker's office at 1936 E. Deere Avenue, Suite 219, Santa Ana, CA  |
| BAN20060679 | Patriot Mortgage Corporation - To open a mortgage broker's office at 209 Elden Street, Suite 206, Herndon, VA   |
| BAN20060680 | CitiFinancial Auto Corporation - To relocate consumer finance office from 801 Volvo Parkway, Suites 142 and 143, Chesapeake, VA to 870 Greenbrier Circle, Chesapeake, VA  |
| BAN20060681 | Check First, Inc. - To relocate payday lender's office from 9963 Warwick Boulevard, Unit A, Newport News, VA to 453 W. Stuart Drive, Hillsville, VA   |
| BAN20060682 | 1st Principle Mortgage, LLC - To relocate mortgage lender broker's office from 2300 Ninth Street, South, Suite 303, Arlington, VA to 1549 Old Bridge Road, Suite 107, Woodbridge, VA  |
| BAN20060683 | S. S. Satya and Purnima Corporation d/b/a Best Bet Mini Mart - To open a check casher at 188 Faulconerville Drive, Amherst, VA  |
| BAN20060684 | Augusto C. Romero d/b/a La Bodeguita Hispana - To open a check casher at 4113 Williamson Road, NE, Roanoke, VA  |
| BAN20060685 | Pioneer Home Equity Corporation - For additional mortgage authority   |
| BAN20060686 | Woodforest National Bank - To open a branch at 4001 College Avenue, Bluefield, VA   |
| BAN20060687 | Woodforest National Bank - To open a branch at 780 Commonwealth Drive, Norton, VA   |
| BAN20060688 | Woodforest National Bank - To open a branch at 125 Clarion Road, Altavista, VA  |
| BAN20060689 | Woodforest National Bank - To open a branch at RR #2, Box 3160, Pennington Gap, VA  |
| BAN20060690 | Woodforest National Bank - To open a branch at 2601 George Washington Memorial Highway, Yorktown, VA  |
| BAN20060691 | Woodforest National Bank - To open a branch at Little Creek and Tidewater Drive, Norfolk, VA  |
| BAN20060692 | Woodforest National Bank - To open a branch at US Highway 17 and Airline Boulevard, Portsmouth, VA  |
| BAN20060693 | Woodforest National Bank - To open a branch at 6819 Waltons Lane, Gloucester, VA  |
| BAN20060694 | Woodforest National Bank - To open a branch at 1800 Carl D. Silver Parkway, Fredericksburg, VA  |
| BAN20060695 | Woodforest National Bank - To open a branch at 10001 Southpoint Parkway, Spotsylvania County, VA  |
| BAN20060696 | Woodforest National Bank - To open a branch at 1-81 and Highway 140, Abingdon, VA   |
| BAN20060697 | Woodforest National Bank - To open a branch at 1140 E. Stuart Drive, Galax, VA  |
| BAN20060698 | Woodforest National Bank - To open a branch at 345 Commonwealth Drive, Wytheville, VA   |
| BAN20060699 | Woodforest National Bank - To open a branch at 2400 N. Franklin Street, Christiansburg, VA  |
| BAN20060700 | Woodforest National Bank - To open a branch at 4807 Valley View Boulevard, NW, Roanoke, VA  |
| BAN20060701 | Woodforest National Bank - To open a branch at 1233 N. Lee Highway, Lexington, VA   |
| BAN20060702 | Woodforest National Bank - To open a branch at 1800 Peery Drive, Farmville, VA  |
| BAN20060703 | Woodforest National Bank - To open a branch at 8278 James Madison Highway, Warrenton, VA  |
| BAN20060704 | American Heritage Mortgage Group, Inc. - For a mortgage broker's license  |
| BAN20060705 | Guardian Mortgage, Inc. - For a mortgage broker's license   |
| BAN20060706 | The Gemris Group, LLC - For a mortgage broker's license   |
| BAN20060707 | Divine Intervention Mortgage, LLC - For a mortgage broker's license   |
| BAN20060708 | Eagle Finance, L.L.C. - For a mortgage broker's license   |
| BAN20060709 | Woodco Enterprises LLC d/b/a Payday Express - For a payday lender license   |
| BAN20060710 | The New York Mortgage Company, LLC d/b/a mortgageline.com - To open a mortgage lender's office at 313 Washington Street, Suite 302, Newton, MA  |
| BAN20060711 | Buckeye Check Cashing of Virginia, Inc. d/b/a CheckSmart - To open a payday lender's office at 5650 Virginia Beach Boulevard, Virginia Beach, VA  |
| BAN20060712 | Buckeye Check Cashing of Virginia, Inc. d/b/a CheckSmart - To open a payday lender's office at 2591 Tidewater Drive, Suite B, Norfolk, VA   |
| BAN20060713 | Dana Capital Group, Inc. - To open a mortgage lender and broker's office at 4301 N.W. 63rd Street, Suite 211, Oklahoma City, OK   |

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| BAN20060714 | AEGIS Lending Corporation d/b/a Amalgamated Mortgage (Bethesda Md. Office Only) - To open a mortgage lender and broker's office at 3 Front Street, 4th Floor, Rollinsford, NH                                     |
| BAN20060715 | Mortgage and Equity Funding Corporation - To relocate mortgage lender broker's office from 12602 Lake Ridge Drive, Woodbridge, VA to 1519 Old Bridge Road, Suite 202, Woodbridge, VA                              |
| BAN20060716 | Home Consultants, Inc. d/b/a HCI Mortgage - To relocate mortgage lender broker's office from 7100 Chesapeake Road, Suite 103, Hyattsville, MD to 8705 Grey Fox Trail, Upper Marlboro, MD                          |
| BAN20060717 | Payday USA of Virginia, LLC d/b/a Payday USA - To relocate payday lender's office from 3912 Hull Street, Unit 9B, Richmond, VA to 3914 Hull Street, Richmond, VA  |
| BAN20060718 | Payday USA of Virginia, LLC d/b/a Payday USA - To relocate payday lender's office from 1025 I West 3rd Street, Farmville, VA to 1012 I West 3rd Street, Farmville, VA   |
| BAN20060719 | Night & Day Market Inc. - To open a check casher at 2290 Wickham Avenue, Newport News, VA   |
| BAN20060720 | Sentinel Home Mortgage, LLLP - For a mortgage lender and broker license   |
| BAN20060721 | KDE Group, LLC - For a payday lender license  |
| BAN20060722 | Washington Home Mortgage, LLC - For additional mortgage authority   |
| BAN20060723 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 7250 Redwood Boulevard, Suite 211, Novato, CA              |
| BAN20060724 | American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 5899 Whitfield Avenue, Suite 102, Sarasota, FL  |
| BAN20060725 | Allied Mortgage Group, Inc. d/b/a MortgageCorpUSA - To open a mortgage lender's office at 115 W. Washington Street, 1st Floor, Hagerstown, MD   |
| BAN20060726 | Dollar Wise Mortgage Corporation - To open a mortgage broker's office at 7015 Backlick Court, Suite 200, Springfield, VA  |
| BAN20060727 | SLM Financial Corporation d/b/a Sallie Mae Financial - To conduct consumer finance business where sales finance business will also be conducted   |
| BAN20060728 | Tidewater Home Mortgage Group Inc. - To open a mortgage broker's office at 1602 Rolling Hills Drive, Suite 204, Richmond, VA  |
| BAN20060729 | SouthStar Funding, LLC d/b/a Capital Home Mortgage - To open a mortgage lender's office at 1825 Barrett Lakes Boulevard, Suite 250, Kennesaw, GA  |
| BAN20060730 | Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 7231 Forest Avenue, Suite 303, Richmond, VA  |
| BAN20060731 | Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 385 Garrisonville Road, Suite 105, Stafford, VA  |
| BAN20060732 | Anchor Tidewater Mortgage Company, LLC - To open a mortgage broker's office at 4419 Lafayette Boulevard, Suite D, Fredericksburg, VA  |
| BAN20060733 | E-Approve Mortgage Corp. - To relocate mortgage broker's office from 6231 Leesburg Pike, Suite 506, Falls Church, VA to 5037-A Backlick Road, Annandale, VA   |
| BAN20060734 | Dynamic Capital Mortgage, Inc. - To relocate mortgage lender broker's office from 7945 MacArthur Boulevard, Suite 210, Cabin John, MD to 8120 Woodmont Avenue, Suite 960, Bethesda, MD                            |
| BAN20060735 | Home123 Corporation - To relocate mortgage lender broker's office from 10293 North Meridian Street, Indianapolis, IN to 8365 Keystone Crossing, Suite 104, Indianapolis, IN                                       |
| BAN20060736 | Central Pacific Mortgage Company d/b/a Ivanhoe Mortgage - For a mortgage lender and broker license  |
| BAN20060737 | American Financial Mortgage, Inc. - For a mortgage broker's license   |
| BAN20060738 | CitiFinancial Services, Inc. - To conduct consumer finance business where an auto club membership business will also be conducted   |
| BAN20060739 | CitiFinancial Services, Inc. - To open a consumer finance office at 11217-B Lee Highway, Fairfax County, VA   |
| BAN20060740 | CitiFinancial Services, Inc. - To conduct a consumer finance business where home security plans will be sold  |
| BAN20060741 | CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted  |
| BAN20060742 | CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted   |
| BAN20060743 | CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted   |
| BAN20060744 | CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted   |
| BAN20060745 | TrustMor Mortgage Company d/b/a Members Mortgage Solutions - To open a mortgage lender and broker's office at 300 W. Main Street, Suite 201, Charlottesville, VA  |
| BAN20060746 | Believers Mortgage LLC - To open a mortgage broker's office at 2904 Moore Street, Richmond, VA  |
| BAN20060747 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 29 Brick Bat Road, Matthews, VA  |
| BAN20060748 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 407 Main Street, 2nd Floor, Laurel, MD   |
| BAN20060749 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 5718 Harford Road, Suite G-2, Baltimore, MD  |
| BAN20060750 | American Lending Corp. - To open a mortgage lender and broker's office at 120 East Market Street, Suite 1, Leesburg, VA   |
| BAN20060751 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2671 Osborne Road, Chester, VA  |
| BAN20060752 | Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 11 Pearl Street, Suite 206, Essex Junction, VT   |
| BAN20060753 | Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 24 Park Avenue, West Orange, NJ to 420 Chestnut Avenue, Union, NJ  |
| BAN20060754 | Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 2501 E. Chapman Avenue, Suite 190, Fullerton, CA to 2501 E. Chapman Avenue, Suite 225, Offices 1 and 2, Fullerton, CA |
| BAN20060755 | Home123 Corporation - To relocate mortgage lender broker's office from 445 Broad Hollow Road, Suite 319, Melville, NY to Two Huntington Quadrangle, Suite 1S04, Melville, NY                                      |
| BAN20060756 | Kwik Cash Inc. - To open a check casher at 203 Main Street, Brookneal, VA   |
| BAN20060757 | America's Lending Partners, Inc. - For a mortgage broker's license  |
| BAN20060758 | M/I Financial Corp. - For additional mortgage authority   |
| BAN20060759 | Veterans Home Mortgage, Inc. - For additional mortgage authority  |
| BAN20060760 | Sunset International Mortgage, Incorporated - For additional mortgage authority   |
| BAN20060761 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 15071 Patrick Henry Highway, Amelia Court House, VA                     |
| BAN20060762 | Bay Capital Corp. d/b/a Level One Mortgage Capital (Silver Spring Office) - To open a mortgage lender and broker's office at 3102 Tyre Neck Road, Portsmouth, VA  |
| BAN20060763 | Heritage Funding, Inc. - To open a mortgage broker's office at 138 South Rosemont Road, Suite 201B, Virginia Beach, VA  |

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BAN20060764 Atlantic Pacific Mortgage Corporation - To relocate mortgage lenders's office from 1300 Route 73, Suite 211, Mt. Laurel, NJ to 302 Fellowship Road, Suite 110, Mt. Laurel, NJ

BAN20060765 Community Mortgage, LLC - To relocate mortgage broker's office from 2708 Virginia Beach Boulevard, Virginia Beach, VA to 2728 Virginia Beach Boulevard, Virginia Beach, VA

BAN20060766 America Trust Funding-Mortgage Bankers, LLC - For a mortgage broker's license

BAN20060767 Newport News Shipbuilding Employees' Credit Union, Inc. - To open a credit union service office at 4171 Ironbound Road, Williamsburg, VA

BAN20060768 Newport News Shipbuilding Employees' Credit Union, Inc. - To open a credit union service office at 2369 George Washington Memorial Highway, Hayes, VA

BAN20060769 MICG Investment Management, LLC - To relocate mortgage broker's office from 701 Town Center Drive, Suite 900, Newport News, VA to 11815 Fountain Way, Suite 400, Newport News, VA

BAN20060770 Virginia Closing Corp. - To relocate mortgage broker's office from 2025 George Washington Memorial, Yorktown, VA to 709 Middleground Boulevard, Suite 107A, Newport News, VA

BAN20060771 USA Mortgage Solutions, Inc. - To relocate mortgage broker's office from 6749 Anders Terrace, Springfield, VA to 11707 Amkin Drive, Clifton, VA

BAN20060772 ACE Cash Express, Inc. - To open a payday lender's office at 1077 Virginia Beach Boulevard, Suite 50, Virginia Beach, VA

BAN20060773 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 4518 Beech Road, Suite 230, Temple Hills, MD

BAN20060774 21st Century Capital Corp. - To open a mortgage broker's office at 325 Chestnut Street, Philadelphia, PA

BAN20060775 Mercury Auto Mart, Inc. - To open a check casher at 1260 39th Street, Suite A, Newport News, VA

BAN20060776 Christopher D. McHugh - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.

BAN20060777 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 13356 Midlothian Turnpike, Midlothian, VA

BAN20060778 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 53 North Market Street, Suite 3, Asheville, NC

BAN20060779 Ameritime Mortgage Company LLC - To relocate mortgage broker's office from 2208 Colonial Acres Court, Virginia Beach, VA to 192 Ballard Court, Suite 303, Virginia Beach, VA

BAN20060780 Plaza Home Mortgage, Inc. - To relocate mortgage lenders's office from 51 East Campbell Avenue, Suite 150, Campbell, CA to 675 North First Street, Suite 900, San Jose, CA

BAN20060781 Plaza Home Mortgage, Inc. - To open a mortgage lender's office at 500 Edgewater Drive, Suite 500, Wakefield, MA

BAN20060782 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 137 Laxton Road, Suite 140, Lynchburg, VA

BAN20060783 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 4013 Bolling Road, Richmond, VA to 3122 W. Clay Street, Suite 1, Richmond, VA

BAN20060784 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 10229 Hegel Road, Goodrich, MI to M-15 Ortonville Road, 252 Suite B, Ortonville, MI

BAN20060785 Absolute Mortgage Group, Inc. d/b/a Absolute Mortgage - To relocate mortgage broker's office from 2010 Corporate Ridge, Suite 700, McLean, VA to 8214 Madrillon Estates Drive, Vienna, VA

BAN20060786 American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 3864 Center Road, Suites A-11 and A-12, Brunswick Hills, OH to 3812 Pearl Road, Suite 24, Medina, OH

BAN20060787 Dillon H. Lee d/b/a Alexandria Financial Services - To relocate mortgage broker's office from 8524 Springman Street, Alexandria, VA to 8806-B Peartree Village Court, Alexandria, VA

BAN20060788 Beneficial Virginia Inc. - To conduct consumer finance business where the sale of critical care insurance will also be conducted

BAN20060789 Family Home Lending Corporation - To open a mortgage lender and broker's office at 2409 Bainbridge Boulevard, Chesapeake, VA

BAN20060790 Second Bank & Trust - To open a branch at 1330 Parham Circle, Albemarle County, VA

BAN20060791 NationsPlus Mortgage Corporation - For a mortgage broker's license

BAN20060792 Planters Bank & Trust Company of Virginia - To open a branch at 2102 Langhorne Road, Lynchburg, VA

BAN20060793 Crist Mortgage Corporation - For a mortgage broker's license

BAN20060794 Colony Mortgage Lenders, Inc. - For a mortgage lender's license

BAN20060795 GMS Funding, LLC - For a mortgage lender's license

BAN20060796 All Star Mortgage, Inc. - For a mortgage broker's license

BAN20060797 Monarch Financial Holdings, Inc. - To acquire Monarch Bank, VA

BAN20060798 Bank of McKenney - To open a branch at 4112A Commerce Road, Prince George County, VA

BAN20060799 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 15395 SE 30th Place, Suite 250, Bellevue, WA

BAN20060800 First Residential Mortgage Services Corporation - To open a mortgage lender and broker's office at 301 Maple Avenue, Suite 300, Vienna, VA

BAN20060801 M.T.G.E. Mortgage Corporation - To open a mortgage lender and broker's office at 5801 Allentown Road, Suite 310, Camp Springs, MD

BAN20060802 Prime Mortgage Lending, Inc. - To open a mortgage broker's office at 2038 Hope Mills Road, Fayetteville, NC

BAN20060803 Prime Mortgage Lending, Inc. - To open a mortgage broker's office at 405 B North Franklin Street, Christiansburg, VA

BAN20060804 Allied Mortgage, L.L.C. d/b/a Continental Mortgage (Verona Office) - To relocate mortgage broker's office from 230 West Main Street, Suite C, Luray, VA to 16 N. Lee Street, Luray, VA

BAN20060805 Anchor Funding, LLC - To relocate mortgage broker's office from 3006 Westchester Avenue, Ellicott City, MD to 2160 East Joppa Road, Suite 203, Baltimore, MD

BAN20060806 D and D Home Loans Inc. d/b/a Terry Mortgage Group - To open a mortgage broker's office at 348 Southport Circle, Suite 102, Virginia Beach, VA

BAN20060807 Homeloan Mortgage LLC - For a mortgage broker's license

BAN20060808 New Era Finance, Inc. - For a mortgage broker's license

BAN20060809 The Mortgage Guys LLC - For a mortgage broker's license

BAN20060810 ADKO Mortgage Company, LLC d/b/a ADKO Mortgage Network - For a mortgage broker's license

BAN20060811 Empire Equity Funding, LLC - For a mortgage broker's license

BAN20060812 WC Mortgage LLC (Used in VA by: WC Financial, LLC) - For a mortgage broker's license

BAN20060813 Century Pacific Mortgage Corporation - For a mortgage lender and broker license

BAN20060814 MortgageMax, LLC - For a mortgage lender and broker license

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20060815 Express Travel and Services, LLC - To open a check casher at 7822 Midlothian Turnpike, Richmond, VA

BAN20060816 Joseph Thornhill - To acquire 25 percent or more of Everest Financial, LLC

BAN20060817 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1500 Highway 17, North, Suite 201 K, Surfside Beach, SC

BAN20060818 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 634 Evening Star Place, Mitchellville, MD

BAN20060819 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 301 Route 17, North, 2nd Floor, Rutherford, NJ

BAN20060820 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 89 Hunts Neck Road, Poquoson, VA

BAN20060821 Mortgage Direct 2, LLC (Used in VA by: Mortgage Direct, LLC) - To relocate mortgage broker's office from 15952 Derwood Road, Suite B, Rockville, MD to 416 Hungerford Drive, Suite 218, Rockville, MD

BAN20060822 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 328 Office Square Lane, Suite 104, Virginia Beach, VA

BAN20060823 American Eagle Funding, LLC - To open a mortgage broker's office at 1934 Old Gallows Road, Suite 350, Vienna, VA

BAN20060824 MortgageStar, Inc. - To open a mortgage lender and broker's office at 5115 Reis Circle, Fayetteville, NY

BAN20060825 MortgageStar, Inc. - To open a mortgage lender and broker's office at 673 Potomac Station Drive, Suite 806, Leesburg, VA

BAN20060826 Alcova Mortgage LLC - To open a mortgage broker's office at 650 East Main Street, Suite A, Wytchville, VA

BAN20060827 Reliance Mortgage Group, Inc. d/b/a Reliance Mortgage & Insurance - To open a mortgage broker's office at Americana Self Storage, 14518 Lee Road, Unit B434, Chantilly, VA

BAN20060828 Prestige Funding, LLC - To relocate mortgage broker's office from 1 Barney Road, Suite 200, Clifton Park, NY to 1 Fairchild Square, Clifton Park, NY

BAN20060829 New Century Mortgage Corporation d/b/a Home123 Corporation (In Certain Offices) - To relocate mortgage lender broker's office from 350 Commerce, Suite 100, Irvine, CA to 210 Commerce, 2nd Floor, Irvine, CA

BAN20060830 Sedona Mortgage Corporation (Used in VA by: Sedona National Mortgage Corporation) - To relocate mortgage broker's office from 19261 Montgomery Village Avenue, Montgomery Village, MD to 68 Inkberry Circle, Gaithersburg, MD

BAN20060831 S & S Mortgage Group LLC - To relocate mortgage broker's office from 5810 Kingstowne Center Drive, Alexandria, VA to 5622 Columbia Pike, Suite 102, Falls Church, VA

BAN20060833 Koshman Enterprises, Inc. d/b/a Great Western Home Loans - To relocate mortgage lender broker's office from 18340 Ventura Boulevard, Suite 206, Tarzana, CA to 17523 Ventura Boulevard, Encino, CA

BAN20060834 First Equitable Financial Corp. - To open a mortgage broker's office at 225 Littleton Road, Morris Plains, NJ

BAN20060835 First Equitable Financial Corp. - To open a mortgage broker's office at 120 Longwater Drive, Norwell, MA

BAN20060836 First Equitable Financial Corp. - To open a mortgage broker's office at 6610 Rockledge Drive, Suite 100, Bethesda, MD

BAN20060837 First Equitable Financial Corp. - To open a mortgage broker's office at 121 North Pitt Street, Alexandria, VA

BAN20060838 First Equitable Financial Corp. - To open a mortgage broker's office at 1612 Belleview Boulevard, Alexandria, VA

BAN20060839 First Equitable Financial Corp. - To open a mortgage broker's office at 8301 Richmond Highway, Alexandria, VA

BAN20060840 First Equitable Financial Corp. - To open a mortgage broker's office at 6715 Little River Turnpike, Suite 200, Annandale, VA

BAN20060841 First Equitable Financial Corp. - To open a mortgage broker's office at 4701 Old Dominion Drive, Arlington, VA

BAN20060842 First Equitable Financial Corp. - To open a mortgage broker's office at 43150 Broadlands Center Plaza, Suite 104, Ashburn, VA

BAN20060843 First Equitable Financial Corp. - To open a mortgage broker's office at 9299 Old Keene Mill Road, Burke, VA

BAN20060844 First Equitable Financial Corp. - To open a mortgage broker's office at 21351 Ridgeway Circle, Dulles, VA

BAN20060845 First Equitable Financial Corp. - To open a mortgage broker's office at 10201 Fairfax Highway, Suite 140, Fairfax, VA

BAN20060846 First Equitable Financial Corp. - To open a mortgage broker's office at 4025 Fair Ridge Drive, Fairfax, VA

BAN20060847 First Equitable Financial Corp. - To open a mortgage broker's office at 1955 Jefferson Davis Highway, Suite 201, Fredericksburg, VA

BAN20060848 First Equitable Financial Corp. - To open a mortgage broker's office at 8214 John Marshall Highway, Front Royal, VA

BAN20060849 First Equitable Financial Corp. - To open a mortgage broker's office at 7515 Somerset Crossing Drive, Gainesville, VA

BAN20060850 First Equitable Financial Corp. - To open a mortgage broker's office at 731 A Walker Road, Great Falls, VA

BAN20060851 First Equitable Financial Corp. - To open a mortgage broker's office at 13079 Worldgate Drive, Herndon, VA

BAN20060852 First Equitable Financial Corp. - To open a mortgage broker's office at 2 Cardinal Park Drive, Suite 101C, Leesburg, VA

BAN20060853 First Equitable Financial Corp. - To open a mortgage broker's office at 4258 Germanna Highway, Locust Grove, VA

BAN20060854 First Equitable Financial Corp. - To open a mortgage broker's office at 7900 Sudley Road, Manassas, VA

BAN20060855 First Equitable Financial Corp. - To open a mortgage broker's office at 1313 Dolly Madison Boulevard, McLean, VA

BAN20060856 First Equitable Financial Corp. - To open a mortgage broker's office at 1355 Beverly Road, McLean, VA

BAN20060857 First Equitable Financial Corp. - To open a mortgage broker's office at 6257 Old Dominion Drive, McLean, VA

BAN20060858 First Equitable Financial Corp. - To open a mortgage broker's office at 2960 Chain Bridge Road, Oakton, VA

BAN20060859 First Equitable Financial Corp. - To open a mortgage broker's office at 500 East Main Street, Purcellville, VA

BAN20060860 First Equitable Financial Corp. - To open a mortgage broker's office at 1760 Reston Parkway, Suite 111, Reston, VA

BAN20060861 First Equitable Financial Corp. - To open a mortgage broker's office at 7210 Old Keene Mill Road, Springfield, VA

BAN20060862 First Equitable Financial Corp. - To open a mortgage broker's office at 385 Garrisonville Road, Suite 203, Stafford, VA

BAN20060863 First Equitable Financial Corp. - To open a mortgage broker's office at 313 Maple Avenue, West, Vienna, VA

BAN20060864 First Equitable Financial Corp. - To open a mortgage broker's office at 8401 Old Courthouse Road, Vienna, VA

BAN20060865 First Equitable Financial Corp. - To open a mortgage broker's office at 67 West Lee Highway, Warrenton, VA

BAN20060866 First Equitable Financial Corp. - To open a mortgage broker's office at 12479 Dillingham Square, Woodbridge, VA

BAN20060867 First Equitable Financial Corp. - To open a mortgage broker's office at 1925 South Loudoun Street, Winchester, VA

BAN20060868 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 5750 Division Street, Suite 100, Riverside, CA

BAN20060869 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 1 Spectrum Pointe Drive, Suite 205, Lake Forest, CA

BAN20060870 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 19 Goddard, Suite 200, Irvine, CA

BAN20060871 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 27126 Paseo Espada, Suite 1627, San Juan Capistrano, CA

BAN20060872 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 333 City Boulevard, West, 17th Floor, Orange, CA

BAN20060873 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 75 Enterprise, Suite 140, Aliso Viejo, CA

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BAN20060874 Anchor Tidewater Mortgage Company, LLC - To open a mortgage broker's office at 501 Prince George Street, Williamsburg, VA  
 BAN20060875 Guaranteed Rate, Inc. - To open a mortgage lender and broker's office at 5801 Allentown Road, Suite 310, Camp Springs, MD  
 BAN20060876 Guaranteed Rate, Inc. - To open a mortgage lender and broker's office at 11350 Random Hills Road, Suite 380, Fairfax, VA  
 BAN20060877 Yosemite Brokerage, Inc. - To relocate mortgage broker's office from 365 B West Roundbunch Road, Bridge City, TX to 2909 RR 620-N-Suite 107, Austin, TX  
 BAN20060878 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 5440 Peters Creek Road, Suite 206, Roanoke, VA to 5450 Peters Creek Road, Suite 110, Roanoke, VA  
 BAN20060879 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 42221 Beechwood Drive, Canton, MI  
 BAN20060880 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 14700 Village Square Place, Midlothian, VA  
 BAN20060881 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 5509-B West Friendly Avenue, Suite 205, Greensboro, NC to 303 Pisgah Church Road, Suite 2C, Greensboro, NC  
 BAN20060882 Pulte Mortgage LLC - To relocate mortgage lender broker's office from 3 Chantilly Place, Fredericksburg, VA to 1340 Central Park Boulevard, Suite 210, Fredericksburg, VA  
 BAN20060883 Atlas Mortgage, Inc. - To relocate mortgage broker's office from 8227 Cloverleaf Drive, Millersville, MD to 820 Ritchie Highway, Severna Park, MD  
 BAN20060884 Greenlight Financial Services, Inc. (Used in VA by: Greenlight Financial Services) - To relocate mortgage lenders's office from 7370 S. Dean Martin Drive, Suite 409, Las Vegas, NV to McCarran Corporate Plaza, 5740 S. Eastern Avenue, Suite 250, Las Vegas, NV  
 BAN20060885 Home Loan Specialists, Inc. - For a mortgage lender and broker license  
 BAN20060886 Eagle II Corporation - To open a check casher at 7426 Sudley Road, Manassas, VA  
 BAN20060887 C M A Financial Services LLC d/b/a C M A Check Cashing and Pay Day Advance Loan - To conduct payday lending business where a tax preparation business will also be conducted  
 BAN20060888 The Loan Page, Inc. - For a mortgage broker's license  
 BAN20060889 Equity Mortgage Group, Inc. - For a mortgage broker's license  
 BAN20060890 Martin Mortgage Associates, Inc. - For a mortgage broker's license  
 BAN20060891 Advantage Mortgage Group, LTD. - For additional mortgage authority  
 BAN20060892 Vision Mortgage, L.L.C. d/b/a Vision Capital - To open a mortgage lender and broker's office at 110 Anglers Road, Suite 105B, Lewes, DE  
 BAN20060893 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 611 Lynnhaven Parkway, Suite 101, Virginia Beach, VA to 464 Investors Place, Suite 104, Virginia Beach, VA  
 BAN20060894 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 6138 Chesapeake Boulevard, Unit C, Norfolk, VA  
 BAN20060895 Ensign Mortgage, LLC - To open a mortgage broker's office at 105 Lew Dewitt Boulevard, Waynesboro, VA  
 BAN20060896 1st American Mortgage, Inc. d/b/a CU Mortgage Group (Vienna only) - To open a mortgage lender and broker's office at 11250 Waples Mill Road, Suite 305, Fairfax, VA  
 BAN20060897 GMAC Mortgage Corporation d/b/a Ditech.Com - To relocate mortgage lender broker's office from 3436 Toringdon Way, Charlotte, NC to 3420 Toringdon Way, Charlotte, NC  
 BAN20060898 Citizens Financial Mortgage, Inc. - To relocate mortgage broker's office from 2773 Philmont Avenue, Huntingdon Valley, PA to 2600 Philmont Avenue, Suite 206, Huntingdon Valley, PA  
 BAN20060899 Corridor Mortgage Group, Inc. - To relocate mortgage lender broker's office from 8820 Columbia 100 Parkway, Suite 250, Columbia, MD to 11085 Stratfield Court, Marriottsville, MD  
 BAN20060900 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 1011 East Touhy Avenue, Suite 255, Des Plaines, IL  
 BAN20060901 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 16415 Addison Road, Suite 500, Addison, TX  
 BAN20060902 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 32 Corporate Woods, Suite 1050, 9225 Indian Creek Parkway, Overland Park, KS  
 BAN20060903 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 750 Old Hickory Boulevard, Building 2, Suite 260, Brentwood, TN  
 BAN20060904 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 2475 Village View Drive, Suite 200, Henderson, NV  
 BAN20060905 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 1620 W. Fountainhead Parkway, Suite 501, Tempe, AZ  
 BAN20060906 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 555 North Lane, Suite 5030, Conshohocken, PA  
 BAN20060907 Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 555 Maryville University Dr., Suite 600, St. Louis, MO  
 BAN20060908 American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 36400 Center Ridge Road, North Ridgeville, OH to 35581 Center Ridge Road, Lower Level, North Ridgeville, OH  
 BAN20060909 American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 9261 Ravenna Road, Suite B-7, Twinsburg, OH to 942 North Main Street, Suite 27, Akron, OH  
 BAN20060910 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 54 Marina Road, Suite 302-A, Lake Wylie, SC to 54 Marina Road, Suite 104, Lake Wylie, SC  
 BAN20060911 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 225 West Oak Street, Suite B, Denton, TX to Carter Burgess Plaza, 777 Main, Suite 650, Fort Worth, TX  
 BAN20060912 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 111 West Locust Street, Cambridge, IL to Building 110 Rodman Avenue, Rock Island, IL  
 BAN20060913 Buckeye Check Cashing of Virginia, Inc. - To conduct a payday lending business where prepaid debit cards will also be sold  
 BAN20060914 Nickel City Funding, Inc. - For a mortgage broker's license  
 BAN20060915 B.R. Mortgage Ltd., LLC (Used in VA by: B.R. Mortgage Ltd.) - For a mortgage broker's license  
 BAN20060916 Yosemite Brokerage, Inc. - For a mortgage broker's license

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| BAN20060917 | Beach Processing, Inc. d/b/a Atlantic Mortgage - To open a mortgage broker's office at 2644 Barrett Street, Virginia Beach, VA   |
| BAN20060918 | Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 8521 Leesburg Pike, Suite 100, Vienna, VA   |
| BAN20060919 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 46165 Westlake Drive, Unit 230B, Potomac Falls, VA   |
| BAN20060920 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 5741 Cleveland Street, Suite 120, Virginia Beach, VA   |
| BAN20060921 | CBM Mortgage, LLC - To open a mortgage broker's office at 356 White Oak Lane, New Market, VA   |
| BAN20060922 | Loan Planet, LLC - To relocate mortgage lender broker's office from 5830 Pageland Lane, Gainesville, VA to 8401 Link Hills Loop, Gainesville, VA   |
| BAN20060923 | U.S. Mortgage Brokers, Inc. - To relocate mortgage broker's office from 8400 Westpark Drive, Suite 111, McLean, VA to 515 King Street, Suite 310, Alexandria, VA   |
| BAN20060924 | Visions Financial Group, Inc. - To relocate mortgage broker's office from 7611 Little River Turnpike, Annandale, VA to 7611 Little River Turnpike, Suite 304W, Annandale, VA   |
| BAN20060925 | Home Advantage Funding Group, Inc. - To relocate mortgage lender broker's office from 17870 Skypark Circle, Suite 106, Irvine, CA to 3330 Harbor Boulevard, Costa Mesa, CA   |
| BAN20060926 | Stock Loan Services, LLC - For a mortgage lender and broker license  |
| BAN20060927 | Mid-Atlantic Residential Funding, LLC - For a mortgage lender and broker license   |
| BAN20060928 | Quamrul A Matin - For a mortgage broker's license  |
| BAN20060929 | J S Bank Financial Mortgage Inc. - For a mortgage broker's license   |
| BAN20060930 | Powerline Mortgage & Loan, Inc. - For a mortgage broker's license  |
| BAN20060931 | White Peak Mortgage, LLC - To relocate mortgage broker's office from 250 Commercial Street, Suite 1001, Manchester, NH to 540 Chestnut Street, Suite 201, Manchester, NH   |
| BAN20060932 | DHI Mortgage Company, Ltd. LP (Used in VA by: DHI Mortgage Company, Ltd.) - To relocate mortgage lender broker's office from 12357 Riata Trace Parkway, Suite C225, Austin, TX to 12331 Riata Trace Parkway, Suite B-130, Austin, TX |
| BAN20060933 | Dream House Mortgage Corporation - To open a mortgage lender and broker's office at 3945 Prince William Parkway, Woodbridge, VA  |
| BAN20060934 | Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 1231 Florida Avenue, NE, Washington, DC   |
| BAN20060935 | HomeComings Financial Network, Inc. - To open a mortgage lender's office at 7 Carnegie Plaza, Cherry Hill, NJ  |
| BAN20060936 | HomeComings Financial Network, Inc. - To open a mortgage lender's office at 384 Inverness Parkway, Suite 170, Englewood, CO  |
| BAN20060937 | HomeComings Financial Network, Inc. - To open a mortgage lender's office at 7310 N. 16th Street, Suite 300, Phoenix, AZ  |
| BAN20060938 | Morris, Boniface & Associates Incorporated - To relocate mortgage broker's office from 10707 Spotsylvania Avenue, Suite 202, Fredericksburg, VA to 510 Kenmore Avenue, Fredericksburg, VA  |
| BAN20060939 | Clayton Peters & Associates, Inc. d/b/a CPA Mortgage - To open a mortgage broker's office at EZ Storage, 808 Gleneagles Court, Unit 2202, Towson, MD   |
| BAN20060940 | Preferred Choice Mortgage, LLC - To open a mortgage broker's office at 9852 Business Way, Manassas, VA   |
| BAN20060941 | Axcel Financial Corporation - To open a mortgage broker's office at 5900 Centreville Road, Suite 307, Centreville, VA  |
| BAN20060942 | Town and Country Financial Services, Inc. - To open a mortgage broker's office at 205 South Whiting Street, Suite 403, Alexandria, VA  |
| BAN20060943 | LoanFund Exchange, Inc. - For a mortgage broker's license  |
| BAN20060944 | Providence One, Inc. - To open a mortgage lender and broker's office at 505 S Independence Boulevard, Suite 103, Virginia Beach, VA  |
| BAN20060945 | Greystone Residential Funding, Inc. - For a mortgage lender's license  |
| BAN20060946 | Solutions Mortgage, Inc. - For additional mortgage authority   |
| BAN20060947 | Robert C. Weber d/b/a Weber Financial Services - For a mortgage broker's license   |
| BAN20060948 | Zeshan Financial Services, LLC - For a mortgage broker's license   |
| BAN20060949 | The Mortgage Makers, LLC - For a mortgage broker's license   |
| BAN20060950 | Marsha L. Garst - To acquire 25 percent or more of Madison Investment Advisors, LLC  |
| BAN20060951 | Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 4200 Rockside Road, Suite 103, Independence, OH to 4200 Rockside Road, Suite 203, Independence, OH                             |
| BAN20060952 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 1012-C West Third Street, Farmville, VA   |
| BAN20060953 | NVR Mortgage Finance, Inc. - To open a mortgage lender and broker's office at 240 Rolkin Road, Charlottesville, VA   |
| BAN20060954 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 9701 Apollo Drive, Suite 100, Largo, MD  |
| BAN20060955 | 1st American Mortgage, Inc. d/b/a CU Mortgage Group (Vienna only) - To open a mortgage lender and broker's office at 3919 Old Lee Highway, Suite 83A, Fairfax, VA  |
| BAN20060956 | Ikon Mortgage, Inc. - To open a mortgage broker's office at 4330-M Evergreen Lane, Annandale, VA   |
| BAN20060957 | Topone Mortgage, Inc. - For a mortgage broker's license  |
| BAN20060958 | HHG Financial, LLC - For a mortgage broker's license   |
| BAN20060959 | Merchant Resources, LLC d/b/a America 1st Mortgage - To open a mortgage broker's office at 11480 Springhouse Way, Amelia, VA   |
| BAN20060960 | Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 555 Metro Place N, Suite 645, Dublin, OH   |
| BAN20060961 | Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 890 Coalwood Way, Blacksburg, VA  |
| BAN20060962 | ABC Mortgage Funding, Inc. - To open a mortgage broker's office at 4433 Godwin Boulevard, Suite D, Suffolk, VA   |
| BAN20060963 | New Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 1385 West 2200 South, Suite 230, Salt Lake City, UT  |
| BAN20060964 | Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 4000 Genesee Place, Suite 117, Woodbridge, VA to 11850 Catocin Drive, Woodbridge, VA  |
| BAN20060965 | American Nationwide Mortgage Company, Inc. - To relocate mortgage lender broker's office from 34100 Center Ridge Road, Suite 40, North Ridgeville, OH to 23850 Center Ridge Road, Suite 2, Westlake, OH                              |
| BAN20060966 | Family Home Lending Corporation - To relocate mortgage lender broker's office from 1101 Hibiscus Boulevard, Suite S-104, Melbourne, FL to 826 Creel Street, Melbourne, FL  |
| BAN20060967 | Yong Sung, Inc. d/b/a Arisen Mortgage Services - To relocate mortgage broker's office from 4304 Evergreen Lane, Annandale, VA to 4921 Sunset Lane, Annandale, VA   |
| BAN20060968 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 1039 Ingleside Avenue, Cantonsville, MD  |

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BAN20060969 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 326 Brisa Drive, Chesapeake, VA to 405 Oakmeads Crescent, Suite 3, Virginia Beach, VA

BAN20060970 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 201 Old Padonia Road, Suite B, Cockeysville, MD to 11350 McCormick Road, Suite 504, Hunt Valley, MD

BAN20060971 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 13193 Warwick Boulevard, Suite 101, Newport News, VA

BAN20060972 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 105 E. Oak Street, Suite 101, Mansfield, TX

BAN20060973 American General Financial Services of America, Inc. - To open a consumer finance office at 12760 Jefferson Davis Highway, Chester, VA

BAN20060974 American General Financial Services, Inc. - To open a mortgage lender and broker's office at 12760 Jefferson Davis Highway, Breckenridge Center, Chester, VA

BAN20060975 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 9517 Poplar Leaf Court, Fairfax, VA

BAN20060976 Advantage Mortgage Services, Inc. - To open a mortgage broker's office at 3831 Old Forest Road, Suite 6, Lynchburg, VA

BAN20060977 Statewide Bancorp Inc. - To open a mortgage broker's office at 12487 N. Main Street, Suite 240, Rancho Cucamonga, CA

BAN20060978 Homeloan USA Corporation - To relocate mortgage lender broker's office from 433 N. Lee Street, Alexandria, VA to 7617 Little River Turnpike, Suite 960, Annandale, VA

BAN20060979 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 10229 Hegel Road, Goodrich, MI to 252 Suite B, M-15 Ortonville Road, Ortonville, MI

BAN20060980 First Choice Funding Group, Ltd. - For a mortgage lender and broker license

BAN20060981 Serenity Financial, Inc. d/b/a MPG Mortgage - For a mortgage broker's license

BAN20060982 AEGIS Funding Corporation d/b/a AEGIS Home Equity - To open a mortgage lender's office at 5680 Greenwood Plaza Boulevard, Suite 400, Greenwood Village, CO

BAN20060983 Bank of the Commonwealth - To open a branch at 229 W. Bute Street, Suite 320, Norfolk, VA

BAN20060984 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 100 West Executive Offices, Towson, MD to 100 West Road, Suite 349, Towson, MD

BAN20060985 Rockingham Heritage Bank (3 branches Albemarle Co., Greene Co. and Charlottesville) - To merge into it Albemarle First Bank

BAN20060985 Rockingham Heritage Bank d/b/a Augusta Heritage Bank (3 Augusta Co. Branches) - To merge into it Albemarle First Bank

BAN20060985 Rockingham Heritage Bank d/b/a Albemarle First Bank - To merge into it Albemarle First Bank

BAN20060986 Premier Community Bankshares, Inc. - To acquire Albemarle First Bank, VA

BAN20060987 Hi Mart Money Store, Inc. - To open a check casher at 13412 Jefferson Davis Highway, #J-1, Woodbridge, VA

BAN20060988 Community Mortgage LLC, a Maryland based LLC (Used in VA by: Community Mortgage, LLC) - For a mortgage broker's license

BAN20060989 Home Mortgages Co., a Wholly Owned Subsidiary of Taylor Bean & Whitaker Mo - For a mortgage lender's license

BAN20060990 Integrity Mortgage Services, LLC - For a mortgage broker's license

BAN20060991 New Millennium Financial, Inc. - For a mortgage broker's license

BAN20060992 TMW Mortgage, LLC (Used in VA by : THE MORTGAGE WAREHOUSE, LLC) - For a mortgage broker's license

BAN20060993 PWP Financial, Inc. - For a mortgage broker's license

BAN20060994 Allied Capital Mortgage Company - For a mortgage broker's license

BAN20060995 Bobby W. Sproles, Jr. d/b/a Bobby's Market - To open a check casher at 22477 Benham's Road, Bristol, VA

BAN20060996 New Century Mortgage Corporation d/b/a Home123 Corporation (In Certain Offices) - To open a mortgage lender and broker's office at 3354 Perimeter Hill Drive, Suite 106, Nashville, TN

BAN20060997 Heartwell Mortgage Corporation - To open a mortgage lender and broker's office at 685 Berkmar Court, Charlottesville, VA

BAN20060998 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 210 Interstate North Parkway, Suite 700, Atlanta, GA

BAN20060999 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 6805-D Backlick Road, Springfield, VA

BAN20061000 Secure Financial Solutions, LLC - To open a mortgage broker's office at Full Access Storage Inc., 821 Oregon Avenue, Linthicum, MD

BAN20061001 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 2651 Warrenville Road, Suite 400, Downers Grove, IL

BAN20061002 Home123 Corporation - To open a mortgage lender and broker's office at 777 N. Rainbow Boulevard, Suite 385, Las Vegas, NV

BAN20061003 First Capital Bank - To open a branch at 1504 Santa Rosa Road, Suite 102, Henrico County, VA

BAN20061004 DHI Mortgage Company, Ltd. LP (Used in VA by: DHI Mortgage Company, Ltd.) - To relocate mortgage lender broker's office from 3949 Browning Place, Suite 101, Raleigh, NC to 2000 Aerial Center Parkway, Suite 1108, Morrisville, NC

BAN20061005 Montgomery Capital Mortgage Corporation (Used in VA by: Montgomery Capital Corporation) - To relocate mortgage broker's office from 5252 Cherokee Avenue, Suite 405, Alexandria, VA to 2 East Rolling Crossroads, Suite 153, Catonsville, MD

BAN20061006 Montgomery Capital Mortgage Corporation (Used in VA by: Montgomery Capital Corporation) - To relocate mortgage broker's office from 858 Virginia Avenue, Culpeper, VA to 16501 Alexander Manor Drive, Silver Spring, MD

BAN20061007 Meridias Capital, Inc. - To relocate mortgage lenders's office from 402 N. Carol Avenue, Suite 100 A, Southlake, TX to 3100 W. Southlake Boulevard, Southlake, TX

BAN20061008 Lending Mortgage Services, Inc. - To relocate mortgage broker's office from 84 Ritchie Highway, Pasadena, MD to 156 Ritchie Highway, 1st Floor, Severna Park, MD

BAN20061009 Equifund, Inc. - To relocate mortgage lenders's office from 1829 E. Franklin Street, Suite 1100D, Chapel Hill, NC to 64 Hillsboro Street, Hillsboro, NC

BAN20061010 Mercantile Potomac Bank (a division of Mercantile-Safe Deposit and Trust Company) - To engage in trust business

BAN20061011 Mercantile Potomac Bank (a division of Mercantile-Safe Deposit and Trust Company) - To engage in trust business

BAN20061012 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 202 England Street, Suite D, Ashland, VA

BAN20061013 Alcova Mortgage LLC - To open a mortgage broker's office at 13455 Booker T. Washington Highway, Suite 107, Moneta, VA

BAN20061014 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 2956 Owen Drive, Suite 128, Fayetteville, NC

BAN20061015 4 G Funding, Inc. d/b/a Citizens Nationwide Mortgage Company - To relocate mortgage broker's office from 300 Wheeler Road, Suite 101, Hauppauge, NY to 5 Roosevelt Avenue, Port Jefferson Station, NY

BAN20061016 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 14005 Tanners House Way, Centreville, VA

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

|             |   |
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| BAN20061017 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 674 Seawave Court, Middle River, MD  |
| BAN20061018 | First Madison Mortgage Corp. - For additional mortgage authority  |
| BAN20061019 | Vigyai Inc. d/b/a Blue Lotus Lending Inc. - To relocate mortgage broker's office from 11800 Sunset Hills Road, Suite 717, Reston, VA to 1984 Isaac Newton Square, Suite 202, Reston, VA   |
| BAN20061020 | Family Home Lending Corporation - To relocate mortgage lender broker's office from 18407 W. Catawba Avenue, Suite 201, Cornelius, NC to 16419-F Northcross Drive, Huntersville, NC  |
| BAN20061021 | Dominion Home Mortgage Corp. - To open a mortgage broker's office at 7806 Ashley Glen Road, Annandale, VA   |
| BAN20061022 | Robert Brown - To acquire 25 percent or more of Mortgage Sense, Inc.  |
| BAN20061023 | TrustMor Mortgage Company, LLC d/b/a Members Mortgage Solutions - To open a mortgage lender and broker's office at 4333 Cox Road, Glen Allen, VA  |
| BAN20061024 | Mortgage Credit Corporation - To relocate mortgage lender broker's office from 751 M Thimble Shoals Boulevard, Newport News, VA to 4071 Powhatan Secondary, Williamsburg, VA  |
| BAN20061025 | AmTrust Mortgage Corporation - To open a mortgage lender's office at 8230 Olde Courthouse Road, Suite 520, Vienna, VA   |
| BAN20061026 | Envision Lending Group, Inc. - For a mortgage broker's license  |
| BAN20061027 | Mortgage Funding Solutions LLC - For a mortgage broker's license  |
| BAN20061028 | Homeland Financial Group Inc. - For a mortgage broker's license   |
| BAN20061029 | Valeria A. Robinson - To acquire 25 percent or more of D and D Home Loans Inc.  |
| BAN20061030 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 1295-B South Boston Road, Danville, VA  |
| BAN20061031 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 1121-A Piney Forest Road, Danville, VA  |
| BAN20061032 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 1834 South Main Street, Harrisonburg, VA  |
| BAN20061033 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 3000 Old Forest Road, Unit D, Lynchburg, VA   |
| BAN20061034 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 3922 South Amherst Highway, Madison Heights, VA   |
| BAN20061035 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 6601 Greensboro Road, Ridgeway, VA  |
| BAN20061036 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 4220 Williamson Road, Roanoke, VA   |
| BAN20061037 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 740 Old Franklin Turnpike, Suite 4, Rocky Mount, VA   |
| BAN20061038 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 1801 Boulevard-Roanoke, Salem, VA   |
| BAN20061039 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 509 Hardy Road, Vinton, VA  |
| BAN20061040 | Urgent Money Service, Inc. d/b/a Urgent Money Service - To open a payday lender's office at 244 Rosser Avenue, Waynesboro, VA   |
| BAN20061041 | Shelternet Capital Group, Incorporated d/b/a Shelternet Capital Group - For a mortgage broker's license   |
| BAN20061042 | Freedom Banc Mortgage Services, Inc. - For a mortgage broker's license  |
| BAN20061043 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 6571 Edsall Road, Springfield, VA   |
| BAN20061044 | America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 2800 Corporate Exchange Drive, Suite 112, Columbus, OH   |
| BAN20061045 | Coulbourn Mortgage Inc. - To relocate mortgage broker's office from 320 E Towsontowne Boulevard, Suite 210, Towson, MD to 4 Charles Ridge Garth, Towson, MD   |
| BAN20061046 | Madonna-Voigt Enterprises, Inc. d/b/a Nationwide Loan Pro - For a mortgage lender and broker license  |
| BAN20061047 | Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 54 Marina Road, Suite 106, Lake Wylie, SC  |
| BAN20061048 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 7639 Hull Street Road, Suite 104, Richmond, VA  |
| BAN20061049 | Network Funding, L.P. - To relocate mortgage lender broker's office from 210 East Lexington Street, Suite 401, Baltimore, MD to 509 Park Avenue, 2nd Floor, Baltimore, MD   |
| BAN20061050 | Network Funding, L.P. - To open a mortgage lender and broker's office at 4 Cabana Lane, Hot Springs Village, AR   |
| BAN20061051 | Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 5525 Twin Knolls Road, Suite 331, Columbia, MD to 5513 Twin Knolls Road, Suite 220, Columbia, MD |
| BAN20061052 | Virginia Mortgage, L.L.C. - To open a mortgage broker's office at 732 Thimble Shoals Boulevard, Unit 303, Building E, Newport News, VA  |
| BAN20061053 | Virginia Mortgage, L.L.C. - To open a mortgage broker's office at 1055 Laskin Road, Suite 300, Virginia Beach, VA   |
| BAN20061054 | OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 5620 Southpoint Center Boulevard, Fredericksburg, VA   |
| BAN20061055 | Cedar Creek Mortgage, L.L.C. - To open a mortgage lender and broker's office at 30 South Second Street, Warrenton, VA   |
| BAN20061056 | Mortgage Financial Group Corp. - For a mortgage broker's license  |
| BAN20061057 | BB&T Corporation - To acquire First Citizens Bancorp  |
| BAN20061058 | N.A.J. Mortgage Corporation - For a mortgage broker's license   |
| BAN20061059 | Rosado Funding Group, Inc. - For a mortgage broker's license  |
| BAN20061060 | NV Lending Inc. - For a mortgage broker's license   |
| BAN20061061 | Argentum Resources, LLC - For a mortgage broker's license   |
| BAN20061062 | United USA Mortgage, LLC - For a mortgage broker's license  |
| BAN20061063 | CitiFinancial Services, Inc. - To open a consumer finance office at 5123 Waterway Drive, Dumfries, VA   |
| BAN20061064 | CitiFinancial Services, Inc. - To conduct consumer finance business where auto club memberships will also be sold   |
| BAN20061065 | CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted  |
| BAN20061066 | CitiFinancial Services, Inc. - To conduct a consumer finance business where home security plans will be sold  |
| BAN20061067 | CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted   |
| BAN20061068 | CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted   |
| BAN20061069 | CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted   |
| BAN20061070 | Emergicash LLC - To conduct a payday lending business where an auto title lending business will also be conducted   |
| BAN20061071 | New Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 5941 S. Redwood Road, Suite 200, Salt Lake City, UT   |
| BAN20061072 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 1904 Byrd Avenue, Suite 337, Richmond, VA  |

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BAN20061073 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 15011 Ridge Chase Court, Bowie, MD  
 BAN20061074 Home Funding Group, LLC d/b/a 800-345-CASH (Vienna Location Only) - To open a mortgage broker's office at 8614 Westwood Center Drive, Suites 1250 and 1260, Vienna, VA

BAN20061075 Citizens Bank and Trust Company - To open a branch at 622 E. Atlantic Street, South Hill, VA  
 BAN20061076 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 813 Varsity Drive, Suite 8, Tupelo, MS

BAN20061077 New Star Funding Corp. - To open a mortgage broker's office at 1715 West Main Street, Richmond, VA  
 BAN20061078 FIF HE Holdings LLC - To acquire 25 percent or more of Centex Home Equity Company, LLC  
 BAN20061079 SLM Financial Corporation d/b/a Sallie Mae Financial - To conduct consumer finance business where mortgage lending will also be conducted

BAN20061080 SLM Financial Corporation d/b/a Sallie Mae Financial - To conduct consumer finance business where mortgage brokering will also be conducted

BAN20061081 Ruell R. Medina - To acquire 25 percent or more of Lucky Money, Inc.  
 BAN20061082 Rommel R. Medina - To acquire 25 percent or more of Lucky Money, Inc.  
 BAN20061083 Harbor Bay Mortgage, LLC - For a mortgage broker's license  
 BAN20061084 Qwest Mortgage Corporation - For a mortgage broker's license  
 BAN20061085 Mortgage Sources Corp. - For a mortgage broker's license  
 BAN20061086 Ryan Enterprises, L.L.C. - For a mortgage broker's license  
 BAN20061087 Secure Mortgage & Investments, LLC - For a mortgage broker's license  
 BAN20061088 HomeCourt Mortgage Group, Inc. - For a mortgage lender and broker license  
 BAN20061089 Duke Mortgage LLC - For a mortgage broker's license  
 BAN20061090 Highland Banc, Inc. - For a mortgage broker's license  
 BAN20061091 Commonwealth Funding, LLC d/b/a Agents Mortgage Company - To open a mortgage broker's office at 10 South Street, Third Floor, Baltimore, MD

BAN20061092 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 720 Moorefield Park Drive, Suite 201, Richmond, VA  
 BAN20061093 FirstMac Corporation - To open a mortgage lender and broker's office at 9055 Aldingham Place, Mechanicsville, VA  
 BAN20061094 Alcova Mortgage LLC - To open a mortgage broker's office at 223 East Valley Street, Abingdon, VA  
 BAN20061095 SAI Mortgage, Inc. - To relocate mortgage broker's office from 1803 N. Sterling Boulevard, Sterling, VA to 46400 Benedict Drive, Suite 201, Sterling, VA

BAN20061096 Millican Mortgage Corporation - To relocate mortgage broker's office from 2509 Campbell Close, Williamsburg, VA to 6075 Captain Yancey Road, Elkton, VA

BAN20061097 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 1245 Duck Road, Unit 8A, Duck, NC to 3904 North Croatan Highway, Kitty Hawk, NC

BAN20061098 Monocacy Home Mortgage, LLC - To relocate mortgage lender broker's office from 60 Thomas Johnson Drive, Frederick, MD to 75 Thomas Johnson Drive, Suite K, Frederick, MD

BAN20061099 Amerigroup Mortgage Corporation (Used in VA by: Mortgage Investors Corporation) - To relocate mortgage lender broker's office from 4101 Cox Road, Suite 301, Glen Allen, VA to 4164 Innslake Drive, Suite D, Glen Allen, VA

BAN20061100 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 7042 Wytheville Circle, Fredericksburg, VA to 5323 Joshua Tree Circle, Fredericksburg, VA

BAN20061101 Voight & Associates, LLC d/b/a Neighborhood Check Exchange - To open a check casher at 3870 Holland Road, Virginia Beach, VA  
 BAN20061102 Liberator Mortgage LLC - For a mortgage broker's license  
 BAN20061103 Good Faith Lending, Inc. - For a mortgage broker's license  
 BAN20061104 SB Mortgage Group, Inc. - For a mortgage broker's license  
 BAN20061105 AmTrust Mortgage Corporation - For additional mortgage authority  
 BAN20061106 NationsFirst Lending, Inc. - To relocate mortgage lender broker's office from 20 Corporate Park, 3rd Floor, Irvine, CA to 30 Corporate Park, Suite 455, Irvine, CA

BAN20061107 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 1151 W. Robinhood Drive, Suite C-4, Stockton, CA to 5250 Claremont Avenue, Suite 106, Stockton, CA

BAN20061108 Liberty Funding Services Inc. - To relocate mortgage lender broker's office from 77 East Halsey Road, Parsippany, NJ to 210 Malapardis Road, Suite 203, Cedar Knolls, NJ

BAN20061109 Decision One Mortgage Company, LLC - To relocate mortgage lenders's office from One Southexecutive Park, 6060 J. A., Charlotte, NC to 3023 HSBC Way, Fort Mill, SC

BAN20061110 Financial Mortgage Group, L.C. - To relocate mortgage broker's office from 14769 Soapstone Drive, Suite 304, Gainesville, VA to 14995 Cheyenne Way, Haymarket, VA

BAN20061111 Gold Key Mortgage L.L.C. - To relocate mortgage broker's office from 1774 Spruce Avenue, Buena Vista, VA to 405 Elm Avenue, Buena Vista, VA

BAN20061112 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To relocate mortgage lender broker's office from 438 East 12300 South, Suite 9, Draper, UT to 444 East 12300 South, Draper, UT

BAN20061113 Fieldstone Mortgage Company - To open a mortgage lender and broker's office at 1300 Sawgrass Corporate Parkway, Suite 310, Sunrise, FL

BAN20061114 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 2030 Eastwood Road, Suite 12, Wilmington, NC

BAN20061115 Family Home Lending Corporation - To open a mortgage lender and broker's office at 112 Bathurst Lane, Simpsonville, SC  
 BAN20061116 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To relocate mortgage lender broker's office from 105 E. 8th Street, Hanford, CA to 113 Court Street, Suites 210 and 211, Hanford, CA

BAN20061117 Mercantile Bankshares Corporation - To acquire James Monroe Bancorp, Inc.  
 BAN20061118 Bycos LLC - For a mortgage broker's license  
 BAN20061119 Bekele L. Erenna d/b/a Absolute Mortgage Services - To open a mortgage broker's office at 5037-B Backlick Road, Annandale, VA  
 BAN20061120 Aames Funding Corporation d/b/a Aames Home Loan - To open a mortgage lender and broker's office at 1320 Greenway Drive, Suite 600, Irving, TX

BAN20061121 Swift 1 Mortgage LLC - To relocate mortgage broker's office from 12552 Le Vau Court, Suite 202, Fairfax, VA to 16368 Limestone Court, Leesburg, VA

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| BAN20061122 | Church Street Lending, LLC d/b/a Vienna Lending Group - To relocate mortgage lender broker's office from 101 Church Street, NW, Vienna, VA to 8456 Tyco Road, Suite A, Vienna, VA                |
| BAN20061123 | DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 22982 La Cadena, Suite 200, Laguna Hills, CA   |
| BAN20061124 | DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 3 Hutton Centre Drive, Suite 100, Santa Ana, CA  |
| BAN20061125 | DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 9833 Horn Road, Suite B, Sacramento, CA  |
| BAN20061126 | DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 20311 Birch Street, Suite 150, Newport Beach, CA   |
| BAN20061127 | DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 2112 Business Center Drive, Suite 100, Irvine, CA  |
| BAN20061128 | DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 75 South Broadway, Suite 464, White Plains, NY   |
| BAN20061129 | Express Mortgage Services, LLC - For a mortgage broker's license   |
| BAN20061130 | Federal Fidelity Mortgage Corporation d/b/a FFM Corporation - For a mortgage broker's license  |
| BAN20061131 | MortgageXcel, LLC - For a mortgage broker's license  |
| BAN20061132 | Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 1400 Mercantile Lane, Suite 240, Upper Marlboro, MD  |
| BAN20061133 | Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 3001 Lafayette Boulevard, Fredericksburg, VA   |
| BAN20061134 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 3213 IH-30, Suite 207, Mesquite, TX   |
| BAN20061135 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 2137 Kiowa Court, Little Elm, TX  |
| BAN20061136 | Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 136-52 39th Avenue, Suite 203B, Flushing, NY to 136-18 39th Avenue, Suite 1106, Flushing, NY                    |
| BAN20061137 | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 3945 Prince William Parkway, Woodbridge, VA to 9301 Centreville Road, Manassas, VA                         |
| BAN20061138 | Premier Mortgage Capital, Inc. - To relocate mortgage lender broker's office from 5833 Richmond-Tappahannock Highway, Aylett, VA to 5983 Richmond-Tappahannock Highway, Aylett, VA               |
| BAN20061139 | Premier Mortgage Capital, Inc. - To relocate mortgage lender broker's office from 12656 Darby Brook Court, Woodbridge, VA to 12972 Harbor Drive, Woodbridge, VA                                  |
| BAN20061140 | Premier Mortgage Capital, Inc. - To relocate mortgage lender broker's office from 7900 Sudley Road, Manassas, VA to 9171-A Key Commons Court, Manassas, VA                                       |
| BAN20061141 | Capitol Mortgage Services, Inc. d/b/a Unlimited Loan Resources - For a mortgage lender's license   |
| BAN20061142 | Prime Lenders, LLC - For a mortgage broker's license   |
| BAN20061143 | CSF Financial, Inc. - For a mortgage broker's license  |
| BAN20061144 | Bahman Ardalan - To acquire 25 percent or more of Aring Corporation  |
| BAN20061145 | Maria M. Holguin d/b/a Variedades Jacky - To open a check casher at 8761 Mathis Avenue, Manassas, VA   |
| BAN20061146 | Mohammad Ali Yousefi d/b/a M & M Tobacco - To open a check casher at 1581 General Booth Boulevard, Virginia Beach, VA  |
| BAN20061147 | CitiFinancial Services, Inc. - To open a consumer finance office at 47010 Community Plaza, Suite 110, Sterling, VA   |
| BAN20061148 | CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted  |
| BAN20061149 | CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted  |
| BAN20061150 | CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted  |
| BAN20061151 | CitiFinancial Services, Inc. - To conduct a consumer finance business where home security plans will be sold   |
| BAN20061152 | CitiFinancial Services, Inc. - To conduct consumer finance business where auto club memberships will also be sold  |
| BAN20061153 | CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted   |
| BAN20061154 | Cooper & Shein, LLC d/b/a Great Oak Lending Partners - To open a mortgage broker's office at 821 Oregon Avenue, Linthicum, MD  |
| BAN20061155 | Capital Mortgage Finance Corp. - To open a mortgage lender and broker's office at 706 Giddings Avenue, Annapolis, MD   |
| BAN20061156 | First Residential Mortgage Network, Inc. d/b/a SurePoint Lending - To open a mortgage lender and broker's office at 9721 Ormsby Station Road, Suite 107, Louisville, KY                          |
| BAN20061157 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 5650 Mexico Road, Suite 15, St. Peters, MO  |
| BAN20061158 | 1st Financial, Inc. - To open a mortgage lender and broker's office at 701 Bestgate Road, Annapolis, MD  |
| BAN20061159 | E-Star Lending Inc. - To relocate mortgage broker's office from 9306-A Old Keene Mill Road, Burke, VA to 7611 Little River Turnpike, Suite 301 West, Annandale, VA                               |
| BAN20061160 | Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To relocate mortgage lender broker's office from 14260 Stone Chase Way, Centreville, VA to 6512 Miami Bluff Drive, Cincinnati, OH              |
| BAN20061161 | Stallion Financial Services, Inc. - To relocate mortgage broker's office from 14373 Silo Valley View, Centreville, VA to 7630 Little River Turnpike, Suite 300, Annandale, VA                    |
| BAN20061162 | Mortgage Force, L.L.C. - For a mortgage broker's license   |
| BAN20061163 | HouseTech, Inc. - For a mortgage broker's license  |
| BAN20061164 | Golden Trust Mortgage Group, LLC - For a mortgage broker's license   |
| BAN20061165 | Gulfport Financial, L.L.C. d/b/a Virginia Cash Advance - To open a check casher at 6107 Sewells Point Road, Norfolk, VA  |
| BAN20061166 | Global Marketing Corporation of Charlotte - To open a mortgage lender and broker's office at 4061 Powder Mill Road, Suite 700, Calverton, MD   |
| BAN20061167 | Global Marketing Corporation of Charlotte - To open a mortgage lender and broker's office at 43078 Largo Gallerie Court, Ashburn, VA   |
| BAN20061168 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 491 1/2 East Waterloo Road, Suite 100, Akron, OH   |
| BAN20061169 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 4876 Princess Anne Road, Suite 108, Virginia Beach, VA |
| BAN20061170 | Wilmington Finance, Inc. - To open a mortgage lender and broker's office at 501 Office Center Drive, 4th Floor, Fort Washington, PA  |

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BAN20061171 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at Harlequin Plaza - 7600 East Orchard Road, Suite 115 S, Greenwood Village, CO

BAN20061172 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at 55 West Port Plaza, Suite 300, St. Louis, MO

BAN20061173 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at International Plaza, 2-International Drive, South, Suite 401, Nashville, TN

BAN20061174 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at 5000 S.W. Meadows Road, Suite 230, Lake Oswego, OR

BAN20061175 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at One Hanover Park, 16633 North Dallas Parkway, 2nd Floor, Suite 250, Addison, TX

BAN20061176 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at 3025 Windward Plaza, Suite 250, Alpharetta, GA

BAN20061177 Wilmington Finance, Inc. - To open a mortgage lender and broker's office at 2920 N. Green Valley Parkway, Suite 511, Henderson, NV

BAN20061178 National Equity Investments, L.L.C. - To relocate mortgage broker's office from 2363 South Foothill Drive, Salt Lake City, UT to 251 West Riverpark Drive, Suite 100, Provo, UT

BAN20061179 Power Financial Co., Inc. - To relocate mortgage broker's office from 2219 Old Emmorton Road, Bel Air, MD to 519 Hanna Road, Bel Air, MD

BAN20061180 Eric Walton - To acquire 25 percent or more of Madison Investment Advisors, LLC

BAN20061181 Ramhari Subedi d/b/a Woodlake Grocery - To open a check casher at 3100 S. Manchester Street, Suite T2, Falls Church, VA

BAN20061182 Atlantic Bancorp of California - For a mortgage lender and broker license

BAN20061183 Wells Fargo Financial Virginia Inc. - To conduct consumer finance business where a referral program business will also be conducted

BAN20061184 Virginia Mortgage, L.L.C. - For additional mortgage authority

BAN20061185 Sterling Mortgage Corporation - To open a mortgage lender and broker's office at 10504 Wakeman Drive, Fredericksburg, VA

BAN20061186 Maryland Financial Resources, Inc. - To open a mortgage broker's office at 5950 Harbour Park Drive, Midlothian, VA

BAN20061187 Network Funding, L.P. - To relocate mortgage lender broker's office from 509 Park Avenue, 2nd Floor, Baltimore, MD to 7516 Belair Road, Suite B, Baltimore, MD

BAN20061188 Breakwater Mortgage Corp. - To relocate mortgage broker's office from 1176 Jamestown Road, Suite A, Williamsburg, VA to 1166 Jamestown Road, Williamsburg, VA

BAN20061189 Breakwater Mortgage Corp. - To open a mortgage broker's office at 11848 Rock Landing Drive, Suite 202-A, Newport News, VA

BAN20061190 H&R Block Mortgage Corporation - To relocate mortgage lender broker's office from 25510 Commercentre Drive, Suite 100, Lake Forest, CA to 6561 Irvine Center Drive, Building B, 1st Floor, Irvine, CA

BAN20061191 Heritage Mortgage Banking Corp. - To relocate mortgage lender broker's office from 225 Madison Avenue, Morristown, NJ to 25 Lindsley Drive, Suite 209, Morristown, NJ

BAN20061192 Bishop Mary P. Bonner d/b/a Bonner's Financial Services - To relocate payday lender's office from 609 Church Street, Blackstone, VA to 2156 County Drive, 460 East, Petersburg, VA

BAN20061193 Mortgage Sense, Inc. - To relocate mortgage broker's office from 23832 Rockfield Boulevard, Suite 130, Lake Forest, CA to 2 South Pointe Drive, Suite 240, Lake Forest, CA

BAN20061194 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 11850 Catoctin Drive, Woodbridge, VA to 4000 Genesee Place, Suite 117, Woodbridge, VA

BAN20061195 Consumers Choice Mortgage Services, Inc. - For a mortgage broker's license

BAN20061196 New Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 3651 N. 100 East, Suite 150, Provo, UT

BAN20061197 East West Mortgage Company, Inc. d/b/a Mortgage Options - To open a mortgage lender and broker's office at 25309 Fairbanks Place, Chantilly, VA

BAN20061198 OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 2100 Reston Parkway, Suite 110, Reston, VA

BAN20061199 OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 9216 Center Street, Manassas, VA

BAN20061200 First Meridian Mortgage Corporation of Florida (Used in VA by: First Meridian Mortgage Corporation) - To relocate mortgage broker's office from 7829 N. Dale Mabry Highway, Tampa, FL to 9051 Florida Mining Boulevard, Suite 105, Tampa, FL

BAN20061201 United Home Savings, LLC - To relocate mortgage broker's office from 77 East Main Street, Suite 300, Westminster, MD to 2815 Patapsco Road, Finksburg, MD

BAN20061202 Equity United Mortgage Corporation - To relocate mortgage broker's office from 109 W. Clement Street, Baltimore, MD to 8119 Chapel Manor Lane, Ellicott City, MD

BAN20061203 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 4600 Regent Boulevard, Irving, TX

BAN20061204 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 6767 Forest Hill Avenue, Richmond, VA to 9101 Midlothian Turnpike, Suite 800, Richmond, VA

BAN20061205 Get Management Group, LLC d/b/a Ace Cash Express - For a payday lender license

BAN20061206 Get Management Group, LLC - To conduct a payday lending business where a money order seller/ money transmission business will also be conducted

BAN20061207 Viamericas Corporation - To open a check casher at 1110 Elden Street, Suite 104, Herndon, VA

BAN20061208 Ultra Mortgage, L.L.C. - For a mortgage broker's license

BAN20061209 Thee American Mortgage Corporation - For a mortgage broker's license

BAN20061210 Ash-Ken, Inc. d/b/a Time Pawn & Surplus - To open a check casher at 1 North Mallory Street, Hampton, VA

BAN20061211 FMP Inc. d/b/a Cash & Carry - To open a check casher at 209 S. Main Street, Farmville, VA

BAN20061212 Watermark Capital, Inc. - For a mortgage broker's license

BAN20061213 Sebring Capital Partners, Limited Partnership - To open a mortgage lender's office at 304 Inverness Way, South, Suite 150, Englewood, CO

BAN20061214 Fidelity Mortgage Network, LLC - To open a mortgage lender and broker's office at 108 North Center Street, Vienna, VA

BAN20061215 Montgomery Capital Mortgage Corporation (Used in VA by: Montgomery Capital Corporation) - To open a mortgage broker's office at 4121 Cox Road, Suite 106, Glen Allen, VA

BAN20061216 Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 400 East Joppa Road, Suite 300, Towson, MD

BAN20061217 Prestige Financial Group, Inc. - To relocate mortgage broker's office from 44110 Ashburn Village Boulevard, Ashburn, VA to 44081 Pipeline Plaza, Suite 320, Ashburn, VA

BAN20061218 Network Funding, L.P. - To relocate mortgage lender broker's office from 3300 Virginia Beach Boulevard, Virginia Beach, VA to 397 Little Neck Road, 3300 Building, Suite 202, Virginia Beach, VA

BAN20061219 DreamQuest Mortgage Corporation - For a mortgage broker's license

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|             |  |
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| BAN20061220 | Virginia Mortgage Professionals, LLC (Used in VA by: Mortgage Professionals, LLC) - For a mortgage broker's license  |
| BAN20061221 | Equity One Financial Corp. - For a mortgage broker's license   |
| BAN20061222 | Resource Bank - To open a branch at 4180 Dominion Boulevard, Glen Allen, VA  |
| BAN20061223 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 3800 Powell Lane, Suite 1116, Falls Church, VA  |
| BAN20061224 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 1101 Pennsylvania Avenue, N.W., 6th. Floor, Washington, DC  |
| BAN20061225 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 1020 Woodland Plaza Run, Fort Wayne, IN   |
| BAN20061226 | Fidelity Funding, LLC - To open a mortgage broker's office at 2418 E. Franklin Street, Suite 16, Richmond, VA  |
| BAN20061227 | Fidelity Funding, LLC - To open a mortgage broker's office at 201 Concourse Boulevard, Suite 202, Glen Allen, VA   |
| BAN20061228 | Fidelity Funding, LLC - To open a mortgage broker's office at 318 West Broad Street, Richmond, VA  |
| BAN20061229 | Fidelity Funding, LLC - To open a mortgage broker's office at 400 W. 32nd Avenue, Richmond, VA   |
| BAN20061230 | JBL Mortgage Network, L.L.C. - To open a mortgage broker's office at Full Access Storage Inc., 821 Oregon Avenue, Linthicum, MD  |
| BAN20061231 | CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 7360 McWhorter Place, Suite 200, Annandale, VA  |
| BAN20061232 | Global Home Loans & Finance Inc. d/b/a directloansource.com - To open a mortgage lender and broker's office at 1314 Jericho Turnpike, New Hyde Park, NY  |
| BAN20061233 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 151 East Highway 54, Camdenton, MO   |
| BAN20061234 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 2137 Thoroughbred Parkway, Goochland, VA   |
| BAN20061235 | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 3 McIntosh Court, Suite I, Catonsville, MD to 747 Kirkcaldy Way, Abingdon, VA  |
| BAN20061236 | Integrity Home Mortgage Corporation - To relocate mortgage lender broker's office from 420 W. Jubal Early Dr., Suite 102, Winchester, VA to 480 W. Jubal Early Dr., Suite 210, Winchester, VA                          |
| BAN20061237 | Edward D. Jones & Co., L.P. d/b/a EdwardJones - To relocate mortgage broker's office from 2005 South Main Street, Unit 1, Blacksburg, VA to 2001 South Main Street, Unit 105, Blacksburg, VA                           |
| BAN20061238 | Edward D. Jones & Co., L.P. d/b/a EdwardJones - To relocate mortgage broker's office from 77 West Lee Street, Suite C, Warrenton, VA to 568 Waterloo Road, Suite 103, Cannon Professional Center, Warrenton, VA        |
| BAN20061239 | Capital City Mortgage Group, Inc. - To relocate mortgage broker's office from Two Harbison Way, Columbia, SC to 800 Columbiana Center Drive, Suite 208, Irmo, SC   |
| BAN20061240 | Labrador Financial Services, Inc. d/b/a LFS Home Loans - To relocate mortgage broker's office from 204-C Colonades Way, Cary, NC to 203 W. Millbrook Road, Suite 205, Raleigh, NC                                      |
| BAN20061241 | Amerigreen Mortgage, LLC - To relocate mortgage lender broker's office from 6617 Seneca Drive, Columbia, MD to 8875 Centre Park Drive, Suite F, Columbia, MD   |
| BAN20061242 | AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 1206 Laskin Road, Suite 202, Virginia Beach, VA to 114 S. Witchduck Road, Virginia Beach, VA |
| BAN20061243 | Vision Mortgage Group, Inc. - To relocate mortgage broker's office from 320 South Witchduck Road, Virginia Beach, VA to 101 N. Armistead Avenue, Suite 207, Hampton, VA  |
| BAN20061244 | Aarow Mortgage Services Inc. - For a mortgage broker's license   |
| BAN20061245 | Home Towne Mortgage Services, Inc. - For a mortgage lender and broker license  |
| BAN20061246 | Clayton James Power d/b/a Allied Mortgage Services - For a mortgage broker's license   |
| BAN20061247 | Direct Lending, Inc. - For a mortgage lender and broker license  |
| BAN20061248 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 1 East Chase Street, Suite 1109, Baltimore, MD  |
| BAN20061249 | E-Approve Mortgage Corp. - To open a mortgage broker's office at 239 Went Worth Court, Suffolk, VA   |
| BAN20061250 | Congressional Funding USA, LLC - To open a mortgage broker's office at 4900 Leesburg Pike, Suite 309, Alexandria, VA   |
| BAN20061251 | Firstline Mortgage, Inc. - To open a mortgage broker's office at 1331 North Alma School Road, Suite 140, Chandler, AZ  |
| BAN20061252 | Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 890 Roosevelt Trail, Naples, ME   |
| BAN20061253 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 5235 Walnut Street, Philadelphia, PA  |
| BAN20061254 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 10015 Old Columbia Road, Suite B-215, Columbia, MD to 13 Milton Avenue, Fallston, MD                              |
| BAN20061255 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 29 Brick Bat Road, Matthews, VA to 252 Main Street, Matthews, VA  |
| BAN20061256 | First Capital Funding, LLC - To relocate mortgage broker's office from 3800 Poplar Hill Road, Suite A, Chesapeake, VA to 1530 Breezeport Way, Suite 100, Suffolk, VA   |
| BAN20061257 | Jun & S, Inc. d/b/a Jun & S Inc. - To open a check casher at 43112 John Mosby Highway, Suite 101, Chantilly, VA  |
| BAN20061258 | Equal Equity Mortgage, Inc. - For a mortgage broker's license  |
| BAN20061259 | O C M, Inc. d/b/a HelpUFinance.com - For additional mortgage authority   |
| BAN20061260 | Potomac Lending LLC - To open a mortgage broker's office at 19890 Naples Lakes Terrace, Ashburn, VA  |
| BAN20061261 | Catocin Mortgage, L.L.C. d/b/a Professional Home Funding - To open a mortgage broker's office at 767 Red Bud Lane, Front Royal, VA   |
| BAN20061262 | Nationside Mortgage Inc. - To open a mortgage broker's office at 3713 S. George Mason Drive, Falls Church, VA  |
| BAN20061263 | TrustMor Mortgage Company, LLC d/b/a Members Mortgage Solutions - To open a mortgage lender and broker's office at 9401 W. Broad Street, Richmond, VA  |
| BAN20061264 | Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 70 Main Street, Suite 23, Warrenton, VA to 400 Holiday Court, Suite 103, Warrenton, VA   |
| BAN20061265 | Added Edge Financial Services, Inc. - To relocate mortgage broker's office from 2468 Sycamore Lakes Cove, Herndon, VA to 2251 Pimmit Drive, Suite 624, Falls Church, VA  |
| BAN20061266 | Roy D. Hansen Mortgage Company, Inc. - To relocate a mortgage broker's office from 11824 Forbidden Forest Circle, Fredericksburg, VA to 13426 Forest Glen Road, Woodbridge, VA   |
| BAN20061267 | Darrell Green Mortgage, LLC - To relocate mortgage broker's office from 21515 Ridgetop Circle, Suite 290, Sterling, VA to 10 Pidgeon Hill Drive, Suite 150, Sterling, VA   |

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BAN20061268 Primequity, LLC - To relocate mortgage lenders's office from 12481 Telecom Drive, Tampa, FL to 6520 Harney Road, Tampa, FL  
 BAN20061269 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 1889 Denver West Drive, Suite 1523, Golden, CO to 331 Drake Lane, Johnstown, CO

BAN20061270 Jones Mortgage, Inc. - To relocate mortgage broker's office from 1021 Keltic Circle, Chesapeake, VA to 1228 Progressive Drive, Suite 202, Chesapeake, VA

BAN20061271 Noble & Noble Financial Associates, Inc. - To relocate mortgage broker's office from 470-D/E S. Commerce Avenue, Front Royal, VA to 830-A, B, C John Marshall Highway, Front Royal, VA

BAN20061272 CitiFinancial Services, Inc. - To open a consumer finance office at 5606 Portsmouth Boulevard, Portsmouth, VA  
 BAN20061273 CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted  
 BAN20061274 CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted  
 BAN20061275 CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted  
 BAN20061276 CitiFinancial Services, Inc. - To conduct a consumer finance business where home security plans will be sold  
 BAN20061277 CitiFinancial Services, Inc. - To conduct consumer finance business where auto club memberships will also be sold  
 BAN20061278 CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted  
 BAN20061279 Optimum Corporation d/b/a Optimum Capital - For a mortgage broker's license  
 BAN20061280 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 7519 Barkbridge Road, Chesterfield, VA

BAN20061281 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 116 Bramble Way, Toney, AL  
 BAN20061282 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 1405 Huguenot Road, Suite 102, Midlothian, VA

BAN20061283 First Choice Mortgage Inc. - To relocate mortgage broker's office from 201 Concourse Boulevard, Glen Allen, VA to 5 South Adams Street, Suite 200, Richmond, VA

BAN20061284 P & B La Casita Inc. - To open a check casher at 270 Dingledine Lane, Dayton, VA  
 BAN20061285 Southern Choice Mortgage, Inc. - For a mortgage broker's license  
 BAN20061286 Alcova Mortgage LLC - To open a mortgage broker's office at 3841-K East Little Creek Road, Norfolk, VA  
 BAN20061287 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 150 South State Street, Clearfield, UT  
 BAN20061288 GMAC Mortgage Corporation d/b/a Ditech.Com - To relocate mortgage lender broker's office from 1320 Central Park Boulevard, Fredericksburg, VA to 4930 Southport Drive, Fredericksburg, VA

BAN20061289 Capital Quest Mortgage, Inc. d/b/a IWC Capital Banc, Inc. - To open a mortgage lender and broker's office at 7700 Leesburg Pike, Suite 426, Falls Church, VA

BAN20061290 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 140 Fountain Parkway, Suite 500, St. Petersburg, FL  
 BAN20061291 Nationside Mortgage Inc. - To open a mortgage broker's office at 1 Central Plaza, 11300 Rockville Pike, Suite 1215, Rockville, MD  
 BAN20061292 Timbuktu, Inc. - To acquire 25 percent or more of SouthStar Funding, LLC  
 BAN20061293 Check into Cash of Virginia, LLC d/b/a Check into Cash - To open a payday lender's office at 7468 Tidewater Drive, Unit B, Norfolk, VA

BAN20061294 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 1300 Piccard Drive, Suite 103, Rockville, MD

BAN20061295 Condor Financial Group Incorporated - To open a mortgage broker's office at 6489 Main Street, The Plains, VA  
 BAN20061296 American Mortgage Funding Group, Inc. - For a mortgage broker's license  
 BAN20061297 Homefield Financial, Inc. - To open a mortgage lender and broker's office at 600 E. Las Colinas Boulevard, Suite 560, Irving, TX  
 BAN20061298 Arco Iris Latino Market, Inc. - To open a check casher at 6445 Midlothian Turnpike, Richmond, VA  
 BAN20061299 Golden Heart Mortgage LLC - To relocate mortgage broker's office from 9536 Hopkins Road, Richmond, VA to 348 S. Crater Road, Petersburg, VA

BAN20061300 Catoctin Mortgage, L.L.C. d/b/a Professional Home Funding - To open a mortgage broker's office at 4821 Dashiell Place, Woodbridge, VA

BAN20061301 Marion Mortgage, LLC - To open a mortgage broker's office at 2 Barrett Street, Palmyra, VA  
 BAN20061302 American General Financial Services of America, Inc. - To relocate consumer finance office from 369 West Main Street, Covington, VA to 1252 Craig Avenue, Covington, VA

BAN20061303 Everest Financial, LLC - To relocate mortgage broker's office from 5383 S. 900 E., Suite 202, Salt Lake City, UT to 181 E. 5600 S., Suite 330, Salt Lake City, UT

BAN20061304 L.A.P. Holdings LLC d/b/a First Finance - To open a mortgage broker's office at 1045 E. McKellips Road, Mesa, AZ  
 BAN20061305 Marion Mortgage, LLC - To relocate mortgage broker's office from 3975 University Drive, Suite 210, Fairfax, VA to 14637 Lee Highway, Suite 103, Centreville, VA

BAN20061306 American General Financial Services, Inc. - To relocate mortgage lender broker's office from 369 West Main Street, Covington, VA to 1252 Craig Avenue, Covington, VA

BAN20061307 SpringBank Mortgage LLC - For a mortgage broker's license  
 BAN20061308 Hi Mart Money Store, Inc. - For a payday lender license  
 BAN20061309 Able Financial Services, Inc. - To relocate mortgage broker's office from 701 North Green Valley Parkway, Suite 200, Henderson, NV to 1050 East Flamingo Road, Suite W-251, Las Vegas, NV

BAN20061310 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 11886 New Country Lane, Columbia, MD to 6851 Oak Hall Lane, Suite 201, Columbia, MD

BAN20061311 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 430 Oakmears Crescent, Virginia Beach, VA

BAN20061312 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 20400 Observation Drive, Suite 105, Germantown, MD

BAN20061313 Baypointe Mortgage Consultants LLC - For a mortgage broker's license  
 BAN20061314 Virginia Mortgage Bankers, LLC - For a mortgage broker's license  
 BAN20061315 Global Mortgage VLC, Inc. - For a mortgage broker's license  
 BAN20061316 Mega Home Equities, Inc. - For a mortgage broker's license  
 BAN20061317 Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 201 Old Padonia Road, Cockeysville, MD to 5560 Sterrett Place, 2nd Floor, Columbia, MD

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BAN20061318 American General Financial Services, Inc. - To relocate mortgage lender broker's office from 44 Mine Road, Stafford, VA to Reeves Office Plaza, 685 Garrisonville Road, Suite 101, Stafford, VA

BAN20061319 American General Financial Services of America, Inc. - To relocate consumer finance office from 44 Mine Road, Suite 6, Stafford, VA to Reeves Office Plaza, 685 Garrisonville Road, Suite 101, Stafford County, VA

BAN20061320 Paula A. Feda - To acquire 25 percent or more of American Affordable Homes, Inc.

BAN20061321 Gordon Lending Corporation - To relocate mortgage lender broker's office from 5940 Wilcox Place, Suite B, Dublin, OH to 525 Metro Place North, Suite 200, Dublin, OH

BAN20061322 Family Home Lending Corporation - To open a mortgage lender and broker's office at 9115 Harris Corners Parkway, Suite 165, Charlotte, NC

BAN20061323 QC Financial Services, Inc. d/b/a Quik Cash - To open a payday lender's office at 524 N. Main Street, Emporia, VA

BAN20061324 USA Patriot Mortgage LLC - To open a mortgage broker's office at 10686-A Crestwood Drive, Manassas, VA

BAN20061325 USA Patriot Mortgage LLC - To open a mortgage broker's office at 646 Prosperity Way, Chesapeake, VA

BAN20061326 USA Patriot Mortgage LLC - To open a mortgage broker's office at 42911 Cedar Ridge Boulevard, Chantilly, VA

BAN20061327 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 730 Maner Terrace, SE, Smyrna, GA

BAN20061328 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 1 Barney Road, Clifton Park, NY

BAN20061329 Network Funding, L.P. - To open a mortgage lender and broker's office at 17971 Sky Park Circle, Irvine, CA

BAN20061330 Quadrant Funding, LLC - For a mortgage broker's license

BAN20061331 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1120 Mariposa Drive, Brea, CA

BAN20061332 Ikms, Inc. - To open a check casher at 301 Roanoke Avenue, Newport News, VA

BAN20061333 Dragas Mortgage Company - To relocate mortgage lender broker's office from 4538 Bonney Road, Suite B, Virginia Beach, VA to 4532 Bonney Road, Suite C, Virginia Beach, VA

BAN20061334 Tri-One Financing Consultants, LLC - For a mortgage broker's license

BAN20061335 American Affordable Mortgage LLC - To open a mortgage broker's office at 5410 Indian Head Highway, Oxon Hill, MD

BAN20061336 Spectrum Mortgage Group LLC - For a mortgage broker's license

BAN20061337 Mohan Devineni - To acquire 25 percent or more of Home Financial Corporation

BAN20061338 Fredericksburg Mortgage Company LLC - For a mortgage broker's license

BAN20061339 Capital 1st Mortgage, Inc. - To open a mortgage broker's office

BAN20061340 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 372 Pantops Center, Charlottesville, VA

BAN20061341 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 7000 Regency Square, Suite 244, Houston, TX

BAN20061342 Virginia Commerce Bank - To open a branch at 341 East Market Street, Leesburg, VA

BAN20061343 Virginia Commerce Bank - To open a branch at the southwest corner of Jeff Davis Highway and Pine Bluff Dr., Princeton Woods S. C., Dumfries, VA

BAN20061344 Nationside Mortgage Inc. - To open a mortgage broker's office at 4920 Niagara Road, Suite 404, College Park, MD

BAN20061345 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 12800 Shaker Boulevard, Cleveland, OH

BAN20061346 American General Financial Services of America, Inc. - To conduct consumer finance business where a residential protection plan - home warranty business will also be conducted

BAN20061347 Florida Household Mortgage Corporation d/b/a Southern Tier Home Loans - For a mortgage broker's license

BAN20061348 American Prosperity Mortgage, LLC - For a mortgage broker's license

BAN20061349 Pineapple Lending Corp. - For a mortgage broker's license

BAN20061350 ACE Cash Express, Inc. - To open a payday lender's office at 1311 Piney Forest, Suite H, Danville, VA

BAN20061351 ACE Cash Express, Inc. - To open a payday lender's office at 1910 Virginia Avenue, Suite D-2, Martinsville, VA

BAN20061352 ACE Cash Express, Inc. - To open a payday lender's office at 101 South College Drive, Franklin, VA

BAN20061353 ACE Cash Express, Inc. - To open a payday lender's office at 3227 Halifax Road, Suite E, South Boston, VA

BAN20061354 ACE Cash Express, Inc. - To open a payday lender's office at 21120 Timberlake Road, Suite C, Lynchburg, VA

BAN20061355 ACE Cash Express, Inc. - To open a payday lender's office at 18396 Forest Road, Suite C, Forest, VA

BAN20061356 ACE Cash Express, Inc. - To open a payday lender's office at 1205 North Main Street, Suite B, Altavista, VA

BAN20061357 ACE Cash Express, Inc. - To open a payday lender's office at 4573 South Amherst Highway, Madison Heights, VA

BAN20061358 ACE Cash Express, Inc. - To open a payday lender's office at 441 South Main Street, Emporia, VA

BAN20061359 ACE Cash Express, Inc. - To open a payday lender's office at 2440 Greensboro Road, Suite B, Martinsville, VA

BAN20061360 ACE Cash Express, Inc. - To open a payday lender's office at 101 North Brunswick Avenue, South Hill, VA

BAN20061361 ACE Cash Express, Inc. - To open a payday lender's office at 302 East Third Street, Farmville, VA

BAN20061362 ACE Cash Express, Inc. - To open a payday lender's office at 518 East Atlantic Street, South Hill, VA

BAN20061363 ACE Cash Express, Inc. - To open a payday lender's office at 409 West Atlantic Street, Emporia, VA

BAN20061364 ACE Cash Express, Inc. - To open a payday lender's office at 203 East Third Street, Suite B, Farmville, VA

BAN20061365 PHH Mortgage Services Corporation - To open a mortgage lender and broker's office at 5201 Gate Parkway, Jacksonville, FL

BAN20061366 PHH Mortgage Corporation d/b/a Instamortgage.com - To open a mortgage lender and broker's office at 5201 Gate Parkway, Jacksonville, FL

BAN20061367 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 9224-F Cardinal Forest Lane, Lorton, VA

BAN20061368 FTH Mortgage Corporation (Used in VA by: First Trust Holdings Corporation) - To open a mortgage broker's office at 24756 State Road 54, Lutz, FL

BAN20061369 FTH Mortgage Corporation (Used in VA by: First Trust Holdings Corporation) - To open a mortgage broker's office at 30 Skyline Drive, Suite 220, Lake Mary, FL

BAN20061370 Addison Mortgage Services, Inc. - To open a mortgage broker's office at 401 Hallifax Street, Emporia, VA

BAN20061371 A Homeowners Mtg. Co., LLC - To open a mortgage broker's office at 916 Kenfield Avenue, Second Floor, Los Angeles, CA

BAN20061372 Paula Reynolds Haynes d/b/a Colonial Mortgage Company of Virginia - To open a mortgage broker's office at 6508 Suite C, Woodlake Village Court, Midlothian, VA

BAN20061373 Moore Financial Group Corporation - To open a mortgage broker's office at 2771 Rockfish Valley Highway, Nellysford, VA

BAN20061374 Central Funding, LLC d/b/a Capital Lending - To relocate mortgage broker's office from 9033 East Easter Place, Suite 107, Centennial, CO to 385 Inverness Parkway, Suite 380, Englewood, CO

BAN20061375 TWT Payday Loans, Inc. d/b/a Colortyme - For a payday lender license

BAN20061376 Affordable Home Mortgage, Inc. - For a mortgage broker's license

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BAN20061377 Integrated Mortgage Solutions, LLC (Used in VA by: Integrated Financial Solutions LLC) - For a mortgage broker's license  
 BAN20061378 Citizens Trust Financial Group, Inc. - To open a mortgage lender and broker's office at 2700 Lighthouse Point E, Suite 210, Baltimore, MD

BAN20061379 Network Funding, L.P. - To open a mortgage lender and broker's office at 101 Tower Drive, Suite A, Round Rock, TX  
 BAN20061380 M-Point Mortgage Services, LLC - To open a mortgage lender and broker's office at 110 Franklin Street, Denton, MD  
 BAN20061381 Branch Banking and Trust Company of Virginia - To relocate office from 1855 East Market Street, Harrisonburg, VA to 250 Neff Avenue, Harrisonburg, VA

BAN20061382 Triple Crown, Inc. d/b/a Richmond Food Mart - To open a check casher at 6500 Jefferson Davis Highway, Richmond, VA  
 BAN20061383 GF Funding, L.L.C. d/b/a White Stone Mortgage - For a mortgage broker's license  
 BAN20061384 Munir A. Chaudhry - For a mortgage broker's license  
 BAN20061385 OPM Financial, LLC d/b/a Atlantic First Mortgage Company - For a mortgage broker's license  
 BAN20061386 Fairfield Mortgage L.L.C. - For a mortgage broker's license  
 BAN20061387 Preferred Mortgage Solutions, Inc. (Used in VA by: Preferred Mortgage Solutions) - For a mortgage lender and broker license  
 BAN20061388 Real Estate Mortgage Network, Inc. d/b/a REMN - For additional mortgage authority  
 BAN20061389 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 2915 LBJ Freeway, Suite 170 A, Dallas, TX

BAN20061390 Bear Stearns Residential Mortgage Corporation - To open a mortgage lender and broker's office at 909 Hidden Ridge Drive, Suite 400, Irving, TX

BAN20061391 Accredited Home Lenders, Inc. - To open a mortgage lender's office at 645 East Missouri Avenue, Suite 118, Phoenix, AZ  
 BAN20061392 Cardinal Bank - To open a branch at 7315 Wisconsin Avenue, Bethesda, MD  
 BAN20061393 MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 1355 S. Colorado, Building C, Denver, CO

BAN20061394 Vertical Corporation d/b/a IMF Mortgage - To open a mortgage broker's office at 6801 Backlick Road, Suite D, Springfield, VA  
 BAN20061395 New Day Financial, LLC - To open a mortgage lender and broker's office at 4600 South Syracuse Street, 9th Floor, Denver, CO  
 BAN20061396 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 9414 North 25th Avenue, Suite 100, Phoenix, AZ  
 BAN20061397 Capital Mortgage LLC - To relocate mortgage broker's office from 4724 Kandel Court, Annandale, VA to 450 West Broad Street, Suite 214A, Falls Church, VA

BAN20061398 Mortgage Source LLC - To relocate mortgage lender broker's office from 55 Northern Boulevard, Suite 400, Great Neck, NY to 600 Old Country Road, Suite 210, Garden City, NY

BAN20061399 Jill DePaola - To acquire 25 percent or more of Landmark Funding LLC  
 BAN20061400 John DePaola - To acquire 25 percent or more of Landmark Funding LLC  
 BAN20061401 Gateway Bank & Trust Co. - To open a branch at 1403 Greenbrier Parkway, Suite 110, Chesapeake, VA  
 BAN20061402 Integrity Mortgage, Inc. - For a mortgage broker's license  
 BAN20061403 Advantage Capital Mortgage Corporation - For a mortgage broker's license  
 BAN20061404 Titan Mortgage Corporation - For a mortgage lender and broker license  
 BAN20061405 New Start Home Loans, Inc. d/b/a New Start - For a mortgage broker's license  
 BAN20061406 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - For a payday lender license  
 BAN20061407 The Home Mortgage Depot Inc. - To relocate mortgage broker's office from 4948 East Millridge Parkway, Midlothian, VA to 5918 Harbor Park Drive, Midlothian, VA

BAN20061408 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 3855 S. Jones Road, Suite 102, Las Vegas, NV

BAN20061409 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 20281 Birch Street, Suite 207, Newport Beach, CA

BAN20061410 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 880 Apollo Street, Suite 215, El Segundo, CA

BAN20061411 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 100 Red Schoolhouse Road, Suite B-1, Chestnut Ridge, NY

BAN20061412 First Guaranty Mortgage Corporation d/b/a Broker's Edge Lending (In Certain Offices) - To open a mortgage lender and broker's office at 12737 Director's Loop, Woodbridge, VA

BAN20061413 KESA Mortgage Group, L.L.C. - To relocate mortgage broker's office from 8228 Madrillon Estates Drive, Vienna, VA to 150 S. Washington Street, Suite 400, Falls Church, VA

BAN20061414 Summit Mortgage, LLC - To relocate mortgage lender broker's office from 301 Edgewater Place, Suite 208, Wakefield, MA to 301 Edgewater Place, Suite 310, Wakefield, MA

BAN20061415 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 410 Oakmeads Crescent, Suite 103, Virginia Beach, VA

BAN20061416 MortgageStar, Inc. - To open a mortgage lender and broker's office at 11 Clemency Drive, North East, MD  
 BAN20061417 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 4932 Andrea Avenue, Annandale, VA to 4216 Evergreen Lane, Suite 114, Annandale, VA

BAN20061418 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 10008 Deputy Court, Glen Allen, VA

BAN20061419 Bank of Floyd - To open a branch at 7349 Peppers Ferry Boulevard, Fairlawn, VA  
 BAN20061420 Consumer Credit Counseling Service of San Francisco - To relocate credit counseling office from 150 Post Street, 5th Floor, San Francisco, CA to 595 Market Street, Suite 1500, San Francisco, CA

BAN20061421 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 8620 Fire Rock Road, Laurel, MD

BAN20061422 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 5102-B Oak Park Road, Raleigh, NC  
 BAN20061423 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 105 Markham Court, Longwood, FL  
 BAN20061424 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To open a mortgage lender and broker's office at 711 Westchester Avenue, 2nd Floor, White Plains, NY  
 BAN20061425 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To open a mortgage lender and broker's office at 1175 Post Road East, Westport, CT

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BAN20061426 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To open a mortgage lender and broker's office at 3131 E. Camelback Road, Suite 135, Phoenix, AZ

BAN20061427 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To open a mortgage lender and broker's office at 1350 Deming Way, 3rd Floor, Middleton, WI

BAN20061428 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To open a mortgage lender and broker's office at 1780 Wehrle Drive, Williamsville, NY

BAN20061429 NationsPlus Mortgage Corporation - To open a mortgage broker's office at 3831 Old Forest Road, Suite 6, Lynchburg, VA

BAN20061430 NationsPlus Mortgage Corporation - To open a mortgage broker's office at 102 Hubbard Street, Blacksburg, VA

BAN20061431 Freedom One Funding, Inc. - To open a mortgage broker's office at 21 Executive Drive, Clifton Park, NY

BAN20061432 Ocwen Loan Servicing, LLC - To open a mortgage lender's office at 2380 Performance Drive, Richardson, TX

BAN20061433 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 6819 Elm Street, Suite 16, McLean, VA

BAN20061434 Multi-State Home Lending, Inc. - To open a mortgage lender and broker's office at 2512 Chambers Road, Suite 105, Tustin, CA

BAN20061435 First Residential Mortgage Services Corporation - To open a mortgage lender and broker's office at 701 McCarter Highway, Newark, NJ

BAN20061436 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 2813 Pulaski Highway, Suite 202, Edgewood, MD

BAN20061437 American General Financial Services, Inc. - To open a mortgage lender and broker's office at 376 Waterloo Street, Warrenton, VA

BAN20061438 American General Financial Services of America, Inc. - To open a consumer finance office at 376 Waterloo Street, Warrenton, VA

BAN20061439 Church Street Lending, LLC d/b/a Vienna Lending Group - To relocate mortgage lender broker's office from 8456 Tyco Road, Suite A, Vienna, VA to 107 Pleasant Street, Vienna, VA

BAN20061440 Carolyn J. Charnock - To open a check casher

BAN20061441 John Mark Ratkovich, Jr. - To acquire 25 percent or more of American Home Finance, Inc.

BAN20061442 Absolute Loans, Inc. - For a mortgage broker's license

BAN20061443 Magellan Mortgage Corporation - For a mortgage broker's license

BAN20061444 H & O Mortgage, LLC - For a mortgage broker's license

BAN20061445 Universal Mortgage & Finance, Inc. - For additional mortgage authority

BAN20061446 DBSA Holdings, Inc. d/b/a Foundation Capital Group, Inc. - For additional mortgage authority

BAN20061447 Helena M. Brady - To acquire 25 percent or more of Ensign Mortgage, LLC

BAN20061448 First Rate Financial LLC - For a mortgage broker's license

BAN20061449 Signature Lending Group, Inc. - For a mortgage broker's license

BAN20061450 The Real Estate Financing Corporation - For a mortgage broker's license

BAN20061451 Brian A. Cole & Associates, Ltd., LLC (Used in VA by: Brian A. Cole & Associates, Ltd.) d/b/a First Nations Mortgage of Ohio - For a mortgage broker's license

BAN20061452 Prestige Mortgage, Inc. - For a mortgage lender and broker license

BAN20061453 Tangier Oil Company, Inc. - To open a check casher at 100 Williams Road, Tangier, VA

BAN20061454 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 43 Main Street, SE, Minneapolis, MN to 4445 West 77th Street, Suite 219, Edina, MN

BAN20061455 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 50 Jibsail Drive, Prince Frederick, MD to 141 Main Street, Prince Frederick, MD

BAN20061456 Network Funding, L.P. - To relocate mortgage lender broker's office from 4 Cabana Lane, Hot Springs Village, AR to 198 Carmona Drive, Suite 9, Hot Springs Village, AR

BAN20061457 Access Capital Mortgage, LLC - To relocate mortgage lender broker's office from 753 Thimble Shoals Boulevard, Suite 2-B, Newport News, VA to 11835 Canon Boulevard, Suite B101, Newport News, VA

BAN20061458 Residential Mortgage Group, Inc. - To open a mortgage broker's office at 321 First Colonial Road, Virginia Beach, VA

BAN20061459 Beach Processing, Inc. d/b/a Atlantic Mortgage - To open a mortgage broker's office at 9932 Fire Tower Road, Toano, VA

BAN20061460 NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 4059 Kinross Lakes Parkway, 2nd Floor, Richfield, OH

BAN20061461 MetAmerica Mortgage Bankers, Inc. - To relocate mortgage lender broker's office from 2550 Professional Road, 2nd Floor, Richmond, VA to 1503 Santa Rosa Road, Suite 210, Richmond, VA

BAN20061462 Bishop Mary P. Bonner d/b/a Bonner's Financial Services - To relocate payday lender's office from 2156 County Drive, 460 East, Petersburg, VA to 1017 W. Washington Street, Petersburg, VA

BAN20061463 U.S. Lending, LLC - To relocate mortgage broker's office from 6066 Leesburg Pike, Suite 101, Falls Church, VA to 9689-B Main Street, Fairfax, VA

BAN20061464 Hispanoamerica Travel Agency Incorporated - To open a check casher at 5757 Hull Street Road, Richmond, VA

BAN20061465 Family Home Lending Corporation - To open a mortgage lender and broker's office at 4837 Tulip Drive, Virginia Beach, VA

BAN20061466 Family Home Lending Corporation - To open a mortgage lender and broker's office at 897 Stonefield Square, Leesburg, VA

BAN20061467 America First Mortgage & Loan Services, LLC - To open a mortgage broker's office at 147-A North Main Street, Woodstock, VA

BAN20061468 Fairway Capital Mortgage Corp. - For a mortgage broker's license

BAN20061469 Potomac Virginia Bancorp - To acquire Potomac Bank of Virginia, VA

BAN20061470 Premier Mortgage Funding, Inc. - To open a mortgage broker's office at 821 Oregon Avenue, Linthicum Heights, MD

BAN20061471 UMG Mortgage, LLC - To open a mortgage lender and broker's office at 44081 Pipeline Plaza, Suite 215, Ashburn, VA

BAN20061472 American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To open a payday lender's office at 801 South College Avenue, Suite 1, Bluefield, VA

BAN20061473 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 3904 North Croatan Highway, Kitty Hawk, NC to 3900 North Croatan Highway, Kitty Hawk, NC

BAN20061474 IntroAmerica Lending Corp. - For a mortgage broker's license

BAN20061475 Thomas F. Smith - To acquire 25 percent or more of Accrued Capital, Inc.

BAN20061476 Aggressive Mortgage Corp. - To relocate mortgage lender broker's office from 9503 Hull Street Road, Suite C, Richmond, VA to 9505 Hull Street Road, Suite C, Richmond, VA

BAN20061477 Aggressive Mortgage Corp. - To relocate mortgage lender broker's office from 6802 Paragon Place, Suite 103, Richmond, VA to 6806 Paragon Place, Suite 150, Richmond, VA

BAN20061478 Transsubco II Corp. d/b/a Tranzact Home Services - For a mortgage broker's license

BAN20061479 Premier Trust Mortgage, Inc. - For a mortgage broker's license

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| BAN20061480 | 1st Commonwealth Mortgage, Inc. - For a mortgage broker's license  |
| BAN20061481 | Franklin Mutual Mortgage Corporation - For a mortgage lender and broker license  |
| BAN20061482 | Martinsville Du Pont Employees Credit Union, Incorporated - To open a credit union service office at 1080 Old Franklin Turnpike, Rocky Mount, VA   |
| BAN20061483 | Nancy E. Duran d/b/a La Providencia - To open a check casher at 1125 Gaskins Road, Richmond, VA  |
| BAN20061484 | Bank of Lancaster - To open a branch at the intersection of State Routes 205 and 632, Colonial Beach, VA   |
| BAN20061485 | Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 4300 Chantilly Shopping Center, Suite 1F, Chantilly, VA   |
| BAN20061486 | Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 479 Jumpers Hole Road, Suite 203, Severna Park, MD to 579 and 581 Baltimore Annapolis Boulevard, Severna Park, MD |
| BAN20061487 | Lending Mortgage Group LLC d/b/a Expanded Mortgage Services - To relocate mortgage broker's office from 7 Loudoun Street, S.E., Unit 1B, Leesburg, VA to 2400 Valley Avenue, Suite 12, Winchester, VA  |
| BAN20061488 | Cityside Mortgage Group, LLC - To relocate mortgage broker's office from 1640 Powers Ferry Road, Building 6, Marietta, GA to 3006 Clairmont Road, Suite 700, Atlanta, GA   |
| BAN20061489 | Washington Metro Mortgage, Inc. - To relocate mortgage broker's office from 444 N. Frederick Avenue, Suite 301, Gaithersburg, MD to 604 S. Frederick Avenue, Suite 400A, Gaithersburg, MD  |
| BAN20061490 | Founders Mortgage Group Incorporated - To relocate mortgage broker's office from 744 Thimble Shoals Boulevard, Suite C, Newport News, VA to 610 Thimble Shoals Boulevard, Suite 303-D, Newport News, VA  |
| BAN20061491 | The American Mortgage Group, Inc. d/b/a Zen Loans - To open a mortgage broker's office at 321 Ballenger Center Drive, Suite 106, Frederick, MD   |
| BAN20061492 | M/I Financial Corp. - To open a mortgage lender and broker's office at 21355 Ridgetop Circle, Suite 220, Sterling, VA  |
| BAN20061493 | Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 9501 Hull Street Road, Suite C-2, Richmond, VA  |
| BAN20061494 | Equity Consultants, LLC - To open a mortgage lender and broker's office at 5101 Naiman Parkway, Solon, OH  |
| BAN20061495 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 7204 Racepoint Way, Alexandria, VA   |
| BAN20061496 | Leader One Financial Corporation - To relocate mortgage lender broker's office from 7223 Lee Highway, Suite 301, Falls Church, VA to 10300 Eaton Place, Suite B-105, Fairfax, VA   |
| BAN20061497 | Madison Funding, Inc. - To relocate mortgage lender broker's office from 2530 N. Charles Street, Suite 200, Baltimore, MD to 2701 N. Charles Street, Suite 600, Baltimore, MD  |
| BAN20061498 | Castle Point Mortgage, Inc. - To relocate mortgage lender broker's office from 6085 Marshalee Drive, Suite 210, Elkridge, MD to 6800 Deerpath Road, Suite 105, Elkridge, MD  |
| BAN20061499 | First Tennessee Bank National Association - To open a branch at 833 S. Washington Street, Alexandria, VA   |
| BAN20061500 | Vision Mortgage, L.L.C. d/b/a Vision Capital - To relocate mortgage lender broker's office from 6010 Executive Boulevard, 10th Floor, Rockville, MD to 9715 Key West Avenue, 2nd Floor, Rockville, MD  |
| BAN20061501 | TransLand Financial Services, Inc. - To open a mortgage lender and broker's office at 689 Morganton Square Drive, Maryville, TN  |
| BAN20061502 | First Residential Mortgage Corporation - To open a mortgage broker's office at 202 East Main Street, Lebanon, VA   |
| BAN20061503 | Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 300 Arboretum Place, Suite 360, Richmond, VA to 14405 Justice Road, Midlothian, VA   |
| BAN20061504 | Anchor Mortgage LLC - To open a mortgage broker's office at 70 West Mercury Boulevard, Suite 202, Hampton, VA  |
| BAN20061505 | Affinity Mortgage Company, Inc. - To relocate mortgage broker's office from 1575 Highway 21, South, Building 100, Springfield, GA to 147 Royal Oak Drive, Guyton, GA   |
| BAN20061506 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 704 Genessee Street, Annapolis, MD  |
| BAN20061507 | Integrity Home Mortgage, LLC, a MD Based LLC (Used in VA by: Integrity Home Mortgage, L.L.C.) - For a mortgage broker's license  |
| BAN20061508 | Complete Home Mortgage Corp. - For a mortgage broker's license   |
| BAN20061509 | Citizens Trust Mortgage Corporation - For a mortgage lender's license  |
| BAN20061510 | Lending 1st Mortgage Corporation - For a mortgage lender's license   |
| BAN20061511 | Birchwood Capital, LLC - For a mortgage lender and broker license  |
| BAN20061512 | NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage lender broker's office from 2328 10th Avenue, North, Suite 502, Lake Worth, FL to 1902 W. Kennedy Boulevard, Tampa, FL  |
| BAN20061513 | NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage lender broker's office from 518 South Main Street, Shrewsbury, PA to 25 N. Duke Street, Suite 301, York, PA   |
| BAN20061514 | NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage lender broker's office from 1111 Light Street, Suite 100, Baltimore, MD to 505 Progress Drive, Linthicum, MD  |
| BAN20061515 | NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage lender broker's office from 6630 Eli Whitney Drive, Suite G, Columbia, MD to 5105-F Backlick Road, Annandale, VA  |
| BAN20061516 | NFM, Inc. d/b/a Fidelity Mortgage Corporation - To relocate mortgage lender broker's office from 4601 Eastern Avenue, Suite 3, Baltimore, MD to 4603 Eastern Avenue, Baltimore, MD   |
| BAN20061517 | American Affordable Homes, Inc. - To open a mortgage lender and broker's office at 8925 W. Russell Road, Suite 145, Las Vegas, NV  |
| BAN20061518 | 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   |
| BAN20061519 | Family Home Lending Corporation - To relocate a mortgage lender broker's office from 315 Chenoweth Drive, Simpsonville, SC to 11 Davis Keats Drive, Greenville, SC   |
| BAN20061520 | Family Home Lending Corporation - To open a mortgage lender and broker's office at 9535 Bayfront Drive, Suite 301, Norfolk, VA   |
| BAN20061521 | New Century Mortgage Corporation d/b/a Home123 Corporation (In Certain Offices) - To open a mortgage lender and broker's office at 15333 Hempstead Highway, Houston, TX  |
| BAN20061522 | First Belmont Mortgage Inc. - To relocate a mortgage broker's office from 20251 Kiawah Island Drive, Ashburn, VA to 44335 Premier Plaza, Suite 220, Ashburn, VA  |
| BAN20061523 | Home123 Corporation - To open a mortgage lender and broker's office at 15333 Hempstead Highway, Houston, TX  |
| BAN20061524 | Home123 Corporation - To relocate mortgage lender broker's office from 9221 Ward Parkway, Suite 330, Kansas City, MO to 4550 W. 109th Street, Suite 302, Overland Park, KS   |
| BAN20061525 | Nationside Mortgage Inc. - To open a mortgage broker's office at 1934 Old Gallows Road, Suite 350, Vienna, VA  |

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BAN20061526 Virginia Mortgage, L.L.C. - To open a mortgage broker's office at 6215-C Chesapeake Circle, New Kent, VA  
 BAN20061527 Catoctin Mortgage, L.L.C. d/b/a Professional Home Funding - To open a mortgage broker's office at 11291 Eskridges Lane, Catlett, VA  
 BAN20061528 MortgageStar, Inc. - To relocate mortgage lender broker's office from 10300 Naglee Road, Silver Spring, MD to 9300 Annapolis Road, Suite 102, Lanham, MD  
 BAN20061529 Downs Financial, Inc. - To relocate mortgage lenders's office from 88 Steele Street, Suite 400, Denver, CO to 44 Cook Street, Suite 310, Denver, CO  
 BAN20061530 Design Mortgage L.L.C. - For a mortgage broker's license  
 BAN20061531 Nexus Home Mortgage Inc. - For a mortgage broker's license  
 BAN20061532 Centennial Mortgage Funding Inc. - For a mortgage broker's license  
 BAN20061533 BlueStar Capital Partners LLC - For a mortgage broker's license  
 BAN20061534 Hazem, Inc. d/b/a 301 Express Convenience Store - To open a check casher at 2012 Maury Street, Richmond, VA  
 BAN20061535 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 510 Princess Anne Street, Suite 200, Fredericksburg, VA  
 BAN20061536 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 626-B High Street, Portsmouth, VA  
 BAN20061537 MacArthur & Baker International, Inc. d/b/a MBI Mortgage Funding - To open a mortgage broker's office at 14904 Jefferson Davis Highway, Suite 206, Woodbridge, VA  
 BAN20061538 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 4900 Leesburg Pike, Suite 309, Alexandria, VA  
 BAN20061539 Commonwealth Mortgage Corporation - To open a mortgage broker's office at 6960 Booker T. Washington Highway, Wirtz, VA  
 BAN20061540 Citizens Trust Financial Group, Inc. - To open a mortgage lender and broker's office at 4940 Campbell Boulevard, Suite 160, Nottingham, MD  
 BAN20061541 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 504 East Atlantic Street, South Hill, VA  
 BAN20061542 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 4719-A Portsmouth Boulevard, Portsmouth, VA  
 BAN20061543 The Americas Mortgage, LLC - To relocate mortgage broker's office from 4115 Annandale Road, Suite 209, Annandale, VA to 12602 Lake Ridge Drive, Woodbridge, VA  
 BAN20061544 Hanover Mortgage Corp. - To relocate mortgage broker's office from 100 Arbor Oak Drive, Suite 102, Ashland, VA to 13184 Waltons Tavern Road, Montpelier, VA  
 BAN20061545 America Trust Mortgage Corp. - To relocate mortgage lender broker's office from 7700 Little River Turnpike, Suite 506, Annandale, VA to 7700 Little River Turnpike, Suite 502, Annandale, VA  
 BAN20061546 Chesapeake Residential Finance, Corp. - To relocate mortgage broker's office from 114 La Grange Avenue, Suite 200, La Plata, MD to 4275 Hawthorne Road, Indian Head, MD  
 BAN20061547 Oak Street Mortgage LLC - To relocate mortgage lender broker's office from 580 Village Boulevard, Suite 140, West Palm Beach, FL to 151 South Hall Lane, Maitland, FL  
 BAN20061548 EQ Lending Corp. (Used in VA by: Equity Lending Corp.) - For a mortgage broker's license  
 BAN20061549 Home Finance of America, Inc. - For additional mortgage authority  
 BAN20061550 Fahed, Inc. d/b/a Handi Stop - To open a check casher at 17 Hanover Road, Sandston, VA  
 BAN20061551 Mark Investments, Inc. d/b/a Fine Food Superette - To open a check casher at 4904 Government Road, Richmond, VA  
 BAN20061552 CitiFinancial Auto Corporation - To relocate consumer finance office from 10422 Midlothian Turnpike, Chesterfield County, VA to 10800 Midlothian Turnpike, Suite 307, Chesterfield County, VA  
 BAN20061553 Royal Advantage Mortgage Inc. - For a mortgage broker's license  
 BAN20061554 Citizens Financial Mortgage, Inc. - To relocate mortgage broker's office from 271 Route 46, West Building 101F, Fairfield, NJ to 271 Route 46, West Building 103F, Fairfield, NJ  
 BAN20061555 BSM Financial L.P. d/b/a Brokersource - To open a mortgage lender and broker's office at 92 Montvale Avenue, Stoneham, MA  
 BAN20061556 BSM Financial L.P. d/b/a Brokersource - To open a mortgage lender and broker's office at 30401 West Agoura Road, Suite 104, Agoura Hills, CA  
 BAN20061557 Capital One Financial Corporation - To acquire North Fork Bancorporation, Inc.  
 BAN20061558 H&R Block Mortgage Corporation - To open a mortgage lender and broker's office at 8363 West Sunset Road, Suite 240, Las Vegas, NV  
 BAN20061559 Mortgage Strategies Group, LLC - To open a mortgage lender and broker's office at 2100 Park Central Boulevard, North, Suite 300, Pompano Beach, FL  
 BAN20061560 Allied Mortgage Group, Inc. d/b/a MortgageCorpUSA - To open a mortgage lender's office at 6 Park Center Court, Suite 201, Owings Mills, MD  
 BAN20061561 Capital Quest Mortgage, Inc. d/b/a IWC Capital Banc, Inc. - To open a mortgage lender and broker's office at 8201 Greensboro Drive, Suite 210, McLean, VA  
 BAN20061562 Crown Mortgage Corp. - To open a mortgage lender and broker's office at 200 Foxborough Boulevard, Suite 100, Foxborough, MA  
 BAN20061563 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 31 4th Street, Warrenton, VA  
 BAN20061564 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 2100 Riveredge Parkway, Suite 1200, Atlanta, GA  
 BAN20061565 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 943 Glenwood Station Lane, Suite 303, Charlottesville, VA  
 BAN20061566 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 10291 N. Meridian Street, Suite 200, Indianapolis, IN to 12900 N. Meridian Street, Carmel, IN  
 BAN20061567 American Lending Network, Inc. - To relocate mortgage lender broker's office from 4 Webb Court, Stafford, VA to 12616 Kahns Road, Manassas, VA  
 BAN20061568 Mortgage Banc, Inc. - To relocate mortgage broker's office from 10497 Courtney Drive, Fairfax, VA to 301 Maple Avenue, Vienna, VA  
 BAN20061570 ResMAE Mortgage Corporation - To open a mortgage lender and broker's office at 5700 Wilshire Boulevard, Suite 275, Los Angeles, CA

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BAN20061571 ResMAE Mortgage Corporation - To relocate mortgage lender broker's office from 3010 Saturn Street, Suite 100, Brea, CA to 3070 Saturn Street, Suite 100, Brea, CA

BAN20061572 ResMAE Mortgage Corporation - To relocate mortgage lender broker's office from 1560 Sawgrass Corporate Parkway, Sunrise, FL to 1580 Sawgrass Corporate Parkway, Suite 100, Sunrise, FL

BAN20061573 Ronald L. Price, Jr. d/b/a The Mortgage Center - To relocate mortgage broker's office from 124 Washington Avenue, Vinton, VA to 1729 Wainer Place, Vinton, VA

BAN20061574 Fidelity Direct Mortgage LLC - To relocate mortgage lender broker's office from 13701 Lakeside Drive, Clarksville, MD to 6 Montgomery Village Avenue, Gaithersburg, MD

BAN20061575 New Day Financial, LLC - To relocate mortgage lender broker's office from 7067 Columbia Gateway Drive, Suite 207, Columbia, MD to 8171 Maple Lawn Boulevard, Suite 300, Fulton, MD

BAN20061576 Julia M. Nesbitt - To acquire 25 percent or more of American Affordable Mortgage LLC

BAN20061577 Global Mortgage Group, Inc. - To relocate mortgage lender broker's office from Six Concourse Parkway, Suite 2400, Atlanta, GA to 3350 Riverwood Parkway, NW, Suite 1895, Atlanta, GA

BAN20061578 People's Choice Home Loan, Inc. - To open a mortgage lender's office at One Blue Hill Plaza, 7th Floor, Pearl River, NY

BAN20061579 People's Choice Home Loan, Inc. - To open a mortgage lender's office at 20700 Civic Center Drive, Suite 390, Southfield, MI

BAN20061580 Robert L. Long - To acquire 25 percent or more of Landmark Funding LLC

BAN20061581 Pope Mortgage & Associates, Inc. - For additional mortgage authority

BAN20061582 CitiFinancial Services, Inc. - To conduct consumer finance business where the operation of EFT facilities by Citibank, FSB will also be conducted

BAN20061583 CitiFinancial Services, Inc. - To conduct consumer finance business where deposit account solicitation by or for Citibank, FSB will also be conducted

BAN20061584 Mortgage Sense, Inc. - For additional mortgage authority

BAN20061585 Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 425 Amwell Road, Hillsborough, NJ

BAN20061586 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 9215 William Street, Manassas, VA to 374 Chimney Circle, Middletown, VA

BAN20061587 Ownit Mortgage Solutions, Inc. - To open a mortgage lender and broker's office at 1720 South Bellaire, Suite 500, Denver, CO

BAN20061588 Sable Enterprises, Corp. d/b/a City Finance Corp.Com - To open a mortgage broker's office at 4004 Genesee Place, Suite 5, Woodbridge, VA

BAN20061589 Sable Enterprises, Corp. d/b/a City Finance Corp.Com - To open a mortgage broker's office at 6305 Ivy Lane, Suite 410, Greenbelt, MD

BAN20061590 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 50 Catocin Circle, N.E., Suite 304, Leesburg, VA

BAN20061591 New Day Financial, LLC - To open a mortgage lender and broker's office at 299 South Main Street, Suite 1700, Salt Lake City, UT

BAN20061592 Nova Mortgage, LLC - To open a mortgage broker's office at 8983 Hersand Drive, Burke, VA

BAN20061593 Monocacy Home Mortgage, LLC - To open a mortgage lender and broker's office at 500 West Jubal Early Drive, Suite 210, Winchester, VA

BAN20061594 Branch Banking and Trust Company of Virginia - To relocate office from 11400 Midlothian Turnpike, Chesterfield County, VA to 1500 Koger Center Boulevard, Chesterfield County, VA

BAN20061595 Cardinal Bank - To open a branch at 3434 N. Washington Boulevard, Arlington County, VA

BAN20061596 Infinity Financial Services, LLC - For a mortgage broker's license

BAN20061597 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 17748 Skypark Circle, Suite 150, Irvine, CA

BAN20061598 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 13 Corporate Plaza, Suite 202, Newport Beach, CA

BAN20061599 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 2010 Main Street, Suite 510, Irvine, CA

BAN20061600 AMMG LLC (Used in VA by: American Mortgage LLC) - For a mortgage broker's license

BAN20061601 Branch Banking and Trust Company of Virginia - To relocate office from 5511 Main Street, Stephens City, VA to 380 Fairfax Pike, Stephens City, VA

BAN20061602 Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 3122 West Clay Street, Suite 1, Richmond, VA

BAN20061603 J & H OH Inc. - To open a check casher at 1614 Richmond Boulevard, Danville, VA

BAN20061604 Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To relocate payday lender's office from 922 West Main Street, Radford, VA to 7347 Peppers Ferry Boulevard, Radford, VA

BAN20061605 EVB to be used in 4 branch offices - To relocate office from 10374 Leadbetter Road, Ashland, VA to 9495 Charter Gate Drive, Mechanicsville, VA

BAN20061605 EVB d/b/a The Bank of Northumberland since 1910 a branch of EVB - To relocate office from 10374 Leadbetter Road, Ashland, VA to 9495 Charter Gate Drive, Mechanicsville, VA

BAN20061606 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 328 Office Square Lane, Suite 104, Virginia Beach, VA

BAN20061607 MortgageStar, Inc. - To open a mortgage lender and broker's office at 4080 Lafayette Center Drive, Suite 190, Chantilly, VA

BAN20061608 MortgageStar, Inc. - To open a mortgage lender and broker's office at 1660 International Drive, Suite 400, McLean, VA

BAN20061609 Northern Mortgage Services, LLC - To open a mortgage broker's office at 326 Main Street, Hyannis, MA

BAN20061610 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 1501 North University Avenue, Suite 530, Little Rock, AR

BAN20061611 BayRock Mortgage Corporation - To open a mortgage lender and broker's office at 6751 Discovery Boulevard, Mableton, GA

BAN20061612 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 13890 Braddock Road, Suite 304-A, Centreville, VA

BAN20061613 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 11870 Merchants Walk, Suite 104, Newport News, VA

BAN20061614 Ken Concannon - To acquire 25 percent or more of Dominion Residential Mortgage, LLC

BAN20061615 First Virginia Residential Mortgage Corp. - For a mortgage broker's license

BAN20061616 Lend Smart Mortgage, LLC - For a mortgage broker's license

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BAN20061617 Direct Loan Funding, Inc. - For a mortgage lender and broker license  
 BAN20061618 Daylight Discount Mortgage Corporation - For a mortgage broker's license  
 BAN20061619 Lendequity Financial Corp. - For a mortgage broker's license  
 BAN20061620 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 650 Grove Road, Suite 402, Paulsboro, NJ  
 BAN20061621 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 300 Chester Avenue, Suite 106, Moorestown, NJ  
 BAN20061622 Payday USA of Virginia, LLC d/b/a Payday USA - To open a payday lender's office at 445 Porterfield Highway, SW, Suite E, Abingdon, VA  
 BAN20061623 Impac Funding Corporation d/b/a Impac Lending Group (ILG) - To open a mortgage lender's office at One Mid America Plaza, Suite 400, Oakbrook Terrace, IL  
 BAN20061624 Firstline Mortgage, Inc. - To open a mortgage broker's office at 30131 Town Center Drive, Suite 210, Laguna Niguel, CA  
 BAN20061625 Nations Home Funding, Inc. - To open a mortgage lender and broker's office at 7275 Glen Forest Drive, Suite 204, Richmond, VA  
 BAN20061626 St Fin Corp. - To relocate mortgage lender broker's office from 10 Hughes, Suite A-201, Irvine, CA to 5 Mason, Suite 200, Irvine, CA  
 BAN20061627 DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from 75 South Broadway, Suite 464, White Plains, NY to 180 Varick Street, Suite 410, New York, NY  
 BAN20061628 People's Choice Home Loan, Inc. - To relocate mortgage lenders's office from 2000 South Colorado Boulevard, Denver, CO to 2000 South Colorado Boulevard, Suite 2-200, Denver, CO  
 BAN20061629 MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To relocate mortgage lender broker's office from 333 City Boulevard, West, 17th Floor, Orange, CA to 6517 Branch Court, Corona, CA  
 BAN20061630 American General Financial Services of America, Inc. - To relocate consumer finance office from 524 North Main Street, South Boston, VA to 3603 Old Halifax Road, Suite 700, Halifax County, VA  
 BAN20061631 American General Financial Services, Inc. - To relocate mortgage lender broker's office from 524 North Main Street, South Boston, VA to 3603 Old Halifax Road, Suite 700, South Boston, VA  
 BAN20061632 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To relocate mortgage lender broker's office from 171 Somerville Street, Unit 303, Alexandria, VA to 707 North Irving Street, Arlington, VA  
 BAN20061633 Equity Consultants, LLC - To open a mortgage lender and broker's office at 17197 N. Laurel Park Drive, Suite 381, Livonia, MI  
 BAN20061634 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 733 Route 70 East, Elmwood Business Center, Suite 206, Building 2, Marlton, NJ  
 BAN20061635 Nine Mile Market Place, Inc. d/b/a The Market Place #3 - To open a check casher at 4501 Nine Mile Road, Richmond, VA  
 BAN20061636 Citibank, N.A. - To merge into it CFSB, National Association  
 BAN20061637 NBGI, Inc. - To relocate mortgage lenders's office from 16601 Ventura Boulevard, Suite 506, Encino, CA to 3330 Cahuenga Boulevard, Suite 200, Los Angeles, CA  
 BAN20061638 Maryland Financial Resources, Inc. - To relocate mortgage broker's office from 781 Far Hills Drive, Suite 300, New Freedom, PA to 4107 Woodcliff Circle, Seven Valleys, PA  
 BAN20061639 Maryland Financial Resources, Inc. - To relocate mortgage broker's office from 744 Dulaney Valley Road, Suite 9, Towson, MD to 10151 York Road, Suite 110, Cockeysville, MD  
 BAN20061640 Cardinal Banc & Mortgage Corporation - For a mortgage broker's license  
 BAN20061641 Low.com, Inc. - For a mortgage broker's license  
 BAN20061642 Atlantic Home Loans, Inc. - To relocate mortgage lender broker's office from 50 Route 46, Parsippany, NJ to 20 Chapin Road, Unit 1013, Pine Brook, NJ  
 BAN20061643 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 135 Old Cove Road, Suite 208, Liverpool, NY to 115 East Jefferson Street, Syracuse, NY  
 BAN20061644 Lincoln Mortgage, LLC - To open a mortgage broker's office at 246 Whitethorn Court, Ruckersville, VA  
 BAN20061645 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 4782 Route 9, South, 2nd Floor, Howell, NJ  
 BAN20061646 CS Financial, Inc. - For a mortgage broker's license  
 BAN20061647 Eaglewood Mortgage LLC - For a mortgage broker's license  
 BAN20061648 Fidelity Mortgage Co. - For a mortgage broker's license  
 BAN20061649 AFS Mortgage Inc. - For a mortgage broker's license  
 BAN20061650 Downs Financial, Inc. - For additional mortgage authority  
 BAN20061651 Alexandria Mortgage, LLC - To open a mortgage broker's office at 13909 Springhouse Court, Clifton, VA  
 BAN20061652 The New York Mortgage Company, LLC d/b/a mortgageline.com - To open a mortgage lender's office at 20801 Biscayne Boulevard, Suite 403, Aventura, FL  
 BAN20061653 Pulte Mortgage LLC - To relocate mortgage lender broker's office from 10600 Arrowhead Drive, Suite 250, Fairfax, VA to 10600 Arrowhead Drive, Suite 260, Fairfax, VA  
 BAN20061654 Riley Home Mortgage Corporation - To relocate mortgage broker's office from 6564 Loisdale Court, Suite 100, Springfield, VA to 4810 Piney Branch Road, Fairfax, VA  
 BAN20061655 People's Choice Home Loan, Inc. - To relocate mortgage lenders's office from 5415 Mariner Street, Suite 200, Tampa, FL to 3000 Bayport Drive, Suite 1000, Tampa, FL  
 BAN20061656 TPI Mortgage, Inc. - For additional mortgage authority  
 BAN20061657 Set 2 Go Loans, Inc. - For a mortgage broker's license  
 BAN20061658 George N. Papakostas - To acquire 25 percent or more of Diamond Lending Corporation  
 BAN20061659 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 7204 Glen Forest Drive, Suite 206, Richmond, VA  
 BAN20061660 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 1012 Marquez Place, Suite 302, Santa Fe, NM  
 BAN20061661 Vision Mortgage Group, Inc. - To open a mortgage broker's office at 333 Kellam Road, Suite 100, Virginia Beach, VA  
 BAN20061662 CitiFinancial Auto Corporation - To relocate consumer finance office from 2025 Plank Road, Fredericksburg, VA to 10300 Spotsylvania Avenue, Spotsylvania County, VA  
 BAN20061663 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 200 North Main Street, Graham, NC

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| BAN20061664 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 1 Centerview Drive, Suite 101, Greensboro, NC  |
| BAN20061665 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 3530 Forest Lane, Suite 319, Dallas, TX  |
| BAN20061666 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 1631 Dorchester, Suite 108, Plano, TX  |
| BAN20061667 | Savings Mortgage Inc. - To relocate mortgage lender broker's office from 105 South 7th Street, 3rd Floor, Philadelphia, PA to One Cherry Hill 1 Mall Drive, Suite 400, Cherry Hill, NJ                                    |
| BAN20061668 | Southard Street Mortgage, Ltd. - For a mortgage broker's license  |
| BAN20061669 | Darlene Rhone - For a mortgage broker's license   |
| BAN20061670 | Opteum Financial Services, LLC d/b/a Home Star Direct (MO Only) - To relocate mortgage lenders's office from 10195 South Dearing Street, Covington, GA to 1510 Klondike Road, Suite 102, Conyers, GA                      |
| BAN20061671 | Winchester Home Mortgage, LLC - To relocate mortgage broker's office from 234 Fairfield Drive, Winchester, VA to 1822 Roberts Street, Winchester, VA  |
| BAN20061672 | Preferred Mortgage Group, LLC d/b/a Preferred Service Mortgage - To relocate mortgage lender broker's office from 8391 Old Courthouse Road, Suite 205, Vienna, VA to 8391 Old Courthouse Road, Suite 100, Vienna, VA      |
| BAN20061673 | Lenders Direct Capital Corporation - To open a mortgage lender and broker's office at 1370 Washington Pike, Suite 101-C, Bridgeville, PA  |
| BAN20061674 | Freedom Funding Group, Inc. d/b/a Ameri-Fi Mortgage Corp. - To open a mortgage broker's office at 100 Midway Road, Suite 5, Cranston, RI  |
| BAN20061675 | Monumental Finance, LLC - To open a mortgage broker's office at 653 Residence Jouahara, Suite A20, Etage 5, Massira IA, Marrakesh, Morocco, NA  |
| BAN20061676 | Global Service Enterprises, Inc. d/b/a Global Financial Services - To open a mortgage broker's office at 9968 Hibert Street, Suite 104, San Diego, CA   |
| BAN20061677 | First Guaranty Mortgage Corporation d/b/a Broker's Edge Lending (In Certain Offices) - To open a mortgage lender and broker's office at 2500 Hunter Place, Suite 101, Woodbridge, VA                                      |
| BAN20061678 | People's Choice Home Loan, Inc. - To open a mortgage lender's office at 13650 Dulles Technology Drive, Suite 175, Herndon, VA   |
| BAN20061679 | Semidey & Semidey Mortgage Group, LLC - To open a mortgage broker's office at 7055 Brookfield Plaza, Springfield, VA  |
| BAN20061680 | Fast Payday Loans, Inc. - To open a payday lender's office at 1936 East Pembroke Avenue, Hampton, VA  |
| BAN20061681 | Amston Mortgage Company, Inc. - To relocate mortgage broker's office from 3074 Brickhouse Court, Virginia Beach, VA to 4201 B Plank Road, Fredericksburg, VA  |
| BAN20061682 | Carlos E. Martinez d/b/a Check Solution - To open a check casher at 102 S. Main Street, Edinburg, VA  |
| BAN20061683 | Carl E. Morris, Jr. d/b/a Genes Orange Market - To open a check casher at 2037 Philpott Road, South Boston, VA  |
| BAN20061684 | J&J Lending Corporation - For a mortgage broker's license   |
| BAN20061685 | AEGIS Wholesale Corporation - To relocate mortgage lenders's office from 7340 Executive Way, Unit U, Frederick, MD to 5283 Corporate Center Drive, Building B, Suite 100, Frederick, MD                                   |
| BAN20061686 | Woodforest National Bank - To open a branch at 7373 Peppers Ferry Boulevard, Radford, VA  |
| BAN20061687 | Woodforest National Bank - To open a branch at 731 E. Rochambeau Road, Williamsburg, VA   |
| BAN20061688 | America's Mortgages Company, Inc. (Used in VA by: America's Mortgage Company, Inc.) - For a mortgage broker's license   |
| BAN20061689 | Apex Financial Group, Inc. d/b/a AAPEX Mortgage - To open a mortgage lender and broker's office at 259 Woodcreek Place, Surry, VA   |
| BAN20061690 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 9311 George Washington Memorial Highway, Gloucester, VA   |
| BAN20061691 | Garden State Consumer Credit Counseling, Inc. d/b/a NovaDebt - To relocate credit counseling office from 120 Wood Avenue South, Suite 300, Iselin, NJ to 120 Wood Avenue, South, Suite 200, Iselin, NJ                    |
| BAN20061692 | ALDA Financial Services, Inc. d/b/a ALDA Home Mortgage - To open a mortgage broker's office at 6213 Old Keene Mill Court, Springfield, VA   |
| BAN20061693 | Home Source Mortgage Corporation - To relocate mortgage lenders's office from 201 E. Broad Street, Suite 105, Spartanburg, SC to 660 Spartan Boulevard, Spartanburg, SC   |
| BAN20061694 | Encompass Realty, LLC - For a mortgage broker's license   |
| BAN20061695 | Banorte USA Corporation - To acquire 25 percent or more of Servicio UniTeller, Inc.   |
| BAN20061696 | United Capital, Inc. d/b/a United Capital Mortgage - To open a mortgage lender and broker's office at 10480 Little Patuxent Parkway, Suite 220, Columbia, MD  |
| BAN20061697 | America Funding, Inc. d/b/a McLean Funding, Inc. - To open a mortgage broker's office at 5930 Cornerstone Court, West, Suite 350, San Diego, CA   |
| BAN20061698 | Potomac Trust Mortgage Company LLC - To open a mortgage broker's office at 325 East Bayview Boulevard, Suite 207, Norfolk, VA   |
| BAN20061699 | Lenders Mortgage, LLC - To open a mortgage broker's office at 7304 Hawkshead Road, Richmond, VA   |
| BAN20061700 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 8160 Baymeadows Way, West, Suite 230, Jacksonville, FL  |
| BAN20061701 | Nationside Mortgage Inc. - To open a mortgage broker's office at 8381 Old Courthouse Road, Suite 330, Vienna, VA  |
| BAN20061702 | Broker Solutions, Inc. d/b/a New American Funding - To relocate mortgage lender broker's office from 695 Town Center Drive, Suite 120, Costa Mesa, CA to 17890 Skypark Circle, Suite 100, Irvine, CA                      |
| BAN20061703 | Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 9286-A Warwick Boulevard, Suite B, Newport News, VA to 1769 Jamestown Road, Suites 209 and 210, Williamsburg, VA    |
| BAN20061704 | Guidance Residential, LLC - To relocate mortgage lender broker's office from 44112 Mercure Circle, Sterling, VA to 44077 Mercure Circle, Sterling, VA   |
| BAN20061705 | NJ Lenders Corp. - To relocate mortgage lender broker's office from 237 South Street, Morristown, NJ to One Madison Avenue, West Building, 1st Floor, Morristown, NJ  |
| BAN20061706 | Gateway Funding Diversified Mortgage Services, L.P. - To relocate mortgage lender broker's office from One Mall Drive, Suite 910, Cherry Hill, NJ to One Mall Drive, Suite 802, Cherry Hill, NJ                           |
| BAN20061707 | American General Financial Services of America, Inc. - To relocate consumer finance office from 325 E. Main Street, Suites A and B, Wytheville, VA to Wytheville Commons, 330 Commonwealth Drive, Suite 6, Wytheville, VA |
| BAN20061708 | American General Financial Services, Inc. - To relocate mortgage lender broker's office from 325 E. Main Street, Suites A and B, Wytheville, VA to Wytheville Commons, 330 Commonwealth Drive, Suite 6, Wytheville, VA    |
| BAN20061709 | Karishma Corporation - To open a check casher at 1001 W. Broadway, Hopewell, VA   |

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BAN20061710 Aaron J. Carter d/b/a Cash Delivery - To open a check casher at 104 Alleghany Road, Hampton, VA  
 BAN20061711 First Potomac Mortgage Corporation - For a mortgage broker's license  
 BAN20061712 Residential Acceptance Network, Inc. - For additional mortgage authority  
 BAN20061713 Maruti Enterprises L.L.C. - To open a check casher at 10003 Three Chopt Road, Richmond, VA  
 BAN20061714 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 10210 N.E. Points Drive, Suite 300, Kirkland, WA  
 BAN20061715 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 806 Loudoun Avenue, Portsmouth, VA  
 BAN20061716 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 1300 Dalhart Drive, Allen, TX  
 BAN20061717 All Virginia Mortgage Company, Inc. - To relocate mortgage broker's office from 16460 Court Street, Amelia Court House, VA to 13241 Mount Olive Lane, Amelia Court House, VA  
 BAN20061718 All Virginia Mortgage Company, Inc. - To open a mortgage broker's office at 3387 Anderson Highway, Powhatan, VA  
 BAN20061719 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 953 East Sahara Avenue, Suite 203, Las Vegas, NV  
 BAN20061720 Valued Services of Virginia LLC d/b/a Purpose Financial - To conduct a payday lending business where a money transmission business will also be conducted  
 BAN20061721 Network Funding, L.P. - To open a mortgage lender and broker's office at 201 Main Street, Lafayette, TN  
 BAN20061722 Assetwise Funding, LLC - For a mortgage broker's license  
 BAN20061723 Lusk Investments, Inc. d/b/a Elan Financial Group - For a mortgage broker's license  
 BAN20061724 Lakewood Home Finance, Inc. - For a mortgage broker's license  
 BAN20061725 Northern Star Credit Union, Incorporated - To open a credit union service office at 237 Hanbury Road East, Suites 22 and 23, Chesapeake, VA  
 BAN20061726 Northern Star Credit Union, Incorporated - To open a credit union service office at 237 Hanbury Road East, Chesapeake, VA  
 BAN20061727 Opteum Inc. - To acquire 25 percent or more of Opteum Financial Services, LLC  
 BAN20061728 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 1104 Madison Plaza, Suite 104, Chesapeake, VA  
 BAN20061729 Luxton Corp. d/b/a Payne's Check Cashing - To open a payday lender's office at 207 North Madison Road, Orange, VA  
 BAN20061730 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 4050 N. 41st Street, McLean, VA  
 BAN20061731 Coastal Capital Corp. - To relocate mortgage lender broker's office from 2 Paragon Way, Suite 4, Freehold, NJ to 9040 Executive Park Drive, 3rd Floor, Suite 375, Knoxville, TN  
 BAN20061732 Coastal Capital Corp. - To relocate mortgage lender broker's office from 1393 Veterans Memorial Highway, Suite 200S, Hauppauge, NY to 320 Carleton Avenue, Central Islip, NY  
 BAN20061733 United Bank - To relocate office from 3801 Wilson Boulevard, Arlington County, VA to Quincy Plaza, 907 N. Quincy Street, Arlington County, VA  
 BAN20061734 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To relocate mortgage lender broker's office from 1803 W. March Lane, Suite D, Stockton, CA to 1420 West Kettleman, Suite E, Lodi, CA  
 BAN20061735 Advance Financial Services, LLC - To relocate payday lender's office from 311 W. Franklin Street, Suite 108, Richmond, VA to 5501 Patterson Avenue, Suite 203, Richmond, VA  
 BAN20061736 Security Atlantic Mortgage Co., Inc. - For a mortgage lender and broker license  
 BAN20061737 Advanced Home Loans Corp. - For a mortgage broker's license  
 BAN20061738 Burnett Consulting, Inc. d/b/a Bon Air Mortgage Company - For a mortgage broker's license  
 BAN20061739 American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To open a payday lender's office at 676 Moorehead Avenue, Ridgeway, VA  
 BAN20061740 B K & Associates, Inc. - To open a mortgage broker's office at 9269-B Old Keene Mill Road, Burke, VA  
 BAN20061741 Crown Mortgage Services, LLC - To open a mortgage broker's office at 1540 Airport Road, Suite 206, Charlottesville, VA  
 BAN20061742 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 6500 Harbourview Court, Suite 203, Midlothian, VA  
 BAN20061743 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 7925 Bentbough Road, Severn, MD  
 BAN20061744 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 7201 Wisconsin Avenue, Suite 640, Bethesda, MD  
 BAN20061745 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 800 North Magnolia Avenue, Orlando, FL  
 BAN20061746 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 7700 Leesburg Pike, Suite 413, Falls Church, VA  
 BAN20061747 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 3125 Mt. Vernon Avenue, Alexandria, VA  
 BAN20061748 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 14325 Willard Road, Suite 105, Chantilly, VA  
 BAN20061749 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 7500 Greenway Center Drive, Suite 520, Greenbelt, MD  
 BAN20061750 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 14482 Jefferson Davis Highway, Suite 3, Woodbridge, VA  
 BAN20061751 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 14482 Jefferson Davis Highway, Suite 2, Woodbridge, VA  
 BAN20061752 Weststar Mortgage, Inc. - To relocate mortgage lender broker's office from 10300 Spotsylvania Avenue, Fredericksburg, VA to 4312 Carr Drive, Fredericksburg, VA  
 BAN20061753 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 7522 Mechanicsville Turnpike, Mechanicsville, VA to 7193 F. Stonewall Parkway, Mechanicsville, VA  
 BAN20061754 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 2137 Thoroughbred Parkway, Goochland, VA to 2528 Crest Hollow Court, Goochland, VA  
 BAN20061755 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 6164 Fuller Court, Alexandria, VA to 5911 Kingstowne Village Parkway, Alexandria, VA  
 BAN20061756 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 331 Drake Lane, Johnstown, CO to 1889 Denver West Drive, Suite 1523, Golden, CO  
 BAN20061757 Madison Investment Advisors, LLC d/b/a Madison Mortgages - To relocate mortgage broker's office from 2505 B Evelyn Byrd Avenue, Harrisonburg, VA to 420 Neff Avenue, Suite 230, Harrisonburg, VA  
 BAN20061758 Nationwide Advantage Mortgage Company - To open a mortgage lender and broker's office at 4437 121st Street, Des Moines, IA  
 BAN20061759 American Financials Group, LLC - To relocate mortgage broker's office from 1002 Cup Leaf Holly Court, Great Falls, VA to 8294-D Old Courthouse Road, Vienna, VA

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BAN20061760 Nations Choice Financial Inc. - For a mortgage broker's license  
 BAN20061761 Mortgage Direct of Illinois, Inc. (Used in VA by: Mortgage Direct, Inc.) - For a mortgage broker's license  
 BAN20061762 Ocwen Financial Solutions Private Limited - For a mortgage lender and broker license  
 BAN20061763 Citizens Mortgage Service Corp. - For a mortgage broker's license  
 BAN20061764 Barrington Capital Corporation - For a mortgage lender and broker license  
 BAN20061765 Virginia Educators' Credit Union - To open a credit union service office at 12368 Warwick Boulevard, Suite A106, Newport News, VA  
 BAN20061766 NameSide Mortgage Inc. - To open a mortgage broker's office at 357 Hillwood Court, Herndon, VA  
 BAN20061767 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 1309 West 1st Street, Ahoskie, NC  
 BAN20061768 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 2303 Kecoughtan Road, Hampton, VA  
 BAN20061769 Alliance Credit Counseling, Inc. - To open an additional credit counseling office at 15720 John J. Delaney Drive, Suite 450, Charlotte, NC  
 BAN20061770 Family Home Lending Corporation - To open a mortgage lender and broker's office at 5238 Westhaven Crescent, Virginia Beach, VA  
 BAN20061771 HomePlace Financial LLC - To relocate mortgage broker's office from 52B Jopena Boulevard, Hoschton, GA to 3027 A Peters Creek Road, N.W., Roanoke, VA  
 BAN20061772 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To relocate mortgage lender broker's office from 17011 Beach Boulevard, Suite 822, Huntington Beach, CA to 17011 Beach Boulevard, Suite 638, Huntington Beach, CA  
 BAN20061773 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 19 Fox Valley Center, Arnold, MO  
 BAN20061774 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 1301 North Kings Highway, Suite A, Cape Girardeau, MO  
 BAN20061775 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 6047 Tyvola Glen Circle, Suite 243, Charlotte, NC  
 BAN20061776 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 1685 Ft. Campbell Boulevard, Suite D, Clarksville, TN  
 BAN20061777 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 9709 3rd Avenue, Northeast, Suite 210, Seattle, WA  
 BAN20061778 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 2401 Bernadette Drive, Suite 115, Columbia, MO  
 BAN20061779 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 493 St. Francois, Suite 6, Florissant, MO  
 BAN20061780 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 338 North Elm Street, Suite 303, Greensboro, NC  
 BAN20061781 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 4505 North Illinois, Suite 1, Swansea, IL  
 BAN20061782 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 315 Clifton Street, Suite G, Greenville, NC  
 BAN20061783 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 2218 East Race Street, Jonesboro, AR  
 BAN20061784 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 14502 Greenview Drive, Suite 520, Laurel, MD  
 BAN20061785 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 1616 West Main Street, Suite 20, Marion, IL  
 BAN20061786 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 555 Perkins Extended, Suite 417, Memphis, TN  
 BAN20061787 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 123 South 10th Street, Mt. Vernon, TN  
 BAN20061788 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 100 Fountain Drive, Century Building, Suite 200, Paducah, KY  
 BAN20061789 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 948 Lester Street, Suite 5, Poplar Bluff, MO  
 BAN20061790 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 4030 Wake Forest Road, Suite 300, Raleigh, NC  
 BAN20061791 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 2937 Staunton Avenue, Suite A, Springfield, IL  
 BAN20061792 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 1600 Heritage Landing, Suite 104, St. Charles, MO  
 BAN20061793 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 1300 Hampton Avenue, St. Louis, MO  
 BAN20061794 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 2731 Wetmore Avenue, Suite 200, Everett, WA  
 BAN20061795 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 841 North Central, Suite C-110, Kent, WA  
 BAN20061796 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 9955 Southeast Washington Street, Suite 301, Portland, OR  
 BAN20061797 ClearPoint Financial Solutions, Inc. - To open an additional credit counseling office at 1890 Maine Street, Quincy, IL  
 BAN20061798 Gateway Bank & Trust Co. - To open a branch at 3801 Pacific Avenue, Virginia Beach, VA  
 BAN20061799 Premiere Mortgage Services, Inc. - For a mortgage broker's license  
 BAN20061800 Trust One Mortgage Corporation - For additional mortgage authority  
 BAN20061801 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 9550 Forest Lane, Suite 319, Dallas, TX  
 BAN20061802 International Mortgage Corporation - To open a mortgage lender and broker's office at 11533 Nuckols Road, Suite D, Glen Allen, VA  
 BAN20061803 International Mortgage Corporation - To open a mortgage lender and broker's office at 1419 Forest Drive, Suite 104, Annapolis, MD  
 BAN20061804 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at Two Pierce Place, 13th Floor, Itasca, IL  
 BAN20061805 Access Mortgage Services, Inc. - To relocate mortgage broker's office from 633 Lacey Road, Forked River, NJ to 671 King Georges Road, Fords, NJ  
 BAN20061806 Saxon Mortgage, Inc. d/b/a Saxon Home Mortgage - To relocate mortgage lenders's office from 3602 Deepwater Terminal Road, Richmond, VA to 520 Eastpark Court, Sandston, VA  
 BAN20061807 Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 31 Southgate Court, Suite 202, Harrisonburg, VA to 40 Southgate Court, Suite 101, Harrisonburg, VA  
 BAN20061808 MCUSA, LLC - For a mortgage broker's license  
 BAN20061809 Equistar Financial Corporation - For additional mortgage authority  
 BAN20061810 Second Bank & Trust - To open a branch at 1924 Arlington Boulevard, Charlottesville, VA  
 BAN20061811 Planters Bank & Trust Company of Virginia - To open a branch at 1391 S. High Street, Harrisonburg, VA

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BAN20061812 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To open a payday lender's office at 1464 Mt. Pleasant Road, Chesapeake, VA  
 BAN20061813 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To open a payday lender's office at 2470 Anderson Highway, Powhatan, VA  
 BAN20061814 Custom Financial, L.L.C. - To open a mortgage broker's office at 135 Sedona Way, Palm Beach Gardens, FL  
 BAN20061815 Towne and Country Home Loans, LLC - To relocate mortgage broker's office from 10712 Ballantraye Drive, Suite D, Fredericksburg, VA to 16444 Steerage Circle, Woodbridge, VA  
 BAN20061816 Northstar Lending, Inc. - To relocate mortgage broker's office from 4455 South Boulevard, Suite 330, Virginia Beach, VA to 361 Southport Circle, Suite 100, Virginia Beach, VA  
 BAN20061817 GMAC Mortgage Corporation d/b/a Ditech.Com - To open a mortgage lender and broker's office at 140 Milestone Way, Greenville, SC  
 BAN20061818 Chase Home Funding, Inc. - To relocate mortgage broker's office from 2063 Jefferson Davis Highway, Stafford, VA to 385 Garrisonville Road, Suite 121A, Stafford, VA  
 BAN20061819 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 5656 Lierman Circle, Centreville, VA  
 BAN20061820 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To open a mortgage lender and broker's office at 1710 E. Cape Coral Parkway, Cape Coral, FL  
 BAN20061821 Century 21 Mortgage Corporation - To open a mortgage lender's office at 910 Parham Road, Richmond, VA  
 BAN20061822 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 929 Two Gates Circle, Chesapeake, VA  
 BAN20061823 Akwaaba Exchange LLC - For a money transmitter license  
 BAN20061824 Southern Star Mortgage Corp. - To open a mortgage lender and broker's office at 5509 Westfield Avenue, Pennsauken, NJ  
 BAN20061825 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 2026 Central Avenue, Debuque, IA  
 BAN20061826 OBF Enterprise - To open a check casher at 7041 Brookfield Plaza, Springfield, VA  
 BAN20061827 Hari Om Investments Inc. - To open a check casher at 13001 Lankford Highway, Machipongo, VA  
 BAN20061828 David L. Thibodeau, Jr. d/b/a Mr. T's Pawn - To open a check casher at 1401 Poindexter Street, Chesapeake, VA  
 BAN20061829 Yun H Kim d/b/a Mike's Grocery - To open a check casher at 853 Commerce Street, Petersburg, VA  
 BAN20061830 Kaival Krupa Inc. - To open a check casher at 4015 Main Street, Exmore, VA  
 BAN20061831 Leader One Financial Corporation - To open a mortgage lender and broker's office at 154 Newton Road, Building 2, Unit 2, Virginia Beach, VA  
 BAN20061832 Atlantic Mortgage Loans, Inc. - To relocate mortgage broker's office from 12113 Heritage Park Court, Silver Spring, MD to 25411 Morse Drive, Chantilly, VA  
 BAN20061835 Network Funding, L.P. - To open a mortgage lender and broker's office at 329 Oaks Trial Plaza, Suite 215, Garland, TX  
 BAN20061836 Statewide Home Mortgage, Inc. - For a mortgage broker's license  
 BAN20061837 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 532 Broadhollow Road, Suite 117, Melville, NY  
 BAN20061838 Family Home Lending Corporation - To relocate mortgage lender broker's office from 4837 Tulip Drive, Virginia Beach, VA to 1060 Laskin Road, Suite 11-B, Virginia Beach, VA  
 BAN20061839 Freedman Capital Group, LLC - For a mortgage broker's license  
 BAN20061840 Heritage Home Funding Corp. - To relocate mortgage broker's office from 2509 Valley Avenue, Winchester, VA to 621 W. Jubal Early Drive, Winchester, VA  
 BAN20061841 Home123 Corporation - To open a mortgage lender and broker's office at 2802 Doral Court, Las Cruces, NM  
 BAN20061842 Somerset Investors Corp. - For a mortgage lender and broker license  
 BAN20061843 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 1658 Village Green, Suite B, Crofton, MD to 1660 Village Green, Suite 203, Crofton, MD  
 BAN20061844 1st American Trust Mortgage Corporation - For additional mortgage authority  
 BAN20061845 Virginia Heritage Bank - To open a branch at 7905 Heritage Village Plaza, Gainesville, VA  
 BAN20061846 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 12740 Hillcrest, Suite 265, Dallas, TX  
 BAN20061847 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 7125 Heathfield Road, Baltimore, MD  
 BAN20061848 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 432 Starwood Drive, Glen Burnie, MD  
 BAN20061849 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 11503 Amherst Avenue, Unit 203, Silver Spring, MD  
 BAN20061850 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 4426 North Woods Trail, Hampstead, MD  
 BAN20061851 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 6608 Harrowdale Road, Suite 202, Baltimore, MD  
 BAN20061852 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 300 Stone Arbor Court, Suite 738, Glen Allen, VA  
 BAN20061853 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 10849 Olde Woods Way, Columbia, MD  
 BAN20061854 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 7774 Harmer Court, Severn, MD  
 BAN20061855 Harbourton Mortgage Investment Corporation - To open a mortgage lender's office at 1000 Urban Center Drive, Suite 510, Birmingham, AL  
 BAN20061856 Harbourton Mortgage Investment Corporation - To open a mortgage lender's office at 10555 Main Street, Suite 200, Fairfax, VA  
 BAN20061857 AEGIS Wholesale Corporation - To open a mortgage lender's office at 11201 SE 8th Street, Suite 120, Bellevue, WA  
 BAN20061858 AEGIS Wholesale Corporation - To open a mortgage lender's office at 3250 Briarpark Drive, Suite 400A, Houston, TX  
 BAN20061859 LMU Financial, Inc. - For a mortgage broker's license  
 BAN20061860 Global One Mortgage, LLC - For a mortgage broker's license  
 BAN20061861 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To open a mortgage lender and broker's office at 321 Ballenger Center Drive, Suite 225, Frederick, MD  
 BAN20061862 OlympiaWest Mortgage Group, LLC - To open a mortgage lender and broker's office at 7389 Lee Highway, Suite 202, Falls Church, VA

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BAN20061863 Pinnacle Mortgage Corporation of Maryland (Used in VA by: Pinnacle Mortgage Corporation) - To open a mortgage broker's office at 1521 Concord Pike, Suite 301, Wilmington, DE

BAN20061864 Best Buy Insurance Agency, Inc. d/b/a Best Buy Check Cashing - To open a check casher at 7837-C Rolling Road, Springfield, VA

BAN20061865 Citizens Community Bank - To relocate office from 4209 Gasburg Road, Gasburg, VA to the intersection of State Routes 626 and 627, Gasburg, VA

BAN20061866 First Capital Bancorp, Inc. - To acquire First Capital Bank, VA

BAN20061867 Integrity One Mortgage, Inc. - For a mortgage broker's license

BAN20061868 American United Mortgage Corporation - For a mortgage broker's license

BAN20061869 First Guaranty Mortgage Corporation d/b/a Broker's Edge Lending (In Certain Offices) - To relocate mortgage lender broker's office from 482 Prospect Boulevard, Unit D, Frederick, MD to 482 Prospect Boulevard, Suite F, Frederick, MD

BAN20061870 Asian Financial Corp. - To relocate mortgage broker's office from 3108 Golansky Boulevard, Woodbridge, VA to 4020 Williamsburg Court, Fairfax, VA

BAN20061871 Vision Mortgage Services, LLC - To relocate mortgage broker's office from 3856-106 LaSalle Drive, Virginia Beach, VA to 3640 South Plaza Trail, Suite 102, Virginia Beach, VA

BAN20061872 Allied Mortgage Group, Inc. d/b/a MortgageCorpUSA - To open a mortgage lender's office at 7300 N. Federal Highway, Suite 202, Boca Raton, FL

BAN20061873 North Seattle Community College Foundation d/b/a American Financial Solutions - To relocate a credit counseling office from 2400 3rd Avenue, Seattle, WA to 2815 2nd Avenue, Suite 280, Seattle, WA

BAN20061874 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 229 Sunchase Boulevard, Farmville, VA

BAN20061875 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 452 Elden Street, Herndon, VA

BAN20061876 Nations Home Funding, Inc. - To relocate mortgage lender broker's office from 1925 Isaac Newton Square, Suite 100, Reston, VA to 3300 Battleground Avenue, Suite 101, Greensboro, NC

BAN20061877 Secured Funding Corporation - To open a mortgage lender and broker's office at 1901 East Alton Avenue, Suite 200, Santa Ana, CA

BAN20061878 Secured Funding Corporation - To open a mortgage lender and broker's office at 6115 Camp Bowie Boulevard, Suite 230, Fort Worth, TX

BAN20061879 The Mortgage Store Financial, Inc. d/b/a Universal Mortgage Bankers - To relocate mortgage lender broker's office from 4041 University Drive, Suite 405, Fairfax, VA to 8200 Greensboro Drive, Suite 900, McLean, VA

BAN20061880 United USA Mortgage, LLC - To relocate mortgage broker's office from 6916 Vantage Drive, Alexandria, VA to 6265 Franconia Road, Alexandria, VA

BAN20061881 LendingTree of Delaware, LLC - To open a mortgage broker's office at 189 Technology Drive, Suite 150, Irvine, CA

BAN20061881 LendingTree of Delaware, LLC (Used in VA by: LendingTree, LLC) - To open a mortgage broker's office at 189 Technology Drive, Suite 150, Irvine, CA

BAN20061882 Reliance Mortgage Group, Inc. d/b/a Reliance Mortgage & Insurance - To relocate mortgage broker's office from 4124 Walney Road, Suite K, Chantilly, VA to 14420 Albemarle Point Place, Suite 150, Chantilly, VA

BAN20061883 Metro Advisor Group, LLC - For a mortgage broker's license

BAN20061884 Provident Capital Mortgage of California, Inc. (Used in VA by: Provident Capital Mortgage Corporation) - For a mortgage broker's license

BAN20061885 Stanley Financial Services LLC - For a mortgage broker's license

BAN20061886 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To relocate mortgage lender broker's office from 10350 West Bay Harbor Drive, # 11-R, Bay Harbor Islands, FL to 1119 Buchanan Street, Hollywood, FL

BAN20061887 Opteum Financial Services, LLC d/b/a Home Star Direct (MO Only) - To relocate mortgage lenders's office from 10195 South Dearing Street, Covington, GA to 1510 Klondike Road, Suite 102, Conyers, GA

BAN20061888 Opteum Financial Services, LLC d/b/a Home Star Direct (MO Only) - To open a mortgage lender's office at 2020 Camino del Rio North, Suite 300, San Diego, CA

BAN20061889 Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 8523 Midlothian Turnpike, Richmond, VA

BAN20061890 Peoples Home Equity, Inc. - To open a mortgage lender and broker's office at 601 North Mechanic Street, Suite 123, Franklin, VA

BAN20061891 A. Anderson Scott Mortgage Group, Incorporated - To open a mortgage lender and broker's office at 5618C Ox Road, Fairfax Station, VA

BAN20061892 A. Anderson Scott Mortgage Group, Incorporated - To open a mortgage lender and broker's office at 13800 Copper Mine Road, Suite 348, Herndon, VA

BAN20061893 Pennwest Home Equity Services Corporation - To open a mortgage lender and broker's office at 664 Tire Hill Road, Johnstown, PA

BAN20061894 Helping Hands Mortgage, Inc. - For a mortgage broker's license

BAN20061895 Earnest BryanTurner d/b/a B & G Convenience Market - To open a check casher at 22555 Lankford Highway, Accomac, VA

BAN20061896 Le Suraj, Inc. - To open a check casher at 35538 Belle Haven Road, Belle Haven, VA

BAN20061897 Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 426 Pennsylvania Avenue, Suite 208, Ft. Washington, PA

BAN20061898 Citizens Financial Mortgage, Inc. - To open a mortgage broker's office at 14005 Tanners House Way, Centreville, VA

BAN20061899 Direct Capital Group, Inc. d/b/a Finance Direct - To relocate mortgage lender broker's office from 17330 Brookhurst Street, Suite 370, Fountain Valley, CA to 2501 Alton Parkway, Irvine, CA

BAN20061900 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 1514 West 3rd Street, Farmville, VA

BAN20061901 City View Group, LLC - To relocate mortgage broker's office from 5301 W. Cypress Street, Suite 103, Tampa, FL to 5904 S. Rainbow Boulevard, Las Vegas, NV

BAN20061902 Maryland Mortgage, LLC - For a mortgage broker's license

BAN20061903 Larry Wayne Dunn d/b/a White Rock Market - To open a check casher at 818 Florida Avenue, Lynchburg, VA

BAN20061904 Blackstone Mortgage Group, Inc. - To open a mortgage broker's office at 600 South Linwood Avenue, Baltimore, MD

BAN20061905 MortgageStar, Inc. - To open a mortgage lender and broker's office at 15785 Barcelona Court, Woodbridge, VA

BAN20061906 MortgageStar, Inc. - To open a mortgage lender and broker's office at 9819 Connecticut Avenue, Kensington, MD

BAN20061907 Capital One, National Association - To merge into it COFSB, National Association

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| BAN20061908 | Saxon Mortgage, Inc. d/b/a Saxon Home Mortgage - To open a mortgage lender's office at 2150 Joshua's Path, Suite 101, Hauppauge, NY  |
| BAN20061909 | Saxon Mortgage, Inc. d/b/a Saxon Home Mortgage - To open a mortgage lender's office at 600 North Pine Island Road, Suite 100, Plantation, FL   |
| BAN20061910 | Saxon Mortgage, Inc. d/b/a Saxon Home Mortgage - To open a mortgage lender's office at 33097 Schoolcraft Road, Livonia, MI   |
| BAN20061911 | Mercantile Potomac Bank (a division of Mercantile-Safe Deposit and Trust Company) - To merge into it James Monroe Bank   |
| BAN20061912 | Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 30445 Northwestern Highway, Suite 120, Farmington Hills, MI  |
| BAN20061913 | 1st Security Mortgage, Inc. - To relocate mortgage broker's office from 6901 Rockledge Drive, Suite 120, Bethesda, MD to 6901 Rockledge Drive, Suite 710, Bethesda, MD   |
| BAN20061914 | Towne Bank - To open a branch at 100 Colley Avenue, Norfolk, VA  |
| BAN20061915 | Premier Financial Funding, Inc. - For a mortgage broker's license  |
| BAN20061916 | American Commercial Lending, Inc. - For a mortgage broker's license  |
| BAN20061917 | Homeland Mortgage, LLC - To open a mortgage broker's office at 502 W. Lebanon Street, Suite 103, Mt. Airy, NC  |
| BAN20061918 | Nations Mortgage and Loan Association - To relocate industrial loan office from Dominion Tower, 15th Floor, Norfolk, VA to 615 Lynnhaven Parkway, Virginia Beach, VA   |
| BAN20061919 | Town and Country Financial Services, Inc. - To relocate mortgage broker's office from 6279 Franconia Road, Suite B, Alexandria, VA to 6408 Grovedale Drive, Suite 204, Alexandria, VA                            |
| BAN20061920 | First American Savings Corporation - To relocate mortgage broker's office from 107 W. Lancaster Avenue, Suite 202, Wayne, PA to 7 Great Valley Parkway, Suite 210, Malvern, PA                                   |
| BAN20061921 | Crown Mortgage Corp. - To open a mortgage lender and broker's office at 101 Stafford Street, Worcester, MA   |
| BAN20061922 | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 19 Chase Gayton Circle, Suite 535, Richmond, VA to 8003 Franklin Farms Drive, Suite 232, Richmond, VA                      |
| BAN20061923 | Residential Lending Corporation - To relocate mortgage lender broker's office from 4041 Powder Mill Road, 6th Floor, Calverton, MD to 4041 Powder Mill Road, Suite 520, Calverton, MD                            |
| BAN20061924 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 2010 Corporate Ridge, Suite 700, McLean, VA   |
| BAN20061925 | Homeloan Mortgage LLC - To relocate mortgage broker's office from 8483 Indian Paintbrush Way, Lorton, VA to 1420 Spring Hill Road, Suite 202, McLean, VA   |
| BAN20061926 | BancFinancial Mortgage Inc. - To open a mortgage broker's office at 100 N. Washington Street, Suite 300, Falls Church, VA  |
| BAN20061927 | CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 4600 South Four Mile Run Drive, Suite 1238, Arlington, VA   |
| BAN20061928 | 4 Capital M, LLC - To relocate mortgage broker's office from 1818 Pot Spring Road, Suite 26, Lutherville, MD to 224 Schilling Circle, Suite 275, Hunt Valley, MD   |
| BAN20061929 | Vanguard Mortgage & Title Inc. - To relocate mortgage lender broker's office from 13198 Center Point Way, Suite 201, Woodbridge, VA to 5 Timberland Lane, Stafford, VA   |
| BAN20061930 | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 1099 North Franklin Street, Christiansburg, VA to 223 Central Avenue, Suite B, Christiansburg, VA                          |
| BAN20061931 | American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 1344 N. Brittany Lane, Gilbert, AZ   |
| BAN20061932 | Beneficial Discount Co. of Virginia - To open a mortgage lender's office at 267 Garrisonville Road, Suite 106, Stafford, VA  |
| BAN20061933 | Beneficial Mortgage Co. of Virginia - To open a mortgage lender and broker's office at 267 Garrisonville Road, Suite 106, Stafford, VA   |
| BAN20061934 | Greater Acceptance Mortgage Corp. - To relocate mortgage lender broker's office from 2010 Main Street, Suite 550, Irvine, CA to 3 Hutton Centre Drive, Suite 500, Santa Ana, CA                                  |
| BAN20061935 | Union Bank and Trust Company - To relocate office from 1924 Arlington Boulevard, Charlottesville, VA to 2151 Barracks Road, Charlottesville, VA  |
| BAN20061936 | Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 11 Mount Olive Height, Hurricane, WV to Reed Law & Professional Building, Suite 201 B, 3961 Teays Valley Road, Hurricane, WV    |
| BAN20061937 | Financial Resources & Assistance of the Lakes Region, Inc. - To open a mortgage broker's office at 6440 South Lewis Avenue, Suite 2100/2200, Tulsa, OK   |
| BAN20061938 | Financial Resources & Assistance of the Lakes Region, Inc. - To open a mortgage broker's office at 1101 Maria Drive, McDonough, GA   |
| BAN20061939 | First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 1430 Joh Avenue, Suite A, Baltimore, MD  |
| BAN20061940 | Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 2501 E. Chapman Avenue, Suite 225, Fullerton, CA to 2501 E. Chapman Avenue, Suite 280, Office 1 and 2, Fullerton, CA |
| BAN20061941 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 1326 Ring Bill Loop, Upper Marlboro, MD  |
| BAN20061942 | NationStar Mortgage, Inc. - For a mortgage broker's license  |
| BAN20061943 | 800USALEND, Inc. - For a mortgage lender and broker license  |
| BAN20061944 | Z&S Financial Marketing, L.L.C. - To relocate mortgage broker's office from 8478 Tyco Road, Suite B, Vienna, VA to 8000 Towers Crescent Drive, Suite 730, Vienna, VA   |
| BAN20061945 | Family Home Lending Corporation - To open a mortgage lender and broker's office at 1290 Weston Road, Suite 314, Weston, FL   |
| BAN20061946 | Family Home Lending Corporation - To open a mortgage lender and broker's office at 1318 Avatar Drive, Powhatan, VA   |
| BAN20061947 | Family Home Lending Corporation - To relocate mortgage lender broker's office from 11446 Long Meadow Drive, Glen Allen, VA to 4125 Mountain Road, Glen Allen, VA   |
| BAN20061948 | Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 3913 Old Lee Highway, Suite 33, Fairfax, VA to 6224 Colchester Road, Fairfax, VA   |
| BAN20061949 | Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To open a payday lender's office at 2216 John Rolfe Parkway, Richmond, VA  |
| BAN20061950 | Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To open a payday lender's office at 1581 General Booth Boulevard, Virginia Beach, VA   |
| BAN20061951 | Approved Financial Corp. - To relocate industrial loan office from 1716 Corporate Landing Parkway, Virginia Beach, VA to Reflections I, Suite 200, 2809 S. Lynnhaven Road, Virginia Beach, VA                    |
| BAN20061952 | American Choice Home Mortgage LLC - For a mortgage broker's license  |

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BAN20061953 MortgageFinder Inc. (Used in VA by: MortgageFinder) - For a mortgage broker's license  
 BAN20061954 Veritable Mortgage Company, LLC - For a mortgage broker's license  
 BAN20061955 Archwood Mortgage, LLC - For a mortgage lender and broker license  
 BAN20061956 Premier Mortgage Services LLC - For a mortgage broker's license  
 BAN20061957 TMC Loans, Incorporated - For a mortgage broker's license  
 BAN20061958 Don Glisson, Jr. - To acquire 25 percent or more of Triad Financial Services, Inc.  
 BAN20061959 Equity 1 Mortgage and Financial Services Corporation - To relocate mortgage broker's office from 2912 Hungary Spring Road, Suite 1, Richmond, VA to 4118 East Parham Road, Suite D, Richmond, VA  
 BAN20061960 MortgageStar, Inc. - To open a mortgage lender and broker's office at 36 Lantern Way, Portsmouth, VA  
 BAN20061961 Alcova Mortgage LLC - To relocate mortgage broker's office from 2840 Electric Road, S.W., Suite A111, Roanoke, VA to 2965 Colonnade Drive, S.W., Suite 110, Roanoke, VA  
 BAN20061962 Sunset Mortgage Company L.P. - To relocate mortgage lender broker's office from 125 Arrowhead Trail, Suite B, Christiansburg, VA to 114 A Pepper Street, South, Christiansburg, VA  
 BAN20061963 Homefield Financial, Inc. - To relocate mortgage lender broker's office from 600 E. Las Colinas Boulevard, Suite 560, Irving, TX to 600 E. Las Colinas Boulevard, Suite 1100, Irving, TX  
 BAN20061964 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To open a mortgage lender and broker's office at 2500 Regency Parkway, Cary, NC  
 BAN20061965 DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from 22982 La Cadena, Suite 200, Laguna Hills, CA to 22982 La Cadena, Suite 223, Laguna Hills, CA  
 BAN20061966 DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from 3855 S. Jones Road, Suite 102, Las Vegas, NV to 3855 S. Jones Boulevard, Suite 102, Las Vegas, NV  
 BAN20061967 SAI Mortgage, Inc. - To relocate mortgage broker's office from 13164 Centerpoint Way, Unit 201, Woodbridge, VA to 12724 A Directors Loop, Woodbridge, VA  
 BAN20061968 Home123 Corporation - To open a mortgage lender and broker's office at 2828 North Haskell Drive, Dallas, TX  
 BAN20061969 New Century Mortgage Corporation d/b/a Home123 Corporation (In Certain Offices) - To open a mortgage lender and broker's office at 2828 North Haskell Drive, Dallas, TX  
 BAN20061970 Eagle Lending Corporation - For a mortgage broker's license  
 BAN20061971 Westfields Mortgage, L.L.C. - For a mortgage broker's license  
 BAN20061972 Alera Financial, LLC - For a mortgage lender's license  
 BAN20061973 First Magnus Financial Corporation d/b/a Charter Funding - To relocate a mortgage lender broker's office from 11350 Random Hills Road, Suite 853, Fairfax, VA to 10611 Balls Ford Road, Suite 101, Manassas, VA  
 BAN20061974 Home123 Corporation - To relocate mortgage lender broker's office from 8153 Elkgrove Boulevard, Suite 20, Elkgrove, CA to 1860 Howe Avenue, Suite 106, Sacramento, CA  
 BAN20061975 Big Lending, Inc. - To open a mortgage lender and broker's office at 2240-D Gallows Road, Vienna, VA  
 BAN20061976 Big Lending, Inc. - To open a mortgage lender and broker's office at 8230 Boone Boulevard, Suite 430, Vienna, VA  
 BAN20061977 Meridias Capital, Inc. - To open a mortgage lender's office at 4006 Mundy Mill Road, Oakwood, GA  
 BAN20061978 Assurance Financial Group, L.L.C. - To open a mortgage broker's office at 12585 Old Highway 280, Suite 103, Chelsea, AL  
 BAN20061979 Assurance Financial Group, L.L.C. - To relocate mortgage broker's office from 2250 Hospital Drive, Suite 104, Bossier City, LA to 2285 Benton Road, Suite A201, Bossier City, LA  
 BAN20061980 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 754 North Court Street, Suite F, Medina, OH  
 BAN20061981 Primary Partners Corp. - For a mortgage broker's license  
 BAN20061982 New Peoples Bank, Inc. - To open a branch at 372 East Jackson Boulevard, Jonesborough, TN  
 BAN20061983 Shawn Twigg - To acquire 25 percent or more of B & B Enterprises  
 BAN20061984 Integrity Financial of Virginia, Inc. (Used in VA by: Integrity Financial, Inc.) - For a mortgage broker's license  
 BAN20061985 Janis J. Chenery d/b/a Gold Star Mortgage Services - To open a mortgage broker's office at 15885 Kings Highway, Montross, VA  
 BAN20061986 MLI Capital Group, Inc. - To open a mortgage broker's office at 42544 Holly Hock Terrace, Suite 204, Ashburn, VA  
 BAN20061987 ABC Mortgage Funding, Inc. - To open a mortgage broker's office at 13813 Warwick Boulevard, Building B-C, Suite 4, Newport News, VA  
 BAN20061988 American Choice Mortgage, Inc. - For a mortgage broker's license  
 BAN20061989 Williamsburg Mortgage, Incorporated - To relocate mortgage broker's office from 213 McLaws Circle, Suite 1, Williamsburg, VA to 335 Burns Lane, Williamsburg, VA  
 BAN20061990 Heritage Funding, Inc. - To relocate mortgage broker's office from 297 Independence Boulevard, Suite 306, Virginia Beach, VA to 297 Independence Boulevard, Suite 541, Virginia Beach, VA  
 BAN20061991 Metropolis Funding, Inc. - To open a mortgage broker's office at 3207 A Corporate Court, Ellicott City, MD  
 BAN20061992 Metropolis Funding, Inc. - To relocate mortgage broker's office from 39-41 E. Forrest Avenue, Shrewsbury, PA to 14 North Main Street, Shrewsbury, PA  
 BAN20061993 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 941 Newbridge Road, North Bellmore, NY  
 BAN20061994 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 11024 N. 28th Drive, Suite 200, Phoenix, AZ  
 BAN20061995 DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 1 Park Plaza, Suite 260, Irvine, CA  
 BAN20061996 Fidelity Funding, LLC - To open a mortgage broker's office at 4501 A Williamsburg Road, Richmond, VA  
 BAN20061997 Edward's Payday Loans Inc. d/b/a Coloryme - To conduct a payday lending business where a rent to own business will also be conducted  
 BAN20061998 Ellery A. Crissman, II - To acquire 25 percent or more of Commonwealth Funding, LLC  
 BAN20061999 Montgomery Capital Mortgage Corporation - For additional mortgage authority  
 BAN20062000 Lakeview Capital Services, LLC d/b/a Capital First Financial Services - For a mortgage broker's license  
 BAN20062001 First Lincoln Mortgage Corp. - For a mortgage lender and broker license  
 BAN20062002 CitiFinancial Services, Inc. - To open a consumer finance office at 707 East Atlantic Street, Suite 3A, South Hill, VA  
 BAN20062003 Owcen Loan Servicing, LLC - To open a mortgage lender's office at 2375 North Glenville Drive, Richardson, TX  
 BAN20062004 Condor Financial Group Incorporated - To relocate mortgage broker's office from 8805 Sudley Road, Suite 102, Manassas, VA to 7350 Heritage Village Plaza, Suite 102, Gainesville, VA

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| BAN20062005 | CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted  |
| BAN20062006 | Trustworthy Mortgage Corporation<br>To relocate mortgage broker's office from 9161 Liberia Avenue, Suite 206, Manassas, VA to 9161 Liberia Avenue, Suite 100, Manassas, VA  |
| BAN20062007 | CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted   |
| BAN20062008 | CitiFinancial Services, Inc. - To conduct consumer finance business where auto club memberships will also be sold   |
| BAN20062009 | CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted   |
| BAN20062010 | CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted   |
| BAN20062011 | Trustworthy Mortgage Corporation - To relocate mortgage broker's office from 1964 Gallows Road, Suite 280, Vienna, VA to 1964 Gallows Road, Suite 350, Vienna, VA   |
| BAN20062012 | CitiFinancial Services, Inc. - To conduct a consumer finance business where home security plans will be sold  |
| BAN20062013 | Maverick Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 930 West Main Street, Suite B, Lewisville, TX  |
| BAN20062014 | Twin Capital Mortgage, Inc. (Used in VA by: Twin Capital Mortgage) - To relocate mortgage broker's office from 425 Divisadero Street, Suite 206, San Francisco, CA to 650 Townsend Street, Suite 225, San Francisco, CA |
| BAN20062015 | L.A.P. Holdings LLC d/b/a First Finance - To open a mortgage broker's office at 130 Presidential Boulevard, Suite 200M, Bala Cynwyd, PA   |
| BAN20062016 | ABC Mortgage Funding, Inc. - To open a mortgage broker's office at 11028 Warwick Boulevard, Suite D, Newport News, VA   |
| BAN20062017 | Serenity Financial, Inc. d/b/a MPG Mortgage - To relocate mortgage broker's office from 342 Railroad Avenue, Danville, CA to 1451 Danville Boulevard, Suite 202, Alamo, CA  |
| BAN20062018 | Loan America, Inc. - To relocate mortgage lender broker's office from 3500 Parkway Lane, Suite 520, Norcross, GA to 3577 Parkway Lane, Suite 150, Norcross, GA  |
| BAN20062019 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 121 N. 9th Street, DeKalb, IL to 730 Foxpointe Drive, Sycamore, IL                                       |
| BAN20062020 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 9324 West Street, Suite 300, Manassas, VA  |
| BAN20062021 | Finance USA Corporation - To open a mortgage broker's office at 35377 Glencoe Court, Round Hill, VA   |
| BAN20062022 | Family Home Lending Corporation - To open a mortgage lender and broker's office at 16 West Gay Street, West Chester, PA   |
| BAN20062023 | Coldwell Banker Mortgage Corporation - To open a mortgage lender's office at 401 University Boulevard, Harrisonburg, VA   |
| BAN20062024 | Century 21 Mortgage Corporation - To open a mortgage lender's office at 10601 Courthouse Road, Fredericksburg, VA   |
| BAN20062025 | America's 1st Mortgage, LLC - For a mortgage broker's license   |
| BAN20062026 | Aurora Mortgage LLC - To open a mortgage lender and broker's office at 8150 Leesburg Pike, Suite 1220, Vienna, VA   |
| BAN20062027 | Mortgage.Close.com, Inc. - For additional mortgage authority  |
| BAN20062028 | M-Point Mortgage Services, LLC - To relocate mortgage lender broker's office from 2217 Princess Anne Street, Suite 218-1, Fredericksburg, VA to 2217 Princess Anne Street, Suite 401-1, Fredericksburg, VA              |
| BAN20062029 | Rosa Azucena Torres d/b/a Steven Shop - To open a check casher at 6178 Arlington Boulevard, Falls Church, VA  |
| BAN20062030 | First Magnus Financial Corporation d/b/a Charter Funding - To relocate mortgage lender broker's office from 11350 Random Hills Road, Suite 853, Fairfax, VA to 10611 Balls Ford Road, Suite 125, Manassas, VA           |
| BAN20062031 | Ascent Home Loans, Inc. - For a mortgage lender's license   |
| BAN20062032 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 2500 Regency Parkway, Cary, NC  |
| BAN20062033 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 9115 Harris Corner Parkway, Charlotte, NC   |
| BAN20062034 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1200 Haywood Drive, Greenville, SC  |
| BAN20062035 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 222 W. Coleman Boulevard, Mt. Pleasant, SC  |
| BAN20062036 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 2971 Valley Avenue, Suite 505, Winchester, VA   |
| BAN20062037 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 8603 Westwood Center Drive, Suite 340, Vienna, VA   |
| BAN20062038 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 621 Lynnhaven Parkway, Suite 407, Virginia Beach, VA  |
| BAN20062039 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 350 South Grand Avenue, 43rd Floor, Los Angeles, CA   |
| BAN20062040 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 11350 McCormick Road, Suite LL12, Hunt Valley, MD   |
| BAN20062041 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 3347 Michelson Drive, Suite 300, Irvine, CA   |
| BAN20062042 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 7501 Greenway Center Drive, Suite 460, Greenbelt, MD  |
| BAN20062043 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 1320 Greenway Drive, Suite 600, Irving, TX  |
| BAN20062044 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 4805 Lake Brook Drive, Suite 130, Glen Allen, VA  |
| BAN20062045 | People's Choice Home Loan, Inc. - To relocate mortgage lenders's office from 5580 LBJ Freeway, Suite 190, Dallas, TX to 5520 LBJ Freeway, Suite 150, Dallas, TX   |
| BAN20062046 | People's Choice Home Loan, Inc. - To relocate mortgage lenders's office from 1952 McDowell Road, Suite 302, Naperville, IL to 1901 Butterfield Road, Suite 810, Downers Grove, IL                                       |
| BAN20062047 | Silver Beach Mortgage Corporation - For a mortgage broker's license   |
| BAN20062048 | Five Star Financing Corporation - For a mortgage broker's license   |
| BAN20062049 | Meridias Capital, Inc. - For additional mortgage authority  |
| BAN20062050 | Rebecca K. Beach - To acquire 25 percent or more of American Advantage Mortgage Inc.  |
| BAN20062052 | Home123 Corporation - To open a mortgage lender and broker's office at 17107 Chesterfield Airport Road, Suite 140, Chesterfield, MO   |
| BAN20062053 | Beneficial Virginia Inc. - To open a consumer finance office at 267 Garrisonville Road, Suite 101, Stafford County, VA  |
| BAN20062054 | Premier Mortgage Funding, Inc. - To relocate mortgage broker's office from 875 Walnut Street, Suite 310, Cary, NC to 102 New Edition Court, Cary, NC  |
| BAN20062055 | Key Financial Corporation - To open a mortgage lender and broker's office at 1660 International Drive, Suite 400, McLean, VA  |
| BAN20062056 | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 8055 Ritchie Highway, Suite 306, Pasadena, MD to 7300 Ritchie Highway, Glen Burnie, MD  |
| BAN20062057 | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 452 South Main Street, Suite G, Davidson, NC to 8401 University Executive Park, Suite 107, Charlotte, NC                          |
| BAN20062058 | Debt Reduction Services, Inc. - To open an additional credit counseling office at 400 Post Avenue, Suite 104, Westbury, NY  |
| BAN20062059 | Jiffy Cash of Virginia - For a payday lender license  |
| BAN20062060 | VIP Mortgage Lending Services, Inc. - For a mortgage broker's license   |

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BAN20062061 eWiz Mortgage Corporation - For a mortgage broker's license  
 BAN20062062 GMAC Mortgage of VA, LLC d/b/a Ditech.Com - For a mortgage lender and broker license  
 BAN20062063 First-Citizens Bank & Trust Company - To open a branch at the southwest corner of US Highway 60 and Woolridge Road, Midlothian, VA  
 BAN20062064 I & M Check's Cashed Inc. - To open a check casher at 4632 Jefferson Davis Highway, Richmond, VA  
 BAN20062065 Benchmark Community Bank - To open a branch at 1320 Seymour Drive, Suite B, South Boston, VA  
 BAN20062066 ACE Acquisition Corp. - To acquire 25 percent or more of ACE Cash Express, Inc.  
 BAN20062067 ACE Acquisition Corp. - To acquire 25 percent or more of Ace Cash Express, Inc.  
 BAN20062068 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 1027 Main Street, Altavista, VA to 912 Brookdale Road, Suite 2, Martinsville, VA  
 BAN20062069 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 3525 Ellicott Mills Drive, Suite B, Ellicott City, MD  
 BAN20062070 Nationside Mortgage Inc. - To open a mortgage broker's office at 4 Professional Drive, Suite 143, Gaithersburg, MD  
 BAN20062071 NorthStar Mortgage Corp. - To relocate mortgage broker's office from 2520 Independence Boulevard, Suite 201, Wilmington, NC to 3205 Randall Parkway, Suite 114, Wilmington, NC  
 BAN20062072 First Meridian Mortgage Corporation of Florida (Used in VA by: First Meridian Mortgage Corporation) - To relocate mortgage broker's office from 384 N. Madison Avenue, Greenwood, IN to 756 South First Street, Suite 200, Louisville, KY  
 BAN20062073 Silver State Financial Services, Inc. d/b/a Silver State Mortgage - To open a mortgage lender's office at 10440 Little Patuxent Parkway, Suite 934, Columbia, MD  
 BAN20062074 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 1911 Rio Grande Street, Austin, TX  
 BAN20062075 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 10015 Old Columbia Road, Suite B-215, Columbia, MD  
 BAN20062076 Six Brothers Corporation d/b/a Three Star Food Mart - To open a check casher at 1350 Orange Road, Culpeper, VA  
 BAN20062077 Unified Financial Group, Inc. (Used in VA by: Unified Financial Group) - For a mortgage lender and broker license  
 BAN20062078 Crystal Coast Mortgage Group, LLC - For a mortgage broker's license  
 BAN20062079 Bruce Thaddeus Caulk - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.  
 BAN20062080 Integrity Funding, LLC - For a mortgage lender's license  
 BAN20062081 Maxitransfers Corporation - For a money transmitter license  
 BAN20062082 ACE Cash Express, Inc. - To open a payday lender's office at 6115 Sewells Point Road, Norfolk, VA  
 BAN20062083 ACE Cash Express, Inc. - To open a payday lender's office at 1000 Park Avenue, Suite 8, Norfolk, VA  
 BAN20062084 ACE Cash Express, Inc. - To open a payday lender's office at 1496 Lynnhaven Parkway, Virginia Beach, VA  
 BAN20062085 ACE Cash Express, Inc. - To open a payday lender's office at 549 Newtown Road, Suite 106, Virginia Beach, VA  
 BAN20062086 Larry D. Coleman d/b/a Grace Mortgage and Financial - To open a mortgage broker's office at 1615 Jefferson Highway, Suite 108, Fishersville, VA  
 BAN20062087 Mid-Atlantic Mortgage Group, Inc. - To open a mortgage broker's office at 4116 South Amherst Highway, Suite A, Madison Heights, VA  
 BAN20062088 Union Bank and Trust Company - To relocate office from 18048 Jefferson Davis Highway, Ladysmith, VA to Ladysmith Road, 100 yards west of Jefferson Davis Highway, Ladysmith, VA  
 BAN20062089 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 7620 Little River Turnpike, Suite 450, Annandale, VA  
 BAN20062090 Franklin Mortgage LLC - To open a mortgage broker's office at 740 Duke Street, Suite 425, Norfolk, VA  
 BAN20062091 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 1829 Paces River Avenue, Rock Hill, SC  
 BAN20062092 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 9311 George Washington Memorial Highway, Gloucester, VA  
 BAN20062093 Oak Street Mortgage LLC - To open a mortgage lender and broker's office at 1525 Valley Center Parkway, Suite 110, Bethlehem, PA  
 BAN20062094 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 2811 30th Avenue, South, Minneapolis, MN to 1821 University Avenue, Suite 118-S, St. Paul, MN  
 BAN20062095 DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from 75 Enterprise, Suite 140, Aliso Viejo, CA to 9730 Research Drive, Suite 100, Irvine, CA  
 BAN20062096 Jardon Mortgage, Inc. - For a mortgage broker's license  
 BAN20062097 Trustbanc Mortgage Corporation (Used in VA by: TrustBank Mortgage Corporation) - For a mortgage broker's license  
 BAN20062098 Lily Baybordi - To acquire 25 percent or more of Nations Funding Inc.  
 BAN20062099 Home123 Corporation - To open a mortgage lender and broker's office at 301 West Warner Road, Suite 133, Tempe, AZ  
 BAN20062100 Dominion Eagle Financial Group, Inc. d/b/a Peoples Choice Mortgage, VA - To open a mortgage broker's office at 4801 Plank Road, Unit 1038, Fredericksburg, VA  
 BAN20062101 Justin Enterprises, Inc. d/b/a Cash To Payday - To open a payday lender's office at 14254 Fancy Gap Highway, Cana, VA  
 BAN20062102 Pacific Residential, Inc. - To relocate mortgage lender broker's office from 355E Rincon Street, Suite 325, Corona, CA to 11850 Pierce Street, Suite 100, Riverside, CA  
 BAN20062103 N.C.S.E. Credit Union, Inc. - To relocate credit union office from 84 Courthouse Square, Lovingston, VA to 6919 Thomas Nelson Highway, Lovingston, VA  
 BAN20062104 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 180 Kents Ridge Road, Richlands, VA  
 BAN20062105 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 1028 Richmond Avenue, Suite 106, Staunton, VA  
 BAN20062106 Noor Oil, Inc. d/b/a C-Store #2 - To open a check casher at 2653 Stuarts Draft Highway, Stuarts Draft, VA  
 BAN20062107 Hathaway Real Estate Services Corp. - For a mortgage broker's license  
 BAN20062108 Mortgage America Bankers, LLC - For additional mortgage authority  
 BAN20062109 Nations Premier Mortgage Inc. - For a mortgage broker's license  
 BAN20062110 Heritage Mortgage & Financial Services, Inc. - For a mortgage broker's license  
 BAN20062111 Solutions Mortgage, Inc. - To open a mortgage lender and broker's office at 10826 Courthouse Road, Suite B, Fredericksburg, VA

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| BAN20062112 | FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 2695 Covalt Road, Big Cove Tannery , PA   |
| BAN20062113 | FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 1275 S. Marlyn Avenue, Essex, MD  |
| BAN20062114 | FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 238 St. Michaels Circle, Odenton, MD  |
| BAN20062115 | 1st Alliance Lending, LLC - To relocate mortgage lender broker's office from 222 Pitkin Street, East Hartford, CT to 235 Promenade Street, Suite 560, Providence, RI  |
| BAN20062116 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 801 International Parkway, 5th Floor, Lake Mary, FL                            |
| BAN20062117 | Silver State Financial Services, Inc. d/b/a Silver State Mortgage - To open a mortgage lender's office at 9555 Del Webb Boulevard, Las Vegas, NV  |
| BAN20062118 | Arch Lending Group, LLC - For a mortgage broker's license   |
| BAN20062119 | SunnyMTG.com 866-768-CASH, LLC - For a mortgage broker's license  |
| BAN20062120 | Stinson Financial Group, Inc. - To open a mortgage broker's office at 9201 Arboretum Parkway, Suite 210, Richmond, VA   |
| BAN20062121 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 44335 Premier Plaza, Suite 240, Ashburn, VA   |
| BAN20062122 | Sunset Mortgage Company L.P. - To open a mortgage lender and broker's office at 4715 Cordell Avenue, 5th Floor, Bethesda, MD  |
| BAN20062123 | Resource Lending, LLC - To relocate mortgage broker's office from 1559 Hallwood Court, Crofton, MD to 7501 Greenway Center Drive, Suite 420, Greenbelt, MD  |
| BAN20062124 | CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To relocate mortgage broker's office from 512 S. Independence Boulevard, Virginia Beach, VA to 510 Independence Boulevard, Suite 202, Virginia Beach, VA |
| BAN20062125 | Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 2712 Enterprise Parkway, Richmond, VA to 9301 Three Chopt Road, Richmond, VA                      |
| BAN20062126 | Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 530 Seventh Avenue, Suite 206, New York, NY to 1410 Broadway, Suite 1802, New York, NY   |
| BAN20062127 | CTX Mortgage Company, LLC - To relocate mortgage lender broker's office from 7021 Harbor View Boulevard, Suite 101, Suffolk, VA to 7025 Harbour View Boulevard, Suite 101, Suffolk, VA                            |
| BAN20062128 | Sunrise Mortgage Group LLC - For a mortgage broker's license  |
| BAN20062129 | NFC-Check Cashing Service, Inc. d/b/a NFC-Payday Advance - To open a payday lender's office at 317 West Atlantic Street, Emporia, VA  |
| BAN20062130 | Aecidia, Inc. d/b/a Vivienda Propria Mortgage - To open a mortgage broker's office at 8317 Centreville Road, Suite 313, Manassas, VA  |
| BAN20062131 | West Coast Equities Financial, Inc. (Used in VA by: West Coast Equities Financial) - For a mortgage broker's license  |
| BAN20062132 | NORAA Mortgage and Financial Services LLC - For a mortgage broker's license   |
| BAN20062133 | Richard D. Morales - To acquire 25 percent or more of Mortgage1040.Com, Inc.  |
| BAN20062134 | Michigan Home Finance LLC d/b/a Home Finance Center - For a mortgage lender and broker license  |
| BAN20062135 | Branch Banking and Trust Company of Virginia - To open a branch at 104 East Davis Street, Culpeper, VA  |
| BAN20062136 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 120 South Main Street, Suite E, Kernersville, NC  |
| BAN20062137 | Credit Suisse Financial Corporation - To open a mortgage lender's office at 10401 Deerwood Park Boulevard, Jacksonville, FL   |
| BAN20062138 | Allstate Mortgage, Inc. - To open a mortgage lender and broker's office at 12724 Directors Loop, Woodbridge, VA   |
| BAN20062139 | H & R Mortgage, Inc. - To relocate mortgage broker's office from 450 West Broad Street, Suite 301, Falls Church, VA to 450 West Broad Street, Suite 302, Falls Church, VA   |
| BAN20062140 | Believers Mortgage LLC - To open a mortgage broker's office at 3113 West Marshall Street, Richmond, VA  |
| BAN20062141 | Primerica Financial Services Home Mortgages, Inc. - To relocate mortgage broker's office from 3920 Plank Road, Suite 120, Fredericksburg, VA to 4414 Lafayette Boulevard, Suite 106, Fredericksburg, VA           |
| BAN20062142 | Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 21240 Ridgetop Circle, Suite 120, Sterling, VA  |
| BAN20062143 | U.S. Mortgage Corporation of Virginia d/b/a The Mortgage Makers - To open a mortgage lender and broker's office at 4665 Cornell Road, Suite 200, Cincinnati, OH   |
| BAN20062144 | Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To open a mortgage lender and broker's office at 405 W. Southern Avenue, Suite 5, Tempe, AZ   |
| BAN20062145 | ADT Interactive, LLC - To relocate mortgage broker's office from 490 Second Street, Suite 103, San Francisco, CA to 303 2nd Street, Suite 375, South, San Francisco, CA   |
| BAN20062146 | Pinnacle Direct Funding Corporation - To relocate mortgage lenders's office from 1500 Lee Road, Suite 200, Orlando, FL to 1500 Lee Road, Orlando, FL  |
| BAN20062147 | Pinnacle Direct Funding Corporation - To relocate mortgage lenders's office from 1500 Tradeport Drive, Orlando, FL to 1905 Brengle Avenue, Orlando, FL  |
| BAN20062148 | Potomac Lending LLC - To open a mortgage broker's office at 43162 Scenic Creek Way, Lansdowne, VA   |
| BAN20062149 | Citi First Mortgage Services Corporation - To relocate mortgage broker's office from 6855 Jimmy Carter Boulevard, Suite 2400, Norcross, GA to 6075 Atlantic Boulevard, Suite J2, Norcross, GA                     |
| BAN20062150 | Viking Mortgage Company, LLC - To open a mortgage broker's office at 4860 Cox Road, Suite 200, Glen Allen, VA   |
| BAN20062151 | Viking Mortgage Company, LLC - To open a mortgage broker's office at 3300 Western Branch Boulevard, Chesapeake, VA  |
| BAN20062152 | Viking Mortgage Company, LLC - To open a mortgage broker's office at 860 Greenbrier Circle, Suite 405, Chesapeake , VA  |
| BAN20062153 | Coastline Mortgage Consultants, LLC - For a mortgage broker's license   |
| BAN20062154 | Bayfield Home Loans, LLC - For a mortgage broker's license  |
| BAN20062155 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 3232 Electric Road, Suite 403, Roanoke, VA                              |
| BAN20062156 | Meridias Capital, Inc. - To open a mortgage lender's office at 375 N. Stephanie Street, Building 20, Henderson, NV  |
| BAN20062157 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 11427 Reed Hartman Highway, Suite 133, Cincinnati, OH      |
| BAN20062158 | Home123 Corporation - To relocate mortgage lender broker's office from 4550 W. 109th Street, Suite 302, Overland Park, KS to 4550 W. 109th Street, Suite 220, Overland Park, KS                                   |

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BAN20062159 Halo Mortgage, Inc. - To relocate mortgage broker's office from 5151 East Broadway, Suite 1600, Tucson, AZ to 6252 East Grant Road, Suite 100, Tucson, AZ

BAN20062160 Topone Mortgage, Inc. - To relocate mortgage broker's office from 9249 Cambridge Manor Court, Potomac, MD to 1335 Rockville Pike, Suite 310, Rockville, MD

BAN20062161 Network Funding, L.P. - To open a mortgage lender and broker's office at 11719 Bee Caves Road, Suite 301, Austin, TX

BAN20062162 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 2568 A Riva Road, Suite 202, Annapolis, MD

BAN20062163 Capital Quest Mortgage, Inc. d/b/a IWC Capital Banc, Inc. - To open a mortgage lender and broker's office at 8618 Westwood Center Drive, Suite 300, Vienna, VA

BAN20062164 Aslan Financial Services, Inc. - For a mortgage lender and broker license

BAN20062165 Equity Resources of Ohio Inc. (Used in VA by: Equity Resources, Inc.) - For a mortgage lender's license

BAN20062166 dellTAX LLC - For a mortgage broker's license

BAN20062167 Fairlawn Consulting LLC d/b/a Fairlawn Mortgage Solutions - For a mortgage broker's license

BAN20062168 United Funding Corp, a Massachusetts Corporation (Used in VA by: United Funding Corp.) - For a mortgage broker's license

BAN20062169 Myh, Inc. d/b/a CAR STOP #1 - To open a check casher at 7431 Jefferson Davis Highway, Richmond, VA

BAN20062170 Richmond Petroleum Marketing, Incorporated - To open a check casher at 2301 Mechanicsville Turnpike, Richmond, VA

BAN20062171 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 1805 Vincennes Road, Richmond, VA

BAN20062172 DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from 6 Hutton Centre Drive, Suite 150, Santa Ana, CA to 3525 Hyland Avenue, Suite 200, Costa Mesa, CA

BAN20062173 Premium Capital Funding LLC d/b/a Topdot Mortgage - To open a mortgage lender and broker's office at 2702 Clayton Road, Suite 100, Concord, CA

BAN20062174 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To open a payday lender's office at 10817 Tidewater Trail, Fredericksburg, VA

BAN20062175 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 110 Rodman Avenue, Rock Island, IL

BAN20062176 Mortgage Made Simple, LLC - To relocate mortgage broker's office from 5920 Saintsbury Drive, Suite 227, The Colony, TX to 3700 Massachusetts Avenue, Suite 426, Washington, DC

BAN20062177 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 105 Markham Court, Longwood, FL to 1445 Dolgner Place, Sanford, FL

BAN20062178 Delta Funding Corporation d/b/a Fidelity Mortgage - To relocate mortgage lenders's office from 555 North Lane, Suite 5030, Conshohocken, PA to 200 Four Falls Corporate Center, 1001 Conshohocken State Road, Suite 600, West Conshohocken, PA

BAN20062179 1st Atlas Mortgage & Investment Corp. d/b/a 1st Atlas Mortgage - To open a mortgage lender and broker's office at 13105 Booker T. Washington Highway, Suite A-6, Hardy, VA

BAN20062180 Mortgage Lenders of America, L.L.C. - To relocate mortgage lender broker's office from 480 B Piney Forest Road, Danville, VA to 625 Piney Forest Road, Suite A, Danville, VA

BAN20062181 Mortgage Lenders of America, L.L.C. - To relocate mortgage lender broker's office from 5210 Maryland Way, Suite 203, Brentwood, TN to 3333 Aspen Grove Drive, Franklin, TN

BAN20062182 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at Three 3rd Street, Suite 102, Bordentown, NJ

BAN20062183 American General Financial Services (NC), Inc. (Used in VA by: American General Financial Services, Inc.) - To relocate mortgage lenders's office from 808 S. Van Buren Road, Eden, NC to Eden Shopping Center, 660 South Pierce Street, Suite M, Eden, NC

BAN20062184 ResMAE Mortgage Corporation - To relocate mortgage lender broker's office from 399 Thornhall, 8th Floor, Edison, NJ to 379 Thornhall, 10th Floor, Edison, NJ

BAN20062185 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 601 N. Mechanic Street, Suite 220, Franklin, VA

BAN20062186 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 3300 N. Ridge Road, Suite 300, Ellicott City, MD to 3290 N. Ridge Road, Suite 220, Ellicott City, MD

BAN20062187 Corporate Investors Mortgage Group, Inc. - To open a mortgage lender and broker's office at 3200 Croasdaile Road, Suite 205, Durham, NC

BAN20062188 The Mortgage District, Inc. (Used In VA by: The Mortgage Zone, Inc.) - To open a mortgage broker's office at 8521 Leesburg Pike, Vienna, VA

BAN20062189 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 25 Market Street, Suite 13, Swansea, MA

BAN20062190 First Choice Funding Group, Ltd. - To open a mortgage lender and broker's office at 3237 East Guasti Avenue, Suite 300, Ontario, CA

BAN20062191 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 8801 Folsom Boulevard, Suite 195, Sacramento, CA

BAN20062192 First Home Mortgage Corporation - To open a mortgage lender and broker's office at 16701 Melford Boulevard, Suite 311, Bowie, MD

BAN20062193 CitiFinancial Services, Inc. - To relocate consumer finance office from 1580 N. Franklin Street, Suite 4, Christiansburg, VA to 1580 N. Franklin Street, Suite 2, Christiansburg, VA

BAN20062194 MortgageStar, Inc. - To open a mortgage lender and broker's office at 4440 Raleigh Street, Suite 201, Alexandria, VA

BAN20062195 Global Express Check Cashing Inc. - To open a check casher at 10320 Festival Lane, Manassas, VA

BAN20062196 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 3504 Quail Meadows Court, Midlothian, VA

BAN20062197 Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 2528 Crest Hollow Court, Goochland, VA to 4313 Blakeway Drive, Moseley, VA

BAN20062198 Financial Consulting Services, LLC - To conduct a payday lending business where an open end credit business will also be conducted

BAN20062199 Advance 'Til Payday, LLC (Used in VA by: Advance LLC) - To conduct a payday lending business where an open end credit business will also be conducted

BAN20062200 Agape Mortgage Funding Corporation - For a mortgage broker's license

BAN20062201 Westhampton Mortgage, LLC - For a mortgage broker's license

BAN20062202 G & J Grocery, Inc. - To open a check casher at 4308 N. Lee Highway, Arlington, VA

BAN20062203 eHomeCredit Corp. d/b/a FHB Funding - For additional mortgage authority

BAN20062204 Bank of the Commonwealth - To open a branch at 1020 London Boulevard, Portsmouth, VA

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BAN20062205 Capital Funding & Mortgage Group, Inc. - To open a mortgage broker's office at 13749 Piedmont Vista Drive, Haymarket, VA  
 BAN20062206 Capital Funding & Mortgage Group, Inc. - To relocate mortgage broker's office from 3225 Shallowford Road, Suite 820, Marietta, GA to 3855 Shallowford Road, Suite 120, Marietta, GA  
 BAN20062207 WAFI, Inc. (Used in VA by: Washington Financial Group, Inc.) - To open a mortgage lender and broker's office at 207 19th Place, Kirkland, WA  
 BAN20062208 Household Realty Corporation of Virginia (Used in VA by: Household Realty Corporation) - To open a mortgage lender and broker's office at 801 Volvo Parkway, Suite No. 42-43, Chesapeake, VA  
 BAN20062209 American Mortgage Group Inc., A Corporation of North Carolina (Used in VA by: American Mortgage Group, Inc.) - To relocate mortgage broker's office from 4601 Six Forks Road, Suite 300, Raleigh, NC to 5400 Glenwood Avenue, Suite 115, Raleigh, NC  
 BAN20062210 Madison Investment Advisors, LLC d/b/a Madison Mortgages - To relocate a mortgage broker's office from 420 Neff Avenue, Suite 230, Harrisonburg, VA  
 BAN20062211 Financial Exchange Company of Virginia, Inc. d/b/a Money Mart - To relocate payday lender's office from 6050 Jefferson Avenue, Newport News, VA to 6046 Jefferson Avenue, Newport News, VA  
 BAN20062212 Fortune Mortgage Company d/b/a BORROW123.COM - To relocate mortgage lender broker's office from 451 Hungerford Drive, Suite 515, Rockville, MD to 17 B Firstfield Road, Suite 201, Gaithersburg, MD  
 BAN20062213 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 1901 Plank Road, Suite B, Fredericksburg, VA  
 BAN20062214 GMAC Mortgage Corporation d/b/a Ditech.Com - To open a mortgage lender and broker's office at 407 J South Griffin Street, Elizabeth City, NC  
 BAN20062215 Thomas James Capital, Inc. - For a mortgage broker's license  
 BAN20062216 Resource Funding, Inc. - For a mortgage broker's license  
 BAN20062217 Pacific Wholesale Mortgage, Inc. - For a mortgage broker's license  
 BAN20062218 Andre A. Small d/b/a First Option Mortgage - For a mortgage broker's license  
 BAN20062219 Tienda Senia II, Inc. d/b/a Tienda Senia - To open a check casher at 109 Weems Lane, Winchester, VA  
 BAN20062220 Centex Home Equity Company, LLC (Used in VA by: Nationstar Mortgage LLC) - To open a mortgage lender and broker's office at 468 Investors Place, Suite 204-D, Virginia Beach, VA  
 BAN20062221 Apex Financial Group, Inc. d/b/a AAPEX Mortgage - To relocate mortgage lender broker's office from 259 Woodcreek Place, Surry, VA to 229 Main Street, Smithfield, VA  
 BAN20062222 Opteum Financial Services, LLC d/b/a Home Star Direct (MO Only) - To relocate mortgage lenders's office from 6151 Lake Osprey 3rd Floor, Sarasota, FL to 6751 Professional Parkway West, Suites 104 and 106, Sarasota, FL  
 BAN20062223 Swan Financial Corporation - To relocate mortgage broker's office from 9500 Williamsburg Plaza, Louisville, KY to 320 Whittington Parkway, Suite 304, Louisville, KY  
 BAN20062224 CitiFinancial Services, Inc. - To relocate consumer finance office from 13810 C Braddock Road, Centreville, VA to 6011 Centreville Crest Lane, Suite 51, Centreville, VA  
 BAN20062225 CitiFinancial Services, Inc. - To relocate consumer finance office from 7445 Lee Davis Road, Mechanicsville, VA to 7500 Jackson Arch Drive, Suite C, Mechanicsville, VA  
 BAN20062226 Signature Lending Group, Inc. - To relocate mortgage broker's office from 819 Misty River Court, Dacula, GA to 1000 Hurricane Shoals Road, Suite C-330, Lawrenceville, GA  
 BAN20062227 Bankers Express Mortgage, Inc. - For a mortgage lender's license  
 BAN20062228 M & P Mortgage, LLC - For a mortgage broker's license  
 BAN20062229 Today Lending Inc. - For a mortgage lender and broker license  
 BAN20062230 Assurance Mortgage, LLC - To relocate mortgage broker's office from 6975 Union Park Center, Suite 150, Midvale, UT to 1935 East Vine Street, Suite 240, Salt Lake City, UT  
 BAN20062231 Shore Bank - To relocate office from 1503 S. Salisbury Boulevard, Salisbury, MD to 1516 S. Salisbury Boulevard, Salisbury, MD  
 BAN20062232 ACE Cash Express, Inc. - To open a payday lender's office at 201 East Berkley Avenue, Suite M, Norfolk, VA  
 BAN20062233 ACE Cash Express, Inc. - To open a payday lender's office at 617 McGuire Center, Richmond, VA  
 BAN20062234 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 9475 Lottsford Road, Suite 250, Largo, MD  
 BAN20062235 Lake Gaston Mortgage Services, LLC - To open a mortgage lender and broker's office at 3764 Highway Nine-0-Three, Bracey, VA  
 BAN20062236 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 750 Route 73, South, Suite 201, Marlton, NJ  
 BAN20062237 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 9169 Key Commons Court, Manassas, VA  
 BAN20062238 New Star Funding Corp. - To open a mortgage broker's office at 256 Route 79, Suite 2, Marlboro, NJ  
 BAN20062239 12th Street Mortgage Inc. - To relocate mortgage broker's office from 504 Stonemason Place, Purcellville, VA to 17623 Greenleaf Place, Round Hill, VA  
 BAN20062240 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To open a payday lender's office at 1632-B Tappahannock Boulevard, Tappahannock, VA  
 BAN20062241 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To open a payday lender's office at 13175 Jefferson Avenue, Newport News, VA  
 BAN20062242 Yoo Hee Lee d/b/a Colonial Market - To open a check casher at 1605 Commonwealth Avenue, Alexandria, VA  
 BAN20062243 LH Services, LLC d/b/a Dobordero Financial - For a mortgage broker's license  
 BAN20062244 Sam's East, Inc. d/b/a Sam's Club - To open a check casher at 2444 Chesapeake Square Ring Road, Chesapeake, VA  
 BAN20062245 Lincoln Mortgage, LLC - To open a mortgage broker's office at 1670 Mill Quarter Road, Powhatan, VA  
 BAN20062246 Security Trust Mortgage, L.L.C. - For a mortgage broker's license  
 BAN20062247 Trinity Capital Realty, Inc. - For a mortgage broker's license  
 BAN20062248 Mortgage Pointer.com, Inc. - For a mortgage lender's license  
 BAN20062249 Select Mortgage Resource Center Inc. - For a mortgage broker's license  
 BAN20062250 American Mortgage & Loan Services, Inc. - For a mortgage broker's license  
 BAN20062251 Bernal & Associates, Inc. - To open a check casher at 215 E. Culpeper Street, Culpeper, VA  
 BAN20062252 UMG Mortgage, LLC - To open a mortgage lender and broker's office at 1601 North Oak Street, Suite 103, Myrtle Beach, SC  
 BAN20062253 UMG Mortgage, LLC - To open a mortgage lender and broker's office at 2250 Corporate Park Drive, Suite 205, Herndon, VA  
 BAN20062254 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 630 San Antonio Avenue, Suite A, Many, LA

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BAN20062255 Streamline Holding, LLC d/b/a Streamline Mortgage & Financial of VA - To open a mortgage broker's office at 3015 Poston Avenue, Nashville, VA

BAN20062256 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 1327 Empire Central Drive, Suite 119, Dallas, TX

BAN20062257 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 529 Croatan Hills Drive, Virginia Beach, VA to 513 19th Street, Suite 201, Virginia Beach, VA

BAN20062258 First Direct Mortgage, Inc. - To relocate mortgage broker's office from 16220 Bellingham Drive, Darnestown, MD to 327 King Farm Boulevard, Suite 107, Rockville, MD

BAN20062259 Integrity Mortgage Services, LLC - To relocate mortgage broker's office from 3012 Dupont Avenue, Richmond, VA to 5912 Gloryvine Court, Unit 105, Richmond, VA

BAN20062260 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 5650 Mexico Road, Suite 15, St. Peters, MO to 400 South Woods Mill Road, Suite 200, St. Louis, MO

BAN20062261 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 2 West Lafayette Street, Suite 325, Norristown, PA to 955 Chesterbrook Boulevard, Suite 110, Chesterbrook, PA

BAN20062262 Alliance Commercial Group LLC d/b/a Alliance Home Mortgage Capital - To open a mortgage broker's office at 4175 B Silver Peak Parkway, Suwanee, GA

BAN20062263 ALI Mortgage Inc. - To open a mortgage broker's office at 7530 Diplomat Drive, Suite 101, Manassas, VA

BAN20062264 Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 701 North Green Valley Parkway, Suite 200, Henderson, NV

BAN20062265 Universal American Mortgage Company, LLC - To open a mortgage lender and broker's office at 5107 Sewell's Point Way, Fredericksburg, VA

BAN20062266 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 3105 W. Marshall Street, Suite 208, Richmond, VA

BAN20062267 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 940 Reservoir Avenue, Norfolk, VA

BAN20062268 Windsor Capital Mortgage Corporation - To relocate mortgage broker's office from 308 Westwood Office Park, Fredericksburg, VA to 714 Westwood Office Park, Fredericksburg, VA

BAN20062269 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 412 West Jones Street, Raleigh, NC to 6500 Falls of the Neuse Road, Suite 130, Raleigh, NC

BAN20062270 Mountain Mortgage Corporation - To relocate mortgage broker's office from 6320 Augusta Drive, Suite 502, Springfield, VA to 907 Bay Street, Woodbridge, VA

BAN20062271 Prime Care Credit Union, Incorporated - To merge into it L.O.H.M. Federal Credit Union

BAN20062272 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 3405-A West Wendover Avenue, Greensboro, NC

BAN20062273 Hunt Finance LLC - For a mortgage broker's license

BAN20062274 Shore Financial Services, Inc. d/b/a United Wholesale Mortgage - To open a mortgage lender's office at 555 S. Adams Road, Birmingham, MI

BAN20062275 American Dreams Mortgage Services, LLC - For a mortgage broker's license

BAN20062276 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 10800 Midlothian Turnpike, Suite 128, Richmond, VA

BAN20062277 Network Capital Funding Corporation - For a mortgage broker's license

BAN20062278 Financial Partners Credit Union - Out of state credit union to open an in state office

BAN20062279 CTC Mortgage of Virginia, LLC (Used in VA by: CTC Mortgage, LLC) - To relocate mortgage broker's office from 1124 Walnut Street, 3rd Floor, Philadelphia, PA to 360 Loucks Road, Suite 300, York, PA

BAN20062280 Tripoint Mortgage Group, Inc. - For a mortgage broker's license

BAN20062281 CLC Home Loans, Inc. - For a mortgage lender's license

BAN20062282 Eagles Funding, Inc. - For a mortgage broker's license

BAN20062283 Liberty Home Lending, Inc. - For a mortgage lender's license

BAN20062284 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 3959 Electric Road, Suite 290, Roanoke, VA

BAN20062285 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 127 Highway 22, East, S-8, Madisonville, LA

BAN20062286 Bayview Mortgage, Inc. - To open a mortgage broker's office at 1348 Highland Road, Dallas, TX

BAN20062287 Payday USA of Virginia, LLC d/b/a Payday USA - To relocate payday lender's office from 14349 Warwick Boulevard, Newport News, VA to 14365 B Warwick Boulevard, Warwick Denbigh Shopping Center, Newport News, VA

BAN20062288 Wells Fargo Financial Virginia, Inc. - To open a consumer finance office at 4095 Ironbound Road, Courthouse Green, Williamsburg, VA

BAN20062289 Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where open-end lending will also be conducted

BAN20062290 Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where business loans will also be made

BAN20062291 Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where property insurance business will also be conducted

BAN20062292 Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where sales finance business will also be conducted

BAN20062293 Wells Fargo Financial Virginia, Inc. - To conduct consumer finance business where mortgage lending will also be conducted

BAN20062294 Brooke Nichole Smith - To acquire 25 percent or more of A.C.L. Mortgage Services, L. L.C.

BAN20062295 American Home Mortgage Ventures LLC - For a mortgage lender and broker license

BAN20062296 Home Mortgage Resources, LLC - To relocate mortgage lender broker's office from 11350 Random Hills Road, Suite 650, Fairfax, VA to One Monument Place, 12150 Monument Drive, Suite 425, Fairfax, VA

BAN20062297 The New York Mortgage Company, LLC d/b/a mortgageline.com - To relocate mortgage lenders's office from 20801 Biscayne Boulevard, Suite 403, Aventura, FL to 1909 Tyler Street (Penthouse), Hollywood, FL

BAN20062298 TBI Mortgage Company - To open a mortgage lender and broker's office at 405 Belle Air Lane, Warrenton, VA

BAN20062299 TBI Mortgage Company - To open a mortgage lender and broker's office at 43685 Russell Branch Parkway, Ashburn, VA

BAN20062300 TBI Mortgage Company - To open a mortgage lender and broker's office at 500 Sunset View Terrace, Leesburg, VA

BAN20062301 TBI Mortgage Company - To open a mortgage lender and broker's office at 25160 Loudoun County Parkway, South Riding, VA

BAN20062302 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 1005 Main Street, Altavista, VA

BAN20062303 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 21956 Riverside Drive, East, Suite 7, Grundy, VA

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| BAN20062304 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 633 East Riverside Drive, North, Tazewell, VA               |
| BAN20062305 | MortgageStar, Inc. - To relocate mortgage lender broker's office from 1320 Central Park Boulevard, Suite 218, Fredericksburg, VA to 1931 Plank Road, Suite 206, Fredericksburg, VA                    |
| BAN20062306 | MortgageStar, Inc. - To relocate mortgage lender broker's office from 673 Potomac Station Drive, Suite 806, Leesburg, VA to 101 E. Holly Avenue, Suite 2, Leesburg, VA                                |
| BAN20062307 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 2224 Virginia Beach Boulevard, Suite 211, Virginia Beach, VA  |
| BAN20062308 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 1011 University Boulevard, Suite 202, Silver Spring, MD   |
| BAN20062309 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 4831 Ertter Drive, Suite A, Rockville, MD   |
| BAN20062310 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 6030 Unity Drive, Suite 30, Norcross, GA                           |
| BAN20062311 | MLI Capital Group, Inc. - To open a mortgage broker's office at 625 Piney Forest Road, Suite 308, Danville, VA  |
| BAN20062312 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 1901 Central Drive, Suite 650, Bedford, TX   |
| BAN20062313 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 1722 E. Belvedere Avenue, Baltimore, MD  |
| BAN20062314 | Union Bank and Trust Company - To open a branch at 11163 Nuckols Road, Glen Allen, VA   |
| BAN20062315 | Monarch Bank - To open a branch at 150 Boush Street, Suite 201, Norfolk, VA   |
| BAN20062316 | Bank of Rockbridge - To open a bank at 744 North Lee Highway, Rockbridge County, VA   |
| BAN20062317 | Frontgate Financial Services, LLC - For a mortgage broker's license   |
| BAN20062318 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 280 S. Ronald Reagan Boulevard, Longwood, FL                       |
| BAN20062319 | New Equity Financial Corporation - To relocate mortgage lender broker's office from 420 South Hurstbourne Parkway, Louisville, KY to 10701 Shelbyville Road, Louisville, KY                           |
| BAN20062320 | Cunningham & Company - To relocate mortgage lender broker's office from 4700 Falls of the Neuse Road, Raleigh, NC to 4030 Wake Forest Road, Suite 300, Raleigh, NC                                    |
| BAN20062321 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 16797 Brandy Moor Loop, Woodbridge, VA   |
| BAN20062322 | Buckeye Check Cashing of Virginia, Inc. d/b/a Check\$mart - To open a payday lender's office at 1201 North Main Street, Suffolk, VA   |
| BAN20062323 | AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 1054 West Street, Laurel, MD  |
| BAN20062324 | Manufacturers and Traders Trust Company - To open a branch at 1861 Wiehle Avenue, Reston, VA  |
| BAN20062325 | Manufacturers and Traders Trust Company - To open a branch at 9214 Center Street, Manassas, VA  |
| BAN20062326 | AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 4710 Auth Place, Suite 620, Suitland, MD  |
| BAN20062327 | Live Well Financial, Inc. - For additional mortgage authority   |
| BAN20062328 | Pacific Union Financial, LLC - For additional mortgage authority  |
| BAN20062329 | Abdulkhikim Ahmed Hashi - For a money transmitter license   |
| BAN20062330 | JR Mortgage, LLC - For a mortgage broker's license  |
| BAN20062331 | Erich Henson d/b/a 360 Mortgage - For a mortgage broker's license   |
| BAN20062332 | The Lending Club, LLC - For a mortgage broker's license   |
| BAN20062333 | Network Funding, L.P. - To open a mortgage lender and broker's office at 8601 LaSalle Road, Suite 102, Towson, MD   |
| BAN20062334 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 12600 Deerfield Parkway, Suite 100, Alpharetta, GA                 |
| BAN20062335 | American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 2847 Duke Street, Alexandria, VA  |
| BAN20062336 | Vanguard Mortgage & Title Inc. - To open a mortgage lender and broker's office at 14100 Sullyfield Circle, Suite 500, Chantilly, VA   |
| BAN20062337 | Quote Match, LLC - To relocate mortgage broker's office from 6760 Top Gun Street, Suite 110, San Diego, CA to 9950 Summers Ridge Road, Suite 160, San Diego, CA                                       |
| BAN20062338 | Wook Lho Yoon d/b/a Trust Mortgage Company - To relocate mortgage broker's office from 9653 Fairfax Boulevard, Suite 16, Fairfax, VA to 9653 Fairfax Boulevard, Suite 12, Fairfax, VA                 |
| BAN20062339 | Family Mortgage Corp. - To relocate mortgage broker's office from 1408-1410 Battlefield Boulevard, Chesapeake, VA to 562 Lynnhaven Parkway, Suite 202, Virginia Beach, VA                             |
| BAN20062340 | B.D. Nationwide Mortgage Company - To relocate mortgage broker's office from 515 Encinitas Boulevard, Suite 100, Encinitas, CA to 545 Second Street, Suite 3, Encinitas, CA                           |
| BAN20062341 | VB Capital LLC - For a mortgage broker's license  |
| BAN20062342 | Century Pacific Mortgage Corporation - To relocate mortgage lender broker's office from 4115 Annandale Road, Suite 204, Annandale, VA to 4115 Annandale Road, Suite 300, Annandale, VA                |
| BAN20062343 | 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 2092 Schubert Drive, Virginia Beach, VA   |
| BAN20062344 | Mortgage One Home Loans Corporation - To relocate mortgage broker's office from 1634 Bear Paw Lane, Hanover, MD to 6555 Paper Place, Highland, MD   |
| BAN20062345 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 495 Arbor Hill Road, Suite S, Kernersville, NC |
| BAN20062346 | Green Valley Mortgage LLC - For additional mortgage authority   |
| BAN20062347 | Waset Mortgage Group, Inc. - For a mortgage broker's license  |
| BAN20062348 | Mortgage Lending & Investments, Inc. - For a mortgage lender and broker license   |
| BAN20062349 | Smith-Myers Corporation - For additional mortgage authority   |
| BAN20062350 | Nations Home Funding, Inc. - To open a mortgage lender and broker's office at 10806 Reisterstown Road, Suite D, Owings Mills, MD  |
| BAN20062351 | Accredited Home Lenders, Inc. - To open a mortgage lender's office at 446 Main Street, Suite 602, Worcester, MA   |
| BAN20062352 | AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 11550 Newcastle Avenue, Suite 200, Baton Rouge, LA                              |
| BAN20062353 | AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 2670 Crain Highway, Suite 203, Waldorf, MD                                      |

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| BAN20062354 | AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 2 Wisconsin Circle, Suite 700, Chevy Chase, MD to 4550 Montgomery Avenue, Suite 425 N, Bethesda, MD              |
| BAN20062355 | NationsFirst Mortgage of Virginia, LLC - To relocate mortgage broker's office from South Court Office Park, Virginia Beach, VA to 3145 Virginia Beach Boulevard, Suite 210, Virginia Beach, VA   |
| BAN20062356 | Freesate Mortgage Services, Inc. - To relocate mortgage broker's office from 11446 Long Meadow Drive, Glen Allen, VA to 4125 Mountain Road, Glen Allen, VA   |
| BAN20062357 | Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To relocate mortgage lender broker's office from 3130 Golansky Boulevard, Suite 201, Woodbridge, VA to 4421 Dale Boulevard, Suite 100, Woodbridge, VA    |
| BAN20062358 | Sterling Financial Corp. of Virginia - To relocate mortgage broker's office from 4227 Colonial Avenue, Suite 1-A, Roanoke, VA to 3536 Brambleton Avenue, SW, Suite 2, Roanoke, VA  |
| BAN20062359 | America's Mortgage Lender, Inc. (Used in VA by: American Mortgage, Inc. - To relocate mortgage lender broker's office from 525 Route 73, South, Suite 306A, Marlton, NJ to 3 East Stow Road, Suite 240, Marlton, NJ                        |
| BAN20062360 | Ryland Mortgage Company - To relocate a mortgage lender broker's office from 14555 North Hayden Road, Suite 100, Scottsdale, AZ to 14635 N. Kierland Boulevard, Suite 200, Scottsdale, AZ  |
| BAN20062361 | Americans Lending Group, Inc. - To open a mortgage broker's office at 8623 Dellway Lane, Vienna, VA  |
| BAN20062362 | Firemen's Home Mortgage LLC - To relocate mortgage broker's office from 4 Professional Drive, Suite 126, Gaithersburg, MD to 8318 Plum Creek Drive, Suite 100, Gaithersburg, MD  |
| BAN20062363 | Bank of the Commonwealth - To open a branch at 2600 Taylor Road, Chesapeake, VA  |
| BAN20062364 | NMC Mortgage Corporation - For a mortgage lender and broker license  |
| BAN20062365 | Dollar Wise Mortgage Corporation - To relocate mortgage broker's office from 6110 Rockwell Court, Burke, VA to 5019-B Backlick Road, Annandale, VA   |
| BAN20062366 | Action Mortgage LLC - For a mortgage broker's license  |
| BAN20062367 | Casa Blanca Financial & Mortgage Inc. - For a mortgage broker's license  |
| BAN20062368 | Evolution Funding Inc. - For a mortgage broker's license   |
| BAN20062369 | Blue Ridge Mortgage Services LLC - For a mortgage broker's license   |
| BAN20062370 | Altabanc Financial Corp. - For additional mortgage authority   |
| BAN20062371 | PMG Mortgage, Inc. d/b/a Pacific Mortgage Group - For a mortgage lender and broker license   |
| BAN20062372 | Pacific Northwest Mortgage Corporation - To relocate mortgage lender broker's office from 406 Eighth Street, NW, Suite E, Charlottesville, VA to 619 East High Street, Unit A, Charlottesville, VA   |
| BAN20062373 | Global Marketing Corporation of Charlotte - To open a mortgage lender and broker's office at 10301 NW Freeway, Suite 400, Houston, TX  |
| BAN20062374 | Global Marketing Corporation of Charlotte - To open a mortgage lender and broker's office at 9210 Arboretum Parkway, Suite 290, Richmond, VA   |
| BAN20062375 | D and D Home Loans Inc. d/b/a Terry Mortgage Group (348 Southport Circle Only) - To open a mortgage lender and broker's office at 500 East Main Street, Suite 1218, Norfolk, VA  |
| BAN20062376 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To relocate mortgage lender broker's office from 2041 Business Center Drive, Irvine, CA to 5821 Pine Avenue, Unit B, Chino Hills, CA |
| BAN20062377 | Cambridge Financial Services, L.C. - To relocate mortgage lenders's office from 1818 Roberts Street, Winchester, VA to 1816 Roberts Street, Winchester, VA   |
| BAN20062378 | E-Star Lending Inc. - To open a mortgage broker's office at 7611 Little River Turnpike, Suite 301 West, Annandale, VA  |
| BAN20062379 | Meridias Capital, Inc. - To open a mortgage lender and broker's office at 990 W. Atherton Drive, Salt Lake City, UT  |
| BAN20062380 | Meridias Capital, Inc. - To open a mortgage lender and broker's office at 2021 Cunningham Drive, Suite 100-A, Hampton, VA  |
| BAN20062381 | American Freedom Group, Inc. - To relocate mortgage broker's office from 319 Clubhouse Drive, Roanoke, VA to 7629 Williamson Road, Suite 16, Roanoke, VA   |
| BAN20062382 | Sterling Mortgage Corporation - To open a mortgage lender and broker's office at 6549 Main Street, Village Trade Center, Suite 1, Gloucester, VA   |
| BAN20062383 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 49 and 53 River Street, Milford, CT   |
| BAN20062384 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 919 Kennedy Street, NW, Washington, DC  |
| BAN20062385 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 6136 Frisco Square Boulevard, Suite 400, Frisco, TX   |
| BAN20062386 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 3304 Riverside Drive, Danville, VA   |
| BAN20062387 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 2052 South Independence Boulevard, Suite 5, Virginia Beach, VA                                   |
| BAN20062388 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 488 North Main Street, Woodstock, VA   |
| BAN20062389 | Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) - To open a mortgage lender and broker's office at 1555 West Palm Beach Lakes, Suite 700, West Palm Beach, FL  |
| BAN20062390 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 4037 Palisades Lane, N.W., Kennesaw, GA   |
| BAN20062391 | Silver State Financial Services, Inc. d/b/a Silver State Mortgage - To relocate mortgage lenders's office from 10440 Little Patuxent Parkway, Columbia, MD to 10490 Little Patuxent Parkway, Suite 350, Columbia, MD                       |
| BAN20062392 | Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage lender broker's office from 40 Village Springs Drive, Suite 25, Hardy, VA to 12925 Booker T. Washington Highway, Hardy, VA  |
| BAN20062393 | TPI Mortgage, Inc. - To relocate mortgage lender broker's office from 8605 Westwood Center Drive, Vienna, VA to 754 Elden Street, Herndon, VA  |
| BAN20062394 | Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To open an additional credit counseling office at 507 Eastern Boulevard, Suite A, Essex, MD  |
| BAN20062395 | Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To open an additional credit counseling office at 7905 Harford Road, Suite B, Baltimore, MD  |

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| BAN20062396 | Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To open an additional credit counseling office at 1201 Agora Drive, Suite 2-D, Bel Air, MD   |
| BAN20062397 | Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To open an additional credit counseling office at 242 Tilghman Road, Salisbury, MD   |
| BAN20062398 | Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To open an additional credit counseling office at 2055 Limestone Road, Suite 212, Wilmington, DE   |
| BAN20062399 | Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To open an additional credit counseling office at 10220 South Dolfield Road, Suite 105, Owings Mills, MD                                       |
| BAN20062400 | Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To open an additional credit counseling office at 5410 Ritchie Highway, Suite B, Baltimore, MD   |
| BAN20062401 | Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To open an additional credit counseling office at 219 Marlboro Road, Suite 47, Easton, MD  |
| BAN20062402 | Consumer Credit Counseling Service of Maryland and Delaware, Inc. - To open an additional credit counseling office at 375 West North Street, Dover, DE   |
| BAN20062403 | Beneficial Virginia Inc. - To conduct consumer finance business where term life insurance will be sold   |
| BAN20062404 | Beneficial Virginia Inc. - To conduct consumer finance business where critical illness insurance will also be sold   |
| BAN20062405 | Beneficial Virginia Inc. - To conduct consumer finance business where cancer insurance will also be sold   |
| BAN20062406 | Beneficial Virginia Inc. - To conduct consumer finance business where a Credit Keeper business will also be conducted  |
| BAN20062407 | Beneficial Virginia Inc. - To conduct consumer finance business where whole life insurance will also be sold   |
| BAN20062408 | Beneficial Virginia Inc. - To conduct consumer finance business where emergency care insurance will also be sold   |
| BAN20062409 | Beneficial Virginia Inc. - To conduct consumer finance business where quality life insurance will also be sold   |
| BAN20062410 | Beneficial Virginia Inc. - To conduct a consumer finance business where home security plans will be sold   |
| BAN20062411 | Motion Mortgage Inc. - For a mortgage broker's license   |
| BAN20062412 | 1st Personal Mortgage Service, Inc. - For a mortgage broker's license  |
| BAN20062413 | United California Systems International, Inc. - For a mortgage lender's license  |
| BAN20062414 | Residential Loan Centers of America, Inc. - For a mortgage lender's license  |
| BAN20062415 | Horizon Direct, Inc. - For a mortgage lender and broker license  |
| BAN20062416 | Innovative Mortgages Inc. - For a mortgage lender and broker license   |
| BAN20062417 | Homestead Acceptance, Inc. - To open a mortgage broker's office at 115A Hexham Drive, Lynchburg, VA  |
| BAN20062418 | ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 211 Sun Valley Boulevard, Unit C, Hewitt, TX                |
| BAN20062419 | First Residential Mortgage Network, Inc. d/b/a SurePoint Lending - To open a mortgage lender and broker's office at 214 Centerview Drive, Suite 350, Brentwood, TN   |
| BAN20062420 | Fairfax Mortgage Investments Inc. - To open a mortgage lender and broker's office at 45675 Terminal Drive, Sterling, VA  |
| BAN20062421 | First Madison Mortgage Corp. - To open a mortgage lender and broker's office at 6010 Executive Boulevard, Floor 10, Rockville, MD  |
| BAN20062422 | Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 1706 Lake Grassland, West, Gallatin, TN  |
| BAN20062423 | Fieldstone Mortgage Company - To relocate mortgage lender broker's office from 2901 N. Dallas Parkway, Suite 420, Plano, TX to 2701 N. Dallas Parkway, Suite 140, Plano, TX  |
| BAN20062424 | Streamline Holding, LLC d/b/a Streamline Mortgage & Financial of VA - To relocate mortgage broker's office from 12007 Sunrise Valley Dr., Suite 225, Reston, VA to 12007 Sunrise Valley Dr., Suite 105, Reston, VA |
| BAN20062425 | Money Tree, Inc. - For a mortgage lender and broker license  |
| BAN20062426 | Cash Solutions LLC - For a payday lender license   |
| BAN20062427 | Maniflo Money Exchange Inc. - For a money transmitter license  |
| BAN20062428 | Alltrust Mortgage Corporation - For a mortgage broker's license  |
| BAN20062429 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 2223 Dresden Green, Kennesaw, GA  |
| BAN20062430 | Amerifund Financial, Inc. d/b/a All Fund Mortgage - To open a mortgage lender and broker's office at 46341 Hilton Ridge Drive, Lexington Park, MD  |
| BAN20062431 | Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) - To open a mortgage lender and broker's office at One Crown Pointe Court, Suite 300, Cincinnati, OH                                     |
| BAN20062432 | The First Fidelity Mortgage Group, LLC - To open a mortgage broker's office at Full Access Storage, 821 Oregon Ave., Linthicum, MD   |
| BAN20062433 | People's Choice Home Loan, Inc. - To open a mortgage lender's office at 700 State Highway 121, Suite 175, Lewisville, TX   |
| BAN20062434 | Equitable Trust Mortgage Corporation - To open a mortgage lender and broker's office at 4900 Leesburg Pike, Suite 307, Alexandria, VA  |
| BAN20062435 | Equitable Trust Mortgage Corporation - To open a mortgage lender and broker's office at 5640 Nicholson Lane, Suite 6, Rockville, MD  |
| BAN20062436 | DCG Home Loans, Inc. d/b/a Sage Credit - To open a mortgage lender and broker's office at 75 South Broadway, Suite 464, White Plains, NY   |
| BAN20062437 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 10500 Kincaid Drive, Fishers, IN   |
| BAN20062438 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 14-D Oak Branch Drive, Greensboro, NC  |
| BAN20062439 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 825 Diligence Drive, Suite 935, Newport News, VA   |
| BAN20062440 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 2080 Silas Deane Highway, Rocky Hill, CT   |
| BAN20062441 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 1548 Holland Road, Building A, Suffolk, VA   |
| BAN20062442 | The Mortgage District, Inc. (Used in VA by: The Mortgage Zone, Inc.) - To relocate mortgage broker's office from 560 Broadhollow Road, Melville, NY to 360 Vanderbilt Motor Parkway, Hauppauge, NY                 |
| BAN20062443 | Triumph Funding Corp. - To relocate mortgage lender broker's office from 1000 Woodbury Road, Suite 440, Woodbury, NY to 175 Crossways Park Drive, West, Suite 101, Woodbury, NY                                    |
| BAN20062444 | Delta Funding Corporation d/b/a Fidelity Mortgage - To relocate mortgage lenders's office from 1001 Morehead Square Drive, Charlotte, NC to 10150 Mallard Creek Road, Suite 310, Charlotte, NC                     |
| BAN20062445 | Primary Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 7639 Hull Street Road, Suite 104, Richmond, VA to 7639 Hull Street Road, Suite 200, Richmond, VA                             |

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20062446 Vista Mortgage, Inc. - To relocate mortgage broker's office from 7021-8B Evergreen Court, Annandale, VA to 7025 Evergreen Court, Annandale, VA

BAN20062447 Intrust Mortgage Services, LLC - To relocate mortgage broker's office from 315 Centre Street, Unit 4, Jamaica Plain, MA to 339 Centre Street, Unit 1, Jamaica Plain, MA

BAN20062448 HomeTown Bank - To open a branch at 4227 Colonial Avenue, Roanoke County, VA

BAN20062449 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 1701 Edmondson Avenue, Suite 207, Baltimore, MD to 19 Cockeysville Road, Suite G, Cockeysville, MD

BAN20062450 Mortgage Quest, Incorporated - To open a mortgage broker's office at 136-4 Creekside Lane, Winchester, VA

BAN20062451 Adela Montalvo d/b/a El Ranchito Mexican Store - To open a check casher at 21359 South Bayside Road, Cheriton, VA

BAN20062452 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 5030 38th Avenue, Suite 5, Moline, IL

BAN20062453 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 317 Brick Boulevard, Suite 100, Brick, NJ

BAN20062454 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 495 North Keller Road, Suite 350, Maitland, FL

BAN20062455 Mortgage Lending South, LLC - For a mortgage broker's license

BAN20062456 Wonders Financial Services, LLC - For a mortgage broker's license

BAN20062457 Nationwide Mortgage Lending, Inc. - For a mortgage broker's license

BAN20062458 Nathan J. Burch - To acquire 25 percent or more of NorthPoint Financial, Inc.

BAN20062459 Big Lending, Inc. - To open a mortgage lender and broker's office at 1960 Gallows Road, Suite 110, Vienna, VA

BAN20062460 Daylight Discount Mortgage Corporation - To relocate mortgage broker's office from 6516 Brevard Drive, Wilmington, NC to 1017 Ashes Drive, Suite 104, Wilmington, NC

BAN20062461 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 3105 W. Marshall Street, Suite 208, Richmond, VA to 11502 Chiltern Hills Court, Glen Allen, VA

BAN20062462 Classic Home Lending, Inc. - To relocate mortgage lenders's office from 10850 Richmond Avenue, Suite 175, Houston, TX to 10255 Richmond Avenue, Suite 450, Houston, TX

BAN20062463 Cash Express of Virginia, Inc. - To open a payday lender's office at 210 North Main Street, Blackstone, VA

BAN20062464 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 6009 Surrey Square Lane, Forestville, MD

BAN20062465 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 2111 Eastern Avenue, Baltimore, MD to 10 N. Calvert Street, Suite 735, Baltimore, MD

BAN20062466 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To open a mortgage lender and broker's office at 2026 Central Avenue, Dubuque, IA

BAN20062467 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 3504 Quail Meadows Court, Midlothian, VA to 13540 E. Boundary Road, Midlothian, VA

BAN20062468 Sunset Mortgage Company L.P. - To open a mortgage lender and broker's office at 515 East Joppa Road, Suite 304, Towson, MD

BAN20062469 FRMC Financial, Inc. d/b/a First Republic Mortgage Corporation - To open a mortgage lender and broker's office at 300 Talbot Street, Talbot Business Center, Suite 101, Easton, MD

BAN20062470 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 202 Perry Parkway, Suite 4, Gaithersburg, MD

BAN20062471 Dominion Capital Mortgage Inc. - For a mortgage broker's license

BAN20062472 LEI Financial, Inc. - For a mortgage broker's license

BAN20062473 Subedi, Inc. - To open a check casher at 3714-A Mechanicsville Turnpike, Richmond, VA

BAN20062474 ResMAE Mortgage Corporation - To open a mortgage lender and broker's office at 10995 Gold Center Drive, Rancho Cordova, CA

BAN20062475 Family Home Lending Corporation - To open a mortgage lender and broker's office at 2000 Cloverdale Avenue, Winston-Salem, NC

BAN20062476 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To open a payday lender's office at 700 McKinney Boulevard, Unit 4, Colonial Beach, VA

BAN20062477 Eastern Specialty Finance, Inc. d/b/a Check 'n Go - To open a payday lender's office at 4917 Richmond-Tappahannock Highway, Suite 3, Aylett, VA

BAN20062478 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 311 Fourth Avenue, Suite 206, San Diego, CA

BAN20062479 NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 532 Broadhollow Road, Suite 117, Melville, NY

BAN20062480 Home123 Corporation - To open a mortgage lender and broker's office at 4700 Falls of Neuse Road, Suite 345, Raleigh, NC

BAN20062481 Home123 Corporation - To open a mortgage lender and broker's office at 114 Town Park Drive, Suite 150, Kennesaw, GA

BAN20062482 Lincoln Mortgage, LLC - To open a mortgage broker's office at 10806 Reisterstown Road, Suite 3-D, Owings Mills, MD

BAN20062483 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 1130 Old Colony Lane, Suite 202, Williamsburg, VA

BAN20062484 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 760 Foxpointe Drive, Sycamore, IL

BAN20062485 Ability Mortgage Funding, Inc. - To relocate mortgage broker's office from 4143 Royal Ridge Court, Louisa, VA to 1305 Taney Avenue, Salisbury, MD

BAN20062486 American Eagle Mortgage Corporation - To relocate mortgage broker's office from 494 Franklin Avenue, Suite 101, Palmerton, PA to 2004 Eberhart Road, White Hall, PA

BAN20062487 Premier Mortgage Source, Inc. - To relocate mortgage broker's office from 1900 Byrd Avenue, Suite 100, Richmond, VA to 5001 Parsons Walk Circle, Glen Allen, VA

BAN20062488 Home Mortgage & Investment Company - To relocate mortgage broker's office from 20026 Palmer Classic Parkway, Ashburn, VA to 20169 Bandon Dunes Court, Ashburn, VA

BAN20062489 Network Funding, L.P. - To relocate mortgage lender broker's office from 198 Carmona Drive, Suite 9, Hot Springs Village, AR to 9340 North County Road, Frisco, TX

BAN20062490 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 77 Greenbay Road, Glencoe, IL to 930 Pitner Avenue, Suite 2, Evanston, IL

BAN20062491 American Lending Group - STL, Inc. - For a mortgage lender and broker license

BAN20062492 Shop Your Mortgage Broker.com, LLC - For a mortgage broker's license

BAN20062493 Adchemy, Inc. - For a mortgage broker's license

BAN20062494 FIM Holdings LLC - To acquire 25 percent or more of HomeComings Financial Network, Inc.

BAN20062495 FIM Holdings LLC - To acquire 25 percent or more of GMAC Mortgage of VA, LLC

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BAN20062496 Harbourton Mortgage Investment Corporation - To open a mortgage lender's office at 3545 Chain Bridge Road, Suite 205, Fairfax, VA  
 BAN20062497 NFM, Inc. d/b/a Fidelity Mortgage Corporation - To open a mortgage lender and broker's office at 3913 Kiwanis Court, Virginia Beach, VA

BAN20062498 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 3526 George Washington Memorial Highway, Yorktown, VA

BAN20062499 Citizens Community Bank - To open a branch at 138 Roanoke Rapids Road, Gaston, NC  
 BAN20062500 Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) - To open a mortgage lender and broker's office at 14502 Greenview Drive, Suite 360, Laurel, MD

BAN20062501 Superior Home Mortgage Corporation (Used in VA by: Superior Mortgage Corporation) - To relocate mortgage lender broker's office from 1064 S. Main St., Unit D, Building 2, West Creek, NJ to 1387 Route 539, Tuckerton, NJ

BAN20062502 American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To relocate payday lender's office from 928 Diamond Springs Road, Virginia Beach, VA to 1270 Diamond Springs Road, Suite 113, Virginia Beach, VA

BAN20062503 AmTrust Mortgage Corporation - To relocate mortgage lender broker's office from 1701 Barrett Lakes Boulevard, Suite 510, Kennesaw, GA to 1701 Barrett Lakes Boulevard, Suite 500, Kennesaw, GA

BAN20062504 William L. Roberts - To be an exclusive agent for Potomac Mortgage Capital, Inc.  
 BAN20062505 David E. Morales - To be an exclusive agent for Potomac Mortgage Capital, Inc.  
 BAN20062506 Enrique Hevia - To be an exclusive agent

BAN20062507 Mirae Home Mortgage Corp. - For a mortgage broker's license  
 BAN20062508 Blue Ridge Loan Company, L.L.C. - To open a consumer finance office  
 BAN20062509 MortgageStar, Inc. - To open a mortgage lender and broker's office at 4994 Centreville Farm Road, Centreville, VA  
 BAN20062510 Optima Funding Group, Inc. d/b/a Potomac Lending Group - To relocate mortgage broker's office from 704 Gum Rock Court, Suite 400, Newport News, VA to 1085 Loftis Boulevard, Newport News, VA

BAN20062511 First Fidelity Centers, Inc. - To relocate mortgage broker's office from 5530 Corbin Avenue, Suite 200, Tarzana, CA to 5900 Canoga Avenue, Suite 400, Woodland Hills, CA

BAN20062512 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 214 South Patrick Street, Alexandria, VA

BAN20062513 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 1420 Walnut Street, Suite 1404, Philadelphia, PA to 49 Pitman Avenue, Pitman, NJ

BAN20062514 RKK Associates, LLC - For a mortgage broker's license  
 BAN20062515 M.V.P. Mortgage, LLC - For a mortgage broker's license  
 BAN20062516 Pinnacle Mortgage Funding LLC - For a mortgage broker's license  
 BAN20062517 EquiFinancial Services, LLC - For a mortgage broker's license  
 BAN20062518 Executive Financial Services Company - For additional mortgage authority  
 BAN20062519 Young, Joo Kim d/b/a/ Cashland - To open a check casher at 6511 Braddock Road, Alexandria, VA  
 BAN20062520 Gateway Funding Diversified Mortgage Services, L.P. - To open a mortgage lender and broker's office at 601 Thimble Shoals Boulevard, Suite 101, Newport News, VA

BAN20062521 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 17101 Preston Road, Suite 220, Dallas, TX

BAN20062522 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 60 East North 100, Suite 3, Richfield, UT

BAN20062523 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 6 Sarfan Drive, Hampton, VA  
 BAN20062524 Mortgage Advantage, Inc. - To open a mortgage broker's office at 2110 Gallows Road, Suite A, Vienna, VA  
 BAN20062525 Nationwide Funding Corporation - To open a mortgage broker's office at 9310-A Old Keene Mill Road, Burke, VA  
 BAN20062526 Advanced Home Loans Corp - To open a mortgage broker's office at 7908-A Marshall Avenue, Newport News, VA  
 BAN20062527 Sallie Mae Home Loans, Inc. - To open a mortgage lender's office at 2360 Cranberry Highway, West Wareham, MA  
 BAN20062528 Sallie Mae Home Loans, Inc. - To open a mortgage lender's office at 1 New England Executive Park, Burlington, MA  
 BAN20062529 Destiny Mortgage Group, Inc. - To open a mortgage broker's office at 3503 Devonshire Drive, Baltimore, MD  
 BAN20062530 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To open a mortgage broker's office at 14613 Cervantes Avenue, Darnstown, MD

BAN20062531 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 112 Second Avenue, North, Franklin, TN to 1334 Columbia Avenue, Franklin, TN

BAN20062532 Wells Fargo Financial Virginia, Inc. - To relocate consumer finance office from 7622 Stream Walk Lane, Prince William County, VA to 8100 Ashton Avenue, Prince William County, VA

BAN20062533 Capital Financial Associates, Inc. d/b/a CFA Mortgage - To relocate mortgage broker's office from 1806 11th Street, N.W., Suite 100, Washington, DC to 1250 Connecticut Avenue, N.W., Suite 200, Washington, DC

BAN20062534 Reliable Financial Group, LLC - To relocate mortgage broker's office from 1777 Reisterstown Road, Suite 236, Baltimore, MD to 10 Warren Road, Suite 260, Cockeysville, MD

BAN20062535 Pacific Northwest Mortgage Corporation - To relocate mortgage lender broker's office from 406 Eighth Street, NW, Suite E, Charlottesville, VA to 619 East High Street, Unit A, Charlottesville, VA

BAN20062536 Realty Mortgage Corporation - To relocate mortgage lenders's office from 2080 N. Highway 360, Suite 425, Grand Prairie, TX to 2505 North Highway 360, Grand Prairie, TX

BAN20062537 Pennywise Mortgage, Inc. d/b/a Nations Residential Mortgage - To relocate mortgage broker's office from 10725 Birmingham Way, Woodstock, MD to 2470 Longstone Lane, Suite N, Marriottsville, MD

BAN20062538 HomeBridge Mortgage Bankers Corp. d/b/a Refinance.com - To relocate mortgage lender broker's office from 350 Fairway Drive, Suite 110, Deerfield Beach, FL to Mizner Park Office Tower, 225 N.E. Mizner Boulevard, Suite 300, Boca Raton, FL

BAN20062539 Carter Bank & Trust - To open a bank at 4 East Commonwealth Boulevard, Martinsville, VA  
 BAN20062540 Carter Bank & Trust - To merge into its ten national banking associations  
 BAN20062541 John C. Chung d/b/a Community Stop Grocery - To open a check casher at 6827 Boydton Plank Road, Petersburg, VA  
 BAN20062542 Aryana Sunshine L.L.C. - For a money transmitter license  
 BAN20062543 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 1345 Jerusalem Avenue, North Merrick, NY  
 BAN20062544 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 1445 Research Boulevard, Rockville, MD

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BAN20062545 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 5296 S. Commerce Drive, Suite 102, Salt Lake City, UT

BAN20062546 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 322 East Fisher, Suite 114, Salisbury, NC

BAN20062547 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 703 Stokes Road, Suite 11, Medford, NJ

BAN20062548 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 2505 NW Boca Raton Road, Suite 205, Boca Raton, FL

BAN20062549 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 340 Susan Road, St. Louis, MO

BAN20062550 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 560 Fellowship Road, Suite 101, Mount Laurel, NJ

BAN20062551 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 12321 Middlebrook, Germantown, MD

BAN20062552 Express Capital Lending, Inc. (Used in VA by: Express Capital Lending) - To open a mortgage lender's office at 200 South Park Road, Suite 340, Hollywood, FL

BAN20062553 BayRock Mortgage Corporation - To relocate mortgage lender broker's office from 11380 Southbridge Parkway, Alpharetta, GA to 11575 Great Oaks Way, Suite 300, Alpharetta, GA

BAN20062554 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 555 Fenchurch Street, Suite 303, Norfolk, VA to 5950 Poplar Hall Drive, Norfolk, VA

BAN20062555 Check First, Inc. - To relocate payday lender's office from 2412 East Little Creek Road, Norfolk, VA to 330 Commonwealth Drive, Suite 2, Wytheville, VA

BAN20062556 Anchor Mortgage LLC - To relocate mortgage broker's office from 780 Pilot House Drive, Suite 400D, Newport News, VA to 733 Thimble Shoals Boulevard, Suite 150, Newport News, VA

BAN20062557 Mount Vernon Capital Corporation - To relocate mortgage broker's office from 8870 Rixlew Lane, Suite 101, Manassas, VA to 10376 Festival Lane, Manassas, VA

BAN20062558 Branch Banking and Trust Company - To merge into it Branch Banking and Trust Company of Virginia

BAN20062559 Family Home Lending Corporation - To open a mortgage lender and broker's office at 10100 W. Sample Road, Suites 311 and 319, Coral Springs, FL

BAN20062560 Burke & Herbert Bank & Trust Company - To open a branch at 9103 Centreville Road, Manassas, VA

BAN20062561 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 180 Route 73, Suite 1201, Voorhees, NJ

BAN20062562 Destiny Mortgage Group, Inc. - To relocate mortgage broker's office from 6607 Palamino Street, Springfield, VA to 14000 Baneberry Circle, Manassas, VA

BAN20062563 El Remolino, Inc. - To open a check casher at 24361 Lankford Highway, Tasley, VA

BAN20062564 Jeffery Doughty d/b/a Doughty's Mkt - To open a check casher at 28456 Lankford Highway, Melfa, VA

BAN20062565 Benchmark Mortgage Inc. - To open a mortgage lender and broker's office at 9701 Gayton Road, Richmond, VA

BAN20062566 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 14482 Jefferson Davis Highway, Suite 1, Woodbridge, VA

BAN20062567 Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) - To open a mortgage lender and broker's office at 5712 Cleveland Street, Suite 250, Virginia Beach, VA

BAN20062568 HSMC Corp. - For a mortgage broker's license

BAN20062569 Flagship Financial Group, LLC - To open a mortgage broker's office at 5941 South Redwood Road, Suite 200, Taylorsville, UT

BAN20062570 Flagship Financial Group, LLC - To open a mortgage broker's office at 230 West 200 South, Suite 3102, Salt Lake City, UT

BAN20062571 Flagship Financial Group, LLC - To open a mortgage broker's office at 1385 West 2200 South, Suite 230, Salt Lake City, UT

BAN20062572 Flagship Financial Group, LLC - To open a mortgage broker's office at 230 West 200 South, Suite 2209, Salt Lake City, UT

BAN20062573 People's Choice Home Loan, Inc. - To open a mortgage lender's office at 105 Maxess Road, Suite 204, Melville, NY

BAN20062574 Lewis Hunt Enterprises, Inc. - For a mortgage lender and broker license

BAN20062575 BankStreet Mortgage, LLC - For a mortgage broker's license

BAN20062576 Family Home Lending Corporation - To open a mortgage lender and broker's office at 7 Beaver Pond Road, Bellingham, MA

BAN20062577 Family Home Lending Corporation - To open a mortgage lender and broker's office at 446 Waquoit Highway, Waquoit, MA

BAN20062578 Family Home Lending Corporation - To open a mortgage lender and broker's office at 1120 Randolph Street, Suite 34, Thomasville, NC

BAN20062579 U.S.Bank National Association - To engage in trust business

BAN20062580 Nations Lending Network Corporation - For a mortgage broker's license

BAN20062581 Hampton Roads Mortgage Corporation - To relocate mortgage broker's office from 404 Oakmears Crescent, Suite 104, Virginia Beach, VA to 812 Newtown Road, Virginia Beach, VA

BAN20062582 Maverick Residential Mortgage, Inc. - To relocate mortgage lender broker's office from 1231 Florida Avenue, NE, Washington, DC to 1250 Connecticut Avenue, NW, Suite 200, Washington, DC

BAN20062583 Amerifund Financial, Inc. d/b/a All Fund Mortgage - To relocate mortgage lender broker's office from 9311 George Washington Memorial, Gloucester, VA to 7400 Beaufont Springs Dr., Suite 300, Richmond, VA

BAN20062584 First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 6 Blackstone Valley Place, Lincoln, RI

BAN20062585 MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 416 3rd Street, South, Jacksonville Beach, FL

BAN20062586 AmericaHomeKey, Inc. - To open a mortgage lender and broker's office at 1621 Lakeville Drive, Suite 103, Kingwood, TX

BAN20062587 First-Citizens Bank & Trust Company - To open a branch at 8500 Leesburg Pike, Suite 101, Vienna, VA

BAN20062588 Marimark Mortgage, LLC - For a mortgage broker's license

BAN20062589 HomePlan Mortgage LLC - For a mortgage broker's license

BAN20062590 Lynnhaven Mortgage, LLC d/b/a Breeden Mortgage - For a mortgage broker's license

BAN20062591 On Q Financial, Inc. - For a mortgage lender and broker license

BAN20062592 Alternative Financing Corp. - For a mortgage lender's license

BAN20062593 Super Check Cashing, Inc. - To open a check casher at 10280 Festival Lane, Manassas, VA

BAN20062594 ALI Mortgage Inc. - For additional mortgage authority

BAN20062595 Professional Financial Partners, LLC - To acquire 25 percent or more of Virginia Mortgage, L.L.C.

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|             |  |
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| BAN20062596 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 7051 Cypress Terrace, Suite 205, Fort Myers, FL   |
| BAN20062597 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 10151 Deerwood Park Boulevard, Building 100, Suite 130, Jacksonville, FL  |
| BAN20062598 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 151 South Hall Lane, Maitland, FL   |
| BAN20062599 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 450 Carillon Parkway, Suite 130, St. Petersburg, FL   |
| BAN20062600 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 1408 North Westshore Boulevard, Suite 706, Tampa, FL  |
| BAN20062601 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 375 Northridge Road, Suite 520, Atlanta, GA   |
| BAN20062602 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 1475 East Woodfield Road, Suite 805, Schaumburg, IL   |
| BAN20062603 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 11595 North Meridian Street, Suite 400, Carmel, IN  |
| BAN20062604 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 1601 Trapelo Road, Suite 255, Waltham, MA   |
| BAN20062605 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 1525 Valley Center Parkway, Suite 110, Bethlehem, PA  |
| BAN20062606 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 783 Old Hickory Boulevard, Suite 106, Brentwood, TN   |
| BAN20062607 | NovaStar Mortgage, Inc. - To open a mortgage lender and broker's office at 501 Independence Parkway, Suite 112, Chesapeake, VA   |
| BAN20062608 | Meridias Capital, Inc. - To open a mortgage lender and broker's office at 215 South Highway 101, Suite 108, Solana Beach, CA   |
| BAN20062609 | Ronald L. Price, Jr. d/b/a The Mortgage Center - To open a mortgage broker's office at 334 Neff Avenue, Harrisonburg, VA   |
| BAN20062610 | First Capital Funding, LLC - To open a mortgage broker's office at 3130 Bromay Street, Building C, Unit 022, Chesapeake, VA  |
| BAN20062611 | Town and Country Financial Services, Inc. - To open a mortgage broker's office at 205 South Whiting Street, Suite 305, Alexandria, VA  |
| BAN20062612 | Simplified Lending Solutions LLC - To open a mortgage broker's office at 44 Q Dover Point Road, Dover, NH  |
| BAN20062613 | Virginia Mortgage, L.L.C. - To open a mortgage broker's office at 103 West 4th Avenue, Franklin, VA  |
| BAN20062614 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 400 Tiffany Drive, Suite H, Waynesboro, VA                 |
| BAN20062615 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 237 Carmichael Way, Unit 223, Chesapeake, VA               |
| BAN20062616 | L&S Mortgage Group, Inc. - To relocate mortgage broker's office from 1157 S. Military Highway, Suite 104, Chesapeake, VA to 1210 Progressive Drive, Suite 200, Chesapeake, VA                        |
| BAN20062617 | Benjamin Financial Consulting Firm, Inc. - To relocate mortgage broker's office from 14201 Laurel Park Drive, Suite 105, Laurel, MD to 14205 Park Center Drive, Suite 208, Laurel, MD                |
| BAN20062618 | Charter Lending, LLC - To relocate mortgage lender broker's office from 5 Foxlair Court, Gaithersburg, MD to 9210 Wightman Road, 1st Floor, Gaithersburg, MD   |
| BAN20062619 | Fidelity & Trust Bank - To open a branch at 8601 Westwood Center Drive, Vienna, VA   |
| BAN20062620 | U.S. Mortgage Corporation of Virginia d/b/a The Mortgage Makers - To relocate mortgage lender broker's office from 66 Route 17, North, 2nd Floor, Paramus, NJ to 560 Benigno Boulevard, Bellmawr, NJ |
| BAN20062621 | The Bank of Hampton Roads - To open a branch at 204 Carmichael Way, Chesapeake, VA   |
| BAN20062622 | Bay Capital Corp. - For a mortgage lender and broker license   |
| BAN20062623 | Titan Home Mortgage, LLC - For a mortgage broker's license   |
| BAN20062624 | SB Financial Inc. - For a mortgage broker's license  |
| BAN20062625 | A One Mortgage Corporation - For a mortgage lender and broker license  |
| BAN20062626 | Woodforest National Bank - To open a branch at 1841 West Main Street, Salem, VA  |
| BAN20062627 | Woodforest National Bank - To open a branch at Bob White Road and East Main Boulevard, Pulaski County, VA  |
| BAN20062628 | Woodforest National Bank - To open a branch at Exit 47 Southeast on Interstate 81, Marion, VA  |
| BAN20062629 | Woodforest National Bank - To open a branch at Franklin Road and Route 679, Roanoke, VA  |
| BAN20062630 | Woodforest National Bank - To open a branch at Interstate 66 and Route 655, Front Royal, VA  |
| BAN20062631 | Woodforest National Bank - To open a branch at Route 522 and Maranto Manor Drive, Winchester, VA   |
| BAN20062632 | Woodforest National Bank - To open a branch at Edinbrough Walmart, Chesapeake, VA  |
| BAN20062633 | Woodforest National Bank - To open a branch at Kellam and Virginia Beach Boulevard, Virginia Beach, VA   |
| BAN20062634 | Woodforest National Bank - To open a branch at Route 10 and Route 32, Smithfield, VA   |
| BAN20062635 | Woodforest National Bank - To open a branch at Highway 13, Onley, VA   |
| BAN20062636 | Woodforest National Bank - To open a branch at Hull Street West, Midlothian, VA  |
| BAN20062637 | Woodforest National Bank - To open a branch at Route 606 and Route 50, South Riding, VA  |
| BAN20062638 | Woodforest National Bank - To open a branch at 45415 Dulles Crossing Plaza, Sterling, VA   |
| BAN20062639 | Woodforest National Bank - To open a branch at James Madison Highway, Orange County, VA  |
| BAN20062640 | Woodforest National Bank - To open a branch at Ashwood Boulevard and Route 29, Albemarle County, VA  |
| BAN20062641 | Woodforest National Bank - To open a branch at Outer Loop Road and Newcut Road, Grundy, VA   |
| BAN20062642 | Woodforest National Bank - To open a branch at Route 17 and Village Parkway, Stafford County, VA   |
| BAN20062643 | Woodforest National Bank - To open a branch at Sudley Road and Rixlew Lane, Manassas, VA   |
| BAN20062644 | Woodforest National Bank - To open a branch at East Main Street, Kilmarnock, VA  |
| BAN20062645 | SAI Mortgage, Inc. - For additional mortgage authority   |
| BAN20062646 | Sisopha May d/b/a Asian Grocery Market - To open a check casher at 4809 Columbia Pike, Arlington, VA   |
| BAN20062647 | Fat Philly's Inc. - To open a check casher at 2700 Azalea Garden Road, Norfolk, VA   |
| BAN20062648 | Family Financial Mortgage Corporation (Used in VA by: Family Financial Corporation) - For a mortgage broker's license  |
| BAN20062649 | Yoo Financial Group, L.L.C. - For a mortgage broker's license  |
| BAN20062650 | Five Star American Mortgage Inc. - For a mortgage broker's license   |
| BAN20062651 | Regent Mortgage Funding LLC - For a mortgage lender's license  |
| BAN20062652 | First Atlantic Mortgage, L.L.C. of Georgia - For a mortgage lender and broker license  |
| BAN20062653 | Titan Holdings Corp. - To acquire 25 percent or more of MortgageIT, Inc.   |
| BAN20062654 | Eugene J. Alfonsi - To acquire 25 percent or more of HHG Financial, LLC  |
| BAN20062655 | Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 904 Wind River Lane, Suite 101, Gaithersburg, MD  |
| BAN20062656 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 3805 Cutshaw Avenue, Richmond, VA   |
| BAN20062657 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 12315 Little Patrick Road, Amelia, VA   |
| BAN20062658 | Lending Xpert Financials Corporation - To relocate mortgage broker's office from 3615 Chain Bridge Road, Suite H, Fairfax, VA to 10391 A Democracy Lane, Fairfax, VA                                 |

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BAN20062659 Accredited Home Lenders, Inc. - To relocate mortgage lenders's office from 1130 Northcase Parkway, 2nd Floor, Marietta, GA to 3715 Northside Parkway, Building 300, Atlanta, GA

BAN20062660 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 968 Masefield Road, Baltimore, MD

BAN20062661 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 10970 SW 177th Terrace, Miami, FL

BAN20062662 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 1317 Blackwalnut Court, Annapolis, MD

BAN20062663 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 3242 Arundel Road, Annapolis, MD

BAN20062664 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 3624 Fairview Avenue, Baltimore, MD

BAN20062665 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 4600 Embassy Circle, Apt. 203, Owings Mills, MD

BAN20062666 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 222 Mid Pines Court, Suite 2B, Owings Mills, MD

BAN20062667 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 6 Carriage Hill Drive, Hagerstown, MD

BAN20062668 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 3505 Fox Cliff Court, Randallstown, MD

BAN20062669 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 401 South High Street, Baltimore, MD

BAN20062670 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 5319 Cordelia Avenue, Baltimore, MD

BAN20062671 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 3019 Mardel Road, Baltimore, MD

BAN20062672 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 15519 National Pike, Hagerstown, MD

BAN20062673 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 7312 Ames Court, Unit D, Fort Meade, MD

BAN20062674 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 6109 Springwater Place, Apt. 2404, Frederick, MD

BAN20062675 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 3 Beacon Hill Road, Gwynn Oak, MD

BAN20062676 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 2020 Brooks Drive, Suite 323, Forestville, MD

BAN20062677 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 1322 Rosewick Avenue, Rosedale, MD

BAN20062678 Select Mortgage Solutions, Inc. - To relocate mortgage broker's office from 11 Pearl Street, Suite 208, Essex Junction, VT to 72 Helena Drive, Suite 220, Williston, VT

BAN20062679 AEGIS Funding Corporation d/b/a AEGIS Home Equity - To relocate mortgage lenders's office from 9990 Richmond Avenue, Suite 350, Houston, TX to 3250 Briarpark Drive, 4th Floor, Houston, TX

BAN20062680 Premium Mortgage Corporation - To relocate mortgage lender broker's office from 10560 Main Street, Suite 517, Fairfax, VA to 4229 Lafayette Center Drive, Suite 1300, Chantilly, VA

BAN20062681 American Cash Exchange Enterprise of Virginia, L.L.C. d/b/a 1st Choice Cash Advance - To relocate payday lender's office from 1505 Williamson Road, Roanoke, VA to 2109 Williamson Road, Roanoke, VA

BAN20062682 Onyx Financial Services, Inc. d/b/a CY Funding (Branch Office Only) - To open a mortgage broker's office at 4216 Evergreen Lane, Suite 114, Annandale, VA

BAN20062683 Destiny Mortgage Group, Inc. - To open a mortgage broker's office at 436 Granby Street, Norfolk, VA

BAN20062684 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 858 Cherry Road, Suite B, Rock Hill, SC

BAN20062685 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 2762 Electric Road, Roanoke, VA

BAN20062686 Nationside Mortgage Inc. - To open a mortgage broker's office at 44355 Premier Plaza, Suite 110, Ashburn, VA

BAN20062687 Bank of the James - To open a branch at 164 South Main Street, Amherst, VA

BAN20062688 Mason Dixon Funding, Inc. - To open a mortgage lender and broker's office at 1216 King Street, Suite 200, Alexandria, VA

BAN20062689 HomeTown Bank - To open a branch at 3521 Franklin Road, S.W., Roanoke, VA

BAN20062690 TransCommunity Financial Corporation - To acquire Bank of Rockbridge, VA

BAN20062691 Innovative Mortgage Consultants, Inc. - For a mortgage broker's license

BAN20062692 Empire Mortgage IX, Inc. - For a mortgage lender's license

BAN20062693 San Diego Cornerstone Mortgage Corporation - For a mortgage lender and broker license

BAN20062694 American Affordable Homes, Inc. - To open a mortgage lender and broker's office at 8390 Terminal Road, Suite D, Lorton, VA

BAN20062695 American Affordable Homes, Inc. - To open a mortgage lender and broker's office at 8515 Manassas Drive, Suite 104, Manassas, VA

BAN20062696 Archwood Mortgage, LLC - To open a mortgage lender and broker's office at 4115 Annandale Road, Suite 308, Annandale, VA

BAN20062697 Archwood Mortgage, LLC - To open a mortgage lender and broker's office at 41 Cottonwood Drive, Barboursville, VA

BAN20062698 Allied Home Mortgage Capital Corporation - To open a mortgage lender and broker's office at 10400 Little Patuxent Parkway, Suite 485-A, Columbia, MD

BAN20062699 Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 2220 San Jacinto Boulevard, Suite 105, Denton, TX

BAN20062700 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 9030 Stony Point Parkway, Suite 530, Richmond, VA to 8720 Stony Point Parkway, Suite 120, Richmond, VA

BAN20062701 First Choice Mortgage Inc. - To relocate mortgage broker's office from 5201 Swifthill Lane, Sandston, VA to 7454 Hobby Horse Lane, Mechanicsville, VA

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| BAN20062702 | Chesapeake Bay Financial Services, LTD. - For a mortgage broker's license   |
| BAN20062703 | Dominion Financial, Inc. of Delaware (Used in VA by: Dominion Financial, Inc.) - To relocate mortgage broker's office from 1700 Diagonal Road, Suite 330, Alexandria, VA to 216 North Lee Street, Alexandria, VA  |
| BAN20062704 | Lusk Investments, Inc. d/b/a Elan Financial Group - To relocate mortgage broker's office from 2823 Colonial Avenue, Roanoke, VA to 100 E. Kirk Avenue, Suite 100, Roanoke, VA   |
| BAN20062705 | Stonefield Financial, LLC - For a mortgage broker's license   |
| BAN20062706 | American Residential Finance Corporation - For a mortgage broker's license  |
| BAN20062707 | Statewide Bancorp Inc - For additional mortgage authority   |
| BAN20062708 | Kemper Mortgage, Inc. - For a mortgage lender and broker license  |
| BAN20062709 | New Peoples Bank, Inc. - To open a branch at the southwest corner of U.S. Highway 58 and State Route 715, Ben Hur, VA   |
| BAN20062710 | First Magnus Financial Corporation d/b/a Charter Funding - To relocate mortgage lender broker's office from 10611 Balls Ford Road, Suite 125, Manassas, VA to 10611 Balls Ford Road, Suite 101, Manassas, VA  |
| BAN20062711 | First Magnus Financial Corporation d/b/a Charter Funding - To open a mortgage lender and broker's office at 8001 Braddock Road, Suite 101, Springfield, VA  |
| BAN20062712 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 4705 Columbus Street, Suite 303, Virginia Beach, VA  |
| BAN20062713 | Residential Finance Corporation - To open a mortgage lender and broker's office at 4211 W. Boyscout Boulevard, Suite 350, Tampa, FL   |
| BAN20062714 | Premium Capital Funding LLCd d/b/a Topdot Mortgage - To open a mortgage lender and broker's office at 1211 Stewart Avenue, Bethpage, NY   |
| BAN20062715 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 294 North Haywood Street, Waynesville, NC  |
| BAN20062716 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 14683 Midway Road, Suite 216, Addison, TX  |
| BAN20062717 | Everett Financial, Inc. d/b/a Supreme Lending - To open a mortgage lender and broker's office at 2695 Villa Creek Drive, Suite 265, Dallas, TX  |
| BAN20062718 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 4700 Rockside Avenue, Suite 510, Independence, OH   |
| BAN20062719 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 111 Continental Drive, Suite 217, Newark, DE  |
| BAN20062720 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at One Southwest Crossing, 11095 Viking Drive, Suite 330, Eden Prairie, MN   |
| BAN20062721 | Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 2670 Crain Highway, Suite 300, Waldorf, MD   |
| BAN20062722 | Residential Home Loan Centers, LLC - To open a mortgage lender and broker's office at 147 Old Solomon's Island Road, Suite 508, Annapolis, MD   |
| BAN20062723 | East West Mortgage Company, Inc. d/b/a Mortgage Options - To open a mortgage lender and broker's office at 301 Maple Avenue, Vienna, VA   |
| BAN20062724 | Metropolitan Capital Group, LLC - To open a mortgage broker's office at 20903 Medinah Court, Ashburn, VA  |
| BAN20062725 | Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To open a mortgage lender and broker's office at 445 Dolley Madison Road, Suite 103, Greensboro, NC  |
| BAN20062726 | Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 621 North Third Street, Richmond, VA   |
| BAN20062727 | Universal Mortgages & Financial Services, LLC - To relocate mortgage broker's office from 101 South Whiting Street, Suite 202, Alexandria, VA to 6969 Richmond Highway, Suite 203, Alexandria, VA   |
| BAN20062728 | Atlas Mortgage, Inc. - To relocate mortgage broker's office from 820 Ritchie Highway, Severna Park, MD to 104 Asquithoaks Lane, Arnold, MD  |
| BAN20062729 | Highlands Union Bank - To open a branch at at the corner of Mountain Grove Roadand Majestic Road, Knoxville, TN   |
| BAN20062730 | Delta Funding Corporation d/b/a Fidelity Mortgage - To open a mortgage lender's office at 10150 Mallard Creek Road, Suite 400, Charlotte, NC  |
| BAN20062731 | Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 9414 North 25th Avenue, Suite 100, Phoenix, AZ to 4920 North Eco Circle, Suite R, Phoenix, AZ  |
| BAN20062732 | Liberty Mortgage Corporation - To relocate mortgage lender broker's office from 6500 Harbour View Court, Suite 101, Midlothian, VA to 5925 Harbour Park Drive, Midlothian, VA   |
| BAN20062733 | Eaglewood Mortgage LLC - To relocate mortgage broker's office from 120 Dares Beach Road, Prince Frederick, MD to 1020 Theater Drive, Suite 203, Prince Frederick, MD  |
| BAN20062734 | First Equity Mortgage of Ohio, Incorporated (Used in VA by: First Equity Mortgage Incorporated) - To relocate mortgage lender broker's office from 6051 State Highway 161, Suite 200, Irving, TX to 6225 North State Highway 161, Suite 400, Irving, TX |
| BAN20062735 | Macquarie Mortgages USA Inc. - To relocate mortgage lenders's office from 5125 Elmore Road, Suite 6, Memphis, TN to 7406 Fullerton Street, Suite 200, Jacksonville, FL  |
| BAN20062736 | Beneficial Mortgage Co. of Virginia - To relocate mortgage lender broker's office from 734 South Salisbury Boulevard, Salisbury, MD to 8245 Dickerson Lane, Avalon Plaza, Suite D, Salisbury, MD  |
| BAN20062737 | Beneficial Discount Co. of Virginia - To relocate mortgage lenders's office from 734 South Salisbury Boulevard, Salisbury, MD to 8245 Dickerson Lane, Avalon Plaza, Suite D, Salisbury, MD  |
| BAN20062738 | Provident Bank of Maryland - To open a branch at 7485 Mt. Vernon Square Center, Alexandria, VA  |
| BAN20062739 | Ohio Equity Funding Corp. - For a mortgage broker's license   |
| BAN20062740 | Acceleron Lending, Inc. - For a mortgage lender and broker license  |
| BAN20062741 | ACE Cash Express, Inc. - To open a payday lender's office at 1725 Rosser Avenue, Waynesboro, VA   |
| BAN20062742 | ACE Cash Express, Inc. - To open a payday lender's office at 3535 Airline Boulevard, Suite 1, Portsmouth, VA  |
| BAN20062743 | ACE Cash Express, Inc. - To open a payday lender's office at 825 West Constance Road, Suffolk, VA   |
| BAN20062744 | Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To conduct a payday lending business where a money transmission business will also be conducted   |
| BAN20062745 | Advance America, Cash Advance Centers of Virginia, Inc. - For a money transmitter license   |
| BAN20062746 | Dominion Eagle Financial Group, Inc. d/b/a Peoples Choice Mortgage, VA - For additional mortgage authority  |
| BAN20062747 | Omni Financial of Virginia, Inc. - To open a consumer finance office  |

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BAN20062748 Omni Financial of Virginia, Inc. - To open a consumer finance office at 1581 General Booth Boulevard, Suite 103, Virginia Beach, VA  
 BAN20062749 Omni Financial of Virginia, Inc. - To conduct consumer finance business where tax preparation business will also be conducted  
 BAN20062750 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 1201 Louisiana Avenue, Suite H, Winter Park, FL  
 BAN20062751 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 2850 North Ridge Road, Suite 203, Ellicott City, MD  
 BAN20062752 Amigo Services, Inc. - To open a mortgage broker's office at 4209-A Evergreen Lane, Annandale, VA  
 BAN20062753 Amigo Services, Inc. - To open a mortgage broker's office at 2839 Hideaway Road, Fairfax, VA  
 BAN20062754 Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 7054B New Technology Way, Frederick, MD  
 BAN20062755 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 9409 Battle Street, Manassas, VA to 9117 Church Street, Manassas, VA  
 BAN20062756 FreeStar Financial, Inc. - To relocate mortgage broker's office from 11821 Parklawn Drive, Suite 300, Rockville, MD to 14955 Shady Grove Road, Suite 350, Rockville, MD  
 BAN20062757 Mortgage One Solutions, Inc. - To relocate mortgage broker's office from 2010 Corporate Ridge Drive, Suite 715, McLean, VA to 8245 Boone Boulevard, Suite 650, Vienna, VA  
 BAN20062758 First NLC Financial Services, LLC d/b/a The Lending Center - To relocate mortgage lender broker's office from Two Pierce Place, 13th Floor, Itasca, IL to 3500 Lacey Road, Downers Grove, IL  
 BAN20062759 Fidelity Direct Mortgage LLC - To relocate mortgage lender broker's office from 13701 Lakeside Drive, Clarksville, MD to 100 Lakeforest Boulevard, Gaithersburg, MD  
 BAN20062760 James T. Warns, Jr. t/a Town & Country Mortgage - To relocate mortgage broker's office from 2970 Chain Bridge Road, Oakton, VA to 1896 Villaridge Drive, Suite B, Reston, VA  
 BAN20062761 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 1511 Ritchie Highway, Suite 301, Arnold, MD to 192 Duke of Gloucester Street, Annapolis, MD  
 BAN20062762 First NLC Financial Services, LLC d/b/a The Lending Center - To relocate mortgage lender broker's office from 6465 Wayzata Boulevard, Suite 410, St. Louis Park, MN to Tower of Carlson Center, 601 Carlson Parkway, Minnetonka, MN  
 BAN20062763 AEGIS Wholesale Corporation - To open a mortgage lender's office at 4525 140th Avenue N., Suite 904, Clearwater, FL  
 BAN20062764 AEGIS Wholesale Corporation - To open a mortgage lender's office at 7751 Belfort Parkway, Suite 210, Jacksonville, FL  
 BAN20062765 AEGIS Wholesale Corporation - To open a mortgage lender's office at 5680 Greenwood Plaza Boulevard, Suite 400, Greenwood Village, CO  
 BAN20062766 Koshman Enterprises, Inc. d/b/a Great Western Home Loans - To open a mortgage lender and broker's office at 18757 Burbank Boulevard, Suite 100, Tarzana, CA  
 BAN20062767 Koshman Enterprises, Inc. d/b/a Great Western Home Loans - To open a mortgage lender and broker's office at 19634 Ventura Boulevard, Suite 321, Tarzana, CA  
 BAN20062768 Koshman Enterprises, Inc. d/b/a Great Western Home Loans - To open a mortgage lender and broker's office at 5200 Century Boulevard, Suite 290, Los Angeles, CA  
 BAN20062769 Koshman Enterprises, Inc. d/b/a Great Western Home Loans - To open a mortgage lender and broker's office at 2500 Wilshire Boulevard, Suite 750, Los Angeles, CA  
 BAN20062770 Assured Lending Corporation - To open a mortgage lender's office at 2999 Indian River Road, Chesapeake, VA  
 BAN20062771 Nationside Mortgage Inc. - To open a mortgage broker's office at 3003 Van Ness Street, Northwest, Unit 733w, Washington, DC  
 BAN20062772 Nationside Mortgage Inc. - To open a mortgage broker's office at 50 Culpeper Street, Suite 3, Warrenton, VA  
 BAN20062773 MortgageYourHouse LLC - For a mortgage lender and broker license  
 BAN20062774 The Mortgage Depot, L.L.P. - For a mortgage broker's license  
 BAN20062775 Jagdev S. Bajwa d/b/a Latino American Check Cashed Super Market - To open a check casher at 4105 Duke Street, Suite 101, Alexandria, VA  
 BAN20062776 Casa Blanca Grocery Inc. - To open a check casher at 2607 Turner Road, Richmond, VA  
 BAN20062777 MET Mortgage, LLC - For a mortgage broker's license  
 BAN20062778 AGF Mortgage, Inc. - For a mortgage broker's license  
 BAN20062779 Affinity Mortgage Corporation of Virginia (Used in VA by: Affinity Mortgage Corporation) - For a mortgage broker's license  
 BAN20062780 SB Mortgage Group, Inc. - To open a mortgage broker's office at 4100 Brook Road, Suite B, Richmond, VA  
 BAN20062781 Credit Suisse Financial Corporation - To open a mortgage lender's office at 3815 South West Temple, Salt Lake City, UT  
 BAN20062782 Fidelity Mortgage USA, Inc. (Used in VA by: Fidelity Mortgage Services, Inc.) - To open a mortgage lender and broker's office at 4 Corporate Drive, Suite 295, Shelton, CT  
 BAN20062783 Aggressive Mortgage Corp. - To open a mortgage lender and broker's office at 12972 Harbor Drive, Woodbridge, VA  
 BAN20062784 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 10301 Democracy Lane, Suite 120, Fairfax, VA  
 BAN20062785 Citinet Mortgage, Inc. - To open a mortgage broker's office at 8315 Lee Highway, Suite 301B, Fairfax, VA  
 BAN20062786 AVision Residential Solutions, LLC - To relocate mortgage broker's office from 102 Centennial Street, Suite 103, La Plata, MD to 105 Centennial Street, Suite J, La Plata, MD  
 BAN20062787 Amston Mortgage Company, Inc. - To relocate mortgage broker's office from 711 Middletown Road, Colchester, CT to 5 Grist Mill Road, Moodus, CT  
 BAN20062788 Amston Mortgage Company, Inc. - To relocate mortgage broker's office from 4201 B Plank Road, Fredericksburg, VA to 600 Main Street, Suite A, Altavista, VA  
 BAN20062789 EVB to be used in 4 branch offices - To relocate office from 8071 Mechanicsville Turnpike, Mechanicsville, VA to 8123 Mechanicsville Turnpike, Mechanicsville, VA  
 BAN20062789 EVB d/b/a The Bank of Northumberland since 1910 a branch of EVB - To relocate office from 8071 Mechanicsville Turnpike, Mechanicsville, VA to 8123 Mechanicsville Turnpike, Mechanicsville, VA  
 BAN20062790 Household Realty Corporation of Virginia (Used in VA by: Household Realty Corporation) - To open a mortgage lender and broker's office at 1110 West Broad Street, Suite 12, Falls Church, VA  
 BAN20062791 Household Realty Corporation of Virginia (Used in VA by: Household Realty Corporation) - To relocate mortgage lender broker's office from 6535 College Park Square, Virginia Beach, VA to 2476 Nimmo Parkway, Suite 105, Virginia Beach, VA  
 BAN20062792 Household Realty Corporation of Virginia (Used in VA by: Household Realty Corporation) - To relocate mortgage lender broker's office from 2040 Coliseum Drive, Suite A-14, Hampton, VA to 2170 Coliseum Drive, Suite F, Hampton, VA

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| BAN20062793 | Midlothian Mortgage Group, LLC - To relocate mortgage lender broker's office from 9030 Stony Point Parkway, Suite 530, Richmond, VA to 8720 Stony Point Parkway, Suite 120A, Richmond, VA   |
| BAN20062794 | Home Town Mortgage Group, Inc. - To relocate mortgage broker's office from 1913 Lee Highway, Suite A-2, Bristol, VA to 719 Commonwealth Avenue, Suite 3, Bristol, VA  |
| BAN20062795 | Consumer First Mortgage Corporation - To relocate mortgage broker's office from 9424 Park Branch Court, Chesterfield, VA to 6369 Eagles Crest Lane, Chesterfield, VA  |
| BAN20062796 | Million Financial Group, Inc. - To relocate mortgage broker's office from 2300 Main Street, Suite 900, Kansas City, MO to 1940 Duke Street, Suite 200, Alexandria, VA   |
| BAN20062797 | Cambridge Home Capital, LLC - For a mortgage lender's license   |
| BAN20062798 | Bear Stearns Residential Mortgage Corporation - To open a mortgage lender and broker's office at 9165 E. Del Camino, 1st Floor, Scottsdale, AZ  |
| BAN20062799 | Advanced Financial Services, Inc. - To open a mortgage lender and broker's office at 400 Massasoit Avenue, Suite 300, East Providence, RI   |
| BAN20062800 | Priority Financial Services, LLC - To open a mortgage broker's office at 9826 Linwood Avenue, Lanham, MD  |
| BAN20062801 | Priority Financial Services, LLC - To open a mortgage broker's office at 7131 Liberty Road, Suite 202, Baltimore, MD  |
| BAN20062802 | Priority Financial Services, LLC - To open a mortgage broker's office at 2123 Maryland Avenue, Baltimore, MD  |
| BAN20062803 | Priority Financial Services, LLC - To open a mortgage broker's office at 3600 Roland Avenue, Suite 3, Baltimore, MD   |
| BAN20062804 | Priority Financial Services, LLC - To relocate mortgage broker's office from 1657 Elkton Road, Elkton, MD to 10 Chestnut Street, Suites I and J, Elkton, MD   |
| BAN20062805 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 15 Country Road, Northampton, PA   |
| BAN20062806 | Guild Mortgage Company - To open a mortgage lender and broker's office at 3007 Douglas Boulevard, Suite 155, Roseville, CA  |
| BAN20062807 | Wyndham Capital Mortgage, Inc. - To relocate mortgage broker's office from 2709 Water Ridge Parkway, Suite 500, Charlotte, NC to The Park Abbey Building, 4600 Park Road, Suite 200, Charlotte, NC                                    |
| BAN20062808 | First American Mortgage Services, Inc. - To relocate mortgage broker's office from 118 Donmoor Court, Garner, NC to 4818 Six Forks Road, Suite 102, Raleigh, NC   |
| BAN20062809 | Optimal Mortgage Company LLC - To relocate mortgage broker's office from 401 Holland Lane, Suite 1208, Alexandria, VA to 4704 Hornbeam Drive, Rockville, MD   |
| BAN20062810 | NationsPlus Mortgage Corporation - To relocate mortgage broker's office from 16 E. Main Street, Christiansburg, VA to 101 Professional Park Drive, Suite 301, Blacksburg, VA  |
| BAN20062811 | Global Equity Lending, Inc. - To relocate mortgage lender broker's office from 3955 Johns Creek Court, Suwanee, GA to 6465 East Johns Crossing, John Creek, GA  |
| BAN20062812 | First Home Mortgage Corporation - To relocate mortgage lender broker's office from 1127 Benfield Boulevard, Suite M, Millersville, MD to 900 Bestgate Road, Suite 206, Annapolis, MD  |
| BAN20062813 | CitiFinancial Services, Inc. - To relocate consumer finance office from 2316-C West Mercury Boulevard, Hampton, VA to 2014 Coliseum Drive, Hampton, VA  |
| BAN20062814 | Norwestern Mortgage Group, L.L.C. - To relocate mortgage broker's office from 6613 Magnolia Terrace, Lanham, MD to 5409 Richardson Endeavor Drive, Bowie, MD  |
| BAN20062815 | Edward D. Jones & Co., L.P. d/b/a EdwardJones - To open a mortgage broker's office at 4199 E. Winchester Road, Marshall, VA   |
| BAN20062816 | Edward D. Jones & Co., L.P. d/b/a EdwardJones - To relocate mortgage broker's office from 913 First Colonial Road, Suite 104, Virginia Beach, VA to 1900 Laskin Road, Suite 101, Virginia Beach, VA                                   |
| BAN20062817 | Tidewater Mortgage Services, Inc. d/b/a Midtown Mortgage Company - To open a mortgage lender and broker's office at 7315 Wisconsin Avenue, Suite 325, Bethesda, MD  |
| BAN20062818 | Tidewater Mortgage Services, Inc. d/b/a Midtown Mortgage Company - To open a mortgage lender and broker's office at 1101 30th Street, NW, Suite 500, Washington, DC   |
| BAN20062819 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 708 Thimble Shoals Boulevard, Suite A, Newport News, VA   |
| BAN20062820 | Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1805 Monument Avenue, Suite 512, Richmond, VA   |
| BAN20062821 | Home123 Corporation - To open a mortgage lender and broker's office at 900 Grand Central Avenue, Vienna, WV   |
| BAN20062822 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 4037 Palisades Lane, N.W., Kennesaw, GA to 125 Town Park Drive, Suite 300, Office 10, Kennesaw, GA |
| BAN20062823 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 2305 Deer Springs Drive, Ellenwood, GA   |
| BAN20062824 | Greentree Mortgage Corporation - To relocate mortgage lender broker's office from 66 Painters Mill Road, Suite 202, Owings Mills, MD to 2 Park Center Court, Suite 200, Owings Mills, MD  |
| BAN20062825 | Accredited Home Lenders, Inc. - To relocate mortgage lenders' office from 2651 Warrenville Road, Suite 400, Downers Grove, IL to Two Lincoln Centre, 3rd Floor, Oakbrook Terrace, IL  |
| BAN20062826 | Ghimire Incorporated - For a mortgage broker's license  |
| BAN20062827 | First Decision Mortgage, LLC - For a mortgage broker's license  |
| BAN20062828 | Washington Premier Mortgage Corporation - For a mortgage broker's license   |
| BAN20062829 | Great Southern Mortgage, LLC - For a mortgage broker's license  |
| BAN20062830 | Tidewater Telephone Employees Credit Union, Incorporated - To merge into it Fort Monroe Credit Union, Incorporated Hampton, VA  |
| BAN20062831 | CitiFinancial Services, Inc. - To open a consumer finance office at 7525 Tidewater Drive, Suite 45, Norfolk, VA   |
| BAN20062832 | CitiFinancial Services, Inc. - To open a consumer finance office at 1223 N. Lee Highway, Rockbridge County, VA  |
| BAN20062833 | CitiFinancial Services, Inc. - To open a consumer finance office at 251 W. Lee Highway, Suite 243, Warrenton, VA  |
| BAN20062834 | CitiFinancial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted   |
| BAN20062835 | CitiFinancial Services, Inc. - To conduct consumer finance business where open-end lending will also be conducted   |
| BAN20062836 | CitiFinancial Services, Inc. - To conduct consumer finance business where property insurance business will also be conducted  |
| BAN20062837 | CitiFinancial Services, Inc. - To conduct a consumer finance business where home security plans will be sold  |
| BAN20062838 | CitiFinancial Services, Inc. - To conduct consumer finance business where auto club memberships will also be sold   |
| BAN20062939 | CitiFinancial Services, Inc. - To conduct consumer finance business where credit cards will be solicited on behalf of CitiBank-South Dakota, N.A.   |
| BAN20062840 | CitiFinancial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted   |

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BAN20062841 The Mortgage Link, Inc. - To relocate mortgage broker's office from 2575 Chainbridge Road, Vienna, VA to 2565 Chainbridge Road, Vienna, VA

BAN20062842 Ascella Mortgage, LLC - To relocate mortgage broker's office from 193 East Center Street, Manchester, CT to 63 East Center Street, Manchester, CT

BAN20062843 Express Consolidation - To open a credit counseling office

BAN20062844 Valued Services of Virginia, LLC d/b/a Purpose Financial - To open a check casher at 5214 Fairfield Shopping Center, Virginia Beach, VA

BAN20062845 CTX Mortgage Company, LLC - To open a mortgage lender and broker's office at 142 N. Queen Street, Suites 117-121, Martinsburg, WV

BAN20062846 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 1380 Piney Forest Road, Danville, VA

BAN20062847 Daniel J. Gough - To acquire 25 percent or more of Community Home Mortgage Corporation

BAN20062848 ComUnity Lending, Incorporated d/b/a Virginia Community Lending (McLean, Reston and Virginia Beach) - To relocate mortgage lender broker's office from 2956 Owen Drive, Suite 128, Fayetteville, NC to 3037 Boone Trail Extension, Suite F, Fayetteville, NC

BAN20062849 Atlantic Shore Mortgage Group, LLC - For a mortgage broker's license

BAN20062850 The Mortgage Link, Inc. - To relocate mortgage broker's office from 2575 Chainbridge Road, Vienna, VA to 2565 Chainbridge Road, Vienna, VA

BAN20062851 Michael R. Morefield, II d/b/a MSA - To open a check casher at 901-D East Fincastle, Tazewell, VA

BAN20062852 Lifetime Financial Services, LLC - To open a mortgage broker's office at 3896 Lansing Court, Dumfries, VA

BAN20062853 Lifetime Financial Services, LLC - To relocate mortgage broker's office from 1110 Elden Street, Building D, Suite 208, Herndon, VA to 46169 Westlake Drive, Suite 130, Sterling, VA

BAN20062854 Abba Mortgage Company, LLC - For a mortgage broker's license

BAN20062855 New Day Financial, LLC - To relocate mortgage lender broker's office from 299 South Main Street, Suite 1700, Salt Lake City, UT to 3165 East Millrock Drive, Suite 375, Holladay, UT

BAN20062856 Greenstar Home Loans, Inc. - For a mortgage broker's license

BAN20062857 QuickClose Processing, Inc. - For a mortgage broker's license

BAN20062858 First Financial Mortgage Services, Inc. - For a mortgage broker's license

BAN20062859 1st Capital Financial, Inc. - For a mortgage broker's license

BAN20062860 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 5233 HayLedge Court, Columbia, MD

BAN20062861 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 115 E. Pennsylvania, New Stanton, PA

BAN20062862 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 1317 Hilltop Drive, Suite B, Windsor, CO

BAN20062863 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 6245 North 35th Avenue, Suite 4, Phoenix, AZ

BAN20062864 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 7474 Greenway Center Drive, Suite 640, Greenbelt, MD

BAN20062865 American Mortgage Center, L.L.C. - To open a mortgage broker's office at 4678 Commonwealth Center Parkway, Unit 13, Midlothian, VA

BAN20062866 Newport News Shipbuilding Employees' Credit Union, Inc. - To open a credit union service office at Northrup Grumman Newport News Building 907, 210 47th Street, Newport News, VA

BAN20062867 Jacob Dean Mortgage, Inc. - To open a mortgage broker's office at 1340 Old Chain Bridge Road, Suite 201, McLean, VA

BAN20062868 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 6301 Ivy Lane, Greenbelt, MD

BAN20062869 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 4764 Clairelee Drive, Owings Mills, MD

BAN20062870 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 8206 Leesburg Pike, Suite 409, Vienna, VA

BAN20062871 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 2847 Huguenot Springs Road, Midlothian, VA

BAN20062872 Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 4084 University Drive, Suite 103, Fairfax, VA

BAN20062873 Global Equity Lending, Inc. - To open a mortgage lender and broker's office at 4490 Holland Office Park, Suite 102, Virginia Beach, VA

BAN20062874 Challenge Financial Investors Corp. d/b/a CFIC Home Mortgage - To relocate mortgage lender broker's office from 5850 San Felipe, Suite 495, Houston, TX to 14614 Falling Creek Drive, Suite 105, Houston, TX

BAN20062875 American General Financial Services of America, Inc. - To relocate consumer finance office from 2707 Market Street, Christiansburg, VA to Spradlin Farm Shopping Center, 85 Conston Avenue, Christiansburg, VA

BAN20062876 American General Financial Services, Inc. - To relocate mortgage lender broker's office from 2707 Market Street, Christiansburg, VA to 85 Conston Avenue, Christiansburg, VA

BAN20062877 E-Approve Mortgage Corp. - To relocate mortgage broker's office from 7830 Backlick Road, Suite 303, Springfield, VA to 8245 Backlick Road, Suite 1, Lorton, VA

BAN20062878 Capital Financial Home Equity, LLC - To relocate mortgage lender broker's office from 10 Dunn Circle, Hampton, VA to 2017 Cunningham Drive, Suite 401, Hampton, VA

BAN20062879 Western Home Mortgage Corporation - To relocate mortgage broker's office from 19600 Fairchild Road, Suite 100, Irvine, CA to 19700 Fairchild Road, Suite 265, Irvine, CA

BAN20062880 MSM Processing Solutions, Inc. - To relocate mortgage broker's office from 550 Highland Street, Suite 401, Frederick, MD to 20620 Guard Court, Rohrsersville, MD

BAN20062881 1st 2nd Mortgage Company of N.J., Inc. - To relocate mortgage lender broker's office from 7115 Leesburg Pike, Suite 100, Falls Church, VA to 1524 Allen Road, Berryville, VA

BAN20062882 Accredited Home Lenders, Inc. - To relocate mortgage lenders's office from 15090 Avenue of Science, San Diego, CA to 15253 Avenue of Science, Building 1, San Diego, CA

BAN20062883 Sher Financial Group, Inc. d/b/a Citizens Lending Group, Inc. - To open a mortgage lender and broker's office at 14045 Ballantyne Corporate Place, Suite 375, Charlotte, NC

BAN20062884 Sher Financial Group, Inc. d/b/a Citizens Lending Group, Inc. - To open a mortgage lender and broker's office at 8441 Belair Road, Suite G1, Baltimore, MD

BAN20062885 First Coast Mortgage, LLC - For a mortgage broker's license

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BAN20062886 JNJ Mortgage, Incorporated - For a mortgage broker's license  
 BAN20062887 Burke & Herbert Bank & Trust Company - To open a branch at 4235 Annandale Road, Annandale, VA  
 BAN20062888 Sierra Pacific Mortgage Company, Inc. - For a mortgage lender and broker license  
 BAN20062889 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 408 Great Bridge Boulevard, Chesapeake, VA  
 BAN20062890 Big Lending, Inc. - To open a mortgage lender and broker's office at 774-C Walker Road, Great Falls, VA  
 BAN20062891 Dollar Wise Mortgage Corporation - To relocate mortgage broker's office from 11130 Main Street, Suite 250, Fairfax, VA to 6888 Elm Street, Suite 304, McLean, VA  
 BAN20062892 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 13873 Parks Center Road, Suite 350, Herndon, VA to 122 W. Shirley Avenue Unit 2-1, Warrenton, VA  
 BAN20062893 GMAC Mortgage, LLC d/b/a Ditech.Com - To relocate mortgage lender broker's office from 19905 West Catawba Avenue, Cornelius, NC to 10430 Harris Oaks Boulevard, Charlotte, NC  
 BAN20062894 Citywide Mortgage Corporation - To open a mortgage lender and broker's office at 6 North Park Drive, Hunt Valley, MD  
 BAN20062895 Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 281 Independence Boulevard, Pembroke #1, Suite 309, Virginia Beach, VA  
 BAN20062896 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 50 Catocin Circle, N.E., Leesburg, VA to 704 South King Street, Suite 6, Leesburg, VA  
 BAN20062897 ClearPoint Financial Solutions, Inc. - To relocate credit counseling office from 841 North Central, Suite C-110, Kent, WA to 841 North Central, Suite C-213, Kent, WA  
 BAN20062898 Mortgage Access Corp. d/b/a Weichert Financial Services - To open a mortgage lender's office at 8001 Forbes Place, Suite 103, Springfield, VA  
 BAN20062899 Maria C. Schafer d/b/a America's Mortgage Experts - To relocate mortgage broker's office from 91 Baybridge Drive, Second Floor, Gulf Breeze, FL to 1101 Gulfbreeze Parkway Building 3, Suite 6, Gulf Breeze, FL  
 BAN20062900 L & M Community Mortgage, LLC - For a mortgage broker's license  
 BAN20062901 Cobblestone Mortgage and Financial Services, LLC - For a mortgage broker's license  
 BAN20062902 AMN Corporation d/b/a A M N Market - To open a check casher at 1907 Mechanicsville Pike, Richmond, VA  
 BAN20062903 Resource Bank - To open a branch at 9102 Church Street, Manassas, VA  
 BAN20062904 ResMAE Mortgage Corporation - To open a mortgage lender and broker's office at 626 Reckson Plaza, Suite 602, Uniondale, NY  
 BAN20062905 Gateway Funding Diversified Mortgage Services, L.P. - To relocate mortgage lender broker's office from 800 Concourse Parkway, South, Maitland, FL to 435 Douglas Avenue, Suite 2205, Altamonte Springs, FL  
 BAN20062906 Home123 Corporation - To relocate mortgage lender broker's office from 8105 Irvine Center Drive, Suite 350, Irvine, CA to 3353 Michelson Drive, Suite 100, Irvine, CA  
 BAN20062907 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 111 S. Calvert Street, Suite 2350, Baltimore, MD  
 BAN20062908 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 1612 Shady Glen Drive, District Heights, MD  
 BAN20062909 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 4500 Hard Scrabble Road, Columbia, SC  
 BAN20062910 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 1771 Springdale Road, Cherry Hill, NJ  
 BAN20062911 A-1 Mortgage Corporation - To open a mortgage broker's office at 5019-A Backlick Road, Unit 1, Annandale, VA  
 BAN20062912 Virginia Mortgage Bankers, LLC - To open a mortgage broker's office at 3319 W. Cary Street, 2nd Floor, Richmond, VA  
 BAN20062913 Tidewater Home Mortgage Group Inc. - To open a mortgage broker's office at 408 Oakmeads Crescent, Suite 203, Virginia Beach, VA  
 BAN20062914 First Sentinel Bank - To open a branch at 810 S. College Avenue, Bluefield, VA  
 BAN20062915 Advanced Mortgage Network, Inc. - For a mortgage broker's license  
 BAN20062916 HomeWealth Financial, Inc. - For a mortgage broker's license  
 BAN20062917 Loudoun Mortgage, LLC - For a mortgage broker's license  
 BAN20062918 Nations Funding Source, Inc. - For a mortgage broker's license  
 BAN20062919 Trademark Properties Real Estate Services - For a mortgage broker's license  
 BAN20062920 Certegy Check Services, Inc. - To open a check casher at 10911 Main Street, Fairfax, VA  
 BAN20062921 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 333 West Hampden Avenue, Suite 295, Englewood, CO  
 BAN20062922 Nations Home Funding, Inc. - To open a mortgage lender and broker's office at 112 Hexam Drive, Lynchburg, VA  
 BAN20062923 Allied Home Mortgage Capital Corporation - To relocate mortgage lender broker's office from 555 Metro Place N, Suite 645, Dublin, OH to 43 Clairedan Drive, Powell, OH  
 BAN20062924 DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from 1 Park Plaza, Suite 260, Irvine, CA to 3 Imperial Promenade, Suite 850, Santa Ana, CA  
 BAN20062925 Network Funding, L.P. - To relocate mortgage lender broker's office from 1047-C Van Buren Avenue, Indian Trail, NC to 400 North Broome Street, Suite 301, Waxhaw, NC  
 BAN20062926 Jose Benjamin Manlapaz - For a mortgage broker's license  
 BAN20062927 Mortgage One Solutions, Inc. - For additional mortgage authority  
 BAN20062928 Terrell L. Gravely, Sr. - For a payday lender license  
 BAN20062929 Charm City Mortgage - For a mortgage broker's license  
 BAN20062930 Quicken Loans Inc. - To open a mortgage lender's office at 16425 North Pima Road, Building A, Suite 200, Scottsdale, AZ  
 BAN20062931 Multi-State Home Lending, Inc. - To open a mortgage lender and broker's office at 2551 South Garnsey Street, Santa Ana, CA  
 BAN20062932 L.A.P. Holdings LLC d/b/a First Finance - To open a mortgage broker's office at 4300 Ridgewood Center Drive, Woodbridge, VA  
 BAN20062933 NVRE Investors, LLC d/b/a LoansDone Mortgage - To open a mortgage broker's office at 19247 Charandy Drive, Leesburg, VA  
 BAN20062934 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 5801 Clipper Lane, Suite 203, Clarksville, MD  
 BAN20062935 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 4726 Gateway Terrace, Halethorpe, MD  
 BAN20062936 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 2712 Pelham Avenue, Baltimore, MD  
 BAN20062937 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 4625 Horizon Circle, Apt. 101, Pikesville, MD

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BAN20062938 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 11490 Southwest Duchess Way, Beaverton, OR

BAN20062939 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 14552 Southwest 148th Place, Tigard, OR

BAN20062940 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 8150 Southwest Barnes Road, Suite G308, Portland, OR

BAN20062941 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 14525 Southwest Chesterfield Lane, Tigard, OR

BAN20062942 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 236 South Linden Street, Cornelius, OR

BAN20062943 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 8207 Northeast 138th Court, Vancouver, WA

BAN20062944 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 50 Kerr Parkway, Apt. 71, Lake Oswego, OR

BAN20062945 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 1045 Cascade Lane, Molalla, OR

BAN20062946 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 1722 Northeast 106th Avenue, Portland, OR

BAN20062947 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 5903 Northeast 106th Way, Vancouver, WA

BAN20062948 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 1776 Northeast 27th Terrace, Gresham, OR

BAN20062949 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 206 Riverway Court, Apt. 101, Owings Mills, MD

BAN20062950 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 6224 Colchester Road, Fairfax, VA to 8845 Eagle Rock Lane, Springfield, VA

BAN20062951 Southern Trust Mortgage, LLC d/b/a Middleburg Mortgage (2 Norfolk Offices) - To relocate mortgage lender broker's office from 106 Catoctin Circle, SE, Leesburg, VA to 20937 Ashburn Road, Suite 115, Ashburn, VA

BAN20062952 Finance USA Corporation - To relocate mortgage broker's office from 14171 Murphy Terrace, Gainesville, VA to 35377 Glencoe Court, Round Hill, VA

BAN20062953 First Equitable Financial Corp. - To relocate mortgage broker's office from 4025 Fair Ridge Drive, Fairfax, VA to 3998 Fair Ridge Drive, Suite 100, Fairfax, VA

BAN20062954 Pakeeza Mortgage Corporation - For a mortgage broker's license

BAN20062955 Town & Country Mortgage of Virginia, Inc. - For a mortgage broker's license

BAN20062956 AM Real Estate - For a mortgage broker's license

BAN20062957 The Mortgage Group, LLC - For a mortgage lender and broker license

BAN20062958 Virginia Credit Union, Inc. - To open a credit union service office at Southside Virginia Training Center, Building 59, 26317 W. Washington St., Petersburg, VA

BAN20062959 Green Tree Servicing LLC - To relocate mortgage lenders' office from Situs III Building, 1100 Situs Court, Raleigh, NC to Situs I Building, 1130 Situs Court, Suite 200, Raleigh, NC

BAN20062960 Siv & Som, Inc. d/b/a Chuck's Original Supermarket - To open a check casher at 390 East Williamsburg Road, Sandston, VA

BAN20062961 First Northern Financial Group, Inc. - For a mortgage broker's license

BAN20062962 Credit Advisors Foundation - To open a credit counseling office

BAN20062963 AmStar Mortgage Corporation - For additional mortgage authority

BAN20062964 Intrust Mortgage Services, LLC - To open a mortgage broker's office at 459 Broadway, Everett, MA

BAN20062965 Diversified Financial Mortgage Corporation - To open a mortgage broker's office at 320 Jefferson Davis Highway, Fredericksburg, VA

BAN20062966 Dominion Eagle Financial Group, Inc. d/b/a Peoples Choice Mortgage, VA - To open a mortgage broker's office at 20479 Timberlake Road, Suite A, Lynchburg, VA

BAN20062967 First Lincoln Mortgage Corp. - To open a mortgage lender and broker's office at 115 Meacham Avenue, Suite M2, Elmont, NY

BAN20062968 Big Lending, Inc. - To open a mortgage lender and broker's office at 585 Grove Street, Suite 203, Herndon, VA

BAN20062969 Mortgage Access Corp. d/b/a Weichert Financial Services - To relocate mortgage lenders' office from 4025 Fair Ridge Drive, Fairfax, VA to 3998 Fair Ridge Drive, Suite 100, Fairfax, VA

BAN20062970 Ameritime Mortgage Company LLC - To relocate mortgage broker's office from 7201 Wisconsin Avenue, Suite 640, Bethesda, MD to 1355 Piccard Drive, Suite 350, Rockville, MD

BAN20062971 K. Hovnanian American Mortgage, L.L.C. - To relocate mortgage lender broker's office from 1800 South Australian Avenue, West Palm Beach, FL to 3601 Quantum Boulevard, Boynton Beach, FL

BAN20062972 People's Choice Home Loan, Inc. - To relocate mortgage lenders' office from 2603 Camino Ramon, Suite 475, San Ramon, CA to 4000 Executive Parkway, Suite 520, San Ramon, CA

BAN20062973 Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 6222-B Old Franconia Road, Alexandria, VA

BAN20062974 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 2266 S. Dobson Road, Suite 200, Mesa, AZ

BAN20062975 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 1171 Market Street, Suite 112, Fort Mill, SC

BAN20062976 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 934 West Kitty Hawk Road, Suite 11, Kitty Hawk, NC

BAN20062977 Atlantic Discount Corp. - To open a consumer finance office

BAN20062978 Atlantic Discount Corp. - To conduct consumer finance business where sales finance business will also be conducted

BAN20062979 E-Star Lending Inc. - For additional mortgage authority

BAN20062980 Preferred Lending Solutions, LLC - For a mortgage broker's license

BAN20062981 The Leonard Group, LLC - For a mortgage broker's license

BAN20062982 Home Ownership Centers, Inc. - For a mortgage broker's license

BAN20062983 Bridgewater Financial Mortgage Brokerage, LLC - For a mortgage broker's license

BAN20062984 J & M Mortgage Services, Inc. - For a mortgage broker's license

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BAN20062985 Elizabeth River Mortgage Group LLC - For a mortgage broker's license  
 BAN20062986 Generation Financial Mortgage, LLC - To acquire 25 percent or more of Amston Mortgage Company, Inc.  
 BAN20062987 Ehab Corp. - To open a check casher at 1607 Rodman Avenue, Portsmouth, VA  
 BAN20062988 Virginia Heritage Bank - To open a branch at 13986 Metrotech Drive, Chantilly, VA  
 BAN20062989 Churchill Mortgage Company - To open a mortgage broker's office at 14 Puri Lane, Stafford, VA  
 BAN20062990 CapFirst Mortgage, LLC d/b/a Family Mortgage Solutions - To open a mortgage broker's office at 708-A Thimble Shoals Boulevard, Newport News, VA  
 BAN20062991 Pinnacle Financial Corporation d/b/a Tristar Lending Group (In Certain Offices) - To open a mortgage lender and broker's office at 12741 Darby Brooke Court, Suite 101, Woodbridge, VA  
 BAN20062992 Your Mortgage Company, LLC - To relocate mortgage broker's office from 111 Executive Center Drive, Suite 228, Columbia, SC to 10-B Clusters Court, Columbia, SC  
 BAN20062993 1st Southern Financial Group Inc. - To relocate mortgage broker's office from 2805 McRae Road, Suite A3, Richmond, VA to 707 North Courthouse Road, Richmond, VA  
 BAN20062994 Fidelity Lending Group, Inc. - To relocate mortgage broker's office from 4600 S. Four Mile Run Drive, Arlington, VA to 5049-B Backlick Road, Annandale, VA  
 BAN20062995 Universal American Mortgage Company, LLC - To relocate mortgage lender broker's office from 10230 New Hampshire Avenue, Suite 204, Silver Spring, MD to 16701 Melford Boulevard, Suite 323, Bowie, MD  
 BAN20062996 Global Equity Lending, Inc. - To relocate mortgage lender broker's office from 7777 Leesburg Pike, Suite 206S, Falls Church, VA to 7777 Leesburg Pike, Suite 207-S, Falls Church, VA  
 BAN20062997 CitiFinancial Services, Inc. - To open a consumer finance office at 1514 Parham Road, Henrico County, VA  
 BAN20062998 CitiFinancial Services, Inc. - To open a consumer finance office at 1632 B Tappahannock Boulevard, Tappahannock, VA  
 BAN20062999 Lighthouse Mortgage USA, Inc. - For a mortgage broker's license  
 BAN20063000 River Oak Capital, Inc. - For a mortgage broker's license  
 BAN20063001 Loan Point Mortgage Group, Inc. - For a mortgage broker's license  
 BAN20063002 Chu & Associates, Inc. - For a mortgage lender and broker license  
 BAN20063003 America One Mortgage Corporation d/b/a America One Mortgage Group - To open a mortgage broker's office at 4919 Belair Road, Baltimore, MD  
 BAN20063004 Creative Mortgage Resources, LLC - To relocate mortgage broker's office from 6455 East Johns Crossing, Suite 275B, Duluth, GA to 10475 Medlock Bridge Road, Suite 19, Duluth, GA  
 BAN20063005 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 2013 East Lombard Street, Baltimore, MD  
 BAN20063006 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 5296 S. Commerce Drive, Suite 102, Salt Lake City, UT to 777 East 4500 South, Murray, UT  
 BAN20063007 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 8401 University Executive Park Drive, Suite 108, Charlotte, NC  
 BAN20063008 Bear Stearns Residential Mortgage Corporation - To open a mortgage lender and broker's office at 1833 Alton Parkway, Irvine, CA  
 BAN20063009 Bear Stearns Residential Mortgage Corporation - To open a mortgage lender and broker's office at 2211 Butterfield Road, Suite 100, Downers Grove, IL  
 BAN20063010 Bear Stearns Residential Mortgage Corporation - To open a mortgage lender and broker's office at 5101 Cox Road, Suite 200, Glen Allen, VA  
 BAN20063011 Foundation Funding Group, LLC - To relocate mortgage broker's office from 10400 Connecticut Avenue, Suite 205, Kensington, MD to 10311 Pierce Drive, Silver Spring, MD  
 BAN20063012 The Fidelity Bank - To open a branch at 77 Powder Creek Lane, Rocky Mount, VA  
 BAN20063013 Money Matter\$, LLC - For a mortgage broker's license  
 BAN20063014 Smart Mortgage, LLC - For a mortgage broker's license  
 BAN20063015 Wealth Development Mortgage Company, LLC - For a mortgage broker's license  
 BAN20063016 Primary Mortgage Lending, Inc. - For a mortgage broker's license  
 BAN20063017 MidAtlantic Financial Group, Inc. - For a mortgage broker's license  
 BAN20063018 El Viejo Jalisco Inc. - To open a check casher at 13754-B Warwick Boulevard, Newport News, VA  
 BAN20063019 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 5902 Wayside Drive, Macungie, PA  
 BAN20063020 Security First Funding Corporation - To open a mortgage broker's office at 4480 Holland Office Park, Suite 220, Virginia Beach, VA  
 BAN20063021 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 759 South Federal Highway, Suite 201, Stuart, FL  
 BAN20063022 American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 759 South Federal Highway, Suite 219, Stuart, FL to 759 South Federal Highway, Suite 200, Stuart, FL  
 BAN20063023 John Earl Hooper - For a mortgage broker's license  
 BAN20063024 1st. Capital Mortgage, Inc. - For a mortgage broker's license  
 BAN20063025 Fairfax Trust Mortgage LLC - For a mortgage broker's license  
 BAN20063026 Global Funding LLC - For a mortgage broker's license  
 BAN20063027 KMA Financial Residential Mortgage Store LLC - For a mortgage broker's license  
 BAN20063028 Insite Financial Corp. - For a mortgage broker's license  
 BAN20063029 Apex Finance LLC - For a mortgage broker's license  
 BAN20063030 D. Long Investments, Inc. - For a payday lender license  
 BAN20063031 Apex Lending, Inc. - For a mortgage lender and broker license  
 BAN20063032 David George - To acquire 25 percent or more of First Fidelity Centers, Inc.  
 BAN20063033 Array Mortgage, L.L.C. - To open a mortgage lender and broker's office at 820 University City Boulevard, Blacksburg, VA  
 BAN20063034 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 2999 Indian River Road, Chesapeake, VA  
 BAN20063035 Sterling Mortgage Corporation - To relocate mortgage lender broker's office from 401 and 405 William Street, Fredericksburg, VA to 4820 South Point Drive, Suites 103 and 105, Fredericksburg, VA

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

BAN20063036 Executive Mortgage Group, Inc. - To relocate mortgage broker's office from 3 Marcus Boulevard, Suite 203, Albany, NY to 3 Marcus Boulevard, Suite 106, Albany, NY

BAN20063037 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To relocate mortgage lender broker's office from 4898 South Old Peachtree Road, Norcross, GA to 4170 Ashford Dunwoody Road, NE, Suite 550, Atlanta, GA

BAN20063038 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To relocate mortgage lender broker's office from One Freedom Square, 11951 Freedom, Reston, VA to 21641 Ridgeway Circle, Suite 200, Sterling, VA

BAN20063039 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To relocate mortgage lender broker's office from 687 Highland Avenue, Needham, MA to 301 Edgewater Place, Suite 200, Wakefield, MA

BAN20063040 NFS Loans, Inc. - For additional mortgage authority

BAN20063041 ACE Cash Express, Inc. - To open a payday lender's office at 556 Garrisonville Road, Stafford, VA

BAN20063042 Lincoln Mortgage, LLC - To open a mortgage broker's office at 502 Newbern Road, Dublin, VA

BAN20063043 Lincoln Mortgage, LLC - To open a mortgage broker's office at 4300 Montgomery Avenue, Bethesda, MD

BAN20063044 Weststar Mortgage, Inc. - To relocate mortgage lender broker's office from 4312 Carr Drive, Fredericksburg, VA to 2217 Princess Anne Street, Suite 106-1B, Fredericksburg, VA

BAN20063045 Castle Point Mortgage, Inc. - To relocate mortgage lender broker's office from 300 Brickstone Square, Suite 603, Andover, MA to One Tech Drive, Suite 320, Andover, MA

BAN20063046 Miramar Mortgage Corp. - For a mortgage broker's license

BAN20063047 SI Mortgage Company - For a mortgage broker's license

BAN20063048 Beacon Credit Union, Incorporated - To merge into it Lynchburg Transit Employee Federal Credit Union

BAN20063049 GMAC Mortgage, LLC d/b/a Ditech.Com - To open a mortgage lender and broker's office at 1206 Laskin Road, Suite 101, Office 101A, Virginia Beach, VA

BAN20063050 Capital Mortgage Finance Corp. - To open a mortgage lender and broker's office at 208 North Garnett Street, Henderson, NC

BAN20063051 F & L Marketing Enterprises LLC d/b/a Cash-2-U Payday Loans - To open a payday lender's office at 714 North Main Street, Emporia, VA

BAN20063052 Village Bank - To open a branch at 1501 Santa Rosa Road, Henrico County, VA

BAN20063053 American Mortgage Center, L.L.C. - To open a mortgage broker's office at 4500 Daly Drive, Suite 200, Chantilly, VA

BAN20063054 First American Mortgage Services, Inc. - To open a mortgage broker's office at 16306 Norman Road, Culpeper, VA

BAN20063055 AFS Mortgage Inc. - To relocate mortgage broker's office from 3102-18th Street, NW, Washington, DC to 1715 Kilbourne Place, NW, Washington, DC

BAN20063056 Valley Broker Services, Inc. d/b/a VBS Mortgage - To relocate mortgage lender broker's office from 370 A Neff Avenue, Harrisonburg, VA to 2040 Deyerle Avenue, Suite 102, Harrisonburg, VA

BAN20063057 AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 8141 Virginia Pine Court, Suite 201 B, Richmond, VA to 7361 Whitepine Road, Richmond, VA

BAN20063058 Affordable Mortgage of Virginia, Inc. - To relocate mortgage broker's office from 4421 Blackbeard Road, Virginia Beach, VA to 4663 Haygood Road, Suite 210, Virginia Beach, VA

BAN20063059 A R Financial Corp of New Jersey (Used in VA by: AR FINANCIAL CORP.) - To relocate mortgage broker's office from 2920 Route 73, North, Maple Shade, NJ to 133 A Gaither Drive, Mt. Laurel, NJ

BAN20063060 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 340 Cervantes Circle, Lake Oswego, OR

BAN20063061 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 15925 Southwest Lancaster Way, Suite 38, Beaverton, OR

BAN20063062 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 17505 Southeast 16th Circle, Vancouver, WA

BAN20063063 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 14632 Southwest Grayling Lane, Beaverton, OR

BAN20063064 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 22629 Southwest Kathy Street, Sherwood, OR

BAN20063065 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 7183 Southwest Sagert Street, Suite 104, Tualatin, OR

BAN20063066 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 150 Southeast 105th Avenue, Apt. 81, Portland, OR

BAN20063067 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 17461 Southwest 135th Place, King City, OR

BAN20063068 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 17851 Southwest Kinnaman Road, Suite 317, Beaverton, OR

BAN20063069 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 7509 Northeast 51st Way, Vancouver, WA

BAN20063070 FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 4730 Southwest Laradel Street, Apt. 5, Portland, OR

BAN20063071 TPD Solutions LLC - For a mortgage broker's license

BAN20063072 Residential Mortgage Fund, Inc. - For a mortgage broker's license

BAN20063073 Cash-2-Go of Virginia, Inc. - For a payday lender license

BAN20063074 UMS, LLC - For a mortgage lender and broker license

BAN20063075 Van Dyk Mortgage Corporation - For a mortgage lender's license

BAN20063077 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 1515 Burlingame Avenue, SW, Wyoming, MI

BAN20063078 Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To conduct a payday lending business where a tax preparation business will also be conducted

BAN20063079 Big Lending, Inc. - To open a mortgage lender and broker's office at 2669 Glengyle Drive, Vienna, VA

BAN20063080 Priority Financial Services, LLC - To open a mortgage broker's office at 7516 Belair Road, Suite B, Baltimore, MD

BAN20063081 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 3259 Bethel Church Drive, Woodbridge, VA

BAN20063082 Millennium Mortgage Corporation d/b/a A American Dream Mortgage Corporation - To open a mortgage broker's office at 9607 Gayton Road, Suite 201, Richmond, VA

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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| BAN20063083 | The Loan Corporation - To relocate mortgage lender broker's office from 2902 11th Avenue West, Bradenton, FL to 200 3rd Avenue West, Suite 120, Bradenton, FL  |
| BAN20063084 | Ameritime Mortgage Company LLC - To open a mortgage broker's office at 903 Jamesview Lane, Bowie, MD   |
| BAN20063085 | Newport News Shipbuilding Employees' Credit Union, Inc. - To open a credit union service office at 5200 West Mercury Boulevard, Hampton, VA  |
| BAN20063086 | Newport News Shipbuilding Employees' Credit Union, Inc. - To open a credit union service office at 12525 Jefferson Avenue, Newport News, VA  |
| BAN20063087 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 13890 Braddock Road, Suite 304-A, Centreville, VA to 13890 Braddock Road, Suite 310, Centreville, VA          |
| BAN20063088 | Anchor Tidewater Mortgage Company, LLC - To relocate mortgage broker's office from 501 Prince George Street, Williamsburg, VA to 501 Prince George Street, Suite 210, Williamsburg, VA                                       |
| BAN20063089 | Baypointe Mortgage Consultants LLC - To relocate mortgage broker's office from 339 Mainsail Drive, Hampton, VA to 47 West Queens Way, Hampton, VA  |
| BAN20063090 | Commonwealth Mortgage Associates, Inc. - To relocate mortgage broker's office from 123 West 6th Street, Front Royal, VA to 5983 Riverbend Lane, Reva, VA   |
| BAN20063091 | Cayetano S. Martinez - To open a check casher at 365 Lowes Drive, Suite G, Danville, VA  |
| BAN20063092 | EMP Network, Inc. - For a mortgage broker's license  |
| BAN20063093 | Freedom Lending, L.L.C. - For a mortgage broker's license  |
| BAN20063094 | Global Mortgage Financial Group, Inc. - For a mortgage broker's license  |
| BAN20063095 | Westfields Mortgage, L.L.C. - For additional mortgage authority  |
| BAN20063096 | Evergreen Lending, LLC - For a mortgage broker's license   |
| BAN20063097 | MIT Funding Corp. - For a mortgage broker's license  |
| BAN20063098 | Advantum Mortgage Network, Inc. - For a mortgage lender and broker license   |
| BAN20063099 | Empire Mortgage Corp. - For additional mortgage authority  |
| BAN20063100 | Harbourton Mortgage Investment Corporation - For additional mortgage authority   |
| BAN20063101 | Array Mortgage, L.L.C. - To open a mortgage lender and broker's office at 8500 Westphalia Road, Upper Marlboro, MD   |
| BAN20063102 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 303 Pisgah Church Road, Suite 2C, Greensboro, NC  |
| BAN20063103 | American Home Mortgage Corp. d/b/a American Brokers Conduit - To relocate mortgage lender broker's office from 400 South Woods Mill Road, Suite 200, St. Louis, MO to 400 South Woods Mill Road, Suite 200, Chesterfield, MO |
| BAN20063104 | The Gemris Group, LLC - To relocate mortgage broker's office from 7619 Little River Turnpike, Suite 200B, Annandale, VA to 5101-F Backlick Road, Annandale, VA   |
| BAN20063105 | Pacific Shore Funding Corporation - For additional mortgage authority  |
| BAN20063106 | Primenet Mortgage, Inc. - For a mortgage broker's license  |
| BAN20063107 | 5 Stars Enterprises Inc. - To open a check casher at 2900 West Main Street, Waynesboro, VA   |
| BAN20063108 | N.A.J. Mortgage Corporation - To open a mortgage broker's office at 8245 Boone Boulevard, Suite 600, Vienna, VA  |
| BAN20063109 | Capital Equity Mortgage Corporation - To open a mortgage broker's office at 9101 Craney Island Road, Mechanicsville, VA  |
| BAN20063110 | Nationwide Funding Corporation - To open a mortgage broker's office at 13198 Centerpointe Way, Suite 201, Woodbridge, VA   |
| BAN20063111 | Dolphin Acceptance Corporation d/b/a DAC Mortgage Funding - To open a mortgage broker's office at 15 West Main Street, Suite 230, Christiansburg, VA   |
| BAN20063112 | Mortgage and Equity Funding Corporation - To open a mortgage lender and broker's office at 109 Bulifants Boulevard, Suite C, Williamsburg, VA  |
| BAN20063113 | New Century Mortgage Corporation d/b/a Home123 Corporation (In Certain Offices) - To open a mortgage lender and broker's office at 9420 Underwood Avenue, Suite 100, Omaha, NE   |
| BAN20063114 | Home123 Corporation - To open a mortgage lender and broker's office at 300 Village Green Circle, Suite 112, Smyrna, GA   |
| BAN20063115 | GMAC Mortgage, LLC d/b/a Ditech.Com - To open a mortgage lender and broker's office at 6301 Ivy Lane, Suite 700, Office 28, Greenbelt, MD  |
| BAN20063116 | Ameritime Mortgage Company LLC - To relocate mortgage broker's office from 111 S. Calvert Street, Suite 2350, Baltimore, MD to 110 East Lexington Street, Suite 300, Baltimore, MD   |
| BAN20063117 | Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 228 Wood Street, Doylestown, PA to 4050 D Skyron Drive, Suite 2, Doylestown, PA  |
| BAN20063118 | Home1st Lending, LLC - For a mortgage broker's license   |
| BAN20063119 | Superior Mortgage Group, LLC - For a mortgage broker's license   |
| BAN20063120 | Jefferson Capital Funding, LLC - For a mortgage broker's license   |
| BAN20063121 | MFS Lending, Inc. - For a mortgage broker's license  |
| BAN20063122 | Fidelity Mutual Mortgage of Virginia, Inc. - For a mortgage broker's license   |
| BAN20063123 | GM Mortgage, Inc. - For a mortgage broker's license  |
| BAN20063124 | Lordsman, Inc. - For a mortgage broker's license   |
| BAN20063125 | Maryland Mutual Mortgage, LLC - For a mortgage broker's license  |
| BAN20063126 | Northside Capital Corp. - For a mortgage broker's license  |
| BAN20063127 | Aggressive Mortgage Corp. - To open a mortgage lender and broker's office at 812 Moorefield Park, Suite 126, Richmond, VA  |
| BAN20063128 | Aggressive Mortgage Corp. - To relocate mortgage lender broker's office from 9505 Hull Street Road, Suite C, Richmond, VA to 9511 Hull Street Road, Suite A, Richmond, VA  |
| BAN20063129 | Big Lending, Inc. - To open a mortgage lender and broker's office at 6231 Leesburg Pike, Suite 504, Falls Church, VA   |
| BAN20063130 | Impac Funding Corporation d/b/a Impac Lending Group (ILG) - To relocate mortgage lenders's office from 1401 Dove Street, Suite 100, Newport Beach, CA to 19500 Jamboree Road, Irvine, CA                                     |
| BAN20063131 | Park Place Financial LLC - To relocate mortgage broker's office from 12951 Bel-Red Road, Suite 100, Bellevue, WA to 6244 185th Avenue, NE, Suite 250, Redmond, WA  |
| BAN20063132 | Commonwealth Funding Corporation - To open a mortgage broker's office at 416 West Franklin Street, Richmond, VA  |
| BAN20063133 | Access Capital Mortgage, LLC - To open a mortgage lender and broker's office at 8507 Oxon Hill Road, Suite 200, Ft. Washington, MD   |

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BAN20063134 PHH Home Loans, LLC d/b/a Coldwell Banker Home Loans - To open a mortgage lender and broker's office at 545A East Market Street, Leesburg, VA

BAN20063135 Lending Capital Inc. - For a mortgage lender and broker license

BAN20063136 GMAC Mortgage, LLC d/b/a Ditech.Com - To open a mortgage lender and broker's office at 121 Elwood Avenue, Huntington, WV

BAN20063137 Money Incorporated - To open a check casher at 3339 Glen Carlyn Drive, Falls Church, VA

BAN20063138 Marathon Mortgage Solutions Inc. - To relocate mortgage broker's office from 2301 E. Carson Street, Pittsburgh, PA to 2425 Sidney Street, Pittsburgh, PA

BAN20063139 American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 4122 Leonard Drive, Suite 100, Fairfax, VA

BAN20063140 Target Enterprises, Inc. - For a mortgage broker's license

BAN20063141 Yarrow Bay Mortgage Company, Inc. - For a mortgage broker's license

BAN20063142 RMI Mortgage Licensing LLC - For a mortgage broker's license

BAN20063143 Capital Funding & Financial Services - For a mortgage broker's license

BAN20063144 1st Fidelity Financial, LLC - For a mortgage broker's license

BAN20063145 Allstate Mortgage & Loan Corporation - For a mortgage broker's license

BAN20063146 Concord Mortgage Corp. - For a mortgage lender and broker license

BAN20063147 Mortgage Financial, Inc. - For a mortgage lender and broker license

BAN20063148 CitiFinancial Services, Inc. - To open a consumer finance office at 2465 Centreville Road, Unit J21, Herndon, VA

BAN20063149 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 8437 Mayfield Road, Chesterland, OH

BAN20063150 DHI Mortgage Company, Ltd. LP (Used in VA by: DHI Mortgage Company, Ltd.) - To relocate mortgage lender broker's office from 1370 Piccard Drive, Suite 140, Rockville, MD to 15810 Gaither Drive, Suite 220, Gaithersburg, MD

BAN20063151 The American Mortgage Group, Inc. d/b/a Zen Loans - To open a mortgage broker's office at 14017 Telegraph Road, Woodbridge, VA

BAN20063152 The American Mortgage Group, Inc. d/b/a Zen Loans - To open a mortgage broker's office at 910 Ventura Way, Mill Valley, CA

BAN20063153 The American Mortgage Group, Inc. d/b/a Zen Loans - To relocate mortgage broker's office from 2654 Valley Avenue, Suite I, Winchester, VA to 149 Creekside Lane, Winchester, VA

BAN20063154 Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 1617 East Main Street, Salem, VA

BAN20063155 Atlantic Bay Mortgage Group, L.L.C. - To open a mortgage lender and broker's office at 200 S. Poindexter Street, Elizabeth City, NC

BAN20063156 Atlantic Bay Mortgage Group, L.L.C. - To relocate mortgage lender broker's office from 3509 Hounds Chase Lane, Suite 101, Roanoke, VA to 3959 Electric Road, Suite 350, Roanoke, VA

BAN20063157 American General Financial Services of America, Inc. - To relocate consumer finance office from 111 North Main Street, Blackstone, VA to Blackstone Shopping Center, 1539 S. Main Street, Suite 1539, Blackstone, VA

BAN20063158 Accredited Home Lenders, Inc. - To relocate mortgage lenders's office from 645 East Missouri Avenue, Phoenix, AZ to 875 West Elliot Road, Suite 100, Tempe, AZ

BAN20063159 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 1101 Tyvola Road, Suite 304, Charlotte, NC to 6800 South Boulevard, Suite B, Charlotte, NC

BAN20063160 MortgageIT, Inc. d/b/a MIT Lending (In Certain Offices) - To open a mortgage lender and broker's office at 5619 DTC Parkway, Suite 1020, Greenwood Village, CO

BAN20063161 Home123 Corporation - To open a mortgage lender and broker's office at 630 West Germantown Pike, Suite 215, Plymouth Meeting, PA

BAN20063162 Apex Financial Group, Inc. d/b/a AAPex Mortgage - To open a mortgage lender and broker's office at 543 Cox Road, Suite 7, Gastonia, NC

BAN20063163 American General Financial Services, Inc. - To relocate mortgage lender broker's office from 111 North Main Street, Blackstone, VA to 1539 S. Main Street, Suite 1539, Blackstone Shopping Center, Blackstone, VA

BAN20063164 Aryana Sunshine LLC - For a money transmitter license

BAN20063165 Blessed Mortgage & Financials, Inc. - For a mortgage broker's license

BAN20063166 Alliance Management Systems Inc. - For a mortgage broker's license

BAN20063167 Kahlil Inc. - To open a check casher at 1000 7th Street, Portsmouth, VA

BAN20063168 Fox Foods, Inc. d/b/a McLean's Grocery Store - To open a check casher at 7869 Richmond Road, Toano, VA

BAN20063169 BJH & Associates, LLC - For a mortgage broker's license

BAN20063170 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 2505 NW Boca Raton Road, Suite 205, Boca Raton, FL to 510 NE 18th Street, Boca Raton, FL

BAN20063171 TBI Mortgage Company - To relocate mortgage lender broker's office from 405 Belle Air Lane, Warrenton, VA to 5300 Merchants View Square, Haymarket, VA

BAN20063172 Mortgage America Companies, Inc. - To open a mortgage broker's office at 6911 Richmond Highway, Suite 222, Alexandria, VA

BAN20063173 ABC Mortgage Funding, Inc. - To open a mortgage broker's office at 1224 Nansemond Parkway, Suffolk, VA

BAN20063174 American Affordable Mortgage LLC - To open a mortgage broker's office at 6641 Wakefield Drive, Suite 113, Alexandria, VA

BAN20063175 First Choice Lending, Inc. - To relocate mortgage broker's office from 1707 1/2 Jefferson Street, Bluefield, WV to 205 South Street, Suite C, Bluefield, WV

BAN20063176 National Lending Corporation - For a mortgage lender and broker license

BAN20063177 Mason McDuffie Mortgage Corporation - For a mortgage lender's license

BAN20063178 Virginia Commerce Bank - To open a branch at Centeridge Market Place, 6335 Multiplex Drive, Centreville, VA

BAN20063179 New Century Mortgage Corporation d/b/a Home123 Corporation (In Certain Offices) - To open a mortgage lender and broker's office at 10500 Kincaid Drive, 4th Floor, Fishers, IN

BAN20063180 Nationside Mortgage Inc. - To open a mortgage broker's office at 7474 Greenway Center Drive, Suite 820, Greenbelt, MD

BAN20063181 Plaza Home Mortgage, Inc. - To open a mortgage lender's office at 7600 E. Eastman Avenue, Suite 130, Denver, CO

BAN20063182 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open a payday lender's office at 8517 Manassas Drive, Manassas Park, VA

BAN20063183 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 605 W. Main Street, Madison, WI

BAN20063184 Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 801 E. Plano Parkway, Suite 100, Plano, TX

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| BAN20063185 | Fairway Independent Mortgage Corporation - To open a mortgage lender and broker's office at 5850 Town and Country Boulevard, Suite 601, Frisco, TX   |
| BAN20063186 | Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 8512 Six Forks Road, Suite 101, Raleigh, NC  |
| BAN20063187 | FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 3649 Malden Avenue, Baltimore, MD  |
| BAN20063188 | FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 5327 Todd Avenue, Baltimore, MD  |
| BAN20063189 | FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 2029 Cedar Barn Way, Windsor Mill, MD  |
| BAN20063190 | FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 8208 Gorman Avenue, Laurel, MD   |
| BAN20063191 | FreedomPoint Corporation d/b/a The FreedomPoint - To open an additional credit counseling office at 7312 Fairbrook Road, Apt. 1D, Baltimore, MD  |
| BAN20063192 | First Capital Bank - To open a branch at One James Center, 901 East Cary St., Richmond, VA   |
| BAN20063193 | Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 3475 Leonardtown Road, Suite 206, Waldorf, MD  |
| BAN20063194 | Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 8903 Presidential Parkway, Suite 200, Upper Marlboro, MD   |
| BAN20063195 | Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 7998 Donegan Drive, Manassas, VA   |
| BAN20063196 | Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 800 South Union Avenue, First Floor, Havre De Grace, MD  |
| BAN20063197 | Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 30 W. Gude Drive, Suite 230, Rockville, MD   |
| BAN20063198 | AmTrust Mortgage Corporation - To open a mortgage lender and broker's office at One Bel Air South Parkway, Suite D, Bel Air, MD  |
| BAN20063199 | America's Lending Partners, Inc. - To open a mortgage broker's office at 4216 Cherry Valley Drive, Olney, MD   |
| BAN20063200 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 320 Washington Street, 2nd Floor, Norwell, MA                                     |
| BAN20063201 | Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To relocate mortgage lender broker's office from 3430 Progress Drive, Bensalem, PA to 1400 Adams Road, Unit A-1, Bensalem, PA      |
| BAN20063202 | Hollander Financial Holding, Inc. - To relocate mortgage broker's office from 360 East 7th Street, Suite D, Upland, CA to 1291 N. Indian Hill Boulevard, Claremont, CA   |
| BAN20063203 | Network Funding, L.P. - To open a mortgage lender and broker's office at 5109 Eksdale Court, Virginia Beach, VA  |
| BAN20063204 | Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To conduct a payday lending business where a tax preparation business will also be conducted   |
| BAN20063205 | Approved Cash Advance Centers (Virginia), LLC d/b/a Approved Cash Advance - To conduct a payday lending business where a tax refund anticipation loan business will also be conducted                                |
| BAN20063206 | HomeBridge Mortgage Bankers Corp. d/b/a Refinance.com - To relocate mortgage lender broker's office from Mizner Park Office Tower, 225 N.E., Boca Raton, FL to 1515 South Federal Highway, Suite 403, Boca Raton, FL |
| BAN20063207 | Caltex Funding, L.P. - For a mortgage broker's license   |
| BAN20063208 | Above All, Inc. - For a mortgage broker's license  |
| BAN20063209 | GCP-TF Acquisition LLC - For a money transmitter license   |
| BAN20063210 | Cornerstone Home Lending, Inc. - For a mortgage lender and broker license  |
| BAN20063211 | Monarch Bank - To open a branch at 5225 Providence Road, Virginia Beach, VA  |
| BAN20063212 | Viva Corporation - To open a check casher at 1328 Canal Drive, Chesapeake, VA  |
| BAN20063213 | Robert S. Miller d/b/a Miller Tax and Accounting - To open a check casher at 3342 Halifax Road, South Boston, VA   |
| BAN20063214 | Sky Annandale Corp. - To open a check casher at 4127 Hummer Road, Annandale, VA  |
| BAN20063215 | Intermex Wire Transfer, LLC - For a money transmitter license  |
| BAN20063216 | Apply4Homes.com LLC - For a mortgage broker's license  |
| BAN20063217 | Paul Financial, LLC - For a mortgage lender's license  |
| BAN20063218 | R-One Inc. - For a mortgage broker's license   |
| BAN20063219 | America's Mortgage Choice Services, Inc. - For a mortgage broker's license   |
| BAN20063220 | AmTrust Funding Services, Inc. - For additional mortgage authority   |
| BAN20063221 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 2428 Route 38, Suite 101, Cherry Hill, NJ  |
| BAN20063222 | Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 206 Desellum Avenue, Gaithersburg, MD  |
| BAN20063223 | Americans Lending Group, Inc. - For additional mortgage authority  |
| BAN20063224 | Premier Lending, Inc. - For additional mortgage authority  |
| BAN20063225 | Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 500 Montgomery Street, Suite 400, Alexandria, VA   |
| BAN20063226 | Priority Financial Services, LLC - To open a mortgage broker's office at 3424 O'Donnell Street, Baltimore, MD  |
| BAN20063227 | Advanced Home Loans Corp. - To open a mortgage broker's office at 4007 Walters Drive, Chester, VA  |
| BAN20063228 | Priority Financial Services, LLC - To open a mortgage broker's office at 122 North Alfred Street, Alexandria, VA   |
| BAN20063229 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 9512 Bent Creek Lane, Vienna, VA   |
| BAN20063230 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 926 Allendale Drive, Hampton, VA   |
| BAN20063231 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 293 Independence Boulevard, Suite 109, Virginia Beach, VA  |
| BAN20063232 | MortgageStar, Inc. - To open a mortgage lender and broker's office at 7620 Marcy Drive, Glen Burnie, MD  |
| BAN20063233 | Meridias Capital, Inc. - To open a mortgage lender and broker's office at 4690 Executive Drive, Suite 150, San Diego, CA   |
| BAN20063234 | Meridias Capital, Inc. - To open a mortgage lender and broker's office at 952 Falling Branch Road, Christiansburg, VA  |
| BAN20063235 | Heartland Home Finance, Inc. - To relocate mortgage lender broker's office from 6860 S. Yosemite Court, Suite 1120, Centennial, CO to Quebec Center, Suite 250, Middle, 7400 East Caley Avenue, Centennial, CO       |
| BAN20063236 | 1st Nations Mortgage Corporation - To open a mortgage lender and broker's office at 4007 Walters Drive, Chester, VA  |
| BAN20063237 | East West Mortgage Company, Inc. d/b/a Mortgage Options - To relocate mortgage lender broker's office from 7 Grover Drive, Lexington, VA to 116 North Main Street, Lexington, VA                                     |

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BAN20063238 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 294 N. Haywood Street, Waynesville, NC

BAN20063239 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 301 Route 17, North, Suite 800, Rutherford, NJ

BAN20063240 Best Option Mortgage Inc. - To open a mortgage lender and broker's office at 13313 Warwick Boulevard, Suite A, Newport News, VA

BAN20063241 Equity United Mortgage Corporation - To open a mortgage broker's office at 5671 Columbia Pike, Suite 100, Falls Church, VA

BAN20063242 Community Mortgage, LLC - To open a mortgage broker's office at 27 Stoneridge Drive, Suite 101, Waynesboro, VA

BAN20063243 Financial Security Consultants, Inc. - To open a mortgage broker's office at 821 Oregon Avenue, Suite J, Linthicum, MD

BAN20063244 Mortgage Made Simple, LLC - To relocate mortgage broker's office from 3700 Massachusetts Avenue, Suite 426, Washington, DC to 1204 S. Washington Street, Suite 417, Alexandria, VA

BAN20063245 Great Atlantic Mortgage, Inc. - To relocate mortgage broker's office from 4351 Portsmouth Boulevard, Portsmouth, VA to 4901 Portsmouth Boulevard, Portsmouth, VA

BAN20063246 IMS Mortgage Service, Inc. d/b/a International Mortgage Service - To relocate mortgage broker's office from 7631 Sharon Lakes Road, Suite D, Charlotte, NC to 11535 Carmel Commons Boulevard, Suite 204, Charlotte, NC

BAN20063247 Garrison Financial Solutions Group, Inc. - To relocate mortgage broker's office from 2911 Walsingham Court, Matthews, NC to 4614-C Wilgrove-Mint Hill Road, Mint Hill, NC

BAN20063248 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To conduct a payday lending business where a tax preparation business will also be conducted

BAN20063249 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To conduct a payday lending business where a tax refund anticipation loan business will also be conducted

BAN20063250 American Cash Center, Inc. (Used in VA by: B & L Management, Inc.) - To conduct a payday lending business where an electronic tax filing business will also be conducted

BAN20063251 Ategra Community Financial Institution Fund, LP - To acquire The Freedom Bank of Virginia, Vienna, VA

BAN20063252 Dynamic Capital Mortgage, Inc. - To open a mortgage lender and broker's office at 3390 Urbana Pike, 2nd Floor, Frederick, MD

BAN20063253 First Universal Lending, LLC - For a mortgage broker's license

BAN20063254 1st United Trust, LLC - For a mortgage broker's license

BAN20063255 Fidelity Home Mortgage Corporation - For additional mortgage authority

BAN20063256 Cash-2-Go of Virginia, Inc. - To conduct a payday lending business where a title loan business will also be conducted

BAN20063257 American General Financial Services (NC), Inc. (Used in VA by: American General Financial Services, Inc.) - To relocate mortgage lender's office from 2133 Rockford Street, Suite 1200, Mt. Airy, NC to Forrest Oaks Shopping Center, 2133 Rockford Street, Suite 700, Mt. Airy, NC

BAN20063258 American Home Mortgage Corp. d/b/a American Brokers Conduit - To open a mortgage lender and broker's office at 3200 Crain Highway, Waldorf, MD

BAN20063259 ERA Mortgage Corporation - To open a mortgage lender's office at 1962 Evelyn Byrd Avenue, Harrisonburg, VA

BAN20063260 ERA Mortgage Corporation - To open a mortgage lender's office at 9097 Atlee Station Road, Suite 100, Mechanicsville, VA

BAN20063261 ERA Mortgage Corporation - To open a mortgage lender's office at 249 Zan Road, Charlottesville, VA

BAN20063262 Century 21 Mortgage Corporation - To open a mortgage lender's office at 5305 Broad Street, Richmond, VA

BAN20063263 Century 21 Mortgage Corporation - To open a mortgage lender's office at 1929 Coliseum Drive, Hampton, VA

BAN20063264 Century 21 Mortgage Corporation - To open a mortgage lender's office at 1830 Valley Avenue, Winchester, VA

BAN20063265 Coldwell Banker Mortgage Corporation - To open a mortgage lender's office at 5444 Jefferson Davis Highway, Suite 100, Fredericksburg, VA

BAN20063266 Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 4705 Columbus Street, Suite 303, Virginia Beach, VA

BAN20063267 Apex Financial Group, Inc. d/b/a AAPex Mortgage - To open a mortgage lender and broker's office at 203 Sunrise Highway, Rockville Center, NY

BAN20063268 MortgageTree Lending Corporation (Used in VA by: MortgageTree Lending) - To open a mortgage lender and broker's office at 9393 E. Palo Brea Bend, Suite 3016, Scottsdale, AZ

BAN20063269 GMAC Mortgage, LLC d/b/a Ditech.Com - To open a mortgage lender and broker's office at 6301 Ivy Lane, Suite 700, Office A30, Greenbelt, MD

BAN20063270 Middleburg Bank - To open a branch at 8383 West Main Street, Marshall, VA

BAN20063271 MainStreet Bank - To open a branch at 4029 Chain Bridge Road, Fairfax, VA

BAN20063272 A Choice Funding LLC - To open a mortgage broker's office at 9 Executive Park Drive, Clifton Park, NY

BAN20063273 Five Star Mortgage, LLC - For a mortgage broker's license

BAN20063274 Suncountry Lending, Inc. - For a mortgage broker's license

BAN20063275 Golden Globe Inc. d/b/a In & Out Market - To open a check casher at 11725 Lee Highway, Fairfax, VA

BAN20063276 Owens Market, Incorporated - To open a check casher at 9741 East Lynchburg-Salem Turnpike, Goode, VA

BAN20063277 Destiny Mortgage Group, Inc. - To open a mortgage broker's office at 54 E. Main Street, Suite 102, Westminster, MD

BAN20063278 GMAC Mortgage, LLC d/b/a Ditech.Com - To open a mortgage lender and broker's office at 150 Stratford Road, Winston-Salem, NC

BAN20063279 Manufacturers and Traders Trust Company - To open a branch at 7918 Jones Branch Drive, McLean, VA

BAN20063280 Nationwide Funding Corporation - To open a mortgage broker's office at 4229 Lafayette Center Drive, Suite 1500, Chantilly, VA

BAN20063281 National Finance Corp. d/b/a Nationwide Mortgage Solutions - To open a mortgage lender and broker's office at 4229 Lafayette Center Drive, Suite 1500, Chantilly, VA

BAN20063282 1st Continental Mortgage of Lake County Inc. - For a mortgage broker's license

BAN20063283 Clearfield Mortgage Corp., LLC - For a mortgage broker's license

BAN20063284 America First Equity, Inc. - For a mortgage broker's license

BAN20063285 Mid-Island Mortgage Corp. - For a mortgage lender and broker license

BAN20063286 The Mortgage Centre, Inc. - To relocate mortgage broker's office from 155 1/2 South Main Street, Lexington, VA to 122 West Nelson Street, Lexington, VA

BAN20063287 Envision Lending Group, Inc. - To relocate mortgage broker's office from 4001 South 700, East, Suite 620, Salt Lake City, UT to 10813 South River Front Parkway, Suite 300, South Jordan, UT

BAN20063288 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 1317 Hilltop Drive, Suite B, Windsor, CO to 1402 8th Avenue, Greeley, CO

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BAN20063289 Fidelity Mortgage Network, LLC - To open a mortgage lender and broker's office at 2535 Villa Circle, Suite 4000, Norfolk, VA  
 BAN20063290 James River Mortgage, LLC - To open a mortgage broker's office at 21525 Ridgetop Circle, Suite 100, Sterling, VA  
 BAN20063291 Heritage Mortgage, LLC - To open a mortgage broker's office at Route 2, Box 472, E. Route 58, Bridgeport, WV  
 BAN20063292 TLP Funding Corporation - For a mortgage lender's license  
 BAN20063293 Direct Loan America, Inc. - For a mortgage lender and broker license  
 BAN20063294 Mortgage Equity Lenders, LLC - For a mortgage broker's license  
 BAN20063295 Virginia Capital Mortgage, LLC - For a mortgage broker's license  
 BAN20063296 Prime Mortgage Lending, Inc. - To relocate mortgage broker's office from 2038 Hope Mills Road, Fayetteville, NC to 1010 Hope Mills Road, Fayetteville, NC  
 BAN20063297 Prime Mortgage Lending, Inc. - To relocate mortgage broker's office from 501 N. Salem Street, Suite 204, Apex, NC to 320 N. Salem Street, Suite 300, Apex, NC  
 BAN20063298 America's Mortgage Broker, L.L.C. d/b/a Affordable Home Funding - To open a mortgage lender and broker's office at 3225 Chili Avenue, Rochester, NY  
 BAN20063299 skyrise Inc. - To open a check casher at 11939 Rolfe Highway, Surry, VA  
 BAN20063300 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 51 West Third Street, Suite 350, Tempe, AZ  
 BAN20063301 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 4256 Hacienda Drive, Suite 200, Pleasanton, CA  
 BAN20063302 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 495 North Keller Road, Suite 150, Maitland, FL  
 BAN20063303 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 1001 Bishop Street, Suite 2000, Honolulu, HI  
 BAN20063304 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 2611 Internet Boulevard, Suite 201, Frisco, TX  
 BAN20063305 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 1000 Sawgrass Corporate Parkway, Suite 100, Sunrise, FL  
 BAN20063306 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 12930 Saratoga Avenue, Suite A-2, Saratoga, CA  
 BAN20063307 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 9130 Anaheim Place, Suite 230, Rancho Cucamonga, CA  
 BAN20063308 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 300 North Patrick Boulevard, Suite 150, Brookfield, WI  
 BAN20063309 Option One Mortgage Corporation - To open a mortgage lender and broker's office at 2700 Research Forest Drive, Suite 120, The Woodlands, TX  
 BAN20063310 Legacy Mortgage Services, Inc. - For a mortgage lender and broker license  
 BAN20063311 Highland Banc, Inc. - To relocate mortgage broker's office from 503 South High Street, Suite 102, Columbus, OH to 5025 Arlington Centre Boulevard, Suite 240, Columbus, OH  
 BAN20063312 Terrell L. Gravely, Sr. - To conduct a payday lending business where a title loan business will also be conducted  
 BAN20063313 The PNC Financial Services Group, Inc. - To acquire Marshall National Bank and Trust Company Marshall, VA  
 BAN20063314 The PNC Financial Services Group, Inc. - To acquire The National Bank of Fredericksburg, Fredericksburg, VA  
 BAN20063315 Select Bank - To open a bank at 7331 Timberlake Road, Suite 203, Lynchburg  
 BAN20063316 Serenity First Financial, LLC - For a mortgage broker's license  
 BAN20063317 Primerica Financial Services Home Mortgages, Inc. - To open a mortgage broker's office at 2025 East Main Street, Suite 202, Richmond, VA  
 BAN20063318 Crown Mortgage Corp. - To open a mortgage lender and broker's office at 931 Jefferson Boulevard, Suite 1002, Warwick, RI  
 BAN20063319 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 4900 Leesburg Pike, Suite 210, Alexandria, VA  
 BAN20063320 Mountain Ridge Mortgage, Inc. - For a mortgage broker's license  
 BAN20063321 Second Bank & Trust - To merge into it Virginia Heartland Bank  
 BAN20063322 Superior Lending, LLC - For additional mortgage authority  
 BAN20063323 MariLuz Corporation - To open a check casher at 21 Buford Road, Suite B, Richmond, VA  
 BAN20063324 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 9522-C Lee Highway, Fairfax, VA  
 BAN20063325 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 4048 Evans Avenue, Fort Myers, FL  
 BAN20063326 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1450 Mercantile Lane, Suite 137, Largo, MD  
 BAN20063327 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 3144 Dumbarton Street, N.W., Washington, DC  
 BAN20063328 Premier Mortgage Capital, Inc. - To open a mortgage lender and broker's office at 1055 Thomas Jefferson Street, Suite 220, Washington, DC  
 BAN20063329 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 3775 E. Vest Mill Road, Winston-Salem, NC  
 BAN20063330 Allied Cash Advance Virginia LLC d/b/a Allied Cash Advance - To open a payday lender's office at 2044 Atlantic Avenue, Suite B, Chesapeake, VA  
 BAN20063331 Market Mortgage Inc. (Used in VA by: Superior Mortgage Inc.) - To relocate mortgage broker's office from Prairie Lakes Corporate Center I, Eden Prairie, MN to 7900 West 78th Street, Suite 200, Edina, MN  
 BAN20063332 Unison Financial Services, Inc. - To relocate mortgage broker's office from 9 North Main Street, Bellingham, MA to 139 Mechanic Street, Unit 9, Bellingham, MA  
 BAN20063333 Meridias Capital, Inc. - To open a mortgage lender and broker's office at 8000 South Chester Street, Centennial, CO  
 BAN20063334 Meridias Capital, Inc. - To open a mortgage lender and broker's office at 17851 North 85th Street, Suite 205, Scottsdale, AZ  
 BAN20063335 Central Pacific Mortgage Company d/b/a Ivanhoe Mortgage - To open a mortgage lender and broker's office at 9968 Hibert Street, Suite 104, San Diego, CA  
 BAN20063336 Amazon Mortgage Loans, Inc. - To open a mortgage broker's office at 7676 New Hampshire Avenue, Suite 315, Takoma Park, MD  
 BAN20063337 Crescent Financial Inc. (Used in VA by: Crescent Financial Trust Inc.) - To relocate mortgage broker's office from 6571 Ashby Grove Loop, Haymarket, VA to 20265 Ordinary Place, Ashburn, VA  
 BAN20063338 Quintex Consulting Inc. d/b/a Liberty Lending Group - To relocate mortgage broker's office from 88 Inverness Circle, East, Suite A-102, Englewood, CO to 4840 East Links Drive, Centennial, CO  
 BAN20063339 Faysal Warfa - To acquire 25 percent or more of Kaah Express, F.S. Inc.  
 BAN20063340 First American Trust Mortgage LLC - For a mortgage broker's license  
 BAN20063341 Quality Financial Solutions, Inc. - For a mortgage broker's license  
 BAN20063342 Carteret Mortgage Corporation - To open a mortgage lender and broker's office at 4100 Fort Avenue, Lynchburg, VA

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BAN20063343 Jane Kim - For a mortgage broker's license  
 BAN20063344 Capital City Mortgage Incorporated - For a mortgage lender and broker license  
 BAN20063345 Mallory Paul Hill - To acquire 25 percent or more of Novelle Financial Services, Inc.  
 BAN20063346 ECC Capital Corporation - To relocate mortgage lender broker's office from 1833 Alton Parkway, Suite 100, Irvine, CA to 1733 Alton Parkway, Suite 250, Irvine, CA  
 BAN20063347 MortgageStar, Inc. - To open a mortgage lender and broker's office at 5704 Colon Terrace, Temple Hills, MD  
 BAN20063348 Synergy Capital Mortgage Corp. - To open a mortgage lender and broker's office at 1954 Placentia Avenue, Suite 210, Costa Mesa, CA  
 BAN20063349 Apex Financial Group, Inc. d/b/a AA Apex Mortgage - To open a mortgage lender and broker's office at 6231 Leesburg Pike, Suite 104, Falls Church, VA  
 BAN20063350 Freedom Mortgage Corporation - To relocate mortgage lender broker's office from 2266 S. Dobson Road, Suite 200, Mesa, AZ to 1749 S. Rogers Circle, Mesa, AZ  
 BAN20063351 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 555 Grove Street, Suite 104, Herndon, VA  
 BAN20063352 Weststar Mortgage, Inc. - To open a mortgage lender and broker's office at 732 Thimble Shoals Boulevard, Suite 104, Newport News, VA  
 BAN20063353 Dominion Home Mortgage Corp. - To open a mortgage broker's office at 1100 Bonfield Court, Virginia Beach, VA  
 BAN20063354 APEX Funding Group, Inc. - To relocate a mortgage broker's office from 16079 Comprint Circle, Gaithersburg, MD to 656 Quince Orchard Road, Suite 630, Gaithersburg, MD  
 BAN20063355 Mid Atlantic Mortgage Specialists LLC (Used in VA by: Mid Atlantic Capital LLC) - To open a mortgage lender and broker's office at 405 Kings Highway South, Cherry Hill, NJ  
 BAN20063356 Golden Trust Mortgage Group, LLC - To open a mortgage broker's office at 136-4 Creekside Lane, Winchester, VA  
 BAN20063357 Bank of Georgetown - To open a branch at 2300 Wilson Boulevard, Arlington County, VA  
 BAN20063358 Bendid Mortgage, LLC - For a mortgage broker's license  
 BAN20063359 Big Lending, Inc. - To open a mortgage lender and broker's office at 723 Hidden Marsh Street, Gaithersburg, MD  
 BAN20063360 Big Lending, Inc. - To open a mortgage lender and broker's office at 3300 North Ridge Road, Suite 275, Ellicott City, MD  
 BAN20063361 Big Lending, Inc. - To relocate mortgage lender broker's office from 2669 Glengyle Drive, Vienna, VA to 1880 Howard Avenue, Suite 205, Vienna, VA  
 BAN20063362 Home123 Corporation - To open a mortgage lender and broker's office at 3337 Michelson Drive, Suite CN340, Irvine, CA  
 BAN20063363 U.S. Mortgage Corporation of Virginia d/b/a The Mortgage Makers - To open a mortgage lender and broker's office at 115 Route 23, Hamburg, NJ  
 BAN20063364 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To relocate mortgage broker's office from 5821 Fairview Road, Suite 200, Charlotte, NC to 4720 Piedmont Rowe Drive, Suite 200, Charlotte, NC  
 BAN20063365 Sandy Spring Bancorp, Inc. - To acquire Potomac Bank of Virginia, VA  
 BAN20063366 Sandy Spring Bank - To merge into it Potomac Bank of Virginia  
 BAN20063367 ConsumerTrack, Inc. - For a mortgage broker's license  
 BAN20063368 Newcastle Mortgage Corporation - For a mortgage lender and broker license  
 BAN20063369 Ameritime Mortgage Company LLC - For additional mortgage authority  
 BAN20063370 Millennium Mortgage Corporation d/b/a A American Dream Mortgage Corporation - To relocate mortgage broker's office from The Carson Building, Midlothian, VA to Vantage Place "B", 4341 Cox Road, Glen Allen, VA  
 BAN20063371 Rowe Mortgage Company, LLC - To relocate mortgage broker's office from 11533 Nuckols Road, Suite B, Glen Allen, VA to 4110 Kensington Avenue, Richmond, VA  
 BAN20063372 Advance Til Payday, LLC (Used in VA by: Advance, LLC) - To open a payday lender's office at 5045 Virginia Beach Boulevard, Virginia Beach, VA  
 BAN20063373 Justin Enterprises, Inc. d/b/a Cash To Payday - To open a check casher at 525 Commerce Drive, Bluefield, VA  
 BAN20063374 Brooke Enterprises, Inc. Cash Today - To open a check casher at 766 East Main Street, Lebanon, VA  
 BAN20063375 Country Corner Corporation - To open a check casher at 43673 John Mosby Highway, Chantilly, VA  
 BAN20063376 Integra Financial Group, L.L.C. - For a mortgage broker's license  
 BAN20063377 Enterprise Financial Services, LLC - For a money transmitter license  
 BAN20063378 1st American Financial Corporation - For a mortgage broker's license  
 BAN20063379 Mortgage Funders, Inc. - For a mortgage broker's license  
 BAN20063380 AmTrust Mortgage Corporation - To open mortgage lender and broker's office at 11625 Rainwater Drive, Suite 100, 500 Northwinds Center, West, Alpharetta, GA  
 BAN20063381 Heritage Mortgage, LLC - To open a mortgage broker's office at 1400 Technology Drive, Harrisonburg, VA  
 BAN20063382 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 5727 Peter Van Wirt Way, Williamsburg, VA  
 BAN20063383 Ameritime Mortgage Company LLC - To relocate mortgage broker's office from 10440 Little Patuxent Parkway, Suite 300, Columbia, MD to 10440 Little Patuxent Parkway, Suite 900, Columbia, MD  
 BAN20063384 Riley Home Mortgage Corporation - To relocate mortgage broker's office from 5608 South Point Centre Boulevard, Suite 101, Fredericksburg, VA to 3451 Jefferson Davis Highway, Fredericksburg, VA  
 BAN20063385 Andy May Group, LLC - To relocate mortgage broker's office from 2708 Charleston Oaks Drive, Raleigh, NC to 1009 Salcomb Lane, Raleigh, NC  
 BAN20063386 Mortgage Atlantic, Inc. - To relocate mortgage lender broker's office from 192 South Main Street, Amherst, VA to 105 South Main Street, Amherst, VA  
 BAN20063387 Destiny Mortgage Group, Inc. - To relocate mortgage broker's office from 8884 Song Sparrow Drive, Gainesville, VA to 12492 Maiden Creek Court, Bristow, VA  
 BAN20063388 AA Mortgage Group, LLC - To open a mortgage broker's office at 8 W. West Street, Suite 200, Baltimore, MD  
 BAN20063389 Home123 Corporation - To open a mortgage lender and broker's office at 1166 Eastland Drive, Suite B, Twin Falls, ID  
 BAN20063390 Peterson Financial Network, Inc. - For a mortgage lender and broker license  
 BAN20063391 EverTrust Mortgage Corporation - For a mortgage broker's license  
 BAN20063392 Advantage Mortgage Funding, LLC - For a mortgage broker's license  
 BAN20063393 Empire Mortgage Funding, LLC - For a mortgage broker's license  
 BAN20063394 Mortgage World, LLC - For a mortgage broker's license  
 BAN20063395 NoteWorld LLC - To open a credit counseling office

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| BAN20063396 | Virginia Nationstar Mortgage LLC (Used in VA by: Nationstar Mortgage LLC) - To open a mortgage lender and broker's office at 950 Herndon Parkway, Suite 250, Herndon, VA   |
| BAN20063397 | American Eagle Mortgage Corporation - To open a mortgage broker's office at 131 Continental Drive, Suite 412, Newark, DE   |
| BAN20063398 | Julie Anne Hoover - To be an exclusive agent for Primerica Financial Services Home Mortgages, Inc.   |
| BAN20063399 | Compass Point Mortgage Corporation - For a mortgage broker's license   |
| BAN20063400 | East Coast Home Loans, LLC - For a mortgage broker's license   |
| BAN20063401 | Dean Paul Frances - To be an exclusive agent   |
| BAN20063402 | Palomar Bancorp., Inc. - For a mortgage broker's license   |
| BAN20063403 | NRF Funding Corp. - For a mortgage lender's license  |
| BAN20063404 | Mark T. Favaloro - For a mortgage broker's license   |
| BAN20063405 | Custom Capital Corp. - For a mortgage lender and broker license  |
| BAN20063406 | Sigma Mortgage Corporation - For a mortgage lender and broker license  |
| BAN20063407 | CitiFinancial Services, Inc. - To relocate consumer finance office from 51 West Jubal Early Drive, Winchester, VA to 381 Gateway Drive, Suite 2, Frederick County, VA  |
| BAN20063408 | Capitol Mortgage Services, Inc. d/b/a Unlimited Loan Resources - To open a mortgage lender's office at 3655 Northpoint Parkway, Suite 175, Alpharetta, GA  |
| BAN20063409 | MortgageStar, Inc. - To relocate mortgage lender broker's office from 7115 Leesburg Pike, Suite 104, Falls Church, VA to 10 Prince Street, Suite 101, Alexandria, VA   |
| BAN20063410 | First Residential Mortgage Services Corporation - To open a mortgage lender and broker's office at 1560 Sawgrass Corporate Parkway, Sunrise, FL  |
| BAN20063411 | Big Lending, Inc. - To open a mortgage lender and broker's office at 4022 7th Street, N.E., Washington, DC   |
| BAN20063412 | Appomattox Mortgage, LLC - To relocate mortgage broker's office from 4830 W. Hundred Road, Suite C, Chester, VA to 4600 Ecoff Avenue, Suite 201, Chester, VA   |
| BAN20063413 | PWP Financial, Inc. - To relocate mortgage broker's office from 7234 W. North Avenue, Suite 404, Elmwood Park, IL to 401 North Michigan, Suite 1200, Chicago, IL   |
| BAN20063414 | Lenox Financial Mortgage, LLC - To open a mortgage broker's office at 1206 Laskin Road, Suite 201, Virginia Beach, VA  |
| BAN20063415 | Herndon CC, LLC - To open a check casher at 720 Grant Street, Unit E, Herndon, VA  |
| BAN20063416 | Steven M. Glissman - To acquire 25 percent or more of A Better Mortgage, Inc.  |
| BAN20063417 | International Investment, Inc. - For a mortgage broker's license   |
| BAN20063418 | Priority Financial Services, LLC - To open a mortgage broker's office at 1405 Thomas Nelson Highway, Arrington, VA   |
| BAN20063419 | Pacific Community Mortgage Inc. - For a mortgage lender and broker license   |
| BAN20063420 | New Century Mortgage Corporation d/b/a Home123 Corporation (In Certain Offices) - To open a mortgage lender and broker's office at 6000 Fairview Road, Suite 400, Charlotte, NC                                      |
| BAN20063421 | Express Check Advance of Virginia, LLC d/b/a Express Check Advance - To relocate payday lender's office from 3003 Lee Highway, Suite B, Bristol, VA to 2940 Paulena Drive, Suite 2, Bristol, VA                      |
| BAN20063422 | First NLC Financial Services, LLC d/b/a The Lending Center - To open a mortgage lender and broker's office at 5000 T Rex Avenue, Boca Raton, FL  |
| BAN20063423 | Apex Financial Group, Inc. d/b/a AApeX Mortgage - To relocate mortgage lender broker's office from 801 W. Bloomingdale Avenue, Brandon, FL to 213 W. Bloomingdale Avenue, Brandon, FL                                |
| BAN20063424 | AmStar Mortgage Corporation d/b/a Lighthouse Mortgage (Virginia Beach office) - To relocate mortgage broker's office from 14613 Cervantes Avenue, Darnstown, MD to 15800 Crabbs Branch Way, Suite 120, Rockville, MD |
| BAN20063425 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 140 Fell Court, Suite 108, Hauppauge, NY   |
| BAN20063426 | Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 777 Passaic Avenue, Suite 518, Clifton, NJ   |
| BAN20063427 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 1812 N. 4th Street, Broken Arrow, OK  |
| BAN20063428 | A Better Mortgage, Inc. - To relocate mortgage broker's office from 4818 Long Shadow Drive, Midlothian, VA to 10202 Swinging Bridge Drive, Richmond, VA  |
| BAN20063429 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 1 Fieldcrest Road, Fredericksburg, VA   |
| BAN20063430 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 1531 Mountain View Road, Vinton, VA   |
| BAN20063431 | Gateway Mortgage Group, LLC - To open a mortgage lender and broker's office at 445 Shelter Drive, Virginia Beach, VA   |
| BAN20063432 | Back Bay Mortgage LLC - For a mortgage broker's license  |
| BAN20063433 | U.S.A. Financial Services, Inc. d/b/a Progressive Mortgage - To open a mortgage lender and broker's office at 4827 Dashiell Place, Woodbridge, VA  |
| BAN20063434 | American Nationwide Mortgage Company, Inc. - To open a mortgage lender and broker's office at 9941 Lawyers Road, Vienna, VA  |
| BAN20063435 | Nations Home Funding, Inc. - To open a mortgage lender and broker's office at 1601 Dove Street, Suite 195, Newport Beach, CA   |
| BAN20063436 | Congressional Funding USA, LLC - To relocate mortgage broker's office from 1400 Spring Street, Suite 150, Silver Spring, MD to 1111 Bonifant Street, Silver Spring, MD   |
| BAN20063437 | Mortgage Exchange, LLC - For a mortgage broker's license   |
| BAN20063438 | Metavante Payment Services, LLC - For a money transmitter license  |
| BAN20063439 | Lendmark Financial Services, Inc. - To open a consumer finance office  |
| BAN20063440 | Lendmark Financial Services, Inc. - To open a consumer finance office at 3304 Taylor Road, Suite F, Chesapeake, VA   |
| BAN20063441 | Lendmark Financial Services, Inc. - To open a consumer finance office at 7526 West Broad Street, Richmond, VA  |
| BAN20063442 | Lendmark Financial Services, Inc. - To open a consumer finance office at 3032 South Crater Road, Petersburg, VA  |
| BAN20063443 | Lendmark Financial Services, Inc. - To open a consumer finance office at 9928 Liberia Avenue, Manassas, VA   |
| BAN20063444 | Lendmark Financial Services, Inc. - To open a consumer finance office at 1862 Abbey Road, Charlottesville, VA  |
| BAN20063445 | Lendmark Financial Services, Inc. - To conduct consumer finance business where sales finance business will also be conducted   |
| BAN20063446 | Lendmark Financial Services, Inc. - To conduct consumer finance business where mortgage lending will also be conducted   |
| BAN20063447 | Stonecroft Mortgage Corporation - For a mortgage broker's license  |
| BAN20063448 | Prosperity Enterprises Inc. - For a payday lender license  |
| BAN20063449 | DuPont Community Credit Union - To open a credit union service office at 47 W. Kaylor Park Drive, Harrisonburg, VA   |
| BAN20063450 | Investors Capital LLC of Virginia (Used in VA by: Investors Capital LLC) - To relocate mortgage broker's office from 19809 N. Cove Road, Suite 162, Cornelius, NC to 8910 Mercia Avenue, Huntersville, NC            |
| BAN20063451 | Heritage Bank - To relocate office from 200 East Plume Street, Norfolk, VA to 150 Granby Street, Suite 175, Norfolk, VA  |

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BAN20063452 Riley Home Mortgage Corporation - To relocate mortgage broker's office from 4810 Piney Branch Road, Fairfax, VA to 4229 Lafayette Center Dr., Suite 1700, Chantilly, VA

BAN20063453 Nations Premier Mortgage Inc. - To open a consumer finance office

BAN20063454 Outer Banks Mortgage, L.L.C. - For a mortgage broker's license

BAN20063455 Prajna Group, Inc. - For a mortgage lender's license

BAN20063456 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 15200 Shady Grove Road, Suite 350, Rockville, MD to 9800 Islandside Drive, Montgomery Village, MD

BAN20063457 Carteret Mortgage Corporation - To relocate mortgage lender broker's office from 3951 Patuxent River Road, Harwood, MD to 1903 Woodsboro Place, Edgewater, MD

BAN20063458 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 3 Bethesda Metro Center, Suite 700, Bethesda, MD

BAN20063459 Primary Residential Mortgage, Inc. - To open a mortgage lender and broker's office at 212 E. High Street, Suite 200, Pottstown, PA

BAN20063460 Metrocities Mortgage, LLC - To open a mortgage lender and broker's office at 7 Old Solomons Island Road, Annapolis, MD

BAN20063461 United Equity LLC - To open a mortgage lender and broker's office at 2828 Clark Road, Suite 8, Sarasota, FL

BAN20063462 Colonial Atlantic Mortgage, Inc. - To relocate mortgage broker's office from 1734 Elton Road, Suite 229, Silver Spring, MD to 11233 Lockwood Drive, Silver Spring, MD

BAN20063463 MortgageStar, Inc. - To relocate mortgage lender broker's office from 4080 Lafayette Center Drive, Suite 190, Chantilly, VA to 4080 Lafayette Center Drive, Suite 210, Chantilly, VA

BAN20063464 New Frontier Mortgage, L.L.C. - To relocate mortgage broker's office from 111 McTanly Place, Staunton, VA to 512-A North Coalter Street, Staunton, VA

BAN20063465 Golden Heart Mortgage LLC - To open a mortgage broker's office at 112 S. Providence Road, Richmond, VA

BAN20063466 United USA Mortgage, LLC - To open a mortgage broker's office at 12011 Lee Jackson Memorial Highway, Fairfax, VA

BAN20063467 Sterling Mortgage Corporation - To open a mortgage lender and broker's office at 518 Clifton Road, Rocky Mount, NC

BAN20063468 Multi-Fund of Columbus, Inc. - To open a mortgage broker's office at 3050 Delta Marine Drive, 2nd Floor, Reynoldsburg, OH

BAN20063469 SAI Mortgage, Inc. - To relocate mortgage lender broker's office from 6404-R Seven Corners Place, Falls Church, VA to 7011 Calamo Street, Suite 204, Springfield, VA

BAN20063470 Empire Equity Group, Inc. d/b/a 1st Metropolitan Mortgage - To open a mortgage broker's office at 9011 Arboretum Parkway, Suite 110, Richmond, VA

BAN20063471 Ameritime Mortgage Company LLC - To open a mortgage broker's office at 5903 The Alameda, Baltimore, MD

BAN20063472 DCG Home Loans, Inc. d/b/a Sage Credit - To relocate mortgage lender broker's office from 11024 N. 28th Drive, Suite 200, Phoenix, AZ to 11024 N. 28th Drive, Suite 250, Phoenix, AZ

BAN20063473 Consumer Education Services, Inc. - To open an additional credit counseling office at 3801 Lake Boone Trail, Suite 400, Raleigh, NC

BAN20063474 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 309 South New York Road, Suite 23, Galloway, NJ

BAN20063475 Family First Mortgage Corp. of Florida (Used in VA by: Family First Mortgage Corp.) - To open a mortgage lender and broker's office at 126 Elm Street, Newport, ME

BAN20063476 Homefirst Mortgage Corp. d/b/a MortgageFool.Com - To open a mortgage lender and broker's office at 23207 Belmont Boulevard, Ruther Glen, VA

BAN20063477 Empire Mortgage Corp. (Used in VA by: Empire Financial Services Inc.) - To open a mortgage broker's office at 11350 McCormick Road, Executive Plaza I, Suite 504, Hunt Valley, MD

BAN20063478 Home Consultants, Inc. d/b/a HCI Mortgage - To relocate mortgage lender broker's office from 43433 Spring Cellar Court, Leesburg, VA to 44121 Harry Byrd Highway, Ashburn, VA

BAN20063479 Summit Mortgage Corporation d/b/a Summit Home Mortgage Inc. - To relocate mortgage lender broker's office from 4101 Chain Bridge Road, Suite 311, Fairfax, VA to 4101 Chain Bridge Road, Suite 301, Fairfax, VA

BAN20063480 American Mortgage Brokers, LLC - For a mortgage broker's license

BAN20063481 Valley Tree Mortgage L.L.C. - For a mortgage broker's license

BAN20063482 American Star Financial, Inc. - For a mortgage broker's license

BAN20063483 Qualified Mortgage Inc. - For a mortgage lender and broker license

BAN20063484 Freedom Mortgage Corporation - To open a mortgage lender and broker's office at 17 Computer Drive West, Albany, NY

BFI-2004-00008 Assessing fees for examination, supervision and regulation of credit unions

BFI-2004-00113 Annual assessment of licensees under Chapter 18 of Title 6.1 of the Code of Virginia

BFI-2005-00027 American Fidelity, Inc. - Alleged violation of VA Code § 6.1-418

BFI-2005-00053 United California Systems International, Inc. - Alleged violation of VA Code § 6.1-418

BFI-2005-00098 Nationwide Financial Group LLC - Alleged violation of VA Code § 6.1-418

BFI-2005-00100 Realty Mortgage Corporation d/b/a RealNET Financial - Alleged violation of VA Code § 6.1-418

BFI-2005-00122 Viridian Lending, LLC - Alleged violation of VA Code § 6.1-413

BFI-2005-00125 Amstar Mortgage Corporation - Alleged violation of Chapter 16 of Title 6.1

BFI-2006-00002 Professional Mortgage Group, Inc. - Alleged violation of VA Code § 6.1-413

BFI-2006-00005 Bridge Capital Corporation - Alleged violation of Chapter 16 of Title 6.1

BFI-2006-00006 Cornerstone Mortgage, Inc. - Alleged violation of Chapter 16 of Title 6.1

BFI-2006-00009 In Re: Annual Assessment of credit unions under Chapter 4.01 of Title 6.1 of the Code of Virginia

BFI-2006-00011 Berkshire Hathaway, Inc. - Alleged violation of VA Code § 6.1-416.1

BFI-2006-00014 123Loan, LLC - Alleged violation of VA Code § 6.1-424

BFI-2006-00018 Virginia A. Sismanoglou d/b/a Capricorn Mortgage Co. - Alleged violations of Chapter 16 of Title 6.1 of the Code of Virginia

BFI-2006-00019 1st City Lending, Inc. d/b/a First City Mortgage - Alleged violation of VA Code § 6.1-418

BFI-2006-00020 1st Millennium Mortgage, LLC - Alleged violation of VA Code § 6.1-418

BFI-2006-00026 American Mortgage Group, Inc. d/b/a American Mortgage Group Inc., A Corporation of North Carolina - Alleged violation of VA Code § 6.1-418

BFI-2006-00027 Berwyn Mortgage, Inc. - Alleged violation of VA Code § 6.1-418

BFI-2006-00028 Brooks Financial Group, LLC - Alleged violation of VA Code § 6.1-418

BFI-2006-00029 Capital Financial Associates, Inc. d/b/a CFA Mortgage - Alleged violation of VA Code § 6.1-418

BFI-2006-00031 Commonwealth Home Loans, LLC - Alleged violation of VA Code § 6.1-418

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BFI-2006-00034 E-Star Lending, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00036 Fidelity First Mortgage, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00039 Flick Mortgage Investors, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00040 Granger Mortgage Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00044 Guaranteed Rate, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00046 Home Equity Loan Products, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00047 HomeSouth Mortgage Services, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00048 IMA, Inc. d/b/a International Mortgage Association - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00049 Integrus Mortgage, LLC - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00050 Investors Capital LLC d/b/a Investors Capital LLC of Virginia - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00051 Liberty House Financial Group, L. L. C. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00052 Loans and Mortgages, LLC - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00054 Montgomery Capital Corporation d/b/a Montgomery Capital Mortgage Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00055 The Mortgage Equities Group, LLC d/b/a MyLoan1st - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00056 Mountain Valley Mortgage Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00057 Mutual Funding, Inc. d/b/a Mutual Funding MY, Inc.)- Alleged violation of VA Code § 6.1-418  
 BFI-2006-00058 Nations Lending Corporation d/b/a Nations Lending Corporation of Ohio - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00059 NationsOne Mortgage, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00061 North Atlantic Mortgage Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00063 OneStop Shopping Financial, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00064 Park West Mortgage, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00067 Reliance Funding Services, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00068 Residential Lending Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00069 Resicom Funding, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00071 Service First Mortgage, L.C. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00074 T & B Mortgage Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00075 United California Systems International, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00076 United Freedom Funding Corp. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00077 United Mutual Funding Corp. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00078 USA Home Loans, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00079 UVEST Mortgage Services, LLC - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00080 Virginia Mutual Mortgage Corporation - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00082 Your Mortgage Company, LLC - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00083 In re: Annual Assessment of Licensees under Chapter 16 of Title 6.1 of the Code of Virginia  
 BFI-2006-00084 Eric Morgenson - Alleged violation of VA Code § 6.1-416.1  
 BFI-2006-00085 Timothy J. Burke - Alleged violation of VA Code § 6.1-416.1  
 BFI-2006-00086 In re: Annual Assessment/Reduction of licensees under Chapter 6 of Title 6.1 of the Code of Virginia  
 BFI-2006-00088 Gulfport Financial, LLC d/b/a Virginia Cash Advance - Alleged violations of Chapter 18 of Title 6.1 of the Code of Virginia  
 BFI-2006-00089 Mortgage Lenders Network USA, Inc. - Alleged violation of Chapter 16 of Title 6.1 of the Code of Virginia  
 BFI-2006-00090 Classic Home Lending, Inc. - Alleged violation of VA Code § 6.1-418  
 BFI-2006-00091 Flick Mortgage Investors, Inc. - Alleged violation of Rule 10 VAC 5-160-50  
 BFI-2006-00094 Atlantic Bay Mortgage Group, L.L.C. - Alleged violation of Chapter 16 of Title 6.1 of the Code of Virginia  
 BFI-2006-00098 In Re: annual assessment of financial institutions under Chapters 2 and 3.01 of Title 6.1 of the Code of Virginia  
 BFI-2006-00099 In Re: annual assessment of industrial loan associations under Chapter 5 of Title 6.1 of the Code of Virginia  
 BFI-2006-00101 Elend Mortgage, LLC - Alleged violation of VA Code § 6.1-413  
 BFI-2006-00102 Arrow Service Corporation - Alleged violation of VA Code § 6.1-413  
 BFI-2006-00108 Global Mortgage, Inc. - Alleged violation of 10 VAC 5-160-50  
 BFI-2006-00112 Bahman Ardalan - Alleged violation of VA Code § 6.1-416.1  
 BFI-2006-00115 Home Lending Partners, L.L.C. - For revocation of license pursuant to VA Code § 6.1-413  
 BFI-2006-00116 In Re: Annual assessment of Licensees under Chapter 18 of Title 6.1 of the Code of Virginia  
 BFI-2006-00117 Fidelity Financial Mortgage Corporation - Alleged violation of VA Code § 6.1-413  
 BFI-2006-00122 Mortgage Pros, Inc. d/b/a Mortgage Pros USA - For revocation of defendant's license pursuant to VA Code § 6.1-413  
 BFI-2006-00123 J & H Mortgage Consultants, Inc. d/b/a Creative Lending Solutions - For revocation of license pursuant to VA Code § 6.1-413  
 BFI-2006-00125 Society Funding Group, LLC - Alleged violation of VA Code § 6.1-413  
 BFI-2006-00126 Pulte Mortgage, LLC - Alleged violation of Chapter 16 of Title 6.1 of the Code of Virginia  
 BFI-2006-00127 The Nansemond Credit Union - For merger into ABNB FCU  
 BFI-2006-00128 Network Funding, L. P. - Alleged violation of VA Code § 6.1-416  
 BFI-2006-00131 In re: Annual fees for mortgage lenders and mortgage brokers  
 BFI-2006-00134 Accredited Home Lenders, Inc. - Alleged violation of VA Code § 6.1-416

**CLK:****CLERK'S OFFICE**

CLK-2006-00001 Election of Commission Chairman to become effective February, 1, 2006  
 CLK-2006-00002 In the matter of the Recall of Retired Commissioner Clinton Miller for Commission Duties  
 CLK-2006-00003 Jean B. Hudson, Petitioner v. Johnny Mack Brown, Defendant - For finding that Uniform Commercial Code financing statement is false, fraudulent and unauthorized  
 CLK-2006-00004 Election of Judith Williams Jagdmann to the State Corporation Commission  
 CLK-2006-00005 Perkins & Associates, LLC - For reinstatement of certificate of organization for a limited liability company  
 CLK-2006-00006 Virginia Mortgage Group, Inc. - For dissolution pursuant to VA Code § 13.1-749  
 CLK-2006-00007 Mark A. Ryan, Valerie Chambers, Susan Giddings, Debbie Stevens, Julie C. Dudley, B.A. Bledsoe, Jackson L. Kiser and Connie L. Davis Crum, Petitioners v. Andrew P. Windsor, Defendant - For a finding that a Uniform Commercial Code financing statement is false

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CLK-2006-00008 Noah's Ark Foundation Inc., Petitioner v. Jennifer Seifert, Defendant - For nullification and removal of fraudulent articles of incorporation  
 CLK-2006-00009 ClearPoint Financial Solutions, Inc., Petitioner v. The Foundation for Credit Education, Inc., et als. - For a Rehearing pursuant to VA Code § 13.1-813  
 CLK-2006-00010 MCT Contracting "LLC" - For reinstatement of certificate of organization

**INS: BUREAU OF INSURANCE**

INS-2005-00215 Alphastaff, Inc. - Alleged violation of 14 VAC 5-410-40 D  
 INS-2005-00216 FreedomWorks Inc. formerly Citizens for a Sound Economy - Alleged violation of 14 VAC 5-410-40 D  
 INS-2005-00239 Merit Life Insurance Company - Alleged violation of VA Code §§ 38.2-502, et al.  
 INS-2005-00259 CIGNA Healthcare of Virginia, Inc. - Alleged violation of VA Code § 38.2-3405 B  
 INS-2005-00278 Life Investors Insurance Company of America - Alleged violation of VA Code §§ 38.2-606, 38.2-610, et al.  
 INS-2005-00283 American Transinsurance Group - Alleged violation of VA Code § 38.2-1024 A  
 INS-2005-00284 Southern Maryland Title, LLC - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23, 38.2-1813 and 14 VAC 5-395-60  
 INS-2005-00285 Timothy D. Moody t/a Blue Ridge Bail Bonds - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1813  
 INS-2005-00292 Commonwealth Land Title Insurance Company, Transnation Title Insurance Company and Lawyer's Title Insurance Corporation - Alleged violation of VA Code §§ 38.2-1300 C, 38.2-1329 C and 38.2-4614  
 INS-2005-00293 Chicago Title Insurance Company and Fidelity National Title Insurance Company - Alleged violation of VA Code §§ 38.2-1300 C and 38.2-4614  
 INS-2005-00295 Hyman J. Dress & HyDress Insurance Agency, Inc. - Alleged violation of VA Code §§ 38.2-1809, 38.2-1813 and 38.2-1822  
 INS-2005-00296 Accredited Surety and Casualty Company, Inc. - Alleged violation of VA Code § 38.2-1906 D  
 INS-2005-00297 Inter-Continental Title & Escrow LLC - Alleged violation of VA Code § 6.1-2.21  
 INS-2005-00298 Old American Title, L.P. - Alleged violation of VA Code § 6.1-2.21  
 INS-2005-00299 Household Life Insurance Company - Alleged violation of VA Code §§ 38.2-510 A 2, et al.  
 INS-2005-00300 Millenium Attorneys, Inc. - Alleged violation of VA Code §§ 6.1-2.26 and 14 VAC 5-395-30  
 INS-2006-00002 Lisa Sue Mize - Alleged violation of subsection 1 of VA Code § 38.2-1831  
 INS-2006-00003 Richard Thomas Ullman - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00004 Holly J. Portrey - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00005 Minnesota Life Insurance Company - Alleged violation of VA Code §§ 38.2-502, et al.  
 INS-2006-00006 United Services Automobile Association - Alleged violation of 14 VAC 5-400-40 A and 14 VAC 5-400-70  
 INS-2006-00007 Central Mutual Insurance Company - Alleged violation of 14 VAC 5-400-70 D  
 INS-2006-00008 Resource Life Insurance Company - Alleged violation of VA Code §§ 38.2-502, et al.  
 INS-2006-00009 Barbara C. Feit - Alleged violation of VA Code § 38.2-512 B  
 INS-2006-00012 Liberty Life Insurance Company - In the matter of Approval of a Settlement Agreement between Liberty Life Insurance Company and the Director of Insurance for the State of South Carolina, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the affected States in the United States  
 INS-2006-00013 In the matter of adoption of adjusted prima facie rates for credit life and credit accident and sickness insurance pursuant to VA Code §§ 38.2-3725, 38.2-3726, 38.2-3727 and 38.2-3730  
 INS-2006-00014 Tecumseh Irvin Bey t/a T&B Insurance Executives - Alleged violation of VA Code §§ 38.2-512, et al.  
 INS-2006-00015 The Settlement Group, Inc. - Alleged violation of VA Code § 6.1-2.23 C  
 INS-2006-00016 Hoa L. Chung - Alleged violation of VA Code § 38.2-1831  
 INS-2006-00017 United Family Life Insurance Company - In the matter of Approval of a Settlement Agreement between United Family Life Insurance Company and the Commissioner of Insurance for the State of Georgia, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the affected States in the United States  
 INS-2006-00018 Lisa C. Bandy - Alleged violation of VA Code §§ 38.2-512 and 38.2-1813  
 INS-2006-00019 Employers Mutual Casualty Company - Alleged violation of 14 VAC 5-335-10 et seq.  
 INS-2006-00020 The Brethren Mutual Insurance Company - Alleged violation of VA Code § 38.2-1906 D  
 INS-2006-00021 Federated Mutual Insurance Company and Federated Service Insurance Company - Alleged violation of 14 VAC 5-335-10 et seq.  
 INS-2006-00022 Greenwich Insurance Company and XL Specialty Insurance Company - Alleged violation of 14 VAC 5-335-10 et seq.  
 INS-2006-00023 Peerless Insurance Company, The Netherlands Insurance Company, Montgomery Mutual Insurance Company and Excelsior Insurance Company - Alleged violation of VA Code §§ 38.2-317 H and 38.2-1906 D  
 INS-2006-00024 Philadelphia Indemnity Insurance Company - Alleged violation of 14 VAC 5-335-10 et seq.  
 INS-2006-00025 Greenwich Insurance Company (Commercial Excess) - Alleged violation of 14 VAC 5-335-10 et seq.  
 INS-2006-00026 Greenwich Insurance Company (Pollution Remediation) - Alleged violation of 14 VAC 5-335-10 et seq.  
 INS-2006-00027 Ace American Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00028 Ace American Reinsurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00029 Ace Fire Underwriters Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00030 Ace Indemnity Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00031 Ace Property and Casualty Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00032 AIG Centennial Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00033 AIG National Insurance Copany, Inc. - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00034 AIG Premier Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00035 AIU Insurance Company - Alleged violation of VA Code §§ 38.2-1301 and 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00036 American International South Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00037 Bankers Standard Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00038 Birmingham Fire Insurance Company of Pennsylvania - Alleged violation of VA Code §§ 38.2-1301 and 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00039 Commerce and Industry Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00040 General Reinsurance Corporation - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  
 INS-2006-00041 Granite State Insurance Company - Alleged violation of VA Code §§ 38.2-1301 and 14 VAC 5-270-40 and 14 VAC 5-270-50

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|----------------|---|
| INS-2006-00042 | Indemnity 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-2006-00043 | 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-2006-00044 | MBIA Insurance Corporation - Alleged violation of VA Code §§ 38.2-1301 and 14 VAC 5-270-40 and 14 VAC 5-270-50  |
| INS-2006-00045 | Merastar Insurance Company - Alleged violation of VA Code §§ 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50   |
| INS-2006-00046 | National Union Fire Insurance Company of Pittsburgh, PA - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-40 and 14 VAC 5-270-50  |
| INS-2006-00047 | New Hampshire Indemnity Company, Inc. - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50   |
| INS-2006-00048 | New Hampshire Insurance Company - Alleged violation of VA Code §§ 38.2-1301 and 14 VAC 5-270-40 and 14 VAC 5-270-50   |
| INS-2006-00049 | Pacific Employers Insurance Company - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50   |
| INS-2006-00050 | 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-2006-00051 | The Insurance Company of the State of Pennsylvania - Alleged violation of VA Code § 38.2-1301, 14 VAC 5-270-40 and 14 VAC 5-270-50  |
| INS-2006-00052 | TransGuard Insurance Company of America, Inc. - Alleged violation of VA Code § 38.2-1301, and 14 VAC 5-270-40 and 14 VAC 5-270-50   |
| INS-2006-00054 | SMS Group, Inc. t/a SMS Title & Escrow, Inc. - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23 and 38.2-1813   |
| INS-2006-00055 | George Allen Clayton - Alleged violation of VA Code § 38.2-1831   |
| INS-2006-00056 | Anesthesiologists' Professional Assurance Company - Alleged violation of VA Code § 38.2-1906 D  |
| INS-2006-00058 | Laron Deferris Shannon, III - Alleged violation of VA Code §§ 38.2-502, 38.2-503, 38.2-1838 and 38.2-1809   |
| INS-2006-00059 | Lawyers Title Insurance Corporation - For refund of retaliatory costs incurred during 2004 taxable year   |
| INS-2006-00060 | Axis Title Group, LLC - Alleged violation of VA Code §§ 6.1-2.23, 6.1-2.26, 14 VAC 5-395-30 and 14 VAC 5-395-60   |
| INS-2006-00061 | K. G. Title, Inc. - Alleged violation of VA Code §§ 6.1-2.23, 6.1-2.26, 14 VAC 5-395-30   |
| INS-2006-00062 | PA Settlement Services, Inc. - Alleged violation of VA Code §§ 6.1-2.23, 6.1-2.26, 14 VAC 5-395-30 and 14 VAC 5-395-60  |
| INS-2006-00063 | Erie Insurance Exchange, Erie Insurance Company, Erie Property and Casualty Company and Flagship Insurance Company - Alleged violation of VA Code § 38.2-1906 D   |
| INS-2006-00064 | Horace Mann Insurance Company, Horace Mann Property and Casualty Insurance Company and Teachers Insurance Company - Alleged violation of VA Code § 38.2-1906 D  |
| INS-2006-00065 | Stonebridge Casualty Insurance Company - Alleged violation of VA Code §§ 38.2-2.233 and 38.2-2006.1   |
| INS-2006-00066 | National Union Fire Insurance Company of Pittsburgh, PA - Alleged violation of VA Code § 38.2-317 H   |
| INS-2006-00067 | Gregory D. Born and Jeffrey E. Born - Alleged violation of VA Code §§ 38.2-512, 38.2-1802 and 38.2-1831   |
| INS-2006-00068 | Paul Scott Ledoux - Alleged violation of VA Code § 38.2-1826 C  |
| INS-2006-00069 | Mary Elizabeth Williams - For review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal  |
| INS-2006-00070 | United Legal Benefits of Virginia, Inc. - Alleged violator of VA Code § 38.2-1300   |
| INS-2006-00071 | Cortile, LLC - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23, 6.1-2.23:1, 6.1-2.24, 38.2-1813 and 14 VAC 5-395-70  |
| INS-2006-00073 | Family Life Insurance Company - Alleged violation of VA Code § 38.2-1036  |
| INS-2006-00074 | American General Assurance Company - Alleged violation of VA Code §§ 38.2-502, <u>et al.</u>  |
| INS-2006-00075 | Vesta Fire Insurance Corporation - Alleged violation of VA Code § 38.2-1301 and VAC 5-270-50  |
| INS-2006-00076 | Shelby Casualty Insurance Company - Alleged violation of VA Code § 38.2-1301 and VAC 5-270-50   |
| INS-2006-00077 | The Shelby Insurance Company - Alleged violation of VA Code § 38.2-1301 and VAC 5-270-50  |
| INS-2006-00078 | Florida Select Insurance Company - Alleged violation of VA Code § 38.2-13-1 and VAC 5-270-50  |
| INS-2006-00079 | Golden State Mutual Life Insurance Company - Alleged violation of VA Code § 38.2-1301 and 14 VAC 5-270-50   |
| INS-2006-00080 | Rappahannock Home Mutual Fire Insurance Company - Alleged violation of VA Code § 38.2-2515  |
| INS-2006-00081 | National Council on Compensation Insurance, Inc. - For revision of advisory loss costs and assigned risk workers' compensation insurance rates  |
| INS-2006-00082 | National Council on Compensation Insurance, Inc. - For revisions of advisory loss costs and risk workers' compensation insurance rates  |
| INS-2006-00083 | National Council on Compensation Insurance, Inc. - For revisions of advisory loss costs and assigned risk workers' compensation insurance rates   |
| INS-2006-00084 | Henry C. Roberson, III - Alleged violation of VA Code §§ 38.2-1826 A and 38.2-1826 B  |
| INS-2006-00085 | Marlon Dean Worwell - Alleged violation of VA Code § 38.2-1826 C  |
| INS-2006-00086 | Esurance Insurance Company - Alleged violation of VA Code § 38.2-1906 D   |
| INS-2006-00087 | Progressive Casualty Insurance Company - Alleged violation of 14 VAC 5-335-10 <u>et seq.</u>  |
| INS-2006-00088 | Nova Casualty Company - Alleged violation of VA Code §§ 38.2-317 H and 38.2-1906 A  |
| INS-2006-00089 | Liberty Mutual Insurance Company and First Liberty Insurance Corporation - Alleged violation of VA Code § 38.2-317 H  |
| INS-2006-00090 | Nationwide Agribusiness Insurance Company - Alleged violation of VA Code § 38.2-317 H   |
| INS-2006-00091 | Everest National Insurance Company - Alleged violation of 14 VAC 5-335-10 <u>et seq.</u>  |
| INS-2006-00092 | Continental Casualty Company, National Fire Insurance Company of Hartford, Transportation Insurance Company, Transcontinental Insurance Company and Valley Forge Insurance Company - Alleged violation of VA Code §§ 38.2-317 H and 38.2-1906 D |
| INS-2006-00094 | Marlin Stewart Gross - Alleged violation of VA Code § 38.2-1831   |
| INS-2006-00095 | Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. - Alleged violation of 14 VAC 5-234-40 C   |
| INS-2006-00096 | American Modern Life Insurance Company - Alleged violation of VA Code § 38.2-3115 B   |
| INS-2006-00097 | Douglas C. Wood - Alleged violation of VA Code § 38.2-502   |
| INS-2006-00098 | American Automobile Insurance Company, Associated Indemnity Corporation, Fireman's Fund Insurance Company, National Surety Corporation and The American Insurance Company - Alleged violation of VA Code § 38.2-1906 A                          |
| INS-2006-00099 | Great American Insurance Company, Great American Insurance Company of New York, Great American Assurance Company and Great American Alliance Insurance Company - Alleged violation of VA Code § 38.2-1906 A                                     |
| INS-2006-00100 | Nationwide Mutual Insurance Company, Nationwide Mutual Fire Insurance Company, Nationwide General Insurance Company and Nationwide Assurance Company - Alleged violation of VA Code §§ 38.2-317 A, <u>et al.</u>                                |
| INS-2006-00101 | Cincinnati Insurance Company - Alleged violation of 14 VAC 5-335-10 <u>et seq.</u>  |
| INS-2006-00102 | American Pioneer Life Insurance Company - Alleged violation of VA Code §§ 38.2-502 and 38.2-503   |
| INS-2006-00103 | Timothy C. Fields - Alleged violation of VA Code §§ 38.2-1826 C and 38.2-1831   |
| INS-2006-00104 | National Grange Mutual Insurance Company - Alleged violation of VA Code §§ 38.2-305, <u>et al.</u>  |

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| INS-2006-00105 | Great American Insurance Company, Great American Insurance Company of New York, Great American Assurance Company and Great American Alliance Insurance Company - Alleged violation of VA Code § 38.2-1906 A |
| INS-2006-00106 | Eric J. Moore - Alleged violation of VA Code §§ 38.2-503, 38.2-512 and 14 VAC 5-40-40 A 2   |
| INS-2006-00107 | Johnny William Backus, Jr. and Backus Bail Bonding, Inc. - Alleged violation of VA Code § 38.2-1812.2   |
| INS-2006-00108 | Nationwide Settlement Solutions, Inc. - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23, 6.1-2.26 and 14 VAC 5-395-30  |
| INS-2006-00109 | Tier One Title Agency, Inc. - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.26 and 14 VAC 5-395-30  |
| INS-2006-00110 | Executive Title Services, Inc. - Alleged violation of VA Code § 6.1-2.21  |
| INS-2006-00111 | American Service Insurance Company - Alleged violation of VA Code §§ 38.2-1833 C and 38.2-1833 E  |
| INS-2006-00112 | American Bankers Insurance Company of Florida - Alleged violation of VA Code §§ 38.2-233 E, <u>et al.</u>   |
| INS-2006-00113 | Employers Insurance Company of Wausau, Wausau Business Insurance Company and Wausau Underwriters Insurance Company - Alleged violation of VA Code §§ 38.2-231, <u>et al.</u>                                |
| INS-2006-00115 | Pennsylvania National Mutual Casualty Insurance Company, Penn National Security Insurance Company - Alleged violation of VA Code §§ 38.2-317 H and 38.2-1906 D  |
| INS-2006-00116 | Melissa Louise Backus - Alleged violation of VA Code § 38.2-1812.2  |
| INS-2006-00117 | Doy Allen Miller - Alleged violation of VA Code § 38.2-1812.2   |
| INS-2006-00118 | Hartford Insurance Company of the Midwest - Alleged violation of VA Code §§ 38.2-510 A 10, <u>et al.</u>  |
| INS-2006-00119 | Bristol West Insurance Company - Alleged violation of VA Code §§ 38.2-305 B, <u>et al.</u>  |
| INS-2006-00120 | Keystone Insurance Company and AAA Mid-Atlantic Insurance Company - Alleged violation of VA Code §§ 38.2-305 A, <u>et al.</u>   |
| INS-2006-00121 | Universal Underwriters Life Insurance Company - Alleged violation of VA Code §§ 38.2-610, <u>et al.</u>   |
| INS-2006-00122 | Deputy Receiver of Reciprocal of America and The Reciprocal Group, Petitioner v. General Reinsurance Corporation, Respondent - Motion for Protective Order  |
| INS-2006-00123 | Robert D. Tolsma t/a Tolsma Insurance & Financial Services - Alleged violation of VA Code §§ 38.2-1812.2 and 38.2-1822  |
| INS-2006-00124 | Penn-Patriot Insurance Company - Form A exemption request   |
| INS-2006-00125 | Frederic Darryl Ramey - Alleged violation of VA Code § 38.2-1826 C  |
| INS-2006-00126 | Casey L. Watkins - Alleged violation of VA Code §§ 38.2-1831.1, <u>et al.</u>   |
| INS-2006-00127 | Valley Staffing, Inc. - For a review of a decision by the National Council on Compensation Insurance pursuant to VA Code § 38.2-2018  |
| INS-2006-00128 | In the matter of Adopting Revisions to the Rules Governing Life Insurance Replacements  |
| INS-2006-00129 | In the matter of Adopting New Rules Governing Suitability In Annuity Transactions   |
| INS-2006-00130 | 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 2005               |
| INS-2006-00131 | In the matter of refunding overpayments of the premium license tax on direct gross premium income of surplus lines brokers for the taxable year 2005  |
| INS-2006-00132 | Sheryl Lynn Truax - Alleged violation of VA Code § 38.2-1826 C  |
| INS-2006-00133 | United Healthcare of the Mid-Atlantic, Inc. - Alleged violation of VA Code § 38.2-3542 C  |
| INS-2006-00134 | ViaSource Funding Group, LLC - Alleged violation of VA Code § 38.2-6002   |
| INS-2006-00135 | ACE American Reinsurance Co. - To eliminate impairment and restore surplus to minimum amount required by law  |
| INS-2006-00136 | Insurance Company of North America - To eliminate impairment and restore surplus to minimum amount required by law  |
| INS-2006-00137 | Michael Joel Spillert - Alleged violation of VA Code § 38.2-1826 C and subsection 1 of 38.2-1831  |
| INS-2006-00138 | Carly Deann Smith - Alleged violation of VA Code § 38.2-1831  |
| INS-2006-00139 | Suk-Ku Lim - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1813  |
| INS-2006-00140 | Jasper Carl Williams and Supreme Insurance Agency, Inc. - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1813   |
| INS-2006-00141 | St. Paul Fire and Marine Insurance Company and St. Paul Mercury Insurance Company - Alleged violation of VA Code § 38.2-317 A   |
| INS-2006-00143 | Acordia of Virginia Insurance Agency, Inc. - Alleged violation of VA Code § 38.2-1839 A   |
| INS-2006-00144 | Alan J. Zuccari, Inc. - Alleged violation of VA Code § 38.2-1839 A  |
| INS-2006-00145 | Aon Risk Services Inc. of Virginia - Alleged violation of VA Code § 38.2-1839 A   |
| INS-2006-00146 | Armfield, Harrison & Thomas, Inc. - Alleged violation of VA Code § 38.2-1839 A  |
| INS-2006-00147 | BB&T Insurance Services, Inc. - Alleged violation of VA Code § 38.2-1839 A  |
| INS-2006-00148 | Brown & Brown Insurance Agency of Virginia, Inc. - Alleged violation of VA Code §§ 38.2-1809 B, 38.2-1812.2 and 38.2-1839 A   |
| INS-2006-00149 | Chas. Lunsford Sons & Associates - Alleged violation of VA Code § 38.2-1839 A   |
| INS-2006-00150 | The CIMA Companies, Inc. - For alleged violation of VA Code §§ 38.2-1809 B and 38.2-1839 A  |
| INS-2006-00151 | Henderson & Phillips, Inc. - Alleged violation of VA Code § 38.2-1839 A   |
| INS-2006-00152 | Hilb, Rogal & Hobbs of Virginia Inc. - Alleged violation of VA Code § 38.2-1839 A   |
| INS-2006-00153 | James A. Scott & Son, Inc. - Alleged violation of VA Code § 38.2-1839 A   |
| INS-2006-00155 | Tabb, Brockenbrough & Ragland, LLC - Alleged violation of VA Code § 38.2-1839 A   |
| INS-2006-00156 | First National Title Company LLC - Alleged violation of VA Code § 6.1-2.21  |
| INS-2006-00157 | Democracy Title Corporation - Alleged violation of VA Code § 6.1-2.21   |
| INS-2006-00158 | Monarch Title & Escrow, LLC - Alleged violation of VA Code §§ 6.1-2.23 and 38.2-1813  |
| INS-2006-00159 | National Closing Solutions, Inc. - Alleged violation of VA Code § 6.1-2.23 and 14 VAC 5-395-60  |
| INS-2006-00160 | In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2003   |
| INS-2006-00161 | 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 2005                                       |
| INS-2006-00162 | In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2004   |
| INS-2006-00163 | 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-2006-00164 | 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 2005          |
| INS-2006-00165 | 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 2005              |
| INS-2006-00166 | 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 2005              |
| INS-2006-00167 | In the matter of Adopting Revisions to the Rules Governing Insurance Holding Companies  |

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| INS-2006-00168 | Thomas Rutherford, Inc. - Alleged violation of VA Code § 38.2-1839 A  |
| INS-2006-00169 | Hartford Accident and Indemnity Company, Hartford Casualty Insurance Company and Hartford Fire Insurance Company - Alleged violation of VA Code § 38.2-1906 D   |
| INS-2006-00170 | Fidelity National Insurance Company - Alleged violation of VA Code § 38.2-2119 B  |
| INS-2006-00171 | Progressive Halcyon Insurance Company, Progressive Max Insurance Company, Progressive Preferred Insurance Company, Progressive Mountain Insurance Company and United Financial Casualty Company - Alleged violation of VA Code § 38.2-1906 D  |
| INS-2006-00172 | Sterling Investors Life Insurance Company - Alleged violation of VA Code § 38.2-1036  |
| INS-2006-00173 | Harleysville Mutual Insurance Company and Harleysville Preferred Insurance Company - Alleged violation of 14 VAC 5-335-10 <u>et seq.</u>  |
| INS-2006-00174 | Triton Insurance Company - Alleged violation of VA Code § 39.2-2203   |
| INS-2006-00175 | American-Amicable Life Insurance Company of Texas, Pioneer American Insurance Company, and Pioneer Security Life Insurance Company - In the matter of Approval of a Multi-State Regulatory Settlement Agreement between American-Amicable Life Insurance Company of Texas, Pioneer American Insurance Company, Pioneer Security Life Insurance Company and the Georgia and Texas Departments of Insurance, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the affected States and the District of Columbia |
| INS-2006-00176 | GuideOne Mutual Insurance Company and GuideOne Specialty Mutual Insurance Company – Alleged violation of VA Code § 38.2-1906 D  |
| INS-2006-00177 | Federal Insurance Company, Pacific Indemnity Insurance Company and Vigilant Insurance Company - Alleged violation of VA Code § 38.2-1906 D  |
| INS-2006-00178 | United States Liability Insurance Company - Alleged violation of 14 VAC 5-335-10 <u>et seq.</u>   |
| INS-2006-00179 | Penn Treaty Network America Insurance Company - Alleged violation of VA Code §§ 38.2-2.502, <u>et al.</u>   |
| INS-2006-00180 | The Harford Mutual Insurance Company - Alleged violation of VA Code § 38.2-317 A  |
| INS-2006-00182 | State Farm Life Insurance Company - Alleged violation of VA Code § 38.2-610   |
| INS-2006-00183 | Vehicular Service Insurance Company Risk Retention Group - Alleged violation of VA Code § 38.2-5103 8 a   |
| INS-2006-00184 | American National Insurance Company - Alleged violation of VA Code §§ 38.2-510 A 2, <u>et al.</u>   |
| INS-2006-00185 | American Reliable Insurance Company - Alleged violation of VA Code §§ 38.2-233 E, <u>et al.</u>   |
| INS-2006-00186 | American Security Insurance Company - Alleged violation of VA Code §§ 38.2-1812, 38.2-1822 and 38.2-2014  |
| INS-2006-00187 | Standard Guaranty Insurance Company - Alleged violation of VA Code §§ 38.2-1812, 38.2-1822 and 38.2-2014  |
| INS-2006-00188 | American Heritage Life Insurance Company - Alleged violation of VA Code §§ 38.2-610, <u>et al.</u>  |
| INS-2006-00189 | Farmers Insurance Exchange - Alleged violation of VA Code § 38.2-1906 D   |
| INS-2006-00190 | Government Employees Insurance Company and GEICO General Insurance Company - Alleged violation of VA Code § 38.2-2220   |
| INS-2006-00191 | The Harford Mutual Insurance Company - Alleged violation of VA Code § 38.2-317 A  |
| INS-2006-00193 | AFCO Premium Credit LLC - Alleged violation of VA Code § 38.2-4707 and 14 VAC 5-390-20 G  |
| INS-2006-00194 | Marsh USA, Inc. - Alleged violation of VA Code §§ 38.2-1809 B, 38.2-1813 A and 38.2-1839 A  |
| INS-2006-00196 | Franchise Insurance Agency, Inc. - Alleged violation of VA Code § 38.2-1826 C   |
| INS-2006-00197 | National Council on Compensation Insurance, Inc. - For revision of advisory loss costs and assigned risk workers' compensation insurance rates  |
| INS-2006-00198 | Tiffanie L. Goffigan - Alleged violation of VA Code § 38.2-1822 A   |
| INS-2006-00199 | Robert Mark Jarvis - Alleged violation of VA Code § 38.2-1831   |
| INS-2006-00200 | Scott H. Lane - Alleged violation of VA Code §§ 38.2-502 and 38.2-503   |
| INS-2006-00201 | Deborah L. Womack - Alleged violation of VA Code §§ 38.2-512 A and 38.2-1822 A  |
| INS-2006-00203 | Philadelphia Indemnity Insurance Company - Alleged violation of 14 VAC 5-335-10 <u>et seq.</u>  |
| INS-2006-00204 | Nelson E. Gilroy - Alleged violation of VA Code § 38.2-1831   |
| INS-2006-00205 | Haneef Q. Majied - Alleged violation of VA Code §§ 38.2-512 A and 38.2-512 B  |
| INS-2006-00206 | Grain Dealers Mutual Insurance Company - Alleged violation of VA Code §§ 38.2-317 A and 38.2-1906 D   |
| INS-2006-00207 | AIG Centennial Insurance Company and AIG Premier Insurance Company - Alleged violation of VA Code § 38.2-1906 D   |
| INS-2006-00208 | Michelle Diaz - Alleged violation of VA Code §§ 38.2-512, 38.2-1812 and 38.2-1822   |
| INS-2006-00209 | Nationwide Land Title & Escrow Services, Inc. - Alleged violation of VA Code § 6.1-2.26 and 14 VAC 5-395-30   |
| INS-2006-00210 | Cross Country Settlements - Alleged violation of VA Code § 6.1-2.21   |
| INS-2006-00211 | WBB Settlement Services LLC - Alleged violation of VA Code § 6.1-2.26   |
| INS-2006-00212 | Charney & Craig, Inc. d/b/a Bay Home Title - Alleged violation of VA Code § 6.1-2.21  |
| INS-2006-00213 | MGK Title LLC d/b/a Masters Title & Escrow - Alleged violation of VA Code § 6.1-2.23  |
| INS-2006-00214 | Pinnacle Title Corporation - Alleged violation of VA Code §§ 6.1-2.21 and 6.1-2.23  |
| INS-2006-00215 | One Call Lender Services, LLC - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23 and 14 VAC 5-395-60  |
| INS-2006-00216 | Rosenblum & Associates, LLC - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23 and 14 VAC 5-395-60  |
| INS-2006-00217 | Richard S. King, Jr. and King Insurance Agency, Inc. - Alleged violation of VA Code §§ 38.2-503, 38.2-512, 38.2-1812 and 38.2-1822  |
| INS-2006-00218 | Lisa Renae Diamond - Alleged violation of VA Code § 38.2-1822   |
| INS-2006-00219 | Jefferson W. Johnson, Jr. t/a Jeff Johnson Agency - Alleged violation of VA Code § 38.2-1813  |
| INS-2006-00220 | L S & L, Inc. - Alleged violation of VA Code § 38.2-1826 C  |
| INS-2006-00221 | Eleasar Fraga - Alleged violation of VA Code § 38.2-1826 C  |
| INS-2006-00222 | General American Life Insurance Company - Alleged violation of VA Code § 38.2-610   |
| INS-2006-00223 | JMIC Life Insurance Company - Alleged violation of VA Code §§ 38.2-503, 38.2-512, <u>et al.</u>   |
| INS-2006-00224 | GuideOne Mutual Insurance Company and GuideOne Specialty Mutual Insurance Company – Alleged violation of VA Code § 38.2-1906 D  |
| INS-2006-00225 | Thomas W. O'York - Alleged violation of VA Code §§ 38.2-512, 38.2-1805 nad 38.2-1813  |
| INS-2006-00227 | Linda J. Thompson - Alleged violation of VA Code § 38.2-1831  |
| INS-2006-00230 | Jason Richard Adams - Alleged violation of VA Code § 38.2-1831  |
| INS-2006-00231 | Mitchell Lyn Deguzman - Alleged violation of VA Code § 38.2-1826 C  |
| INS-2006-00232 | Manuel Alfredo Salcido - Alleged violation of VA Code § 38.2-1826 C   |
| INS-2006-00233 | Aaron M. Jones - Alleged violation of VA Code § 38.2-1831   |
| INS-2006-00234 | Knights of Peter Claver, Inc. - Alleged violation of VA Code § 38.2-1300  |
| INS-2006-00236 | Kemper Independence Insurance Company - Alleged violation of VA Code § 38.2-1300  |

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INS-2006-00237 Unitrin Auto and Home Insurance Company - Alleged violation of VA Code § 38.2-1300  
 INS-2006-00238 Quanta Indemnity Company - Alleged violation of VA Code § 38.2-1300  
 INS-2006-00243 Hakima Helen Robinson-Rashad - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00244 Genworth Life and Annuity Insurance Company - Alleged violation of VA Code §§ 38.2-316 B, et al.  
 INS-2006-00247 FOB Settlement - Alleged violation of VA Code § 6.1-2.23  
 INS-2006-00249 Michael S. George - Alleged violation of VA Code § 38.2-1831  
 INS-2006-00250 Virginia Mutual Insurance Company and Alfa Corporation - For approval of a plan of conversion pursuant to VA Code §§ 38.2-1005.1 and 13.1-898.1  
 INS-2006-00251 Luke R. Whitis - Alleged violation of VA Code § 38.2-1831  
 INS-2006-00252 William Tribus, III and Clear Title Escrow and Settlements, LLC - Alleged violation of VA Code § 6.1-2.23  
 INS-2006-00253 Markel American Insurance Company - For refund of retaliatory costs incurred during 2005 taxable year  
 INS-2006-00254 Genworth Financial, Inc. - For refund of retaliatory costs incurred during 2005 taxable year  
 INS-2006-00255 Life Insurance Company of the Southwest - Alleged violation of VA Code § 38.2-610  
 INS-2006-00256 Nancy Gavor Naval - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00257 Property & Casualty Insurance Company of Hartford - Alleged violation of VA Code § 38.2-2220  
 INS-2006-00258 Sentry Insurance A Mutual Company, Middlesex Insurance Company and Patriot General Insurance Company - Alleged violation of VA Code § 38.2-317 A  
 INS-2006-00259 Aaron Rogers Mugerza - Alleged violation of VA Code § 3.2-1826 C  
 INS-2006-00262 Virginia Bentley Shanahan - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00264 Associated Builders and Contractors, Inc. Insurance Trust Fund - Alleged violation of 14 VAC 5-410-40 D  
 INS-2006-00266 Oasis Outsourcing Holdings, Inc. - Alleged violation of 14 VAC 5-410-40 D  
 INS-2006-00267 Presidion Solutions, Inc. Medical, Dental, Vision, Cancer and Life Group Plan - Alleged violation of 14 VAC 5-410-40 D  
 INS-2006-00268 Ikon Title & Escrow, LLC and Ashok Bhagi - Alleged violation of VA Code §§ 6.1-2.21, et al.  
 INS-2006-00269 Ikon Realty, Inc. - Alleged violation of VA Code § 38.2-4614  
 INS-2006-00270 Rappahannock Home Mutual Fire Insurance Company - For approval to distribute the assets of the company pursuant to § 38.2-216 of the Code of Virginia  
 INS-2006-00271 Nationwide Property Services - Alleged violation of VA Code § 6.1-2.21  
 INS-2006-00272 Direct Settlement Services, LP - Alleged violation of VA Code § 6.1-2.23  
 INS-2006-00273 Aon Risk Services, Inc. of Central California - Alleged violation of VA Code § 38.2-4807 A  
 INS-2006-00274 Benjamin W. Sears - Alleged violation of VA Code § 38.2-4807 A  
 INS-2006-00275 Richard Warren Sears, Jr. - Alleged violation of VA Code § 38.2-4807 A  
 INS-2006-00276 Closing USA LLC - Alleged violation of VA Code § 6.1-2.23 and 14 VAC 5-395-60  
 INS-2006-00277 Regional Title, Inc. - Alleged violation of VA Code § 6.1-2.21  
 INS-2006-00278 In the matter of refunding overpayments of the premium license tax on direct gross premium income of insurance companies for the taxable year 2005  
 INS-2006-00279 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 2005  
 INS-2006-00280 In the matter of refunding overpayments of the retaliatory tax of insurance companies for the taxable year 2005  
 INS-2006-00281 Nationwide Life Insurance Company - Alleged violation of VA Code §§ 38.2-5800 et seq.  
 INS-2006-00283 Sanders Thornley Schooler, IV and Colonial Insurance Agency, Inc. - Alleged violation of VA Code § 38.2-1813  
 INS-2006-00284 A-1 Title, Inc. - Alleged violation of VA Code § 6.1-2.21  
 INS-2006-00285 Commonwealth Land Title Insurance Company - Alleged violation of VA Code § 6.1-2.21  
 INS-2006-00286 Fred Amos Drewery, Jr. - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00287 XL Life Insurance and Annuity Company - Alleged violation of VA Code §§ 38.2-510 A 5, et al.  
 INS-2006-00288 Benefit Vision, Inc. - Alleged violation of VA Code § 38.2-1822  
 INS-2006-00289 Lynn Ergenbright Stone - Alleged violation of VA Code § 38.2-1809  
 INS-2006-00290 Robert Lee Howard - Alleged violation of VA Code §§ 38.2-512, 38.2-1809, 38.2-1812.2 and 38.2-1813  
 INS-2006-00291 In the matter of Adopting Revisions to Rules Governing Use of the 2001 CSO Mortality Table in Determining Reserve Liabilities and Nonforfeiture Benefits  
 INS-2006-00292 In the matter of Adopting Rules Governing Use of the 2001 CSO Preferred Class Structure Mortality Table in Determining Reserve Liabilities  
 INS-2006-00293 Kesler & Associates - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1822  
 INS-2006-00294 Riverview Title & Escrow, Inc. - Alleged violation of VA Code §§ 6.1-2.21, et al.  
 INS-2006-00295 Swafford Settlement Services, Inc. - Alleged violation of VA Code § 6.1-2.23 and 14 VAC 5-395-60  
 INS-2006-00296 The Settlement Group d/b/a Rockwood Title & Settlement Group - Alleged violation of VA Code § 6.1-2.23 and 14 VAC 5-395-60  
 INS-2006-00297 Darci Troese - Alleged violation of VA Code §§ 38.2-1822 and 38.2-1833  
 INS-2006-00298 Underwriters Surety, Inc. - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1822  
 INS-2006-00299 In re: Assessment upon certain companies and surplus lines brokers to pay the expense of the Bureau of Insurance for the calendar year 2007  
 INS-2006-00300 Anna Sparrow Evans - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00301 Salvatore Vincent Bottieri - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00302 Joan M. McDevitt - Alleged violation of VA Code §§ 6.1-2.21, 6.1-2.23, 6.1-2.24 and 38.2-1813  
 INS-2006-00303 In the matter of Adopting Revisions to the Rules Governing Long-Term Care Insurance  
 INS-2006-00304 Shenelle N. Jones - Alleged violation of VA Code § 38.2-1831  
 INS-2006-00305 St. Dominic Health Services, Inc. - For Review of Reciprocal of America and The Reciprocal Group Deputy Receiver's Determination of Appeal  
 INS-2006-00306 John W. Cobbs - Alleged violation of VA Code § 38.2-1826 A  
 INS-2006-00307 Stonebridge Life Insurance Company - Alleged violation of VA Code §§ 38.2-3115 B, 38.2-3831 A, 14 VAC 5-400-50 A, 14 VAC 50400-60 A and 14 VAC 5-400-60 B  
 INS-2006-00309 Allison D. Reynolds - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00312 Apex Title Services, LLC - Alleged violation of VA Code § 6.1-2.21  
 INS-2006-00318 Premier Title, LLC - Alleged violation of VA Code § 6.1-2.21

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INS-2006-00320 Shoaib S. Muhammad - Alleged violation of VA Code § 38.2-1826 C  
 INS-2006-00338 D. A. M. Insurance Agency, LLC - Alleged violation of VA Code § 38.2-1809

**PST: DIVISION OF PUBLIC SERVICE TAXATION**

PST-2005-00024 Comcast Phone of Virginia, Inc. - For review and correction of assessment of the value of property subject to local taxation - Tax Year 2005  
 PST-2005-00028 Nextel Communications of the Mid-Atlantic, Inc. - For review and correction of assessments of the value of property subject to local taxation - Tax Year 2005  
 PST-2006-00023 DIECA Communications, Inc. d/b/a Covad Communications Company - For Review and Correction of Certification of Gross Receipts for the year ended December 31, 2004  
 PST-2006-00024 Level 3 Communications, LLC - For Review and Correction of Certification of Gross Receipts for the year ended December 31, 2004

**PUC: DIVISION OF COMMUNICATIONS**

PUC-2005-00051 Verizon Communications Inc. and MCI, Inc. - For approval of agreement and plan of merger  
 PUC-2005-00071 XO Communications Services, Inc. - For alternative dispute resolution of interconnection agreement with Verizon Virginia Inc.  
 PUC-2005-00162 Reflex Communications of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services  
 PUC-2005-00163 Neutral Tandem-Virginia, LLC - For a certificate to provide local exchange and interexchange telecommunications services  
 PUC-2005-00167 Galax Exchange Customers - For Extended Local Service from United Telephone-Southeast, Inc.'s Galax Exchange to its Independence Exchange  
 PUC-2005-00169 CBB Carrier Services, Inc. - For a certificate to provide local exchange telecommunications services  
 PUC-2006-00001 U.S. TelePacific Corp. (Virginia) - For cancellation of certificates to provide local exchange and interexchange telecommunications services  
 PUC-2006-00002 Central Telephone Company of Virginia and United Telephone Southeast, Inc - For approval of a Master Interconnection, Collocation and Resale Agreement.  
 PUC-2006-00005 Bengal Communications International, Inc. of Virginia - For certificates to provide local exchange and interexchange telecommunications services  
 PUC-2006-00007 XO Virginia, LLC, XO Communications Services, Inc., XO Communications, Inc., and XO Communications, LLC - For approval of internal restructuring involving XO Communications Services, Inc. and XO Virginia, LLC  
 PUC-2006-00011 Verizon Virginia Inc. and Eureka Telecom of VA, Inc - For approval of an interconnection agreement  
 PUC-2006-00012 EarthLink, Inc. and New Edge Network, Inc. - For approval of transfer of control  
 PUC-2006-00013 BCN Telecom of Virginia, Inc. and Telecom Acquisition Company, LLC - For approval of a transfer of indirect control of BCN Telecom of Virginia, Inc. to Telecom Acquisition Company  
 PUC-2006-00014 KMC Data LLC and Hypercube, LLC - For approval of a transfer of control  
 PUC-2006-00015 TTM Virginia, Inc. - For a certificate to provide interexchange telecommunications services  
 PUC-2006-00016 Verizon Virginia Inc. and MebTel, Inc. - For approval of an interconnection agreement  
 PUC-2006-00017 Cordia Communications Corp. of Virginia - For certificates to provide local exchange and interexchange telecommunications services  
 PUC-2006-00020 TMC of Virginia, Inc. - For authority to discontinue local exchange service  
 PUC-2006-00021 New Edge Network, Inc. - To cancel existing certificates to provide local and interexchange telecommunications services and to reissue certificates reflecting new corporate name  
 PUC-2006-00022 Comm South Companies of Virginia, Inc. - For cancellation of certificates to provide local exchange telecommunications services  
 PUC-2006-00023 Progress Telecom Virginia, LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services  
 PUC-2006-00024 In Re: Partial waiver of the customer deposit escrow account rule  
 PUC-2006-00025 PNG Telecommunications of Virginia, LLC - For partial discontinuance of local exchange telecommunications services  
 PUC-2006-00028 Sigma Networks Telecommunications of Virginia, Inc. - For cancellation of certificate to provide local exchange and interexchange telecommunications services  
 PUC-2006-00029 Cavalier Telephone, LLC, Cavtel Holdings, LLC and Cavalier Telephone Corporation - For authority to transfer direct ownership of Cavalier Telephone, LLC from Cavalier Telephone Corporation to Cavtel Holdings, LLC  
 PUC-2006-00030 YMax Communications Corp. of Virginia - For a certificate to provide local exchange telecommunications services  
 PUC-2006-00031 Verizon Virginia Inc. and Verizon South Inc. - For approval of a Revenue Neutral Rate Restructuring Proposal Pursuant to § G of Their Plan for Alternative Regulation  
 PUC-2006-00032 CTC Communications of Virginia, Inc., CTC Communications Group, Inc., Choice One Communications of Virginia Inc., Choice One Communications, Inc. and Columbia Ventures Broadband, LLC - For approval of a change in ownership of CTC Communications of Virginia, Inc. and Choice One Communications of Virginia Inc.  
 PUC-2006-00033 Verizon South Inc. - For exemption from physical collocation at its Bridges location  
 PUC-2006-00034 Cyris, LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services  
 PUC-2006-00035 Choctaw Communications of Virginia, Inc. d/b/a Smoke Signal Communications - For cancellation of certificate to provide local exchange telecommunications services  
 PUC-2006-00036 EZ Talk Communications, LLC - For cancellation of certificate to provide local exchange telecommunications service  
 PUC-2006-00037 Gateway Communications Services of Virginia, Inc. - For certificates to provide local exchange and interexchange telecommunications services  
 PUC-2006-00038 VIC-RMTS-DC, L.L.C. d/b/a Verizon Avenue - For authority to discontinue competitive local exchange telecommunications services in Virginia  
 PUC-2006-00039 Verizon South Inc. - For exemption from physical collocation at its Shelton Shop Central Office  
 PUC-2006-00040 Comcast Phone of Northern Virginia, Inc. d/b/a Comcast Digital Phone of Northern Virginia Virginia and Celco Partnership d/b/a Verizon Wireless - For approval of a negotiated interconnection agreement  
 PUC-2006-00041 Comcast Phone of Virginia, Inc. d/b/a Comcast Digital Phone and Celco Partnership d/b/a Verizon Wireless - For approval of a negotiated interconnection agreement

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- PUC-2006-00042 Central Telephone Company of Virginia and United Telephone-Southeast, Inc. – For approval of a Master Interconnection, Collocation and Resale Agreement between Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and US LEC of Virginia, L.L.C.
- PUC-2006-00043 Intrado Communications of Virginia, Inc. and West Corporation - For approval to transfer ownership of Intrado Communications of Virginia Inc. from Intrado Inc. to West Corporation
- PUC-2006-00045 Verizon Virginia Inc. and ALLTEL Communications of Virginia, Inc. – For approval of an interconnection agreement
- PUC-2006-00046 Verizon South Inc. and ALLTEL Communications of Virginia, Inc. – For approval of an interconnection agreement
- PUC-2006-00048 Demmerick Eric Brown and Darlene Morton, Complainants v. MCI Telecommunications, Inc., now a part of Verizon Communications Inc. - Formal complaint concerning practices and billing of collect telephone calls from Virginia inmates
- PUC-2006-00049 Colin B. Stegall t/a Quality Communication Specialist - Alleged violation of VA Code §§ 56-508.15, 56-508.16 and 20 VAC 5-407-40
- PUC-2006-00051 URVASHI, Inc. - Alleged violation of VA Code §§ 56-508.15, 56-508.16 and 20 VAC 5-407-40
- PUC-2006-00052 Sunshine Tire Service, Inc. - Alleged violation of VA Code §§ 56-508.15, 56-508.16 and 20 VAC 5-407-40
- PUC-2006-00053 Dancris Telecom, LLC - Alleged violation of VA Code §§ 56-508.15, 56-508.16 and 20 VAC 5-407-30
- PUC-2006-00054 BellSouth BSE of Virginia, Inc. - For relinquishment of certificates and to cancel tariffs
- PUC-2006-00055 Vanco Direct USA, LLC, Universal Access, Inc. and Universal Access of Virginia, Inc. - For approval of transfer of assets
- PUC-2006-00057 MCImetro Access Transmission Services of Virginia, Inc. d/b/a Verizon Access Transmission Services of Virginia, Inc. - For removal of certain provisions of the October 6, 2005, Order in Case No. PUC-2005-00051
- PUC-2006-00058 Universal Access of Virginia, Inc. - For cancellation of its local exchange certificate and cancellation of its tariff
- PUC-2006-00059 Vanco Direct USA, LLC - For approval to substitute a letter of credit for a performance bond
- PUC-2006-00060 Hybrid Networks, LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2006-00061 ICG Telecom Group of Virginia, Inc. - For approval of relinquishment of local exchange certificate and cancellation of tariffs
- PUC-2006-00062 Verizon South Inc. and Eureka Telecom of VA, Inc. – For approval of a interconnection agreement
- PUC-2006-00063 Adelpia Communications Corporation, ACC Telecommunications of Virginia, LLC, Comcast Corp. and Comcast Business Communications of Virginia, LLC - For approval of transfer of assets and control
- PUC-2006-00067 Level 3 Communications, Inc., TelCove, Inc. and TelCove of Virginia, LLC - For approval of transfer of indirect control
- PUC-2006-00068 Verizon Virginia Inc. and France Telecom Corporate Solutions, L.L.C. – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00069 Verizon South Inc. and Bay Telcom, Inc. – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00070 Verizon South Inc. and France Telecom Corporate Solutions, L.L.C. – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00071 Verizon Virginia Inc. and Bay Telcom, Inc. – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00072 Amendment of Rules Governing Disconnection of Local Exchange Telephone Service
- PUC-2006-00074 Preferred Carrier Services of Virginia, Inc. - For partial discontinuance of local exchange telecommunications services
- PUC-2006-00075 KMC Telecom V of Virginia, Inc. - For cancellation of certificate to provide local exchange telecommunications services
- PUC-2006-00076 Central Telephone Company of Virginia and United Telephone-Southeast, Inc. and TCG Virginia, Inc. – For approval of a Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00077 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and AT&T Communications of Virginia, LLC – For approval of a Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00078 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. and Budget Phone of Virginia, Inc. – For approval of a Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00079 QWest Communications Corporation, OnFiber Communications, Inc. and OnFiber Carrier Services-Virginia, Inc. - For approval to transfer control of OnFiber Carrier Services-Virginia, Inc. to QWest Communications Corporation and for other necessary relief
- PUC-2006-00080 Level 3 Communications, Inc., Looking Glass Networks, Inc. and Looking Glass Networks of Virginia, Inc. - For approval of transfer of control of Looking Glass Networks of Virginia, Inc. to Level 3 Communications, Inc.
- PUC-2006-00081 Mobile Satellite Ventures Inc. of Virginia, Motient Corporation and SkyTerra Communications, Inc. – For approval of transfer of indirect control
- PUC-2006-00082 Verizon South Inc. and Covista of Virginia, Inc. – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00083 Verizon Virginia Inc. and Covista of Virginia, Inc. – For approval of an interconnection agreement under § 252(e) of the telecommunications Act of 1996
- PUC-2006-00084 Verizon Virginia Inc. and Cordia Communications Corp. of Virginia – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00085 Gretna Exchange Customers of Peoples Mutual Telephone Company, Inc. - For Extended Local Service to Verizon Virginia Inc.'s Chatham and Danville Exchanges
- PUC-2006-00086 VarTec Telecom of Virginia, Inc. and Excel Telecommunications of Virginia, Inc. - For cancellation of certificates to provide local exchange telecommunications services
- PUC-2006-00087 CloseCall America, Inc. of Virginia - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2006-00089 ATX Telecommunications Services of Virginia, Inc., ATX Communications, Inc. and Broadview Networks Holdings, Inc. - For approval of indirect transfer of control of ATX Telecommunications from ATX Communications to Broadview Networks Holdings
- PUC-2006-00090 Time Warner Telecom of Virginia LLC - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2006-00092 Verizon South Inc. - For exemption from physical collocation at its Conner, Featherstone and Fernbrook Central Offices
- PUC-2006-00093 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. (collectively EMBARQ) and the City of Bristol, d/b/a Bristol Virginia Utilities – For approval of an interconnection, collocation and resale agreement pursuant to 252(e) of the Telecommunications Act of 1996
- PUC-2006-00095 NOS Communications, Inc. - For approval of a change in ownership
- PUC-2006-00096 Verizon Virginia Inc. and Neutral Tandem-Virginia, LLC – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00097 Verizon South Inc. and Neutral Tandem-Virginia, LLC – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

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- PUC-2006-00098 Verizon South Inc. and Ymax Communications Corp. of Virginia – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00099 Verizon Virginia Inc. and Ymax Communications Corp. of Virginia – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00100 Verizon Virginia Inc. and Kinex Telecom, Inc. – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00101 Verizon South Inc. and Kinex Telecom, Inc. – For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00102 Verizon South Inc. - For exemption from physical collocation at its Harpers, Nimmo Church and Three Oaks Central Offices
- PUC-2006-00103 NTELOS Telephone Inc., Roanoke and Botetourt Telephone Company, NTELOS Network, Inc., NA Communications Inc., R&B Network, Inc., NTELOS Holdings Corp., Citigroup Venture Capital Equity Partners, L.P. and Quadrangle Capital Partners LP - For approval of a disposal of control of NTELOS Telephone Inc., Roanoke and Botetourt Telephone Company, NTELOS Network, Inc., NA Communications Inc. and R&B Network, Inc.
- PUC-2006-00104 MFN Global Services LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services and to reissue certificates reflecting new corporate name
- PUC-2006-00105 Dynalink Communications of Virginia, Inc. - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2006-00106 Xspedius Management Co. of Virginia, Inc., Xspedius Communications, LLC and Time Warner Telecom Inc. - For approval of transfer of indirect control
- PUC-2006-00107 InSITE Fiber of Virginia, Inc., InSITE Solutions LLC and NewPath Networks, LLC - For approval of transfer of ultimate control of InSITE Fiber of Virginia, Inc. from InSITE Solutions LLC to NewPath Networks, LLC
- PUC-2006-00108 HJN Telecom of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services and to reissue certificates reflecting new corporate name
- PUC-2006-00109 National Telephone Company, L.L.C. - Alleged violation of 20 VAC 5-407-10 *et seq.*
- PUC-2006-00111 Verizon South Inc. – For approval of Amendments No. 1 and 2 to the interconnection agreement between Verizon South Inc. and Sprint Communications Company of Virginia
- PUC-2006-00112 Verizon South Inc. – For approval of an interconnection agreement between Verizon South Inc. and Gateway Communications Services of Virginia Inc.
- PUC-2006-00113 Verizon Virginia Inc – For approval of an interconnection agreement between Verizon Virginia Inc. and Gateway Communications Services of Virginia Inc.
- PUC-2006-00114 Verizon Virginia Inc. – For approval of an interconnection agreement between Verizon Virginia Inc. and CBB Carrier Services Inc.
- PUC-2006-00115 Verizon South Inc. – For approval of an interconnection agreement between Verizon South Inc. and CBB Carrier Services Inc.
- PUC-2006-00116 LTS of Rocky Mount - For a certificate to provide local exchange telecommunications services
- PUC-2006-00117 Paetec Corp., Paetec Communications of Virginia, Inc., US LEC Corp., US LEC of Virginia, L.L.C. and WC Acquisition Holdings Corp. - For approval of transfer of indirect control
- PUC-2006-00118 NTELOS Telephone, Inc. - For approval to enter into an amended affiliates agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
- PUC-2006-00119 Roanoke & Botetourt Telephone Company - For approval to enter into an amended affiliates agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
- PUC-2006-00120 Verizon Virginia Inc. and ALLTEL Communications of Virginia – For approval of a (Resale Agreement) interconnection agreement between Verizon Virginia Inc. and ALLTEL Communications of Virginia Inc. under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00121 Verizon South Inc. and ALLTEL Communications of Virginia Inc. – For approval of a (Resale Agreement) interconnection agreement between Verizon South Inc. and ALLTEL Communications of Virginia Inc. under § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00122 Single Source of Virginia, Incorporated - For cancellation of certificate to provide local exchange telecommunications services and to reissue a certificate reflecting new corporate name
- PUC-2006-00123 Gretna and Renan Exchange Customers of Peoples Mutual Telephone Company, Inc. - For Extended Local Service to Verizon Virginia Inc.'s Lynchburg Exchange
- PUC-2006-00124 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. (collectively Embarq) and Access Point of Virginia, Inc. – For approval of an interconnection, collocation and resale agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00125 Primus Telecommunications of Virginia, Inc. - For cancellation of certificate to provide local exchange telecommunications services
- PUC-2006-00126 NationsLine Virginia, Inc. - For designation as an eligible telecommunications carrier under 47 U.S.C. § 214(e)(2)
- PUC-2006-00127 Intrado Communications of Virginia Inc., West Corporation and Thomas H. Lee Partners, L.P. – For approval to transfer ultimate control of Intrado Communications of Virginia Inc. from West Corporation to Thomas H. Lee Partners, L.P.
- PUC-2006-00128 Transbeam of Virginia, Inc. - For cancellation of certificates to provide local exchange and interexchange telecommunications services
- PUC-2006-00129 Central Telephone Company of Virginia, United Telephone-Southeast (collectively Embarq) and Citizens Communications Corporation, Inc. – For approval of a Master interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996
- PUC-2006-00130 DSLnet Communications VA, Inc, DSL.net, Inc., MDS Acquisition, Inc. and MegaPath Inc. - For approval to transfer control of DSLnet Communications VA, Inc. from DSL.net, Inc. to MDS Acquisition, Inc. and MegaPath Inc.
- PUC-2006-00131 Central Telephone Company of Virginia - To reclassify ISDN-PRI Service and its associated Features as Competitive under its Plan for Alternative Regulation
- PUC-2006-00132 United Telephone-Southeast, Inc. - To reclassify ISDN-PRI Service and its associated Features as Competitive under its Plan for Alternative Regulation
- PUC-2006-00133 Talk America Holdings, Inc., Talk America, Inc., LDMI Telecoms., Inc., Talk America of Virginia, Inc., Cavalier Tel. Corp., CavTel Holdings, LLC, Cavalier Tel., LLC & Elantic Telecom, Inc. - For approval of transfer of control of Talk America of Virginia
- PUC-2006-00134 Central Telephone Company of Virginia and United Telephone-Southeast Inc – For approval of a Master Interconnection, Collocation and Resale Agreement with Level 3 Communications LLC.
- PUC-2006-00136 Pelzer Communications of Virginia, Inc. - For certificates to provide local exchange and interexchange telecommunications services
- PUC-2006-00138 Level 3 Communications, Inc., Broadwing Corporation and Broadwing Communications, LLC - For approval of transfer of indirect control
- PUC-2006-00139 Central Telephone Company of Virginia, United Telephone-Southeast, Inc. (collectively Embarq) and YMax Communications Corporation of Virginia – For approval of a negotiated interconnection, collocation and resale agreement pursuant to § 252(e) of the Telecommunications Act of 1996

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| PUC-2006-00140 | Cox Virginia Telcom, Inc. - For Waivers of, and/or a Grant of Exceptions to, the Customer Notice of Disconnection Requirements of the New Rules Governing Disconnection of Local Exchange Services  |
| PUC-2006-00141 | ClearLinx Networks (Virginia) LLC and ExteNet Systems (Virginia) LLC - For cancellation of certificates to provide local and interexchange telecommunications services and to reissue certificates reflecting new corporate name                                  |
| PUC-2006-00143 | Verizon Virginia Inc. - To amend certificate  |
| PUC-2006-00144 | NTELOS - To amend certificate   |
| PUC-2006-00148 | McDATA Corporation, CNT Telecom Services, Inc. and Brocade Communications Systems, Inc. - For approval of transfer of indirect control  |
| PUC-2006-00149 | Verizon Virginia Inc. and Verizon South Inc. - For Waiver of the Customer Notice of Disconnection Requirements of the New Rules Governing Disconnection of Local Exchanged Services   |
| PUC-2006-00150 | CNT Telecom Services, Inc. - For name change of CNT Services, Inc. to Brocade Telecom Services, Inc.  |
| PUC-2006-00151 | Foxhound Technologies LLC - For cancellation of certificates to provide local exchange and interexchange telecommunications services  |
| PUC-2006-00152 | My Tel Co, Inc. - For certificates to provide local exchange and interexchange telecommunications services  |
| PUC-2006-00154 | Verizon Virginia Inc., Verizon South Inc. and MCI Metro Access Transmission Services of Virginia, Inc. - For Modification to Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417 10 <u>et seq.</u>              |
| PUC-2006-00155 | Preferred Carrier Services of Virginia, Inc. - For discontinuance of local exchange telecommunications and cancellation of certificates and tariffs   |
| PUC-2006-00156 | Level 3 Communications, LLC, WilTel Communications of Virginia, Inc, Looking Glass Networks of Virginia, LLC and TelCove of Virginia, LLC - For approval to discontinue telecommunications services to stand-alone resale customers                               |
| PUC-2006-00157 | DukeNet Communications, LLC - For a certificate to provide interexchange telecommunications services  |
| PUC-2006-00159 | Central Telephone Company of Virginia and United Telephone-Southeast, Inc. and Virginia Global Communications Systems, Inc. - For approval of Master Interconnection, Collocation and Resale Agreement pursuant to § 252(e) of the Telecommunications Act of 1996 |
| PUC-2006-00161 | Pac-West Telecomm of Virginia, Inc., Pac-West Telecomm Inc. and Pac-West Acquisition Company LLC - For approval of the indirect transfer of control of Pac-West Telecomm of Virginia, Inc. from Pac-West Telecomm Inc. to Pac-West Acquisition Co. LLC            |

**PUE: DIVISION OF ENERGY REGULATION**

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| PUE-2005-00052 | WXIII Oxford DTC Real Estate, LLC - For relief pursuant to 5 VAC 5-20-100 B  |
| PUE-2005-00103 | Virginia Electric and Power Company d/b/a Dominion Virginia Power and Northern Virginia Electric Cooperative - For revision of certificates under the Utility Facilities Act   |
| PUE-2005-00106 | Tidewater Water Company - For approval of sale of water of supply facilities known as Sedley Water System 0169410-8 located within Southampton County to R.P. Finch, Inc. or assigns   |
| PUE-2005-00110 | 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-2005-00114 | Virginia Electric and Power Company - To revise its cogeneration tariff pursuant to PURPA § 210  |
| PUE-2005-00115 | Caroline Water Company, Inc. d/b/a Ladysmith Water Company - For a temporary increase in rates   |
| PUE-2006-00001 | 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-2006-00002 | In the matter of considering § 1251 of the Energy Policy Act of 2005   |
| PUE-2006-00003 | In Re: Considering of Code Sec. 1252 of the Energy Policy Act of 2005  |
| PUE-2006-00004 | Delmarva Power & Light Company d/b/a Conectiv Power Delivery - To extend Cogeneration and Small Power Production Rates under Service Classification "X"  |
| PUE-2006-00005 | Washington Gas Light Company and Columbia Gas of Virginia, Inc. - For revision of certificates under the Utility Facilities Act  |
| PUE-2006-00006 | Rosia Williams Wormley v. Rappahannock Electric Cooperative - For review of line extension   |
| PUE-2006-00007 | The Potomac Edison Company d/b/a Allegheny Power - To Exempt from Chapter 4 Filing and Prior Approval Requirement of Certain Agreements between Potomac Edison Company and its Affiliates to Participate in the Securitized Financing of Pollution Control Facilities to be Installed in West Virginia   |
| PUE-2006-00008 | Virginia-American Water Company - Annual Informational Filing  |
| PUE-2006-00009 | Atmos Energy Corporation - Annual informational filing   |
| PUE-2006-00010 | Virginia Electric and Power Company - For authority to establish a credit facility   |
| PUE-2006-00011 | Virginia Electric and Power Company - For authority to establish a credit facility with affiliates   |
| PUE-2006-00012 | Community Electric Cooperative - For authority to extend a line of credit to an affiliate  |
| PUE-2006-00013 | Lake Holiday Estates Utility Company, Lake Holiday Country Club, Inc. and Aqua Lake Holiday Utilities, Inc. - For authority to transfer utility assets and certificates pursuant to the Utility Transfers Act and Utility Facilities Act   |
| PUE-2006-00014 | Delmarva Power & Light Company - For authority to borrow up to \$275 million in short-term debt and for continued participation in the Pepco Holding System Money Pool   |
| PUE-2006-00015 | Kentucky Utilities Company d/b/a Old Dominion Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6   |
| PUE-2006-00016 | South Wales Utility, Inc., South Wales L.P. and Clevengers Village Utility, Inc. - For authority to transfer utility assets and certificates pursuant to the Utility Transfers Act and Utility Facilities Act and Clevengers Village Utility, Inc. - For authority to serve the area certificated to South Wales Utility, Inc., in Culpeper County |
| PUE-2006-00017 | Lake Holiday Estates Utility Company - For increase in water and sewer rates   |
| PUE-2006-00018 | City of Fairfax - For a license to conduct business as an electric aggregator  |
| PUE-2006-00019 | Virginia Electric and Power Company and Dominion Nuclear North Anna, LLC - For exemption from approval or, alternatively, for approval of an information, services, and site access agreement  |
| PUE-2006-00020 | Duke Energy Virginia Pipeline Company f/k/a Virginia Gas Pipeline Company - For an Annual Informational Filing for the calendar year ending December 31, 2005  |
| PUE-2006-00021 | Duke Energy Early Grove Company f/k/a Virginia Gas Storage Company - For an Annual Informational Filing for the calendar year ending December 31, 2005   |
| PUE-2006-00023 | Roanoke Gas Company - For approval of certain transactions pursuant to the Affiliates Act of the Code of Virginia  |

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| PUE-2006-00024 | Delmarva Power & Light Company and Conectiv Energy Supply, Inc. - For approval of, or exemption from filing and prior approval requirements for, out-of-state transactions under Chapter 4 of Title 56 of the Code of Virginia   |
| PUE-2006-00025 | Duke Energy Early Grove Company f/k/a Virginia Gas Storage Company - For amendment of its certificate to reflect applicant's new name  |
| PUE-2006-00026 | Duke Energy Virginia Pipeline Company f/k/a Virginia Gas Pipeline Company - For amendment of its certificate to reflect applicant's new name   |
| PUE-2006-00027 | Duke Energy Virginia Pipeline Company and East Tennessee Natural Gas, LLC - For approval of a firm pipeline service agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia and for such other relief as may be required by law  |
| PUE-2006-00028 | Massanutten Public Service Corporation - Annual Informational Filing for Calendar Year 2005  |
| PUE-2006-00029 | Appalachian Power Company - For authority to enter into lease agreements   |
| PUE-2006-00030 | Roscoe Callaway, Complainant v. Virginia Electric and Power Company d/b/a Dominion Virginia Power - Formal complaint under Subsection B of Rule 5 VAC 5-20-100   |
| PUE-2006-00031 | Virginia Natural Gas, Inc. - Annual Informational Filing for 2005  |
| PUE-2006-00032 | Delmarva Power & Light Company and Conectiv Energy Supply, Inc. - For approval of transactions under Chapter 4 of Title 56 of the Code of Virginia   |
| PUE-2006-00033 | Delmarva Power & Light Company - For an increase in its electric rates pursuant to VA Code §§ 56-249.6 and 56-582  |
| PUE-2006-00034 | Kentucky Utilities Company d/b/a Old Dominion Power Company - For approval of a Tax Allocation Agreement   |
| PUE-2006-00035 | Virginia Electric and Power Company and Dominion Nuclear North Anna, LLC - For approval of an Access to Information and Property Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia   |
| PUE-2006-00036 | Establishment of fuel costs recovery tariff provisions pursuant to VA Code § 56-249.6 for Virginia Electric and Power Company d/b/a Dominion Virginia Power  |
| PUE-2006-00037 | Alpha Water Corporation and Blundon and Hinton, Incorporated d/b/a Reedville Water Works - For approval of change of ownership of the utility assets and expansion of service area   |
| PUE-2006-00038 | Virginia-American Water Company and Applied Water Management, Inc. - For approval of a lease agreement pursuant to the Affiliates Act VA Code §§ 56-76 et seq.   |
| PUE-2006-00039 | The Potomac Edison Company d/b/a Allegheny Power - For approval of transfer of utility assets  |
| PUE-2006-00040 | Virginia Electric & Power Co. d/b/a Dominion Virginia Power - To amend certificate authorizing operation of transmission lines and facilities in VA Beach: West Landing Subdivision & Landstown Substation-West Landing Substation 230 kV Transmission Line                              |
| PUE-2006-00041 | The Potomac Edison Company d/b/a Allegheny Power - For partial waiver of Rule 20 VAC 5-312-20-P concerning report of fuel mix emissions data   |
| PUE-2006-00042 | Southside Electric Cooperative - For authority to incur long-term debt   |
| PUE-2006-00043 | Duke Energy Virginia Pipeline Company and Duke Energy Gas Transmission, LLC - For authority to participate in a cash management agreement pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia   |
| PUE-2006-00044 | Duke Energy Early Grove Company and Duke Energy Gas Transmission, LLC - For authority to participate in a cash management agreement pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia   |
| PUE-2006-00045 | Paramont Energy, LC - To furnish natural gas service pursuant to VA Code § 56-245.4:5  |
| PUE-2006-00046 | J. William Cofer - On behalf of himself and all other licensed branch pilots in the Commonwealth of Virginia who are members of the Virginia Pilot Association - For approval of a change in the basis for determining pilotage charges and a revision of rates and charges for pilotage |
| PUE-2006-00047 | Delmarva Power & Light Company and Conectiv Energy Supply, Inc. - For approval of, or exemption from the filing and prior approval requirements for, out-of-state transactions under Chapter 4 of Title 56 of the Code of Virginia   |
| PUE-2006-00048 | Virginia Electric and Power Company - For approval and certification of electric transmission facilities in eastern Fauquier County and western Prince William County: Bristers-Gainesville 230 kV Transmission Line (Application No. 229)   |
| PUE-2006-00049 | Roanoke Gas Company - For authority to incur short-term debt   |
| PUE-2006-00050 | Columbia Gas of Virginia, Inc - For approval of a Firm Storage Service/Storage Service Transportation Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia  |
| PUE-2006-00051 | Aqua Virginia, Inc. - For waiver of 2005 Annual Informational Filing   |
| PUE-2006-00052 | Duke Energy Early Grove Company and Duke Capital, LLC - For authority to participate in a cash management agreement pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia   |
| PUE-2006-00053 | Duke Energy Virginia Pipeline Company and Duke Capital, LLC - For authority to participate in a cash management agreement pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia   |
| PUE-2006-00054 | Delmarva Power & Light Company - Annual Informational Filing for Calendar Year 2005  |
| PUE-2006-00055 | Kentucky Utilities Co. d/b/a Old Dominion Power Co. - 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  |
| PUE-2006-00056 | Intel-Audits, Inc. - For a license to conduct business as an aggregator for electricity  |
| PUE-2006-00057 | Thames Water Aqua Holdings GMBH, Thames Water Aqua US Holdings, Inc., American Water Works Co., Inc., Virginia American Water Co., United Water Virginia, Inc. & Bluefield Valley Water Co. - For approval of change of control pursuant to VA Code § 56-88                              |
| PUE-2006-00058 | Virginia Gas Distribution Company - For an Annual Informational Filing   |
| PUE-2006-00059 | Washington Gas Light Company - For general increase in rates, fees, charges and revisions to terms and conditions of service and for approval of performance-based rate regulation methodology under VA Code § 56-235.6  |
| PUE-2006-00060 | The Potomac Edison Company d/b/a Allegheny Power - Annual Informational Filing for 12 months ended 12/31/05  |
| PUE-2006-00061 | Kentucky Utilities Company d/b/a Old Dominion Power Company - 2005 Annual Informational Filing   |
| PUE-2006-00062 | Atmos Energy Corporation - For authority to issue common stock   |
| PUE-2006-00063 | Virginia Electric and Power Company d/b/a Dominion Virginia Power - Annual Informational Filing for calendar year 2005   |
| PUE-2006-00064 | In the matter of considering § 1254 of the Energy Policy Act of 2005   |
| PUE-2006-00065 | Appalachian Power Company - For an increase in electric rates  |
| PUE-2006-00066 | 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-2006-00067 | Virginia Electric and Power Company and Virginia Power Energy Marketing, Inc. - For approval of a Fuel Purchase, Sale and Services Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia   |
| PUE-2006-00068 | Washington Gas Light Company - For approval of an amendment to the purchased gas cost tariff provision and for a pilot program relating to natural gas financial hedging   |

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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| PUE-2006-00069 | Washington Gas Light Company - For approval of an amendment to its tariff Va S.C.C. No. 9, Rate Schedule No. 7 - Interruptible Delivery Service  |
| PUE-2006-00070 | Dale Service Corporation - For an expedited increase in rates  |
| PUE-2006-00071 | Northern Neck Electric Cooperative - For approval of electrical facilities under VA Code § 56-46.1 and for certification of such facilities under the Utility Facilities Act: Comorn Delivery Point 230 kV transmission line   |
| PUE-2006-00072 | Atmos Energy Corporation - For a certificate pursuant to VA Code § 56-265.3  |
| PUE-2006-00073 | In the matter of amending regulations governing net energy metering  |
| PUE-2006-00074 | Delmarva Power & Light Company - For Confidential Treatment of Certian Purchase Power Disclosures  |
| PUE-2006-00075 | Virginia Electric and Power Company - For Certain Initial Determinations with Regard to VA Code § 56-585 G   |
| PUE-2006-00076 | Southwestern Virginia Gas Company - To issue long-term debt  |
| PUE-2006-00077 | Alpha Water Corporation and Riverview Development Corporation - For approval of a change in ownership of the utility assets and expansion of service area  |
| PUE-2006-00080 | Appalachian Power Company - For authority to incur long-term debt  |
| PUE-2006-00081 | Toll Road Investors Partnership II, L.P. - For an Increase in the Maximum Authorized Level of Tolls  |
| PUE-2006-00083 | Duke Energy Corporation, Gas SpinCo, Inc, Duke Energy Virginia Pipeline Company and Duke Energy Early Grove Company - For approval of a change of control through spin-off pursuant to Chapter 5 of Title 56 of the Code of Virginia   |
| PUE-2006-00084 | Southeastern Public Service Authority of Virginia, Petitioner v. City of Chesapeake, Defendant – Petition for declaratory judgment   |
| PUE-2006-00085 | Duke Energy Virginia Pipeline Company and Duke Energy Early Grove Company - For continued authority to transfer regulated gas for operational purposes between affiliates under Chapter 4 of Title 56 of the Code of Virginia  |
| PUE-2006-00086 | Columbia Gas of Virginia, Inc. - For approval of an Eastern Market Expansion Project Precedent Agreement as Amended by the Amendment to the Precedent Agreement and attached Credit Index pursuant to Chapter 4 of Title 56 of the Code of Virginia  |
| PUE-2006-00087 | Myra-Delia D. Kagey, Petitioner vs. Roanoke Gas Company, Defendant - To initiate a formal complaint  |
| PUE-2006-00089 | Virginia Electric and Power Company and Fairfax County Water Authority - For authority to sell utility assets  |
| PUE-2006-00090 | Atmos Energy Corporation - For authority to implement a universal shelf registration   |
| PUE-2006-00091 | Virginia Electric and Power Company d/b/a Dominion Virginia Power - For a certificate for facilities in Stafford County: Garrisonville 230 kV Transmission Line and 230 kV-34.5kV Garrisonville Switching Substation   |
| PUE-2006-00092 | Atmos Energy Corporation and Atmos Energy Marketing, LLC - For authority to enter into transaction confirmations under a Base Contract for Purchase and Sale of Natural Gas under Chapter 4 of Title 56 of the Code of Virginia  |
| PUE-2006-00093 | Delmarva Power & Light Company - For authority to issue up to \$275,000,000 of debt securities and/or preferred stock  |
| PUE-2006-00094 | Dale Service Corporation - For authority to issue securities pursuant to Chapter 3 of Title 56 of the Code of Virginia   |
| PUE-2006-00095 | Virginia Natural Gas, Inc. - For Approval of an Experimental Weather Normalization Adjustment for General Service Customers  |
| PUE-2006-00096 | Central Virginia Electric Cooperative - For authority to incur long-term debt  |
| PUE-2006-00097 | Virginia Electric and Power Company d/b/a Dominion Virginia Power and Rappahannock Electric Cooperative - For revision of certificates under the Utility Facilities Act  |
| PUE-2006-00098 | 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 Chapte4 of Title 56 of the Code of Virginia  |
| PUE-2006-00099 | Roanoke Gas Company - For an expedited increase in rates   |
| PUE-2006-00100 | Appalachian Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6   |
| PUE-2006-00101 | Atmos Energy Corporation - For authority to implement a five-year revolving credit facility  |
| PUE-2006-00102 | Virginia Electric and Power Company and Dominion Resources, Inc. - For approval of changes to a previously approved tax allocation agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia   |
| PUE-2006-00103 | Southwestern Virginia Gas Company - For approval of an expedited increase in rates   |
| PUE-2006-00105 | Mecklenberg Electric Cooperative - For authority to incur short-term debt  |
| PUE-2006-00106 | Virginia Electric and Power Company - For authority to lease rail equipment  |
| PUE-2006-00107 | 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-2006-00108 | Rappahannock Electric Cooperative - For authority to invest equity funds in a subsidiary   |
| PUE-2006-00109 | Northern Neck Electric Cooperative - For approval to increase a line of credit up to \$7,000,000   |
| PUE-2006-00110 | Brandi Wine Water Works, Ltd., G W Corp., John K. Hamner, Brenda J. Hamner & David G. Petrus – For approval of change in control of Brandi Wine Water Works, Ltd.and G W Corp. from John and Brenda Hamner to David G. Petrus pursuant to Chapter 5 of Title 56                                |
| PUE-2006-00111 | Tenaska Virginia II Partners, L.P. - For approval of a certificate pursuant to VA Code § 56-265.2 and exemption from Chapter 10 of Title 56  |
| PUE-2006-00112 | Washington Gas Light Company and Columbia Gas of Virginia, Inc. - For revisions of certificates under the Utility Facilities Act   |
| PUE-2006-00113 | Kentucky Utilities Company d/b/a Old Dominion Power - For amendment of existing authority and extension of approval to use financial derivative instruments  |
| PUE-2006-00114 | 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-2006-00115 | Central Virginia Electric Cooperative - For authority to incur long-term debt  |
| PUE-2006-00116 | Birchwood Powers Partners, L.P. - For a Certificate to Operate as an Electric Generating Facility pursuant to VA Code § 56-580 D   |
| PUE-2006-00117 | Virginia American Water Company - For authority to issue debt securities pursuant to the provisions of Chapter 3 of Title 56 of the Virginia Code  |
| PUE-2006-00118 | Duke Energy Virginia Pipeline Company and East Tennessee Natural Gas LLC - For approval of a first amendment to the firm pipeline service agreement between affiliated entities pursuant to Chapter 4 of Title 56 of the Code of Virginia, and for such other relief as may be required by law |
| PUE-2006-00119 | 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-2006-00120 | Virginia Electric and Power Company and Dominion Energy, Inc. - For approval or, alternatively, for approval of reimbursements for periodic use of a prepaid credit pursuant to Chapter 4, Title 56 of the Code of Virginia, as amended  |
| PUE-2006-00121 | World Energy Solutions, Inc. - For a license to conduct business as an electric and gas aggregator   |
| PUE-2006-00122 | Southwestern Virginia Gas Company - For approval to continue filing a consolidated tax with its affiliates   |
| PUE-2006-00127 | Southside Electric Cooperative, Inc. - For authority to borrow short-term debt through two lines of credit   |

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**SEC: DIVISION OF SECURITIES AND RETAIL FRANCHISING**

SEC-2003-00042 Wachovia Securities, Inc. - Alleged violation of VA Code §§ 13.1-502, et al.  
SEC-2004-00015 Dixon D. Handwerk - Alleged violation of VA Code §§ 13.1-504 A (ii), et al.  
SEC-2005-00054 Fortunato and Company, Inc. d/b/a Fortunato Financial Services - Alleged violation of VA Code §§ 13.1-504 C (i), et al.  
SEC-2005-00056 Madeline C. Fortunato - Alleged violation of VA Code §§ 13.1-504 C(i), et al.  
SEC-2005-00060 Billy Ray Smith - Alleged violation of VA Code §§ 13.1-502(2), et al.  
SEC-2005-00061 Xcelplus International, Inc. - Alleged violation of VA Code §§ 13.1-502(2), et al.  
SEC-2005-00065 Stroller Strides, LLC - Alleged violation of VA Code §§ 13.1-560, et al.  
SEC-2005-00066 Capital Investment Advisors, Inc. - Alleged violation of VA Code sections 13.1-504 C (i), et al.  
SEC-2005-00067 Capital Markets Institute, Inc. - Alleged violation of 21 VAC 5-80-190 C  
SEC-2005-00068 EarthWalk Communications, Inc. - Alleged violation of VA Code §§ 13.1-502 (2), et al.  
SEC-2005-00069 Evan T. McConnell, Jr. - Alleged violation of VA Code §§ 13.1-502 (2), et al.  
SEC-2005-00070 Margaret E. McConnell - Alleged violation of VA Code §§ 13.1-502 (2), et al.  
SEC-2006-00001 Ace Sushi Franchise Corporation and Asiana Management Group, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.  
SEC-2006-00002 Galvin & Associates, Inc. f/k/a Galvin, Myong & Associates, Inc. d/b/a GMA - For failure to comply with Commission order  
SEC-2006-00003 John Stephen Galvin d/b/a M&G Investment Company or Magic - For failure to comply with Commission order  
SEC-2006-00004 Media Development Loan Fund, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1  
SEC-2006-00005 Randy G. Cost - Alleged violation of 21 VAC 5-20-280 G, et al.  
SEC-2006-00006 The Cure Service Group, Inc. - Alleged violation of VA Code § 13.1-563(b)  
SEC-2006-00008 Mark D. Leimberger - Alleged violation of Securities Rule 21 VAC 5-20-280 G, et al.  
SEC-2006-00009 Michael Sindram, Petitioner v. Division of Securities and Retail Franchising, David B. Robinson and Roger Sebrill, Defendants - Verified Complaint and Request for Injunctive Relief  
SEC-2006-00010 Bevinco American Bar Systems, Ltd. - Alleged violation of VA Code § 13.1-560  
SEC-2006-00011 Barry Driedger - Alleged violation of VA Code §§ 13.1-504 A, et al.  
SEC-2006-00012 Bevinco Corp. - Alleged violation of VA Code §§ 13.1-504 B, et al.  
SEC-2006-00013 Keystone Insurers Group, Inc. - For Qualification Order  
SEC-2006-00015 Virginia Golf Center, Inc., Petitioner v. Virginia Golf Cars, Inc., Respondent - For cancellation of trademark registration pursuant to VA Code §§ 59.1-92.1 et seq.  
SEC-2006-00016 National Tenant Network, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.  
SEC-2006-00017 National Covenant Properties - For order of exemption pursuant to VA Code § 13.1-514.1 B  
SEC-2006-00018 SunAmerica Securities, Inc. - Alleged violation of VA Code §§ 13.1-506, et al.  
SEC-2006-00022 Wellington Securities, Incorporated - Alleged violation of VA Code § 13.1-504 B  
SEC-2006-00023 Patrick C. Lettice - Alleged violation of VA Code §§ 13.1-504 A (i), et al.  
SEC-2006-00025 Todd Russell Taskey - Alleged violation of VA Code §§ 13.1-504 (A) (ii), et al.  
SEC-2006-00026 Merrill Lynch, Pierce, Fenner & Smith, Incorporated - Alleged violation of 21 VAC 5-20-260 A 3, et al.  
SEC-2006-00031 14K Franchising Corporation - Alleged violation of VA Code § 13.1-560  
SEC-2006-00032 Scott and Stringfellow, Inc. and Peter L. Reuss - Alleged violation of Rule 21 VAC 5-20-280 A 3, et al.  
SEC-2006-00033 American Enterprises, Inc. - Alleged violation of VA Code §§ 13.1-507, et al.  
SEC-2006-00035 John W. Grubbs - Alleged violation of VA Code §§ 13.1-502 (2), et al.  
SEC-2006-00036 NPC Fund for Charitable Giving, Inc. - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B  
SEC-2006-00038 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-2006-00042 Shockoe Bottom Enterprises, Inc. - Alleged violation of VA Code §§ 13.1-560 and 13.1-563(e)(ii)  
SEC-2006-00044 Jordan M. Roman - Alleged violation of VA Code § 13.1-507  
SEC-2006-00045 Robert Apley - Alleged violation of VA Code §§ 13.1-507, et al.  
SEC-2006-00046 The Experienced Advisor, LLC f/k/a Stonewall Asset Management, LLC and Laron D. Shannon, III - Alleged violation of VA Code §§ 13.1-502 (2), et al.  
SEC-2006-00047 The Spaghetti Shop of Mid-America, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.  
SEC-2006-00049 Casey Auto Group, Inc. - Alleged violation of VA Code §§ 13.1-504 (i), et al.  
SEC-2006-00050 Consumer Cash Rewards, LLC - Alleged violation of VA Code §§ 13.1-504 (i), et al.  
SEC-2006-00051 The Free Methodist Foundation - For order of exemption pursuant to VA Code § 13.1-514.1 B  
SEC-2006-00057 Transcommunity Financial Corporation - Alleged violation of VA Code § 13.1-504 B  
SEC-2006-00061 Clarke Energy Group, Inc. and David A. Clarke - Alleged violation of VA Code §§ 13.1-504, et al.  
SEC-2006-00065 Southern Virginia Diocesan Foundation - For an Order of Exemption pursuant to VA Code § 13.1-514.1 B  
SEC-2006-00066 Lutheran Association for Church Extension, Inc. - For an Order of Exemption under VA Code § 13.1-514.1 B  
SEC-2006-00067 Trust Alliance, The Real Estate Investment Company, LLC, Trust Alliance Savings, LLC and Joerg Meyer - Alleged violation of VA Code §§ 13.1-504 A, et al.  
SEC-2006-00068 Lutheran Church Extension Fund-Missouri Synod - For Order of Exemption pursuant to VA Code § 13.1-514.1 B  
SEC-2006-00070 Merrill Lynch, Pierce, Fenner & Smith, Incorporated - Alleged violation of 21 VAC 5-20-280 A 3, 21 VAC 5-20-280 A 12 and 21 VAC 5-20-260 B  
SEC-2006-00071 Digital Broadcast Corporation - Alleged violation of VA Code § 12.1-33  
SEC-2006-00075 Robert Yeager and Donna D. Yeager - Alleged violation of VA Code §§ 13.1-507, et al.  
SEC-2006-00076 Daily Grind of Winchester, Inc. - Alleged violation of VA Code §§ 13.1-560, et al.  
SEC-2006-00085 Christopher Anthony Corso, Sr. and CAC Capital Corporation - Alleged violation of VA Code § 13.1-502(2)

**URS: DIVISION OF UTILITY AND RAILROAD SAFETY**

URS-2004-00187 R & P Lucas Underground Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2004-00445 Columbia Gas of Virginia, Inc. - Alleged violation of Federal pipeline safety standards  
URS-2005-00009 Fiber Technology Construction, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2005-00145 Lakeside Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00148 Ray Sink Pipeline Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00157 Atlantic Cable, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00204 Columbia Gas of Virginia, Inc. - Alleged violation of Federal Pipeline Safety Standards  
 URS-2005-00205 Virginia Natural Gas, Inc. - Alleged violation of Federal Pipeline Safety Standards  
 URS-2005-00206 Washington Gas Light Company, Inc. - Alleged violation of Federal Pipeline Safety Standards  
 URS-2005-00235 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00239 T & J Campbell Excavating, Inc. - Alleged violation of VA Code § 56-265.17 D  
 URS-2005-00261 Washington Gas Light Company - Alleged violation of Federal Pipeline Safety Standards  
 URS-2005-00272 A & W Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00295 Cooper's Landscape Management - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00304 Ervin Cable Construction, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2005-00315 Bowers Hill Construction Company - Alleged violation of VA Code 56-265.17 A  
 URS-2005-00323 R & P Lucas Underground Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00333 Wayjo, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2005-00339 Hawk, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00365 A & W Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00369 Concrete Services - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00386 Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00387 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00447 Bookman Construction Co. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00464 Brookfield Washington, L.L.C. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2005-00468 Hawk, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00472 Phillips Construction, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00477 V.S.V. Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00483 Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00486 Wayjo, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00491 Norman's Concrete Service - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00500 Northern Pipeline Construction Co. - Alleged violation of VA Code § 56-265.22 C  
 URS-2005-00501 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00507 Millennium Solutions - Alleged violation of VA Code § 56-265.17 D  
 URS-2005-00512 Central Plumbing & Heating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00513 Colonial Pipeline Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00515 Double J Communications, Inc. - Alleged violation of VA Code § 56-265.18, et al.  
 URS-2005-00516 Heard Concrete Construction Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00517 Pembroke Construction Company, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00518 Central Locating Service, Ltd. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00519 Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2005-00523 Ivy H. Smith Company, LLC - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2005-00524 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00537 Kip's Erosion Control, L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00548 The Fishel Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00550 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 B  
 URS-2005-00551 W. E. Spruill Sr. Concrete Contractor - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00552 Walton Contracting - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00555 Commonwealth Excavating and Pipeline Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00557 S. J. Conner and Sons, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00559 Acorn Electrical Specialists, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00561 Arborscape, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00562 Australian Landscaping and Construction Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00575 Kidwell Fence, LLC - Alleged violation of VA Code § 56-265.22 C  
 URS-2005-00587 Sunburst Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00595 Leo Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00596 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00597 DLB, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2005-00599 Hawk, Inc. - Alleged violation of VA Code §§ 56-265.24 A  
 URS-2005-00601 R. B. Hinkle Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00602 Trafford Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00606 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00608 Central Locating Services, Ltd. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00610 Verizon Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00612 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00613 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00614 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2005-00615 L. W. Feather - Alleged violation of VA Code § 56-265.24 D  
 URS-2005-00616 Atmos Energy Corporation - Alleged violation of Federal Pipeline Safety Standards Act  
 URS-2005-00617 O. K. Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00618 Allen Plumbing Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00619 Atlantic Cable, LLC - Alleged violation of VA Code § 56-265.18  
 URS-2005-00620 B & H Concrete Construction Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00621 B & K Construction Co. of Tidewater, Inc. - Alleged violation of VA Code § 56-265.18  
 URS-2005-00622 Beach Landworks - Alleged violation of VA Code § 56-265.17 A

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URS-2005-00623 C. Lee White Concrete, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00625 E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.17 C  
 URS-2005-00626 Earthworks Landscape Design & Lawn Maintenance - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00627 Ebb-Tide Construction & Development, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00628 Finley Asphalt & Sealing, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00629 Hertzler Clearing and Grading Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00630 J. L. Kent & Sons, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00633 Paramount Homes of Virginia, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00634 PCI Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00635 Phoenix I, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00636 Plant Factory Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00637 R & P Lucas Underground Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00638 R. J. Smith Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00639 Rainmakers Irrigation Systems, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00640 Rappahannock Construction Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00641 S. T. S., LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00642 Settle Construction Group - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00643 Smith and Keene Electrical Service, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00645 WCC Cable, Inc. - Alleged violation of VA Code § 56-265.18  
 URS-2005-00646 Wise Guys Contracting, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00647 A & P Lawn and Landscaping - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00648 A & S Plumbing - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00649 Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00652 Cantrell Excavating LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00653 Chapel Valley Landscape Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00654 Commonwealth Design & Build, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00655 Country Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00656 Deck America, Inc. - Alleged violation of VA Code § 56-265.17 B  
 URS-2005-00657 DLB, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2005-00658 Donovan Trucking & Excavating - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00659 Ervin Development Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00660 Counts & Dobyns, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00662 Hammond - Mitchell, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00663 Four Points Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00664 Haywood Grants Concrete Finishing - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00665 M. K. Taylor Jr. Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00667 Reliance Concrete Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00668 J W Sign Posts - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00669 Riddleberger Brothers, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00670 Job Care, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00671 S. B. Cox, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00672 John Vitale & Sons, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00674 Ketocin Land Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00676 Southern Construction Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00677 Lamberts Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00678 Stephens Contracting Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00679 M & M Builders & Son, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00680 Merrifield Garden Center Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00681 Midnight Sun Landscaping - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00683 Northern Pipeline Construction Co. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00684 Old Dominion Underground, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00686 PCM Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00687 Perry Engineering Company, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00688 Phillips Construction, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00689 Prillaman & Pace, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00692 Tessa Construction & Tech Company, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00693 TUC, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00695 Master Maintenance Home Repair, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00696 D. A. Foster Company - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2005-00697 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00698 A-1 Sewer and Drain Plumbing and Heating, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00699 Branscome, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00700 C. L. Gaskins - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00701 Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2005-00703 Steadfast Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2005-00705 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00706 Washington Gas Light Co. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00707 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2005-00708 Basic Construction Company, L.L.C. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2005-00709 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00710 Ivy H. Smith Company, LLC - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2005-00711 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A

URS-2005-00712 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00713 Central Locating Service, Ltd. - Alleged violation of VA Code § 56-265.19 A  
 URS-2005-00714 Utiliquet, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00002 Juan F. Jemines - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00003 Atlas Foundations of Washington, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00004 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00005 Broadway Development Group, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00006 C & P Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00007 Crane Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00008 Curry Excavation - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00009 E. L. Kellogg Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00011 Fine Earth Landscape, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00014 Pike Electric, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00015 RBS Group Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00016 Richardson Turner Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00017 Rimac Stone - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00019 The Lane Construction Corporation - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00021 Villatoro Contractor, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00022 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00023 William B. Hopke Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00024 AMC Specialty - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00025 BKY Electric Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00026 Browning Excavating & Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00028 Hallmark Builders, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00029 M C V Construction Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00031 Norfolk Building Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00032 Plaseied and Associates, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00033 Pro-Mole, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00035 Bishop's Grading & Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00037 Counts & Dobyns, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00038 CTN Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00039 Davis & Green, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00040 E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00041 English Construction Company, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00043 Ironhorse Const. Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00044 J & J Clearing and Demolition, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00045 K & V Builders, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00046 Leo Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00047 Melvin Liles Plumbing Service - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00050 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00051 WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00054 Utiliquet, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00055 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00057 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00058 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00059 Hawk, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00060 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00061 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00062 Tidewater Underground Communications, Inc. - Alleged violation of VA Code § 56-265.24 D  
 URS-2006-00064 Antenna Star Satellites, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00067 Cable Associates, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00069 Down Below, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2006-00070 E. L. Kellogg Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00071 Earthworks Landscape Design & Lawn Maintenance - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00072 Fens Land Services, L.L.C. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2006-00073 H. E. Dietz, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2006-00074 J. S. C. Excavating & Land Development, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00076 Lisport Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00078 Parrish Mechanical, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00079 R. J. Smith Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00080 Ross Myers Basement Waterproofing and Drainage Systems - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00081 Sturdevant Expressions, L.L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00082 Superior Backhoe Service, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00084 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00085 Delta Concrete Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00087 K. Hovnanian Four Seasons @ Historic Virginia, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00089 McCoy's Excavating & Landscaping - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00090 Phillips Construction, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00091 Pike Electric, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00093 Jones Utilities Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00094 W. R. Hall, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00095 J. P. Turner and Brothers, Incorporated - Alleged violation of VA Code § 56-265.17 A

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URS-2006-00096 Layman Electric & Plumbing, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00097 Mid-Atlantic Pipeliners, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2006-00098 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00099 R. L. Brown & Associates, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00100 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00101 E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00103 Myers Cable, Inc. - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00104 Service Electric Corporation of VA - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00106 Suburban Grading & Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00109 T. A. Sheets Mechanical General Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00110 Trafford Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00111 Verizon Virginia Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00112 Wally's Iron Works, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00113 High Country Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00115 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00116 William A. Hazel, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00117 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00119 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00120 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00121 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00122 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00124 Triple E Utility Service, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00126 WCC Cable, Inc. - Alleged violation of VA Code § 56-265.18  
 URS-2006-00127 C. A. Barrs Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00128 C. W. Wright Construction Co., Incorporated - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00129 Clayton Heating & Air Conditioning Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00132 Ideal Construction Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00133 Integrity Concrete - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00134 J. D. Roy Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00135 John E. Hall, Electrical Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00136 Kevcor Contracting Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00137 Meador Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00138 Power Solutions, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00139 The Snyder Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00140 Stanley's Marine and Industrial Services, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00141 Suburban Builders - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00142 Trafford Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00143 Virginia Concrete Construction Co. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00145 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00146 Central Locating Service, Ltd. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00147 Cox Communications, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00148 Custom Cabinetry Installation - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00149 Down Below, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00150 Finley Asphalt & Sealing, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00152 J. G. Miller, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00153 Mid-Atlantic Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00154 Coffey Excavation Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00157 The Word Group, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00159 17th Century Builders, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00160 BoMark Properties, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00161 Harborwood Construction Company, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00162 Mays Electric Service Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00164 Verizon Virginia Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00166 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00168 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19, et al.  
 URS-2006-00169 Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00170 Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.17 C, et al.  
 URS-2006-00171 D. A. Foster Company - Alleged violation of VA Code §§ 56-265.24 B, et al.  
 URS-2006-00172 Triple E Utility Service, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00173 C. Lee White Concrete, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2006-00174 Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00175 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 B  
 URS-2006-00176 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00177 3DS Engineering, P.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00178 Atlantic Foundations, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00179 B. H. Contracting, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00181 Campbell Utility Contracting, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00182 Christopher's Back Hoe Service - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00183 Clarence Lowe, Jr. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00185 Dynalectric Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00186 Fairfield Development, LP - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00187 G. C. R., Inc. - Alleged violation of Va Code § 56-265.17 A

URS-2006-00188 Green Village Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00189 Henderson, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00191 Kellam Mechanical, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00192 Lambert's Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00193 Longview Landscape Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00196 Peanut City Vegetable Oil Co. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00197 Post Time Sign Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00198 R. E. Collier, Inc. - Builder - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00199 Rice Construction Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00200 Superior Mechanical Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00201 Tallen Concrete Construction, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00202 The Village Development Company, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00204 Tidewater Underground Communications, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00205 Tri-Star Development Corp. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00206 Vico Construction Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00207 Watertown Lawn & Irrigation - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00208 Arc Electric, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00209 Dranlon Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00211 Cherry Hill Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00212 Donald Bowers Plumbing - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00213 Dozier Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00214 Ed's Plumbing & Heating - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00215 Edward Telecommunications, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00219 Peninsula Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00223 The Haskell Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00224 University Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00226 William A. Hazel, Inc. - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00227 William B. Hopke Co., Inc. - Alleged violation of VA Code § 56-265.18  
 URS-2006-00228 Wiltout Backhoe Services, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00229 Custom Ornamental Iron, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00230 Kingery Bros., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00231 Wilson Landscaping - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00232 E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2006-00233 J. M. Briggs, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00234 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 B  
 URS-2006-00235 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00236 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00237 Triple E Utility Service, Inc. - Alleged violation of VA Code §§ 56-265.19 A and D  
 URS-2006-00238 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00239 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00240 Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00241 Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00242 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00244 Myers Cable, Inc. - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00246 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00248 Campbell Construction & Development - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00249 Courts & Dobyns, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00250 Curtis W. Key Plumbing Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00251 Faden Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00252 Innerview Ltd. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00254 Kip's Erosion Control, L. C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00256 Northwest Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00258 Raco, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00259 Service Electric Corporation of VA - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00260 W. C. Spratt Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00261 W. R. Hall, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00262 Waff Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00263 WCC Cable, Inc. - Alleged violation of VA Code § 56-265.17 C  
 URS-2006-00264 Wertz Plumbing & Repair, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00265 Atlantic Foundations, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00266 Burton & Robinson, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00270 Industrial Turnaround Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00271 Infrasure Undergound Construction Services, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00272 J. L. Kent & Sons, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00273 Mueller Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00275 Pro-Mole, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00276 R. L. Kelley Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2006-00277 R. J. Smith Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00278 Ricketts Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00280 Smith and Keene Electrical Service, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00282 South Fork Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00283 Statewide Contracting, LLC - Alleged violation of VA Code § 56-265.17 A

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URS-2006-00286 WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00287 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00290 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00291 Shaking Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00292 Frugal Rooter, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00293 Premium Paving Construction Group, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00294 Satellite Technologies, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00295 Williams Gas Pipelines/Transco - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00298 Wayjo, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00299 Atlas Plumbing, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2006-00300 Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00301 Longenecker Excavation, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00302 Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00303 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00306 Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00307 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00308 Davis H. Elliot Company, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00309 Electrical Dynamics Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00310 The Russell Gage Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00311 William B. Hopke Co. Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00312 Woodbridge Asphalt and Paving, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00314 Asphalt Roads and Materials Company, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00315 Bissette Construction Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00318 Excel Paving Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00321 Suffolk Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00323 Vico Construction Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00324 WayJo, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00327 J & J Paving Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00328 Rice Construction Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00329 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00330 Sprucewood Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00331 A Team Lawn Service - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00333 Charles Higgs Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00334 Delta Concrete Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00335 Elite Investment & Management Group, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00337 Hart Plumbing Co. of Virginia, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00338 Judy Construction - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00340 McShay Homes, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00342 McHale & McHale Landscape Design, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00343 Peterson and Collins, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00347 The Richardson-Wayland Electrical Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00348 Valleycrest Landscape Maintenance, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00349 Village Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00350 Wewerka Construction Management, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00351 WINREPO, INC. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00352 BBX Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00353 Byer, Harmon & Johnson General Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00355 Wright Excavating - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00356 Smith and Keene Electric Service, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00357 Tri-Hand Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00359 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00360 S & N Communications, Inc. - Alleged violation of VA Code §§ 56-265.17 C, et al.  
 URS-2006-00361 Ivy H. Smith Company, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2006-00362 Promark Utility Locators, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2006-00364 Virginia Electric & Power Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00365 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00366 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00367 Kip's Erosion Control, L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00368 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00369 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00370 BBX Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00372 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00373 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2006-00376 Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00377 HELPCOmm, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00379 William T. Curd Jr., Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00380 A & W Contracting Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2006-00381 C & V Utilities, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00386 Pizzagalli Construction Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00387 Q. C. Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00389 A Plus Landscaping - Alleged violation of VA Code § 56-265.17 A  
 URS-2006-00393 DLB, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2006-00394 Farmville Excavation Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00395 Innerview Ltd. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00396 Ron's Plumbing and Restoration Services - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00398 Walter C. Via Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00399 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
URS-2006-00401 B. T. Paving & Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00402 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
URS-2006-00403 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
URS-2006-00405 Myers Cable, Inc. - Alleged violation of VA Code §§ 56-265.17 C, et al.  
URS-2006-00408 Dittmar Company - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00409 Four Points Excavating, Inc. - Alleged violation of VA Code § 56-265.17 B  
URS-2006-00410 K. and B. Builders Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00411 Mann's Grading - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00412 Maust Enterprises of Virginia, LLC - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00414 Pike Electric, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
URS-2006-00415 Timmons Group, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00416 Breeden Mechanical, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00417 C. A. Barrs Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00418 Central Plumbing & Heating, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00419 Century Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00420 Chesapeake Bay Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00422 Thomas B. Bruszewski - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00425 WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00427 Mobile Home Specialities - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00428 Moffet Paving & Excavating Corp. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00429 Plecker Construction Company - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00430 B-J Paving - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00431 DeWeese Construction Co. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00435 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00436 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
URS-2006-00437 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00438 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
URS-2006-00440 Ivy H. Smith Company, LLC - Alleged violation of VA Code §§ 56-265.24 F, et al.  
URS-2006-00450 Buford A. Long General Contractor - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00452 Salem Lawns & Landscaping - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00453 Newsome Air Conditioning Company, Incorporated - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00454 Chesapeake Fence & Awning Co., Inc. - Alleged violation of VA Code § 56-265.17 C  
URS-2006-00456 Dunn Construction Company - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00457 E. V. Williams, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00458 Ivy H. Smith Company, LLC - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00459 Chapin Plumbers - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00460 Counts & Dobyns, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00461 David M. Wolfford & Son, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00462 Donovan Trucking & Excavating - Alleged violation of VA Code § 56-265.17 D  
URS-2006-00468 MB Visnic, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00470 Nash Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00471 Precision Wall Fabricators, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00475 The Sheffield Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00476 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00488 Ballard Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00493 Bench Mark Builders, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00500 Balzer and Associates, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00501 Casey Hyman Plumbing, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00504 J. B. Moore Electrical Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00505 Landworks Unlimited, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00508 W & M Backhoe Services - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00509 William B. Hopke Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00510 Baseline, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00511 Coastal Concrete Construction Corporation - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00513 F. L. Showalter, Incorporated - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00519 Nuckols Tree Care, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00520 P & M Construction Services, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00525 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
URS-2006-00526 R. J. Smith Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00528 Rappahannock Construction Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00530 Richard L. Crowder Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
URS-2006-00536 Walt's Tree & Stump Removal, LLC - Alleged violation of VA Code § 56-265.17 A  
URS-2006-00540 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A