

Commonwealth of Virginia

Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-01

**NEWS RELEASE**

Contact: **Ken Schrad**  
(804) 371-9141; ken.schrad@scc.virginia.gov

**FOR IMMEDIATE RELEASE**  
January 22, 2008

**SCC EXPANDS E-FILING OF CASE-RELATED DOCUMENTS**  
**New e-Filing Procedure Effective February 15**

**RICHMOND** - The State Corporation Commission (SCC) is expanding the ability to file documents electronically in commission cases. The new e-filing procedure is set forth in revisions to the SCC's Rules of Practice and Procedure that take effect February 15.

The SCC will allow electronic filing of documents of up to 100 pages for the convenience of all case participants. It is estimated that approximately 95 percent of all documents filed in Commission cases are less than 100 pages.

Electronic filing is optional and strictly offered as a convenience to case participants. As an incentive to encourage electronic filing, electronic submissions are exempt from the Commission's rule regarding copies. Whenever a document is filed in hardcopy, the rule requires an original and 15 copies.

More than 100 people have been participating in an experimental e-filing program for the past several years. Each participant in the current program must obtain authorization to use the new e-filing procedure. This requirement will provide a higher level of security and control. The majority of participants in the current program are attorneys who practice before the Commission.

The experimental program limited filings to documents of 20 pages or less. Thus, the experiment was only being used for the simplest motions or pleadings.

Complex applications, pre-filed testimony, and accompanying exhibits occasionally exceed 100 pages and include numerous graphs, charts, tables, and spreadsheets. Since they are not eligible for electronic filing, an original and 15 copies are still required to be physically filed with the Document Control Center located in the Clerk's Office of the Commission.

The Commission order and the revised rules can be viewed via the Docket Search feature on the SCC website at: [www.scc.virginia.gov/caseinfo.htm](http://www.scc.virginia.gov/caseinfo.htm). The SCC's electronic filing process also begins at this website location, including the required filer authorization form.

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**Case Number CLK-2007-00005**

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Please register online at <http://www.scc.virginia.gov/division/ird/index.htm>

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Ken Schrad  
Director



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TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-02

**NEWS RELEASE**

Contact: **Katha Treanor**  
(804) 371-9141; katha.treanor@scc.virginia.gov

**FOR IMMEDIATE RELEASE**  
January 28, 2008

**SCC URGES VIRGINIANS TO BE WARY OF FREE INVESTMENT SEMINARS**

**RICHMOND** – Virginians should be cautious about unsolicited invitations to attend no-cost seminars that promise a fancy meal along with information about investment strategies and money management. The seminars, which frequently target seniors, often claim to teach attendees how to attain a secure retirement, earn excellent returns on investments, eliminate market risk, and avoid taxes.

The State Corporation Commission (SCC) urges Virginians to think twice before attending these “free lunch” seminars. “These programs may bill themselves as educational and may claim that ‘nothing will be sold,’ but many are actually sales presentations designed to push investment products and recruit new clients,” said Ronald Thomas, director of the SCC’s Division of Securities and Retail Franchising.

Although investment seminars can be a legitimate sales practice, many are not. They may tout fictitious products and grossly understate risk and exaggerate return. The speakers may present themselves as specialists, implying that they have particular expertise in addressing financial issues. In some cases, their designations are simply marketing devices and not meaningful credentials. The SCC has taken action within the past year against unregistered individuals who were holding such seminars in Virginia.

Among the products often promoted are variable and equity-indexed annuities. These are actually contracts sold by insurance companies that provide income payments on specified dates in return for premiums paid. Agents earn commissions from the sales of variable and equity-indexed annuities, which are generally long-term investment products.

SCC Commissioner of Insurance Alfred W. Gross urges Virginians to evaluate insurance products carefully. “In the case of annuities, make sure you understand their features, benefits and costs, as well as their vulnerability to stock market ups and downs. Compare them to other investment options when determining what best suits your particular needs and financial goals,” he said. The same holds true with securities offerings.

(more)

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The SCC encourages Virginians to plan ahead before attending an investment seminar. "Do your homework before and after the program. Learn about the persuasive sales tactics that some of these seminars employ; ask questions during the program; and take time to thoroughly assess any opportunities presented to make sure they are right for you," Thomas said. "When it comes to investments, one size doesn't fit all. What's right for one person may be totally unsuitable for another."

Thomas cautions consumers who attend these seminars not to be pressured into making on-the-spot decisions about any investment opportunity or opening an account. Be prepared, too, for follow-up contacts from the seminar sponsor or leader.

In Virginia, insurance companies and agents are required to follow certain guidelines and make specific disclosures when presenting annuity products to consumers. The same holds true for securities broker-dealers and investment advisors and their agents and representatives when matching customers with investment products. These securities professionals are prohibited from using deceptive or misleading advertising or sales presentations. They also must make certain disclosures to investors and are prohibited from knowingly recommending unsuitable investments to a customer.

Thomas urges all investors to make sure that any securities or insurance products touted during a seminar are registered with, or approved by, the appropriate regulator and to determine the risks or costs associated with the product.

Virginians should call the SCC's Division of Securities and Retail Franchising in Richmond at (804) 371-9051 or toll-free (in Virginia) at 1-800-552-7945 or visit its website at <http://www.scc.virginia.gov/division/srf/index.htm>. For questions or complaints regarding insurance companies, agencies, or annuities and other insurance products, contact the SCC's Bureau of Insurance in Richmond at (804) 371-9741 or toll-free (nationwide) at 1-877-310-6560 or visit <http://www.scc.virginia.gov/division/boi/index.htm>.

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Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-03

**NEWS RELEASE**

Contact: **Andy Farmer**  
(804) 371-9141; andy.farmer@scc.virginia.gov

**FOR IMMEDIATE RELEASE**  
January 30, 2008

**SCC SEEKS COMMENTS ON REVISED RATE CASE RULES**

**RICHMOND** – The State Corporation Commission (SCC) invites public comments on proposed revisions to the Commission’s rules governing utility rate increase applications.

The revisions accommodate statutory changes for electric utility rate adjustments enacted by the General Assembly in 2007. The need to make changes also provides the SCC an opportunity to update and reform the rules generally applicable to all utilities whose rates are subject to the Commission’s ratemaking authority.

Copies of the proposed rules are available for public inspection during regular business hours at the SCC’s Document Control Center on the first floor of the Tyler Building at 1300 East Main Street in downtown Richmond. Interested persons may also access copies of the proposed rules through the SCC’s Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>

Written comments on the revised rules and proposed modifications must be submitted by April 14, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, VA 23218, and refer to case number PUE-2008-00001.

Interested persons desiring to submit comments electronically may do so at the SCC website: <http://www.scc.virginia.gov/caseinfo.htm>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00001.

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**Case Number PUE-2008-00001**

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Commonwealth of Virginia

Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197, Richmond, Virginia 23218

www.scc.virginia.gov

08-04

**NEWS RELEASE**

Contact: Ken Schrad  
(804) 371-9141; ken.schrad@scc.virginia.gov

**FOR IMMEDIATE RELEASE**

February 1, 2008

**SCC GRANTS PARTIAL APPROVAL OF VERIZON REQUESTS  
FOR MODIFICATIONS TO DEREGULATION RULING**

**RICHMOND** – The State Corporation Commission (SCC) has granted in part and denied in part Verizon’s petition for modifications to the Commission’s December 14, 2007, order deregulating certain local telephone services in areas of Virginia found to be competitive.

Verizon made four specific requests for modifications. The SCC ruled on each request separately.

The SCC approved Verizon’s request that certain competitive local exchange carriers (CLECs) be considered “facilities-based” carriers if those CLECs lease unbundled network “loops” from Verizon at wholesale prices capped by the Federal Communications Commission (FCC). The SCC noted that the FCC recently denied Verizon’s request to be relieved of such leasing obligations in the Virginia Beach area. The SCC found that as long as the FCC maintained this obligation on Verizon, CLECs leasing loops from Verizon were properly considered to be “facilities-based” competitors under the competitiveness test established in the SCC’s December order.

The SCC also partially approved Verizon’s request to count so-called “over the top” Voice over Internet Protocol (VoIP) providers, such as Vonage, as a competitor to Verizon in local telephone exchanges where broadband availability has reached 75% of households or businesses. For residential telephone services, the SCC found that granting Verizon’s request would grossly overstate the amount of actual competition presently posed to Verizon by providers such as Vonage. The SCC instead found that Verizon’s request should be granted for residential telephone services when available FCC data on residential broadband subscribership in Virginia, compared to total Virginia households, showed a sufficient level of subscribership penetration.

The SCC determined that there was a logical connection between broadband subscribership penetration statewide and broadband availability in local telephone exchanges to find potential competition to Verizon from VoIP providers. The SCC further found that available data showed that broadband subscribership among Virginia businesses had already reached a sufficient level to justify approving Verizon’s request to count VoIP as a competitor for business services in local exchanges based on availability.

(more)

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Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-05

**NEWS RELEASE**

Contact: **Andy Farmer**  
(804) 371-9141; andy.farmer@scc.virginia.gov

**FOR IMMEDIATE RELEASE**  
February 4, 2008

**SCC REDUCES APPALACHIAN POWER RATE REQUEST**

**RICHMOND** – The State Corporation Commission (SCC) has granted Appalachian Power a fuel rate that is lower than what the company sought. The request involves the portion of the monthly utility bill that recovers the cost of fuel used to generate electricity and potential credits against fuel expenses.

The company requested a fuel rate of 1.614 cents per kilowatt-hour (¢/kWh). The SCC approved 1.418 ¢/kWh. A residential customer using 1,000 kWh in a month will see a decrease of \$1.96, or 2.7 percent on a monthly bill.

Appalachian customers have been paying higher interim rates since September 1, 2007. That is when the requested rate was allowed to go into effect on an interim basis pending an SCC decision.

The SCC's final order issued on February 1, 2008, states the new fuel factor is effective for bills sent on or after February 4.

Appalachian Power also has pending before the SCC a request to recover a portion of the projected costs in conjunction with the planned construction of a clean-coal power plant in Mason County, West Virginia (case number PUE-2007-00068.)

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Case Number **PUE-2007-00067**

Commonwealth of Virginia

Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-04

**NEWS RELEASE**

Contact: **Ken Schrad**  
(804) 371-9141; ken.schrad@scc.virginia.gov

**FOR IMMEDIATE RELEASE**

February 14, 2008

**SCC DISMISSES CLAIMS AGAINST ROA**  
**BY TENNESSEE RISK RETENTION GROUPS**

**RICHMOND** – The State Corporation Commission (SCC) has dismissed the claims of three insolvent Tennessee risk retention groups against Reciprocal of America (ROA). The SCC determined that, as reinsureds of ROA, the three insurers are general creditors and not policyholders under the Virginia insurer liquidation statute.

ROA and its attorney-in-fact, The Reciprocal Group, were placed into receivership on January 29, 2003. Receivership of the three Tennessee insurers soon followed.

ROA primarily wrote hospital professional liability insurance, workers' compensation insurance, and some ancillary insurance for its insureds. It also provided reinsurance to various companies including the three Tennessee risk retention groups – Doctors Insurance Reciprocal, American National Lawyers Insurance Reciprocal, and The Reciprocal Alliance.

In its order, the Commission said that it is governed by Virginia insurance law regarding the distribution of assets from the ROA estate, "and there is no provision therein for us to alter the General Assembly's priority scheme." Under the scheme, policyholders take priority for distribution of an insolvent insurer's assets.

The deputy receiver of the liquidated ROA is currently authorized to make distributions to eligible claimants that represent 25 percent of the total claim amount. Receivership assets have been held in reserve pending the outcome of the creditor claims of the Tennessee risk retention groups.



**Case number INS-2003-00092**

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Commonwealth of Virginia

Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-07

**NEWS RELEASE**

Contact: **Andy Farmer**

(804) 371-9141; andy.farmer@scc.virginia.gov

**FOR IMMEDIATE RELEASE**

February 15, 2008

**SCC APPROVES ROUTE AND CONSTRUCTION METHOD FOR  
230-KV TRANSMISSION LINE IN LOUDOUN COUNTY**

**RICHMOND** – The State Corporation Commission (SCC) has approved the overhead construction of a 230-kilovolt transmission line by Dominion Virginia Power (DVP) on a 12-mile route between the Pleasant View substation and the proposed Hamilton substation in Loudoun County.

In its order issued on February 15, 2008, the Commission found that the new transmission line should follow a route known as the “Modified D” route as recommended by an SCC hearing examiner. The Commission said, “No route can eliminate all adverse impacts. We find that Modified D minimizes as much as practicable adverse impact on scenic assets, historic districts, and environments of areas concerned, and results in fewer adverse impacts than other proposed routes.”

The SCC had previously found that the construction of the new transmission line was necessary for DVP to maintain long-term reliability on its system and to serve the rapidly growing demand for electricity in western Loudoun County. The Commission noted in this order “...that [late last year] the Commonwealth issued *The Virginia Energy Plan*, which ... states as follows: ‘Significant demand growth has occurred in northern Virginia, where the population has increased by 66 percent since 1990. Loudoun and Prince William Counties consistently rank among the fastest growing counties in the United States.’ ”

The transmission line will be constructed on single-shaft pole structures placed as far away from residences as possible. The poles will be located on existing right-of-way owned by DVP and the Virginia Department of Transportation wherever possible. The line is expected to be constructed and in-service by January 1, 2011.

During the construction phase of the project, the SCC directed DVP to identify a company employee or employees to serve as a contact to address promptly concerns raised by any local government, landowner, or resident along the approved route. The designated employee will be available from the time the company places any markers identifying the location of the line until the line is energized.

**Case Number PUE-2005-00018**

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Commonwealth of Virginia

Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-08

**NEWS RELEASE**

Contact: **Ken Schrad**  
(804) 371-9141; ken.schrad@scc.virginia.gov

**FOR IMMEDIATE RELEASE**  
February 29, 2008

**SCC FINDS VERIZON OUT OF COMPLIANCE WITH SERVICE QUALITY  
STANDARD; FINDS PENALTY NOT SPECIFIED IN REGULATION**

**RICHMOND** – The State Corporation Commission (SCC) has found that Verizon was not in compliance with one of the Commission’s service quality standards for 16 months. The standard requires that 80 percent of out of service trouble reports be cleared within 24 hours, and 95 percent within 48 hours, per calendar month.

The SCC staff filed a “rule to show cause” motion in May 2007. The motion alleged that Verizon was not in compliance with this particular service quality standard during a time period stretching from 2005 through early 2007.

The Commission rejected Verizon’s defense that the standard was vague or merely aspirational. It also rejected Verizon’s explanation that Verizon’s effort to install fiber optic lines to the home (“FIOS”) in some parts of its service territory justified Verizon’s failure to meet the standard.

While the Commission found that Verizon was not in compliance with the standard, the SCC also found that the regulation did not specify a penalty for non-compliance and thus no penalty could be imposed in this proceeding.

The Commission stated that it intends to initiate a rulemaking to review and clarify its service quality rules.

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**Case number PUC-2007-00040**

Commonwealth of Virginia

Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-09

**NEWS RELEASE**

Contact: **Katha Treanor**  
(804) 371-9141; katha.treanor@scc.virginia.gov

**FOR IMMEDIATE RELEASE**

March 3, 2008

**SCC OFFERS NATIONAL CONSUMER PROTECTION WEEK REMINDERS**

**RICHMOND** – Every day, Virginians conduct financial transactions that require them to make an informed decision. Those decisions may involve something as simple as deciding how to pay for a purchase. Or, they may be more complex such as shopping for a mortgage or auto loan; comparing insurance policies; understanding and reconciling credit card statements and utility bills; or choosing a retirement plan.

Consumers now have more choices than ever when it comes to insurance, banking and investment products. It is up to individuals to arm themselves with the knowledge they need to make prudent choices and protect their personal information and financial well-being. This means understanding how to compare products and prices and match them to their needs, being able to spot risky or fraudulent financial products, and knowing where to turn if a problem arises.

The State Corporation Commission (SCC) encourages Virginians to take charge of their financial future. It is participating with other federal, state, and local government agencies and national consumer advocacy organizations in the 10th annual National Consumer Protection Week, March 2-8. This year's theme is "*Financial Literacy: A Sound Investment.*" The campaign encourages consumers to take steps toward building a solid financial foundation by making informed decisions, using credit wisely, protecting their personal information, and steering clear of fraudulent offers.

The SCC provides valuable information and assistance to help Virginians make informed financial decisions, avoid scams, and file a complaint if they are not satisfied. It offers numerous consumer guides and other information and has specially trained staff who can assist consumers with their questions and concerns. During National Consumer Protection Week, the SCC will sponsor an exhibit in the first floor lobby of the Tyler Building at 1300 East Main Street in downtown Richmond. There, SCC staff will answer questions and distribute materials relating to insurance, securities, and banking.

"There's no time like the present to start on the road to financial literacy," said E. Joseph Face, Jr.,

(more)

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Virginia Commissioner of Financial Institutions. “Safeguard your financial future by protecting your money and your personal information. Learn to spot fraudulent offers, unnecessary fees, predatory loans, and unsuitable financial products. Take advantage of the many resources available to you and know where to turn for help, if needed,” he said.

“Knowledge is your best policy when it comes to making important financial decisions and protecting yourself against buying products unsuited to your needs or simply getting a bad deal,” said Virginia Insurance Commissioner Alfred W. Gross. “Make sure you are dealing with legitimate individuals and firms. Shop around, compare prices and terms, ask questions, and know your rights if a problem occurs.”

Ron Thomas, director of the SCC’s Division of Securities and Retail Franchising, encourages Virginians to be wary of offers that sound too good to be true, touting high returns with little or no risk. “Take the time to become a knowledgeable and careful steward of your finances. Thoroughly evaluate any financial product and the person or company offering it,” he said.

The SCC offers the following tips:

- Educate yourself about rates, fees, and other terms before making a financial decision. Read the fine print, ask questions, and don’t allow yourself to be rushed.
- Shop around. Not every company offers the same product for the same price.
- Beware of pie-in-the-sky offers. Make sure an insurance, banking, or investment product is legitimate and is right for your needs.
- Deal with companies and individuals that you know and trust. Contact the SCC ahead of time to see if an insurance agent, insurance company, investment advisor, stockbroker, bank, mortgage lender, or payday lender is authorized to do business in Virginia.
- Get any offer or agreement in writing and keep a copy for your records. Know your rights and responsibilities and where to file a complaint in the event of a problem.
- Check your credit. The information in your credit report can make a difference when you apply for credit, insurance, or a loan.

Virginians may call the SCC in Richmond at (804) 371-9051 (Division of Securities and Retail Franchising), (804) 371-9741 (Bureau of Insurance), or (804) 371-9657 (Bureau of Financial Institutions), or toll-free in Virginia at 1-800-552-7945. Information is also available on the SCC website at <http://www.scc.virginia.gov/>.

Additional resources include the Office of the Attorney General, local consumer protection offices, the Better Business Bureau, the Federal Trade Commission’s toll-free helpline at 1-877-FTC-HELP (382-4357), and the National Consumer Protection Week website at <http://www.consumer.gov/ncpw/>.

Commonwealth of Virginia



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-10

**NEWS RELEASE**

Contact: **Ken Schrad**  
(804) 371-9141; ken.schrad@scc.virginia.gov

**FOR IMMEDIATE RELEASE**  
March 7, 2008

**SCC SETS SCHEDULE TO CONSIDER RATE REQUEST OF  
VIRGINIA AMERICAN WATER COMPANY**

RICHMOND – The State Corporation Commission (SCC) has set a hearing in September to consider a rate increase request by Virginia American Water Company. By law, the rate request is allowed to take effect, under a refund obligation, on July 8. The company provides water service to customers in Alexandria, Hopewell, and Prince William County.

The company seeks a 12.2 percent rate increase that would increase annual operating revenue by more than \$4.3 million. The proposed increase is divided differently among its three service territories. According to the company, the average residential customer would experience an increase of approximately 17 percent in Alexandria, 16 percent in Prince William, and four percent in Hopewell.

Any one wishing to comment on the rate application without attending the September 11 hearing must do so by September 10, 2008.

Written comments must refer to case number PUE-2008-00009 and be sent to the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, VA 23218.

Comments may also be submitted electronically via the SCC web site by following the instructions at: <http://www.scc.virginia.gov/case>

Anyone desiring to testify at the Thursday, September 11 hearing should arrive 15-minutes prior to the 10 a.m. start and sign in with the SCC bailiff. The hearing will be held in an SCC courtroom on the second floor of the Tyler Building located at 1300 East Main Street in downtown Richmond.

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**Case number PUE-2008-00009**

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Commonwealth of Virginia

Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-11

## NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141; andy.farmer@scc.virginia.gov

**FOR IMMEDIATE RELEASE**  
March 14, 2008

### **SCC SEEKS COMMENTS ON APPALACHIAN POWER'S PROPOSED PLAN FOR RENEWABLE ENERGY SOURCES**

**RICHMOND** – The State Corporation Commission (SCC) is asking for public comments on a renewable energy portfolio standard program proposed by Appalachian Power Company to meet the goal of increasing the amount of renewable energy used in the Commonwealth.

The General Assembly enacted legislation in 2007 establishing voluntary renewable generation goals for electric utilities beginning in 2010. In the first year, the goal is four percent of the total electricity sold supplied by renewable sources, such as wind, solar and hydro. The goal increases to 12 percent in 2022.

Appalachian Power's application and accompanying materials may be viewed during regular business hours at the SCC's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond. Interested persons may also access unofficial copies of the application through the SCC's Docket Search portal at <http://www.scc.virginia.gov/case>.

Written comments or requests for a hearing on the application must be submitted by May 1, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00003.

Interested persons desiring to submit comments electronically may do so at the SCC's website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00003. Electronic comments sent to any other SCC e-mail address will not be included as part of the proceeding.

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Case Number **PUE-2008-00003**

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Commonwealth of Virginia

Ken Schrad  
Director



(804) 371-9141  
TDD/Voice (804) 371-9206  
FAX: (804) 371-9211

Angela P. Bowser  
Assistant Director

State Corporation Commission  
Division of Information Resources  
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

08-12

**NEWS RELEASE**

Contact: **Ken Schrad**  
(804) 371-9141; ken.schrad@scc.virginia.gov

**FOR IMMEDIATE RELEASE**  
March 31, 2008

**SCC APPROVES SW VIRGINIA COAL PLANT;  
PUTS IN PLACE RATEPAYER PROTECTIONS**

**RICHMOND** – The State Corporation Commission (SCC) has approved an application from Dominion Virginia Power to build a new coal-fired power plant in Wise County, Virginia. The SCC’s approval is subject to certain cost control measures designed to protect Virginia ratepayers from potential construction cost overruns.

Recognizing that the General Assembly has already determined by law that a coal-fired plant in Southwest Virginia was in the public interest, the SCC was precluded from revisiting that issue. The SCC also noted that by law its environmental review authority is limited, and that it had no authority to require environmental protections related to matters governed by permits that may be issued by the Virginia Department of Environmental Quality.

The SCC approved a rate increase to finance the construction of the new plant consistent with an agreement among the company, the Office of the Attorney General’s Division of Consumer Counsel, and the staff of the SCC. The agreement addressed several cost aspects of the plant, including the cost of capital. The return on equity that Dominion Virginia Power will receive for its cost of capital needed to construct the plant is 12.12 percent. The company had requested 13.75 percent.

The SCC put in place cost control measures relative to the plant’s construction. The company estimates that the construction cost will be \$1.8 billion. The SCC found that any costs over that amount would not be automatically chargeable to ratepayers. Instead, Dominion Virginia Power must prove in future proceedings that any cost overruns are “reasonable and prudent” expenditures under state law before they can be charged to ratepayers.

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**Case number PUE-2007-00066**  
**Final Order**

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-13

## SCC NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

April 1, 2008

### SCC SETS HEARING ON ATMOS ENERGY RATE ADJUSTMENT

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a hearing in September 2008 on a request by Atmos Energy Corporation to adjust rates on the portion of a customer's bill that covers operating expenses. The rate request will increase the company's overall annual revenue by two percent, or approximately \$868,504. For the average residential customer, the increase on a monthly bill would be \$1.66.

The rate adjustment will go into effect on an interim basis on April 5. By law, interim rates, based on the company's request, are temporary and subject to refund with interest pending a final decision by the SCC.

A public hearing is scheduled for 10 a.m. on Tuesday, September 16, 2008, before an SCC hearing examiner. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

Written comments on the proposal must be submitted by July 24, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, VA 23218, and refer to case number PUE-2008-00007.

Interested persons desiring to submit comments electronically may do so at the SCC website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-0007. Electronic comments sent to any other SCC e-mail address will not be included as part of the proceeding.

Atmos Energy serves 22,500 residential, commercial, and industrial customers in southwestern Virginia.

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Case Number PUE-2008-00007

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Commonwealth of Virginia

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Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-14

## SCC NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

April 8, 2008

### SCC APPROVES CONSTRUCTION FOR STAFFORD COUNTY TRANSMISSION LINE

**RICHMOND** – The State Corporation Commission (SCC) has approved the underground construction of an experimental 230-kilovolt transmission line by Dominion Virginia Power in Stafford County. The five-mile line will be built on a company-owned right-of-way between Aquia Harbor and a new substation near Garrisonville.

In its order issued on April 8, 2008, the Commission found that the new transmission line is necessary to maintain long-term reliability and to serve the rapidly growing demand for electricity in the Garrisonville area.

To address the cost and visual impact issues, the Commission directed that the Stafford County project serve as a pilot program to assess the cost to build, operate and maintain an XLPE underground cable. An XLPE pilot project will allow cost difference to be recovered through the ratemaking process.

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Case Number **PUE-2006-00091**

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## SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

April 14, 2008

### **SCC DENIES APCO REQUEST FOR RATE INCREASE AND APPROVAL OF NEW POWER PLANT**

*Cites Uncertainties of Costs, Technology, Unknown Federal Mandates*

**RICHMOND** - The State Corporation Commission (SCC) has denied a request from Appalachian Power Company (APCo) to build a coal-fired power plant in West Virginia that would use "integrated gasification combined cycle" (IGCC) technology. The SCC also denied APCo's request for a rate increase to begin recovering construction costs for the new plant from its Virginia customers.

In legal terms, the SCC found that APCo's proposal was neither "reasonable" nor "prudent," a finding that must be made under Virginia law before Virginia consumers can be charged for the costs of a new power plant.

The SCC found that APCo's cost estimate of \$2.23 billion was "not credible." The SCC noted that APCo's latest cost estimate was made in November 2006, had not been updated since then, and that the company had no plans to provide a detailed and updated cost estimate until after receiving all regulatory approvals.

The SCC further noted that APCo "has no fixed price contract for any appreciable portion of the total construction costs," that there were "no meaningful price or performance guarantees or controls for this project at this time," and that when APCo eventually attempted to obtain a "turn-key contract with firm pricing, it likely will be a sole-source contract with one bidder."

The SCC agreed with the Office of the Attorney General of Virginia, which opposed the proposal, that the capital cost for the proposed plant "is significantly higher than reported costs for other coal-fired units." The SCC stated, "This [proposal] represents an extraordinary risk that we cannot allow the ratepayers of Virginia in APCo's service territory to assume."

APCo had asserted that despite the uncertain cost, the value of the plant is its "potential" to capture and sequester carbon dioxide. The SCC noted, however, that the \$2.23 billion cost estimate did not even include the potential cost to retrofit the plant at some uncertain future date with carbon capture and sequestration technology. APCo estimated the cost of such a retrofit at \$200-300 million. The Attorney General estimated the retrofit costs at \$300-500 million.

(more)

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The SCC wrote, in response, that “[APCo] did not identify any commercial generation facility that has implemented carbon sequestration ... the record in this case indicates an absence of commercial deployment of carbon sequestration in generation plants such as the one proposed ... and the issues surrounding where the ‘captured’ carbon will be stored remain unresolved. Yet carbon capture alone, without the sequestration problem resolved, does not answer the question of what is to be done with the ‘captured’ carbon, and at what price. So it is literally impossible to develop a credible cost estimate for a future retrofit of this plant with both carbon capture *and* sequestration capability, making it likewise impossible to quantify the claimed benefits associated with IGCC technology for purposes of this application.”

The SCC also indicated that, given the absence of a credible cost estimate, the use of IGCC technology for a coal-fired power plant of this size (629 megawatts) posed additional uncertainties and risks for Virginia ratepayers. The SCC noted that this would be the largest commercial power plant to use IGCC technology constructed to date, and that APCo had “confirmed that there are only two IGCC power plants operating in the United States and both plants are ‘less than half’ the size” of APCo’s proposed plant.

“The record ... indicates that there is no proven track record for the development and implementation of large-scale IGCC generation plants like the one proposed by APCo,” the SCC continued.

Finally, the SCC concluded, “We understand and appreciate ... APCo’s good-faith desire to prepare for what it believes is the likelihood of a federal carbon capture and sequestration mandate for coal-fired plants. Yet neither APCo nor anyone else knows how such a future mandate may be structured, how it will affect existing plants, precisely how carbon sequestration technology and storage capacity on a massive scale will ultimately develop for large-scale generation plants, or whether it could be applied cost-effectively through a retrofit to this plant ... [APCo] also has not, at this time, provided a credible cost estimate for the proposed plant *absent* carbon capture and sequestration.”

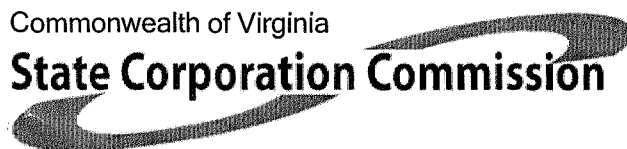
In the opinion of the Commission, “We cannot ask Virginia ratepayers to bear the enormous risks – and potential huge costs – of these uncertainties.”

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**Case number PUE-2007-00068**

**Final Order**



Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)  
08-16

**SCC NEWS RELEASE**

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

April 30, 2008

**SCC OFFERS ASSISTANCE IN THE WAKE OF  
THE RECENT STORMS AND TORNADOS**

**RICHMOND** – The aftermath of storms and tornados has left many Virginia residents injured or their homes, businesses or automobiles damaged. Virginia Insurance Commissioner Alfred W. Gross recommends that consumers contact their insurance company or agent as soon as possible for help in determining the coverage that is available under their policy for the damaged property. The insurance company or agent will also be able to guide consumers through the process of filing a claim. The State Corporation Commission's (SCC) Bureau of Insurance can provide assistance to consumers who have problems contacting their insurance company or agent.

Consumer guides offering tips on what to do when a disaster strikes may be obtained from the Bureau. Guides are available for homeowners and commercial businesses. Both provide answers to the most commonly asked questions about settling disaster-related insurance problems. These guides are available on the Bureau's website at [www.scc.virginia.gov/division/boi](http://www.scc.virginia.gov/division/boi).

The Bureau's Property and Casualty and Life and Health Divisions are prepared to handle inquiries through a toll-free telephone number, 1-877-310-6560. Consumers who are hearing or speech impaired may call the SCC's Telecommunications Device for the Deaf and Hard of Hearing (TDD) at (804) 371-9206. Consumer complaints may be filed electronically through the Bureau's website at [www.scc.virginia.gov/division/boi](http://www.scc.virginia.gov/division/boi). The Bureau may also be contacted electronically at [BureauofInsurance@scc.virginia.gov](mailto:BureauofInsurance@scc.virginia.gov). The Bureau's fax number is (804) 371-9349.

The SCC is located in the Tyler Building at 1300 East Main Street in downtown Richmond. Normal business hours are from 8:15 a.m. to 5:00 p.m. Correspondence may be mailed to the Bureau at P.O. Box 1157, Richmond, Virginia 23218.

Commonwealth of Virginia

## State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-17

### SCC NEWS RELEASE

Contact: Ken Schrad or Andy Farmer  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

May 6, 2008

#### **SCC PERMITS DOMINION VIRGINIA POWER PILOT PROJECT, AS FILED, TO UNDERGROUND PORTION OF 230-kV LINE IN LOUDOUN COUNTY**

**RICHMOND** - The State Corporation Commission (SCC) has approved a request from Dominion Virginia Power (DVP) to underground a 1.8-mile portion of a 230-kilovolt (kV) transmission line in Loudoun County. The pilot project is one of four permitted by state law that specifically identifies as a qualifying project the previously approved 12-mile route between the existing Pleasant View substation and the proposed Hamilton substation near Purcellville.

On February 18, 2008, the SCC found that the construction of the new transmission line was necessary for DVP to maintain long-term reliability on its system and to serve the rapidly growing demand for electricity in western Loudoun County. During the 2008 session, the General Assembly passed emergency legislation (HB 1319) that establishes a pilot program for placing new transmission lines of 230-kV or less underground, in whole or in part.

In its order approving DVP's request, the SCC said, "Given the plain language of the Act, the law governing this case bars this Commission from developing any evidentiary record upon which this Commission could base a decision to locate the underground route anywhere other than where (1) permitted by HB 1319, and (2) proposed by the company in a request pursuant thereto. The 30-day period in which the law requires this Commission to act on Virginia Power's request further serves to proscribe any action by this Commission other than to approve or to disapprove the request, as filed."

Dominion Virginia Power filed the request on April 21. On April 29, the SCC received a motion to intervene from several property owners at or near the company's requested location for making the transition from overhead to underground facilities.

The Commission noted that, "This order ... is without prejudice in that it permits, but does not obligate, the company to construct the underground portion of this line as set forth in its request. That is, Virginia Power is free to file a subsequent request, if it chooses, again under HB 1319, changing its intended route for the underground portion of the line; and if such request complies with HB 1319, we must approve it within 30 days."

The line is expected to be constructed and in service by January 1, 2011.

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**Case number PUE-2008-00027**

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Commonwealth of Virginia

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Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-18

## SCC NEWS RELEASE

Contact: **Andy Farmer or Ken Schrad**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

May 12, 2008

### **SCC SEEKS COMMENTS ON PROPOSED FUEL RATE INCREASE FOR DOMINION VIRGINIA POWER; SETS HEARING FOR JUNE 24**

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a public hearing for June 24, 2008, to receive comments on a request by Dominion Virginia Power (DVP) to increase the company's fuel rate on July 1.

DVP says the increase is necessary to cover the higher costs of fuel used to generate electricity. As filed, the company is seeking to raise its current fuel factor from 2.232 cents per kilowatt-hour (¢/kWh) to 3.893¢/kwh. An average residential customer using 1,000 kWh in a month would see an increase of \$16.61 on a monthly bill, or 18.3 percent.

A public hearing on the request is scheduled for 10 a.m. on Tuesday, June 24, 2008. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

The SCC intends to webcast the audio portion of the hearing via the Internet. Instructions can be found on the SCC website at <http://www.scc.virginia.gov/case>.

Written comments on the proposals must be submitted by June 19, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00039.

Interested persons desiring to submit comments electronically may do so at the SCC's website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00039. Electronic comments sent to any other SCC e-mail address will not be included as part of the proceeding.

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**Case Number PUE-2008-00039**

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Commonwealth of Virginia

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Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-19

## SCC NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

May 14 2008

### SCC ACCEPTS CONSECO SETTLEMENT

**RICHMOND** – The State Corporation Commission (SCC) has accepted a multistate regulatory settlement involving Indiana-based Consecos, Inc. following an investigation into the company's long-term care insurance business.

The settlement is the result of a multistate investigation led by state insurance departments in Florida, Illinois, Indiana, Pennsylvania, and Texas that focused on claims practices and procedures, complaint handling, and marketing and sales practices by two Consecos subsidiaries – Pennsylvania-based Consecos Senior Health Insurance Company and Illinois-based Bankers Life and Casualty Insurance Company. It covers more than 50,000 insurance claims nationwide filed between January 1, 2005, and April 30, 2007.

Under the agreement, Consecos will pay a \$2.3 million fine to be shared by all participating states and \$4 million in administrative costs and restitution to affected policyholders in those states. The company has also agreed to spend \$26 million to upgrade its computer systems and improve its claims-handling procedures. If Consecos does not make those improvements within two and a half years, it is required under the settlement to pay an additional \$10 million in fines.

Consecos Senior Health had a total of 150,358 policies in force nationwide, based on 2006 figures, the most recent data available. Its annualized premiums that year totaled more than \$316 million. In Virginia, the company had 2,232 policies in force in 2006, with annualized premiums totaling more than \$4 million.

Banker's Life had 384,627 policies in force nationwide during 2006 and annualized premiums totaling more than \$580 million. The company's 2006 policy count in Virginia totaled 6,992 and annualized premiums totaled almost \$10.6 million.

To date, 41 states and the District of Columbia have signed on to the agreement. Virginia will receive \$18,999 of the initial \$2.3 million fine, based on the two subsidiaries' premium volume here. The amount of restitution individual policyholders will receive depends on the total number of claims filed as part of this nationwide settlement.

(more)

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Both companies will be required to revise claims-handling procedures to guarantee timely and accurate processing; handle all complaints completely and in a timely manner; create a centralized complaint database; and establish a nationwide contact for complaints.

“As state insurance regulators, we have a duty to protect consumers by ensuring that companies pay claims promptly and appropriately. Failure by insurers to do so can and will result in regulatory action,” said Virginia Insurance Commissioner Alfred W. Gross. “I am pleased that regulators have reached this agreement with Conseco, and that eligible policies in Virginia and elsewhere will be adjusted as a result.”

Conseco is currently in the process of mailing notices to policyholders about how they can seek review of their claims. These notices will also include a toll-free number for all long-term care claimants.

A copy of the settlement agreement is available on the SCC website at <http://www.scc.virginia.gov/case>.

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**Case Number INS-2008-00086**

Commonwealth of Virginia  
**State Corporation Commission**

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-20

## SCC NEWS RELEASE

Contact: **Andy Farmer or Ken Schrad**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

May 16, 2008

### SCC ALLOWS INTERIM FUEL RATE INCREASE FOR ALLEGHENY POWER; SETS HEARING FOR OCTOBER 21

**RICHMOND** – Allegheny Power will implement an interim fuel rate increase on July 1, 2008. The State Corporation Commission (SCC) has scheduled a public hearing for October 21, 2008, on the company's request that would increase the average residential customer's bill approximately 29 percent.

Allegheny says the increase is necessary to cover the higher costs of purchasing power for its Virginia customers. According to the company, the revised rates will result in a cumulative increase in charges to retail customers of approximately \$73 million. Depending on the method ultimately approved by the Commission for calculating the increase, rates may increase by as much as \$133 million.

The SCC set an interim fuel factor at 2.351 cents per kilowatt-hour, the minimum requested by the company, for bills sent on or after July 1. Interim rates are temporary and subject to refund until the SCC issues a final order setting the company's fuel factor.

A public hearing on the request is scheduled for 10 a.m. on Tuesday, October 21, 2008. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

The SCC intends to webcast the audio portion of the hearing via the Internet. Instructions can be found on the SCC website at <http://www.scc.virginia.gov/case>.

Written comments on the proposals must be submitted by October 14, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00033.

Interested persons desiring to submit comments electronically may do so at the SCC's website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00033.

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**Case Number PUE-2008-00033**

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Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-20

## SCC NEWS RELEASE

Contact: **Andy Farmer or Ken Schrad**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

May 20, 2008

### SCC SETS SCHEDULE TO CONSIDER APPLICATION TO BUILD AND OPERATE POWER PLANT IN BUCKINGHAM COUNTY

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a public hearing for September 30, 2008, to consider a request by Dominion Virginia Power to construct and operate a natural gas-fired electric generation facility in Buckingham County.

The proposed 580-megawatt Bear Garden Generating Station would be built on a site across the James River from Dominion's Brema Power Station. The company purchased the development rights for the Bear Garden project from Tenaska Virginia Partners II, L.P. in March.

Dominion also seeks permission to build a 230-kilovolt transmission interconnection line that would extend 1.4 miles from the proposed generating station to the existing Brema switching substation in Fluvanna County.

A public hearing on the request is scheduled for 10 a.m. on Tuesday, September 30, 2008. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

The SCC intends to webcast the audio portion of the hearing via the Internet. Instructions can be found on the SCC website at <http://www.scc.virginia.gov/case>.

Written comments on the proposals must be submitted by September 29, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00014.

Interested persons desiring to submit comments electronically may do so at the SCC's website at <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00014.

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**Case Number PUE-2008-00014**

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Commonwealth of Virginia

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Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-22

### SCC NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

May 27, 2008

#### SCC'S BUREAU OF INSURANCE URGES VIRGINIANS TO PLAN AHEAD FOR HURRICANES, FLOODS AND OTHER NATURAL DISASTERS

**RICHMOND** – Virginia is no stranger to natural disaster. We were reminded of that recently when scattered tornados ripped through Stafford, Suffolk, Colonial Heights, and Brunswick County, injuring hundreds of people and destroying homes, businesses and vehicles. Since then, heavy rains have downed trees and caused damage from flooding in parts of the state.

With hurricane season right around the corner, the State Corporation Commission's Bureau of Insurance encourages Virginians to plan now for the next disaster. This includes reviewing the details of your insurance policy to make sure you have the coverage you need **before** a hurricane, tornado, flood, or other calamity strikes.

Flooding is often caused by hurricanes and thunderstorms and can happen anywhere and anytime. In the case of hurricanes, damage often results from flooding, not high winds. Even areas hundreds of miles from the coast are at risk of flooding as hurricanes and tropical storms move inland bringing torrential rains and high winds.

Many homeowners and business insurance policies issued in Virginia provide coverage for damage to your home and belongings as a result of fire, lightning, and windstorms, but damage from floods, surface water and storm surges typically is **not** covered. However, the federal government does sell insurance for direct flood and flood-related damage to homeowners, renters, and business owners in eligible communities through its National Flood Insurance Program (NFIP). There is typically a 30-day waiting period before a new flood insurance policy takes effect.

“Protect your family, home and possessions by preparing for the unexpected. Review your insurance coverage **before** disaster strikes to make sure it meets your needs,” said Virginia Insurance Commissioner Alfred W. Gross. “If you don't already have flood insurance, now is the time to determine your flood risk and take steps to protect your home or business.”

For more information about flood insurance, contact your insurance agent or company or the NFIP at (888) 379-9531 or visit <http://www.floodsmart.gov/floodsmart/>. Be sure to find out whether your flood policy provides coverage for your contents.

(more)

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There are several steps that everyone should take to prepare for a disaster. Take an inventory of your belongings and include photographs or a video of each room. Creating an inventory and storing it in a safe location away from home are two of the most basic — and most effective — disaster preparedness steps anyone can take to help protect themselves and their financial future. This documentation will provide your insurance company with proof of your belongings and help to process claims more quickly in the event of disaster.

Store copies of your insurance policies and inventory in a safe and easily accessible location away from your home. Consider leaving a copy of your inventory with relatives, friends, or your insurance provider and store digital pictures in your e-mail or on a website for easy retrieval.

Know how much your insurance policy will pay in the event of a loss, and what you will be expected to pay. Many factors affect the amount that insurers will pay for a loss.

Check with your insurance company or agent to find out if your homeowner's policy contains a special deductible for wind or hurricane losses. These deductibles are applied separately from any other deductible on the homeowners' policy. The amount and application of these deductibles may vary by insurance company, home value, location, and other factors.

Wind or hurricane deductibles may be written as a flat amount such as \$1,000. Or, they may be applied to a loss as a percentage of the insurance coverage on the dwelling. In Virginia, percentage deductibles typically range from one to five percent of the policy limit on the dwelling, but higher percentage deductibles may also be available. This would mean that on a \$100,000 home, the policyholder could have a \$5,000 deductible for wind or hurricane damage. These deductibles are generally reduced the further inland a home is located.

The Bureau of Insurance has specially trained staff that can help consumers with other homeowners, auto, and commercial insurance questions and concerns. For more information, contact the Bureau's Property and Casualty Division at (804) 371-9185 or toll-free at 1-877-310-6560. Consumers who are speech or hearing impaired may call through the SCC's Telecommunications Device for the Deaf and hard of hearing (TDD) at (804) 371-9206.

The Bureau offers free consumer insurance publications on a variety of topics including disaster guides for homeowners and businesses. These materials are available on the Bureau's website at [www.scc.virginia.gov/division/boi](http://www.scc.virginia.gov/division/boi).

The SCC is located in the Tyler Building at 1300 East Main Street in downtown Richmond. Normal business hours are from 8:15 a.m. to 5 p.m. Correspondence may be mailed to the Bureau of Insurance at P. O. Box 1157, Richmond, VA 23218.

For additional emergency preparedness information relating to hurricanes and other types of disasters, visit [www.ready.virginia.gov](http://www.ready.virginia.gov). This statewide public education effort is designed to prepare Virginians for all hazards.

**Virginia Bureau of Insurance**  
**Additional Disaster Preparedness Tips for Homeowners, Renters, and Businesses**

- Plan ahead, and make sure you have enough coverage. Know the value of your home, contents, and other structures on your property and determine how much it would cost to replace them if they are destroyed. Review your insurance policies annually and adjust your coverage to keep pace with inflation, rising construction costs, and any additions or improvements you have made to your home. Contact your insurance agent or company if you have questions.
- Store copies of all your insurance policies in a safe location that is away from your home and easily accessible in case of disaster. You may want to store your policies and inventory in a waterproof, fireproof box or in a safe, remote location such as a bank safe deposit box.
- Ask your insurance agent or company about what you can do to reduce the severity of a loss, should disaster strike. Keep a readily available list of 24-hour contact information for your insurance provider(s). If you must evacuate, know the name of your insurance company and take your policy with you. It will contain your policy number and the phone number of your insurance company in case you have questions or need to file a claim.
- Find out whether your home and property will be valued at replacement cost or actual cash value. Replacement cost is the amount it would take to replace or rebuild property or repair damages with materials of similar kind and quality, without deducting for depreciation. Actual cash value is the amount it would take to repair or replace damage *after depreciation*. The difference between replacement cost and actual cash value can be significant.
- It is important to know if your policy covers the increased costs to repair or replace damaged property due to ordinances or laws that regulate construction, repair, or demolition, especially if you have an older property. This type of coverage provides protection for the extra expense of repairing or rebuilding in accordance with current building codes. This can include coverage for when laws or ordinances require the demolition of an entire building, including undamaged portions in order to comply with current building codes.
- Check with your insurance provider to find out if your policy covers additional living expenses for a temporary residence if you are unable to live in your home due to damage from a disaster.
- Make sure your vehicles are covered in the event of a hurricane or other windstorm. If your vehicles are covered by comprehensive insurance, they are protected against flood damage.
- Find out if your homeowners' policy provides any coverage for the cost to remove trees and debris in the event of a disaster.
- Consider purchasing an additional "floater" or "rider" to your policy to cover valuables such as jewelry, family heirlooms, antiques, and art. Basic homeowners and renter's insurance policies typically do not cover these types of items.

Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-23

## SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

May 29, 2008

### SCC DENIES APCO REQUEST TO RECONSIDER PREVIOUS REJECTION OF PROPOSED WEST VIRGINIA POWER PLANT

**RICHMOND** - The State Corporation Commission (SCC) will not reconsider the application by Appalachian Power Company (APCo) to build a coal-fired power plant in West Virginia. In April, the SCC denied APCo's request for a rate increase to begin recovering construction costs for the new plant from its Virginia customers, and APCo asked the SCC to reconsider its decision.

As explained in its April final order, the SCC said, "APCo's application asked this Commission to give it a blank check to be paid by the ratepayers of Virginia ... for a power plant of unproven development and implementation at the size and for the purpose proposed by APCo." The Commission added, "... [w]e cannot ask Virginia ratepayers to bear the enormous risks – and potential huge costs – of these uncertainties in the context of the specific application before us."

APCo received approval from the Public Service Commission of West Virginia in March to build the proposed 629 megawatt generating facility in Mason County, West Virginia. The projected cost of the Integrated Gasification Combined Cycle plant is approximately \$2.23 billion, of which \$1 billion would be allocated to Virginia customers.

The SCC said, "While we have the utmost respect for the actions of other state commissions, ... our statutory duty is to apply Virginia law. The actions of another state commission do not override Virginia law nor nullify our duty to apply Virginia law. APCO knows – or should know – this basic truism."

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Case number PUE-2007-00068

Order on Reconsideration

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-24

## SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

June 6, 2008

### SCC SETS SCHEDULE TO CONSIDER APCo RATE HIKE REQUESTS

**RICHMOND** – The State Corporation Commission (SCC) has set the schedules for considering two applications by Appalachian Power Company (APCo) to increase rates. A hearing will be held in September on a requested surcharge adjustment of nearly two percent for environmental and reliability costs. A hearing will occur in October on a requested 23.9 percent increase in base rates.

By law, APCo may start collecting the \$207.9 million base rate increase on October 28, 2008. However, the company is not obligated to do so. If it does, the increase is interim and subject to refund, with interest, upon a final order of the Commission. The requested adjustment to the existing surcharge for recovering environmental and reliability costs would not occur until January 1, 2009.

When establishing schedules for considering rate requests, the Commission must ensure that all parties wishing to participate in the case are afforded due process and ample opportunity to review such requests.

The public hearing to consider the base rate increase request will be held on October 29, 2008, at 10 a.m. in the SCC's courtroom on the second floor of the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

The SCC intends to webcast the audio portion of the hearing via the Internet. Instructions can be found on the SCC website at <http://www.scc.virginia.gov/case/>.

Written comments on the base rate application must be submitted by October 22, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00046.

Interested persons desiring to submit comments electronically may do so at the SCC's website at <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00046.

(more)

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The public hearing to consider the environmental and reliability (E&R) surcharge adjustment will be held on September 17, 2008, at 10 a.m. in the SCC's courtroom on the second floor of the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

Written comments on the E&R request must be submitted by September 10, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00045.

Interested persons desiring to submit comments electronically may do so at the SCC's website at <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00045.

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**PUE-2008-00045** – APCo request for an adjustment to the E&R surcharge

**PUE-2008-00046** - APCo request for an increase in base rates

Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-25

## SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

June 17, 2008

### SCC SEEKS COMMENTS ON REVISIONS TO LOCAL TELEPHONE SERVICE QUALITY RULES Hearing Set for Late September

**RICHMOND** – The State Corporation Commission (SCC) is proposing revised service quality standards for local telephone service in Virginia. The proposed rules address the minimum acceptable level of service quality expected from local phone service providers. The revised rules also set forth a process to address any concern for inadequate service.

As proposed, local phone service providers with more than 10,000 customer lines will file quarterly performance reports. The reports will indicate a provider's performance in restoring and installing telephone service, responding to customer calls, and meeting scheduled customer appointments. The performance reports will be available to the public.

The public hearing to consider the revised rules will be held on September 25, 2008, at 10 a.m. in the SCC's courtroom on the second floor of the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

The SCC intends to webcast the audio portion of the hearing via the Internet. Instructions can be found on the SCC website at <http://www.scc.virginia.gov/case/>

Written comments must be submitted by August 21, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUC-2008-00047.

Interested persons desiring to submit comments electronically may do so at the SCC's website at <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUC-2008-00047.

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**Case number PUC-2008-00047**

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Commonwealth of Virginia

# State Corporation Commission

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-26

## NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

June 17, 2008

### **VIRGINIA SCC JOINS MID-ATLANTIC NEIGHBORS IN CHALLENGE OF FEDERAL MODEL CAUSING UNREASONABLE WHOLESALE ELECTRICITY PRICES**

**RICHMOND** – The Virginia State Corporation Commission (SCC) is joining a coalition of regional state regulators\*, consumer advocates, and large industrial customers to challenge a federal pricing model that is producing unjust and unreasonable charges for wholesale electricity purchases. Eventually, such charges are passed along in the retail prices paid by all consumers of electricity.

The SCC has filed its notice of intervention with the Federal Energy Regulatory Commission (FERC). On May 30, a complaint was filed with FERC challenging the imposition of unreasonable “capacity” payments as the result of the transitional “Reliability Pricing Model” (RPM) auctions administered by the regional power pool to which most Virginia utilities belong – PJM Interconnection LLC.

Under the RPM system introduced last year, PJM procures capacity for electricity three years in advance through annual auctions that are designed to create competition between existing and new generators. In order to transition to the new system, there were auctions to cover 2008, 2009 and 2010. However, the auctions did not produce sufficient generation capacity to hold down prices for all generation, both new and existing.

The SCC’s decision to intervene on behalf of Virginia ratepayers is consistent with its filing two years ago when the RPM was under review by the FERC. In June 2006, the SCC informed FERC that there had been no showing that the model could provide additional generation at just and reasonable rates, and that it was clear the RPM would increase the cost of generation to customers.

Now, the SCC is informing FERC that it generally shares the concerns of the complainants. It urges FERC to conduct a full evidentiary hearing into the results produced by the PJM auctions in order to ensure that wholesale power prices are made to be just and reasonable as required by the Federal Power Act.

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**FERC Docket No. EL08-67-000** Maryland Public Utility Commission, et al. v. PJM Interconnection  
\* Other intervening state regulators – Delaware, New Jersey, Pennsylvania, & Virginia.

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-27

## SCC NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

June 19, 2008

### SCC WARNS VIRGINIANS ABOUT HIGH RISK AND FRAUDULENT INVESTMENTS

**RICHMOND** – Recent stock market volatility and declining yields on certificates of deposit and other fixed income investments have left many Virginians looking for safer and more profitable places to put their money. Making wise investment decisions can mean the difference between building a strong financial foundation and facing financial ruin.

The State Corporation Commission (SCC) warns that scamsters follow the headlines and will attempt to trick unsuspecting investors into surrendering their hard-earned money. Ron Thomas, director of the SCC's Division of Securities and Retail Franchising urges Virginians to beware of slick sales pitches that promise big returns with little or no risk.

“The recent turmoil in the credit and real estate markets has led some investors to seek higher returns in non-traditional, speculative investments – a proven feeding ground for unscrupulous promoters and salesmen,” Thomas said. “Don't be lured by get-rich-quick schemes in an effort to get more bang for your buck. And remember that even some legitimate investment products may not be right for every person or situation.”

Thomas urges investors to be particularly wary of hot energy-related investment tips, speculative real estate promotions, unsolicited invitations from new online “friends,” and complex investment products that fail to offer clear disclosures of their risks and costs.

Soaring energy costs have also led to an increase in energy-related scams. Those scams may involve oil and gas investments or development of new energy-related technologies, Thomas said.

The declining housing market has also prompted an increase in schemes promising large returns from various real estate-related investments. “Some real estate opportunities may actually be worthless investments that promoters are trying to dump on unsuspecting retail investors,” Thomas said. Even legitimate financial products such as reverse mortgages pose risks, and may not be appropriate for everyone. Some investments involving real estate may be securities subject to full regulation under state and federal securities laws, including registration requirements and antifraud rules.

Thomas and other securities regulators fear that unscrupulous individuals may try to use social networking websites to lure people to meetings that may promote fraudulent or unsuitable investment

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products. "Social networking websites often create an environment ripe for affinity fraud and make it easy for fraudsters to advertise and promote investment scams to a wide audience for free." Thomas encourages investors to do their own research before investing. "Don't simply rely on 'expert' advice given at a seminar or meeting," he said.

Auction-rate securities (ARS) are another area of concern for state securities regulators, who warn investors to remain cautious when they hear sales pitches for complex investment products accompanied by inadequate disclosures or are advised to concentrate their investments too heavily in one investment product. "Avoid investment pitches that encourage you to put all of your eggs in one basket, especially if it's a basket you don't fully understand," Thomas said.

In addition to these trends, Thomas warns that a number of familiar investment traps are likely to persist for the foreseeable future. These include fraudulent private securities offerings, "pump and dump" schemes, prime bank schemes, and promissory notes. They also include complex hybrid financial products, such as variable and equity-indexed annuities, that are unsuitable for some investors and are often too complicated even for licensed financial professionals to thoroughly understand.

"Avoid getting burned by making sure you understand the investment product being offered," Thomas said. "Contact the SCC's Securities Division *before* you invest to find out if both the salesperson and the investment are registered in Virginia. Obtain written information that fully explains the investment *before* you hand over your money. Remember, if an offer sounds too good to be true, it usually is," he said.

Before purchasing any investment, Thomas urges investors to ask the following questions:

- Does the investment meet your personal investment goals?
- Are claims made for the investment realistic? Pie-in-the-sky promises often signal investment fraud. Beware of investment offers that boast unusually high returns with little or no risk.
- Has the seller given you written information that fully explains the investment? Get proper written information, such as a prospectus or offering circular, before you invest. The documentation should contain enough clear and accurate information to allow you or your adviser to evaluate and verify the particulars of the investment.
- Are the seller and investment registered in Virginia? Contact the SCC's Division of Securities and Retail Franchising to find out. If they are not, they may be operating illegally.

For more information, call the Securities Division in Richmond at (804) 371-9051 or toll-free (in Virginia) at 1-800-552-7945. You may also visit the division's website at [www.scc.virginia.gov/srf](http://www.scc.virginia.gov/srf) or visit the North American Securities Administrators Association's website at [www.nasaa.org](http://www.nasaa.org).

Commonwealth of Virginia

## State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-28

### SCC NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

June 20, 2008

#### SCC'S BUREAU OF INSURANCE ADVISES VIRGINIANS ON WAYS TO SAVE MONEY ON AUTO INSURANCE

**RICHMOND** — Are you driving fewer miles this year because of the higher cost of gasoline? Has your commute to work or school changed recently or have you joined a carpool or begun riding the bus? If so, you may be able to save some money on your automobile insurance. Many insurance companies consider the length of your daily commute to work or school or how many miles you drive throughout the year when determining the rate you will pay for auto insurance.

“We encourage Virginia consumers to contact their insurance agent or company if their driving habits have changed. If higher gas prices are causing you to carpool to work or school, take fewer or shorter trips, or rely more on mass transit to get to your job, you may be entitled to a lower auto insurance premium,” said Alfred W. Gross, commissioner of insurance for the Virginia State Corporation Commission (SCC).

The SCC's Bureau of Insurance encourages Virginians to talk to different insurance agents and companies to compare prices and coverage. “Only by shopping around can consumers ensure that their policies are rated correctly and they are getting insurance coverage for their vehicles at a competitive price,” Gross said.

The Bureau recommends reviewing your automobile coverage regularly and notifying your insurance agent or company if you experience any changes that might reduce your premium. In addition to possible discounts based on miles driven, insurers may offer discounts for such things as a safe driving record, multiple vehicles, the existence of anti-theft devices, airbags, or automatic seatbelts in your vehicles, and successful completion of a driver education or defensive driving course. You can also reduce your auto insurance premium by increasing your deductibles – the amount you pay when you have a claim – or dropping comprehensive or collision coverage on an older vehicle when its value has dropped.

“Virginia has a very competitive marketplace with more than 200 insurers writing policies. Not every company charges the same rate, so shop around for identical products and services,” Gross said.

The Bureau of Insurance offers an Automobile Insurance Consumer's Guide and a brochure with sample auto insurance premiums. The auto insurance guide is designed to help consumers understand their insurance coverage, how to shop for it, and what to do if a problem arises. The premium tables

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reflect current samplings of automobile insurance premiums for 50 of the top writers of automobile insurance in Virginia. The tables are categorized by geographic region and show premiums for 20-year-old unmarried males and females and for 45-year-old married adults. The Bureau also offers consumer guides dealing with homeowner and renters insurance. These and other consumer guides are available by calling the Bureau of Insurance Property and Casualty Consumer Services Section at (804) 371-9185 or toll-free at 1-877-310-6560 or by visiting the Bureau's website at <http://www.scc.virginia.gov/division/boi/>.

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-29

## NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

June 20, 2008

### SCC APPROVES NEW PLAN OF REGULATION FOR EMBARQ LOCAL TELEPHONE SERVICE

**RICHMOND** - The State Corporation Commission (SCC) has approved a new alternative plan of regulation for Embarq. The plan, if adopted by Embarq, would apply to the local telephone services provided by the company to the 370,000 residential and business customers it serves in Virginia.

The SCC modified Embarq's original proposal. It found that Embarq's proposed plan could result in price increases to Embarq customers that were too high to meet the standards of applicable Virginia law.

Embarq had proposed that it be allowed to raise prices for basic local telephone service to *the higher of* either a price cap reflecting an inflation factor applied to a 1995 baseline, when Embarq's last regulatory plan took effect, or the highest tariffed price currently in effect for either of Embarq's Virginia companies (Central Telephone Company of Virginia and United Telephone-Southeast, Inc.).

The SCC rejected this proposal for basic telephone service, finding that such a price cap could result in price increases for some Embarq customers of 60 percent in the first 13 months, and more than 80 percent in the first 25 months, of the new plan.

The SCC instead limited the increase in Embarq's price cap for basic telephone service to a "catch up" inflation factor applied to the 1995 baseline. The SCC further limited Embarq's ability to raise prices during the "catch up" phase to no more than 10 percent for any single year period. And, no more than 25 percent in any single year for allowable price increases under the cap not implemented in prior years.

For typical residential customers of Embarq's basic, single-line local dialtone service who currently pay between \$9.08 and \$15.04 a month, the annual increases proposed by Embarq could have been as high as \$3.00 per month. Under the SCC's modified plan, customers will see considerably lower increases of between 91 cents and \$1.50 per month in the first year.

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For other local telephone services, which include a large number of optional services that customers sometimes choose in addition to basic service, such as call waiting or caller ID, Embarq proposed complete price deregulation, which would allow it to raise prices without limit.

The SCC rejected Embarq's proposal to deregulate prices entirely for other local services. Instead, the SCC will allow Embarq to raise prices by no more than 15 percent in any single year period. And, no more than 25 percent in any single year for allowable price increases under the cap not implemented in prior years.

Embarq argued in support of its proposed new regulatory plan that market conditions and competition would act to keep its prices affordable for its customers. The SCC noted, however, that Embarq's proposal was not a request for complete price deregulation under the Virginia law allowing for such deregulation.

Embarq has the option of adopting this plan or continuing to be regulated under its existing plan which has been in effect since 1995. It has until July 18 to notify the SCC of its intentions.

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**Case number PUC-2008-00008**

Commonwealth of Virginia

## State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-30

### SCC NEWS RELEASE

Contact: Ken Schrad (804) 371-9858  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

June 27, 2008

#### SCC SETS FUEL RATE FOR DOMINION VIRGINIA POWER

**RICHMOND** – The State Corporation Commission (SCC) has approved a new fuel rate for Dominion Virginia Power that will increase an average residential bill by more than 18 percent. The increase will become effective for electricity used on and after July 1, 2008. The SCC also took several actions in order to minimize future fuel rate increases.

The SCC's order allows Dominion Virginia Power to raise its fuel factor to 3.893 cents per kilowatt-hour ( $\text{¢/kWh}$ ) from 2.232  $\text{¢/kWh}$ . A residential customer using 1,000 kWh in a month will see an increase of \$16.61 on a monthly bill.

Dominion Virginia Power said the increase was necessary to cover the higher costs of fuel used to generate electricity. Virginia law entitles the company to recover its prudently incurred fuel costs. The fuel rate is the portion of the customer's bill that is designed to ensure dollar for dollar recovery of such costs from customers.

The SCC accepted a stipulation that was agreed to by the company, the Attorney General, and other parties, including industrial customers. The fuel rate taking effect July 1 is dependent on the accuracy of forecasted fuel prices. Any over or under recovery that is likely to occur over the next 12 months will be factored into next year's fuel rate adjustment.

The SCC also directed that specific steps be taken to ensure that Dominion Virginia Power minimizes its fuel costs – and, thus, its future fuel rate increases – as much as legally possible.

During the next year, the company expects to purchase almost \$600 million worth of fuel from its unregulated affiliates. To keep customers' fuel rates as low as possible, the SCC directed an audit to ensure that the company pays whichever is lower – the affiliates' actual cost of such fuel or the market price.

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The SCC also required reports to show the company is making as many off-system sales as reasonably possible whenever it has more generation than it needs to service its Virginia customers. Virginia law requires 75 percent of the margins from these sales to be credited to Virginia ratepayers. The credit reduction is directly applied to the customer's fuel rate.

Finally, the SCC directed the company to provide a detailed explanation of its current risk management program for obtaining oil, natural gas, and wholesale electricity to show that it is reasonably minimizing such costs.

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**Case number PUE-2008-00039**

**Order**

Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-31

## SCC NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

June 27, 2008

### SCC SEEKS COMMENTS ON PROPOSED RULES FOR LATE PAYMENT AND BAD CHECK CHARGES FOR LOCAL TELEPHONE COMPANIES

**RICHMOND** – The State Corporation Commission (SCC) invites public comments on proposed modifications to the Commission's rules governing late payment and bad check charges for local telephone companies.

The revisions were requested by the Virginia Telecommunications Industry Association (VTIA), which seeks changes to the limits on bad check charges and late payment fees that may be charged by telephone companies. VTIA's proposal would permit a telephone company to increase its bad check charge up to \$30.00. In addition, the proposed rules would permit a telephone company to establish monthly late charges of \$5.00 and \$20.00 for residential and business customers, respectively.

Copies of the proposed rules are available for public inspection during regular business hours at the SCC's Document Control Center on the first floor of the Tyler Building at 1300 East Main Street in downtown Richmond. Interested persons may also access copies of the proposed rules through the SCC's Docket Search portal at <http://www.scc.virginia.gov/case>.

Written comments or a request for a hearing on the revised rules must be submitted by August 21, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, VA 23218, and refer to case number PUC-2008-00054.

Interested persons desiring to submit comments electronically may do so at the SCC website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUC-2008-00054.

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**Case Number PUC-2008-00054**

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-32

## SCC NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

July 16, 2008

### SCC SETS SCHEDULE TO CONSIDER VIRGINIA NATURAL GAS CONSERVATION AND RATEMAKING EFFICIENCY PLAN

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a public hearing for October 14, 2008, to consider a request by Virginia Natural Gas (VNG) to implement a conservation and ratemaking efficiency plan.

VNG states that the proposed plan includes new energy conservation programs, coupled with an alternative rate mechanism, designed to assist customers in lowering their energy bills. Over the three-year term of the plan, the company proposes to spend \$7.5 million in these conservation initiatives. It projects a customer savings of \$39.5 million over a 10-year period.

VNG is the first natural gas utility in Virginia to seek approval of such a plan under the provisions of the Conservation and Ratemaking Efficiency Act adopted during the 2008 session of the General Assembly.

A public hearing on the request is scheduled for 10 a.m. on Tuesday, October 14, 2008. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

Written comments on the proposals must be submitted by October 7, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00060.

Interested persons desiring to submit comments electronically may do so at the SCC's website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00060.

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**Case Number PUE-2008-00060**

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-33

## SCC NEWS RELEASE

Contact: Ken Schrad or Andy Farmer  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

July 22, 2008

### **SCC SETS SCHEDULE TO CONSIDER APPALACHIAN POWER FUEL RATE REQUEST; INTERIM RATE EFFECTIVE SEPTEMBER 1**

**RICHMOND** - The State Corporation Commission (SCC) has scheduled a public hearing in September to receive comments on a request by Appalachian Power (APCo) to increase the company's fuel rate. The increase takes effect on an interim basis September 1.

APCo says the increase is necessary to cover the higher costs of fuel used to generate electricity. As filed, the company seeks to raise its current fuel rate from 1.418 cents per kilowatt-hour (¢/kWh) to 2.255¢/kWh. Under the interim rate, an average residential customer using 1,000 kWh in a month will see an increase of \$8.37 on a monthly bill, or 11.7 percent. A final rate will be set upon completion of the proceeding.

The public hearing is scheduled for 10 a.m. on Tuesday, September 23, 2008. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

The SCC intends to webcast the audio portion of the hearing via the Internet. Instructions can be found on the SCC website at <http://www.scc.virginia.gov/case>.

Written comments on the proposals must be submitted by September 16, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00067.

Interested persons desiring to submit comments electronically may do so at the SCC's website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00067.

The company has two other rate requests pending before the SCC. An increase to base rates is being considered in case number PUE-2008-00046. An adjustment to the surcharge for recovering environmental and reliability expenses is being considered in case number PUE-2008-00045.

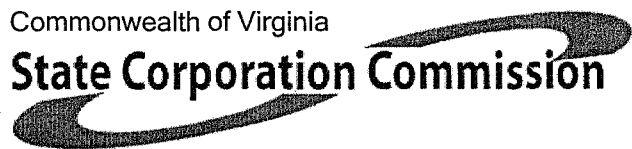
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#### **Case number PUE-2008-00067**

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Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-34

**SCC NEWS RELEASE**

Contact: **Andy Farmer or Ken Schrad**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

July 28, 2008

**SCC HEARING EXAMINER RECOMMENDS CONSTRUCTION OF  
500-KV TRANSMISSION LINE IN NORTHERN VIRGINIA**

**RICHMOND** – A State Corporation Commission (SCC) hearing examiner recommends approval of a 93-mile, 500-kilovolt (kV) transmission line project that runs from the Virginia-West Virginia border in Frederick County to a substation in Loudoun County. Trans-Allegheny Interstate Line Company (TrAILCo) proposes to construct the western segment of the line from the West Virginia border. The eastern segment to Loudoun County is proposed by Dominion Virginia Power and TrAILCo.

In a report filed on July 28, 2008, Hearing Examiner Alexander F. Skirpan, Jr. found that the construction of the two new transmission lines on company-owned right-of-way is necessary to serve northern Virginia and resolve overloads projected to occur on an existing 500-kV transmission line beginning in 2011. The report serves as a recommendation to the Commission, which makes the final decision.

The two segments are the eastern end of a proposed 240-mile line that originates in southwestern Pennsylvania and continues through West Virginia to Virginia. Skirpan recommends that the Commission condition approval of the Virginia segments on approval of the line in those states.

In determining the route for the transmission line, Skirpan recommends the Commission consider locating the lines partially or wholly within existing transmission right-of-way for the entire path in Virginia. For the Dominion segment, this is generally known as the “Southern” route. Skirpan concludes the use of existing right-of-way will have less of an impact on historic and cultural assets.

The Commission will rely on the hearing examiner’s report and the case record to issue a final order. The Commissioners may accept, modify, or reject the examiner’s recommendations.

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**Case Numbers PUE-2007-00031 and PUE-2007-00033**

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08-35

**SCC NEWS RELEASE**

Contact: **Katha Treanor**  
 (804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

July 30, 2008

**SCC SETS HEARING ON WORKERS' COMPENSATION PREMIUM LEVEL ADJUSTMENTS**

**RICHMOND** – The State Corporation Commission (SCC) has scheduled an October hearing to consider a request filed by the National Council on Compensation Insurance, Inc. (NCCI) to adjust the premium levels charged for workers' compensation insurance.

Workers' compensation insurance provides medical care and wage replacement benefits to injured workers. Almost all Virginia employers are required to carry the coverage.

NCCI has proposed an increase in the overall premium level for the federal and surface coal mine classifications in both the voluntary market and assigned risk plan. Overall premium levels would decrease for the industrial and underground coal mine classes in the voluntary and assigned risk markets. The proposed changes, which would become effective on April 1, 2009, for new and renewal workers' compensation policies, are as follows:

<u>Class</u>	<u>Voluntary Market Loss Costs</u>	<u>Assigned Risk Rates</u>
Industrial	-1.4%	-5.0%
"F" (Federal)	+5.5%	+3.2%
Coal Mines (Surface)	+10.2%	+8.0%
Coal Mines (Underground)	-15.2%	-18.2%

NCCI, a Florida-based ratemaking organization, represents insurance companies licensed to write workers' compensation insurance in Virginia.

The SCC hearing on the proposed changes is scheduled for 10 a.m. on Tuesday, October 28, 2008, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Anyone wishing to speak at the hearing as a public witness should arrive by 9:45 a.m. and sign in with the Commission bailiff.

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**Case number INS-2008-00138**

Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-36

## SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

August 8, 2008

### **SCC SEEKS COMMENTS ON TELEPHONE INDUSTRY REQUEST TO ELIMINATE MONTHLY THREE-FREE DIRECTORY ASSISTANCE CALLS**

**RICHMOND** – The State Corporation Commission (SCC) is seeking comments from the public regarding a request by the Virginia telephone industry to eliminate the provision that allows three-free calls per month for directory assistance. The three free calls come with basic local dial-tone telephone service.

The Virginia Telecommunications Industry Association (VTIA) filed the request on June 11. VTIA says traditional local exchange telephone companies should be placed on the same footing as other voice communications providers such as wireless and voice over Internet services.

The three-call allowance has been in place since 1990. VTIA states that in today's telecommunications marketplace, most other providers of directory assistance do not have any such requirements.

The SCC seeks comments that, at a minimum, address whether the elimination of the three-free call allowance is warranted or necessary at this time. Comments are due by September 22, 2008.

Written comments may be submitted to the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, VA 23218. All correspondence should refer to case number PUC-2008-00046.

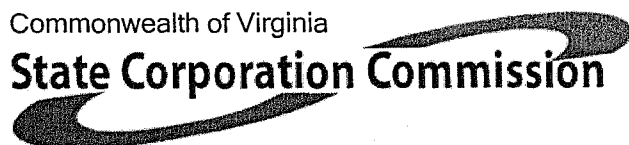
Comments may also be submitted electronically by following the instructions found on the SCC website at: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUC-2008-00046.

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**Case number PUC-2008-00046**

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Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-37

## SCC NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

August 8, 2008

### NEW VIRGINIA REQUIREMENTS FOR MORTGAGE LENDERS AND BROKERS LICENSED BY SCC

**RICHMOND** – The State Corporation Commission (SCC) has adopted new requirements that will change the way mortgage lenders and brokers licensed in Virginia hire and train many of their employees. The requirements, which implement new provisions of the Virginia Mortgage Lender and Broker Act approved by the 2008 General Assembly, become effective August 10, 2008.

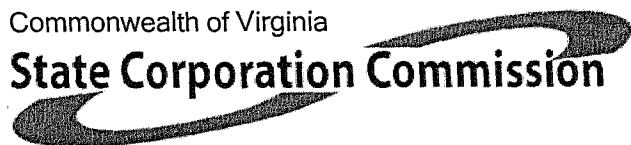
The changes in the law and the corresponding regulations provide additional protections to consumers obtaining mortgage loans.

The new regulations define what constitutes a licensee, senior officer, covered employee, customer, and dwelling under the Mortgage Lender and Broker Act. They also define what is meant by “personal, family or household purposes” and “personal identifying or financial information” under the Act. They require licensed firms to obtain criminal history records of applicants for certain positions, and prohibit the firms from hiring individuals who have been convicted of a felony or any misdemeanor involving fraud, misrepresentation, or deceit. The regulations permit licensed firms to request an exemption from the employment prohibition. The new requirements also ensure that mortgage lenders and brokers receive adequate initial and continuing education in applicable state and federal mortgage lending laws and regulations.

The Mortgage Lender and Broker Act governs the licensing and activities of mortgage lenders and brokers in Virginia. Originally enacted in 1987, the Act has been amended over the years in response to changes in that industry. It prohibits certain predatory practices by mortgage lenders and brokers and requires the SCC to conduct examinations of licensed firms. There are currently 84 mortgage lenders, 1,460 mortgage brokers, and 437 mortgage lender/brokers licensed to do business in Virginia.

The SCC’s Bureau of Financial Institutions can assist consumers with questions and complaints. For more information about a mortgage lender or broker or to find out if it is licensed in Virginia, call the Bureau at 1-800-552-7945 (toll-free in Virginia) or in Richmond at (804) 371-9657 or visit its website at <http://www.scc.virginia.gov/bfi/index.aspx>.





Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

68-38

**SCC NEWS RELEASE**

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

August 11, 2008

**VIRGINIA TO RECEIVE MORE THAN \$300,000  
IN MULTI-STATE SETTLEMENT WITH THREE HEALTH INSURERS**

**RICHMOND** – Virginia is among a number of states and the District of Columbia that have entered into or soon will enter into a \$20 million regulatory settlement agreement with The MEGA Life and Health Insurance Company; Mid-West National Life Insurance Company of Tennessee; and The Chesapeake Life Insurance Company.

The settlement follows a multi-state examination of the companies that identified problems with their claims and complaint handling practices; agent oversight and training; and consumer disclosure. The examination, led by insurance regulators from Washington and Alaska, covered a six-year period ending December 31, 2005. The exam findings show that the companies targeted self-employed individuals and sold their health plans through associations. In some instances, the agent or the company did not adequately explain the benefits covered by the health plan.

Virginia’s portion of the settlement will be at least \$337,451 and will go to the state’s Literary Fund. The entire \$20 million penalty will be divided among the participating states based on the companies’ premium volume in each state.

According to the terms of the settlement, the companies must mail a notice to all policyholders with policies issued before August 1, 2005, that includes a web address, toll-free telephone number, mailing address and e-mail address where policyholders can ask questions about their coverage and benefits. Each method of communication must be staffed by a company representative who can provide information about the policyholder’s specific plan. Each company’s website must also include a “frequently asked questions” section, company contact information, general coverage descriptions, and information on how to appeal a claim or file a grievance.

The companies must also report to a five-state examination team their progress on performance standards targeted for improvement. Improved standards include claims handling, complaint and grievance handling, and agent training and oversight. Failure to meet the performance standards could result in additional penalties of up to \$10 million.

As of December 31, 2007, MEGA Life’s direct written premium in the state was \$23.5 million with a .28 percent share of the health insurance market. Mid-West’s market share was .037 percent

(more)

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with nearly \$3 million in direct written premium; and Chesapeake's direct written premium was \$491,144 with .00592 percent share of the health insurance market.

In addition to Virginia, the following jurisdictions have adopted the settlement agreement: Alabama, Alaska, Arkansas, Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Montana, North Carolina, Nebraska, Nevada, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming, and Guam. August 18, 2008, is the deadline for states to join the settlement.

A copy of the settlement agreement is available on the SCC website at <http://www.scc.virginia.gov/case/index.aspx>.

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**Case Number INS-2008-00146**

## NEWS RELEASE

08-39

Contact: **Katha Treanor**  
(804) 371-9141; katha.treanor@scc.virginia.gov

**FOR IMMEDIATE RELEASE**  
August 25, 2008

### SPECIAL ADVISORY COMMISSION TO MEET SEPTEMBER 29

**RICHMOND** – The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) will meet at 1 p.m. on Monday, September 29 in House Room D of the General Assembly Building.

The Advisory Commission includes six members of the General Assembly and 10 members appointed by the Governor. The Commissioner of Health and the Commissioner of Insurance serve as ex-officio members.

The Advisory Commission will hold public hearings on proposals that would require coverage for autism, medically necessary amino acid-based and amino acid-based elemental formulas, and alternatives to surgery.

Changes in required health insurance benefits proposed during the General Assembly session are regularly referred to the Advisory Commission that reviews the proposals, conducts hearings, and makes recommendations on those coverage issues before it.

Anyone wishing to comment is encouraged to submit information in writing in the format prescribed by the Advisory Commission's guidelines. To obtain a copy of the guidelines, contact the State Corporation Commission's Bureau of Insurance at (804) 371-9388, or toll-free at 1-800-552-7945.

The Bureau of Insurance and other designated state agencies provide staff assistance to the Advisory Commission.

Commonwealth of Virginia

## State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-40

### SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

September 3, 2008

#### **DIMITRI TAKES OATH OF OFFICE;** **Becomes 34<sup>th</sup> SCC Commissioner**

**RICHMOND** – **James C. Dimitri** was sworn in today as the 34<sup>th</sup> commissioner of the State Corporation Commission (SCC). Dimitri replaces Theodore V. Morrison, Jr., who retired from the Commission at the close of 2007.

Dimitri was appointed by Governor Timothy M. Kaine on August 15. The appointment is subject to confirmation by the General Assembly during the upcoming 2009 session.

The other two SCC commissioners are **Judith Williams Jagdmann**, the current chair, and **Mark C. Christie**.

Dimitri was the SCC's general counsel from 1996 to 2000 after two years as senior counsel. He was an assistant attorney general from 1983 to 1987. Before then, he was a staff attorney at the Virginia Poverty Law Center in Richmond.

Dimitri, 58, was raised in Charleston, South Carolina. He received his undergraduate degree in economics from the University of Virginia and his law degree from Boston University School of Law in 1976.

Dimitri previously worked in private practice. Upon his appointment by the governor, Dimitri advised the commissioners that he will recuse himself from any pending proceedings involving his previous law practice at McGuire Woods LLP.

Established in 1902, the SCC's authority encompasses utilities, insurance, state-chartered financial institutions, securities, retail franchising, railroad safety, and underground utility damage prevention. The Commission also serves as the Commonwealth's central filing office for all Virginia and foreign corporations, limited liability companies, general and limited partnerships, and business trusts that are authorized to transact business in Virginia.

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Commonwealth of Virginia

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Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-41

## SCC NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

September 4, 2008

### SCC'S BUREAU OF INSURANCE REMINDS VIRGINIANS TO PLAN AHEAD FOR HURRICANES

**RICHMOND** – Hurricane Gustav was still forging a trail of destruction and flooding through Gulf Coast states earlier this week when Virginia and much of the East Coast began bracing for Hurricane Hanna. Hanna is just one of three hurricanes or tropical storms currently churning their way up the Atlantic. In light of Hanna's threat, and with peak hurricane season upon us, the Virginia State Corporation Commission's (SCC) Bureau of Insurance reminds Virginians to act now to protect their property from loss.

Ask your insurance company or agent how you can minimize property damage and, if such damage occurs, how to expedite the processing of claims with your insurance company. Prepare an inventory of your personal property ahead of time including photographs, videotapes, and serial numbers. Keep this inventory, as well as your insurance policy and all of your important documents, in a safe location away from your home. If you must evacuate, know the name of your insurance company and take your policy with you. It will contain your policy number and the phone number of your insurance company in the event you have questions or need to file a claim.

If your property is damaged, call your insurance agent or company as soon as possible. Make any necessary emergency repairs and take reasonable steps to prevent further damage to your property. Record all damage to your property and include photographs, notes, and repair-related receipts.

The Bureau of Insurance is Virginians' source for insurance information relating to hurricanes and other disasters. It has specially trained staff that can help consumers with disaster-related insurance questions or problems. For more information, contact the Bureau of Insurance Property and Casualty Division at (804) 371-9185 or toll-free at 1-877-310-6560. Consumers who are hearing or speech impaired may call through the SCC's Telecommunications Device for the Deaf and hard of hearing (TDD) at (804) 371-9206.

The SCC is located in the Tyler Building at 1300 East Main Street in downtown Richmond. Normal business hours are from 8:15 a.m. to 5 p.m. Correspondence may be mailed to the Bureau of Insurance at P. O. Box 1157, Richmond, VA 23218.

(more)

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The Bureau offers free consumer homeowners, auto and commercial insurance guides, as well as disaster guides for homeowners and businesses. The disaster guides deal specifically with insurance-related disaster recovery issues and provide answers to the most commonly asked questions about settling disaster-related insurance problems. These and many other consumer insurance guides are available on the Bureau's website at [www.scc.virginia.gov/division/boi/index.htm](http://www.scc.virginia.gov/division/boi/index.htm).

For additional emergency preparedness information relating to hurricanes and other types of disasters, visit [www.ReadyVirginia.gov](http://www.ReadyVirginia.gov). This statewide public education effort is designed to prepare Virginians for all hazards.

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Commonwealth of Virginia

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Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-42

## SCC NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

September 11, 2008

### SCC SETS SCHEDULE TO CONSIDER RATE HIKE REQUEST BY NORTHERN NECK ELECTRIC COOPERATIVE

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a public hearing in February 2009 to receive comments on a request by Northern Neck Electric Cooperative for a 9.16 percent increase in base rates.

The increase takes effect on an interim basis on January 1. Interim rates, based on the cooperative's request, are temporary and subject to refund with interest pending a final decision by the SCC.

In its application to the Commission, Northern Neck states that substantial increases in capital and operating costs have occurred since 1992 when the cooperative last filed an application for a general increase in electric rates with the SCC.

The public hearing is scheduled for 10 a.m. on Friday, February 27, 2009. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

Written comments on the proposal must be submitted by February 20, 2009. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00076.

Interested persons desiring to submit comments electronically may do so at the SCC's website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00076.

Northern Neck serves 17,800 members in Stafford, King George, Westmoreland, Richmond, Northumberland, and Lancaster counties.

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**Case Number PUE-2008-00076**

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-43

## SCC NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

September 15, 2008

### SCC'S BUREAU OF INSURANCE WARNS VIRGINIA'S SENIORS TO QUESTION CREDENTIALS OF "SENIOR SPECIALISTS"

**RICHMOND** – Seniors beware – especially if you encounter individuals claiming to have special senior credentials and peddling insurance products that sound too good to be true. You may receive unsolicited telephone calls or e-mails about these products or invitations to “free lunch” seminars purportedly designed to help you make the most of your money.

Armed with a lifetime of savings, individuals ages 55 and older are the fastest growing segment of investors and have become the focus of many insurers' and insurance agents' marketing and sales efforts. Increasingly seniors are being approached by individuals claiming to have special expertise and training in helping them determine the best place to invest their money. While some of these “senior specialists” are legitimate, others may have little or no training, according to the State Corporation Commission's (SCC) Bureau of Insurance. In some cases, a designation such as “senior specialist” or “senior advisor” is simply a marketing device and does not represent meaningful training or expertise.

“What you see is not always what you get when it comes to ‘senior experts,’ ” warned Virginia Insurance Commissioner Alfred W. Gross. He and other insurance regulators are concerned that these “senior specialist” designations may provide a false sense of security to older investors. Although some organizations require members to complete rigorous training and pass extensive examinations to receive senior designations, others require little or no training to use them.

Commissioner Gross urges seniors to carefully check the credentials of individuals who claim to be senior specialists. “Even if someone has a lot of letters or designations behind his or her name, that doesn't always mean he or she is qualified to tell you what to do with your hard-earned money,” he said.

He cautions seniors about “free lunch” seminars that often use high pressure or scare tactics to get attendees to invest in insurance or financial products that may not be right for them, and to carefully evaluate insurance products and the people selling them. “Don't simply rely on ‘expert’ advice given over the phone, by e-mail or at a seminar. Do your homework *before* you follow someone's recommendation to transfer your existing savings and investments into insurance products. Make sure you understand their features, benefits and costs, as well as their vulnerability to stock market ups and downs,” Gross said.

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Although many sophisticated and complex insurance products are legitimate products, they are not suitable for everyone. Complex products such as equity indexed annuities and variable annuities often have high surrender charges, and agents often earn steep sales commissions for moving investors into them. "Don't let someone pressure you into making a snap decision about an insurance product that you don't fully understand. Make sure the product meets your personal needs and investment objectives," Gross said.

In Virginia, insurance companies and agents are required to follow certain guidelines and make specific disclosures when presenting annuity products to consumers. They are prohibited from knowingly recommending unsuitable products to a customer. The same holds true for securities broker-dealers and investment advisors and their agents and representatives.

Gross urges Virginians to make sure that insurance products and the individuals promoting them are licensed and approved by the Bureau of Insurance. For more information, contact the Bureau in Richmond at (804) 371-9741 or toll-free (nationwide) at 1-877-310-6560 or visit <http://www.scc.virginia.gov/division/boi/index.htm>. The Bureau can also help with questions or complaints regarding insurance companies, agencies, and other insurance products.

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## SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

September 19, 2008

### **SCC ADOPTS AMENDMENTS TO PAYDAY LENDING RULES; CONFORMS WITH CHANGES IN THE LAW EFFECTIVE JANUARY 1**

**RICHMOND** - The State Corporation Commission (SCC) has adopted revisions to the regulations governing licensed payday lenders in Virginia. The changes coincide with extensive amendments to the Payday Loan Act that take effect January 1, 2009. The SCC held a hearing on the changes on August 5.

The 2008 General Assembly directed the SCC to develop, implement, and maintain a real-time, Internet-accessible database into which licensed payday lenders will enter and transmit required payday loan information. Early adoption of the revised regulations gives the SCC's Bureau of Financial Institutions ample time to ensure an operational database by the law's effective date.

Many of the reforms are complex and required substantial changes to the SCC's rules. As amended, the Act modifies the amount of interest and fees that may be charged by a licensed payday lender.

The revised law and the rules prevent individual borrowers from obtaining payday loans under various circumstances, such as if they have outstanding payday loans or repaid previous payday loans on the same day they are seeking new payday loans. Payday loans are also prohibited to members of the military services of the United States, their spouses, or other dependents.

Under the new law, borrowers are to be provided the option, under certain circumstances, to repay their payday loans by means of extended payment plans or extended term loans. Borrowers who elect such options must wait a period of time after repaying their loans before obtaining new payday loans. The revised rules set forth how payday lenders are to advise borrowers of their options. And, the rules establish the time periods for repayment that are dependent upon the borrower's pay cycle.

The SCC's Bureau of Financial Institutions offers a consumer's guide to payday lending on its website at [http://www.scc.virginia.gov/bfi/cons\\_guide.aspx](http://www.scc.virginia.gov/bfi/cons_guide.aspx). The guide is based on the current law and regulations. A revised guide incorporating the changes to the law and the revised regulations will be available by December.

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**Case number BFI-2008-00295** – Order and final regulations

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-45

## SCC NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

September 24, 2008

### SCC REVISES SCHEDULE TO CONSIDER RATE HIKE REQUEST BY NORTHERN NECK ELECTRIC COOPERATIVE

**RICHMOND** – The State Corporation Commission (SCC) has issued a revised schedule to receive public comments on a request by Northern Neck Electric Cooperative for a 9.16 percent increase in base rates.

A public hearing originally scheduled for February will now be held at 10 a.m. on Tuesday, December 16, 2008. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

The new deadline for written comments on the proposal is December 9, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00076.

Interested persons desiring to submit comments electronically may do so at the SCC's website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00076.

Northern Neck serves 17,800 members in Stafford, King George, Westmoreland, Richmond, Northumberland, and Lancaster counties.

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**Case Number PUE-2008-00076**

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Contact: Ken Schrad or Andy Farmer (804) 371-9141  
[ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov); [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

October 7, 2008

### **SCC APPROVES NORTHERN VIRGINIA HIGH VOLTAGE TRANSMISSION LINE** ***Finds Need to Assure Reliability of Electric Service***

**RICHMOND** – The State Corporation Commission (SCC) has determined that a joint request to build a 500-kilovolt electric transmission line in Northern Virginia meets the applicable standards under Virginia law and, as a result, must be approved. The two Virginia segments of the so-called “502 Junction-Loudoun” line make up the eastern end of a proposed 240-mile line that will traverse three states. The project is proposed by Trans-Allegheny Interstate Line Company and Dominion Virginia Power.

The SCC agreed with its hearing examiner that the need for the line had been proven, specifically to cure the reliability problems that will occur on an existing high-voltage line by 2011. The Mt. Storm-Doubs line is a major transmission source of electricity for residents and businesses in Northern Virginia. The SCC determined that the anticipated reliability violations on that line must be fixed.

Several opponents of the 502 Junction-Loudoun line had argued that other alternatives, including new generating plants and conservation programs, could eliminate the need for the line. Some urged the SCC to initiate integrated resource planning to determine whether a combination of options could be superior to the proposed line in removing the threat to reliable power service for Northern Virginia.

In its final order, the SCC said, “We are indeed sympathetic to the opponents’ position that planning for transmission, generation and conservation should be done in an integrated and holistic process, in order to arrive at the most rational and cost-effective plan to meet Virginia’s future load growth and transmission reliability needs.” The Commission went on to say, “The reality is, however, that the law and facts applicable to this matter do not enable us to use a transmission line case [to initiate such a planning exercise] and then use the result of that exercise as the legal basis to deny an application ... when a clear reliability need has been shown and the proposed transmission line is an acceptable option under Virginia statutes to meet that need.”

The SCC noted that, by law, the primary responsibility for transmission line planning is given to a regional transmission organization which Virginia’s electric companies were required to join. PJM, Interconnection LLC, headquartered in Pennsylvania, is regulated by the Federal Energy Regulatory Commission (FERC). Federal policies prohibit PJM from the type of integrated transmission and generation planning advocated by the opponents.

PJM also controls when new power plants are allowed to interconnect with the regional electricity grid. In this case, PJM testified that federal policies prevent PJM from accelerating the order in which planned

**(more)**

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generating units are to be built or from ordering construction of a specific unit even when doing so would solve an identified reliability problem and remove the need for a new line. The SCC said, "Since PJM is regulated by FERC, whether these federal rules represent sensible policy is ultimately for Congress to decide."

One of several alternatives analyzed by the Commission involved the prospect of accelerating construction of the proposed CPV Warren and Possum Point 7 generating plants. The SCC wrote, "As a result of the current development status of these plants and the limitations imposed by PJM ... we cannot reasonably assume that these facilities will be available for dispatch [in time]."

Even assuming that PJM would accept these facilities into the grid by 2011, the SCC said, "... they would not solve the problem that establishes the need for this line." The SCC explained that the factual evidence shows that even if both these units could realistically be available by then, transmission line overloads would still be present on the Mt. Storm-Doubs line.

With regard to conservation programs, the SCC wrote, "... the [power demand] forecasts that we utilize [in our analysis] include projected megawatt savings from [conservation] programs ... We do not find, however, that [conservation] alone – or in hypothetical combination with other alternatives – is a reasonable proposal to meet the need satisfied by the transmission line."

The SCC also considered another proposed high-voltage line projected to run from West Virginia through Maryland known as the Amos-Kempton line. The SCC found that, "...the potential for construction of the Amos-Kempton line remains too speculative." The SCC said, "We cannot take the risk that a proposed Amos-Kempton line will be available to meet on a timely basis the proven need [to assure reliability of electricity service to Northern Virginia]."

The SCC agreed with the hearing examiner's recommendation that approval of the Virginia portion of the 502 Junction-Loudoun line was logically contingent upon approval of segments of the line in West Virginia and Pennsylvania. The SCC ordered that construction of the Virginia segment cannot begin until both the applicable West Virginia and Pennsylvania state authorities have approved segments of the line in those two states.

The SCC also adopted the hearing examiner's recommendation regarding the route for the line. Generally, this locates the line partially or wholly within existing transmission rights-of-way. For Dominion Virginia Power, this is generally known as the "Southern" route. The SCC found that the route reasonably minimizes adverse impact on scenic assets, historic districts, and the environment of the areas concerned. In areas subject to open space easements, the SCC directed that the line stay within such easements and property owners be given the option of shorter towers in exchange for an additional 60-foot easement into the open space land.

Retired SCC Commissioner Preston C. Shannon was recalled for this case and joined SCC Commissioners Mark C. Christie and Judith Williams Jagdmann in the unanimous decision. Shannon added a separate concurring opinion. Commissioner James C. Dimitri did not participate.

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**Case numbers PUE-2007-00031 and PUE-2007-00033**

**Final Order**

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08-47

## NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141; [katha.treanor@scc.virginia.gov](mailto:katha.treanor@scc.virginia.gov)

**FOR IMMEDIATE RELEASE**  
October 10, 2008

### **SPECIAL ADVISORY COMMISSION TO MEET OCTOBER 27**

**RICHMOND** – The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) will meet at 1 p.m. on Monday, October 27 in House Room D of the General Assembly Building.

The Advisory Commission includes six members of the General Assembly and 10 members appointed by the Governor. The Commissioner of Health and the Commissioner of Insurance serve as ex-officio members.

The Advisory Commission will hold public hearings on a proposal that would require coverage for infertility treatments and a proposal that would require hearing aids for children.

Changes in required health insurance benefits proposed during the General Assembly session are regularly referred to the Advisory Commission that reviews the proposals, conducts hearings, and makes recommendations on those coverage issues before it.

Anyone wishing to comment is encouraged to submit information in writing in the format prescribed by the Advisory Commission's guidelines. To obtain a copy of the guidelines, contact the State Corporation Commission's Bureau of Insurance at (804) 371-9388, or toll-free at 1-800-552-7945.

The Bureau of Insurance and other designated state agencies provide staff assistance to the Advisory Commission.

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

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## NEWS RELEASE

Contact: Ken Schrad or Andy Farmer (804) 371-9141  
[ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov); [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

October 15, 2008

### SCC REDUCES TWO APPALACHIAN POWER RATE INCREASE REQUESTS

**RICHMOND** – The State Corporation Commission (SCC) has approved two rate increases for Appalachian Power Company (APCo). Both are less than the company originally requested.

The SCC has reduced APCo's fuel rate beginning October 20. The fuel rate increased on an interim basis by approximately 11.7 percent on September 1. The fuel rate portion of the electric bill is a dollar-for-dollar recovery from customers of the cost of the fuel used to generate electricity.

Following the SCC's consideration of the request, the Commission is lowering the interim fuel rate from 2.255 cents per kilowatt-hour (¢/kWh) to 2.16 ¢/kWh. For the average residential customer using 1,200 kWh of electricity per month, the SCC's decision saves approximately \$1.14.

Recognizing that the price of fuel has risen significantly, particularly coal, the Commission directed its public utilities staff to monitor the cost of coal on a monthly basis. APCo primarily relies on coal-fired power plants. If staff finds evidence of a change that could lead to a downward adjustment in the fuel rate, the Commission will review the matter.

The other rate adjustment approved by the Commission involves a surcharge to recover already incurred environmental and reliability costs. The surcharge, which appears as a separate line item on the bill, can be adjusted annually.

The Commission accepted a stipulation agreed to by various case participants that allows a net increase in the surcharge of approximately \$11.7 million. The approved amount is nearly \$6 million less than the company sought.

The surcharge adjustment will apply to service on and after January 1, 2009. The impact on a residential electric bill will be less than two percent.

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**PUE-2008-00067** – APCo fuel rate adjustment

**PUE-2008-00045** – APCo environmental and reliability surcharge adjustment

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**State Corporation Commission**

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

108-49

## SCC NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

October 31, 2008

### SCC APPROVES CONSTRUCTION OF HIGH VOLTAGE TRANSMISSION LINES IN SOUTHEASTERN VIRGINIA

**RICHMOND** – The State Corporation Commission (SCC) has approved the construction of two new overhead transmission lines by Dominion Virginia Power (DVP) in southeastern Virginia. Known as the Carson-Suffolk-Thrasher 500-kilovolt (kV) and 230-kV transmission lines, the approximately 82-mile-long project extends from Dinwiddie County to the city of Chesapeake

In its order issued on October 31, 2008, the Commission found that the new transmission lines are necessary to maintain continued reliability of service to the South Hampton Roads area.

The first segment of the project will be a 500-kV transmission line built between DVP's Carson substation in Dinwiddie County and the Suffolk substation, a distance of approximately 60 miles. Approximately 25.8 miles of this segment will adjoin existing company right-of-way. The remainder of the line will be constructed on new right-of-way.

The Commission approved a modification to the final route of the 500-kv transmission line in Suffolk to accommodate future industrial development projects planned for three properties.

The second segment of the project will be a 230-kV line extending from the Suffolk substation to the Thrasher substation in Chesapeake, a distance of 21.5 miles. The company will place this line on existing or rebuilt structures located within existing right-of-way.

SCC Commissioner James C. Dimitri did not participate in this case.

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Case Number **PUE-2007-00020**

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## NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141; [katha.treanor@scc.virginia.gov](mailto:katha.treanor@scc.virginia.gov)

**FOR IMMEDIATE RELEASE**  
November 4, 2008

### SPECIAL ADVISORY COMMISSION TO MEET NOVEMBER 19

**RICHMOND** – The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) will meet at 1 p.m. on Wednesday, November 19 in House Room D of the General Assembly Building.

The Advisory Commission includes six members of the General Assembly and 10 members appointed by the Governor. The Commissioner of Health and the Commissioner of Insurance serve as ex-officio members.

The Advisory Commission will vote on proposals that would require coverage for the following: infertility treatments, hearing aids for children, autism, medically necessary amino acid-based formulas, and amino acid-based elemental formulas.

Changes in required health insurance benefits proposed during the General Assembly session are regularly referred to the Advisory Commission that reviews the proposals, conducts hearings, and makes recommendations on those coverage issues before it.

The Bureau of Insurance and other designated state agencies provide staff assistance to the Advisory Commission.

Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

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## SCC NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

November 12, 2008

### **SCC DIRECTS ELECTRIC UTILITIES TO FILE INTEGRATED RESOURCE PLANS:** ***Seeks Comments on Proposed Guidelines for Plans***

**RICHMOND** – The State Corporation Commission (SCC) has directed Virginia's investor-owned electric utilities to develop and file integrated resource plans (IRPs) with the Commission by September 1, 2009.

The Code of Virginia defines an IRP as a forecast of a utility's load obligations and a plan to meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility. The four investor-owned utilities operating in Virginia are Appalachian Power Company, Allegheny Power, Dominion Virginia Power, and Old Dominion Power Company.

The SCC staff has prepared proposed guidelines for each electric utility to use in developing its IRP. Before formally establishing the guidelines, the Commission seeks comments on the proposed guidelines from interested persons who may wish to propose modifications or supplements.

Written comments on the proposed guidelines must be submitted by December 12, 2008. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUE-2008-00099.

Interested persons desiring to submit comments electronically may do so at the SCC's website: <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2008-00099.

A downloadable version of the proposed guidelines is available to the public on the SCC's Docket Search portal at <http://www.scc.virginia.gov/case>. The Clerk of the Commission also will make a copy of the proposed guidelines available, free of charge, in response to a written request.

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**Case Number PUE-2008-00099**

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## State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-52

### SCC NEWS RELEASE

Contact: **Andy Farmer or Ken Schrad**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

November 17, 2008

#### **SCC APPROVES REDUCED APPALACHIAN POWER RATE INCREASE; ORDERS REFUNDS TO CUSTOMERS WITH INTEREST**

**RICHMOND** – The State Corporation Commission (SCC) has approved a reduced base rate increase for Appalachian Power Company (APCo) that will allow the company to increase its annual operating revenue by \$168 million. The amount is \$40 million less than what the company requested and has been charging customers on an interim basis since late October.

APCo filed an application for a \$207.9 million base rate increase in May 2008. By law, the increase was allowed to take effect October 28, 2008 on an interim basis, subject to refund with interest.

The company's original request represented a 23.9 percent increase in annual operating revenue. After a thorough review of the request, APCo, the SCC staff, and several parties in the case reached an agreement to lower the request to an increase of 19.3 percent. The Commission accepted the agreement.

For an APCo residential customer using 1,200 kilowatt-hours of electricity a month, the SCC's order means the monthly bill will be approximately \$3.82 less than the current interim rate. Refunds will appear as a credit on customer bills.

In its final order, the Commission said, "[W]hile we are cutting Appalachian's rate increase substantially from its request, we understand that the rate increase approved will still represent a hardship on many of Appalachian's residential and business customers. We find, however, that this rate increase is consistent with the facts and laws that govern this case."

The SCC noted that a significant portion of the increase related to capital expenditures made to generation and distribution facilities needed to provide service to customers. The Commission wrote, "A large portion of this increase is attributable to environmental improvements made to the generation facilities to comply with federal laws and regulations. Additionally, Appalachian has made improvements to maintain the reliability of its distribution network in Virginia. These expenditures, plus associated operating costs and depreciation, have contributed to an upward pressure on rates."

The SCC noted that in APCo's prior base rate case, the company sought to recover in rates much of this investment by projecting capital expenditures, but the Commission denied recovery

MORE

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because the funds had not actually been expended. Since the company has now actually spent these amounts, state law provides for their recovery in rates.

APCo serves approximately 500,000 customers in all or parts of 31 counties in southwest Virginia.

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**Case number PUE-2008-00046**

Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-53

## SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

November 18, 2008

### SCC CLARIFIES RULES FOR LATE PAYMENT AND BAD CHECK CHARGES FOR LOCAL TELEPHONE COMPANIES

**RICHMOND** — The State Corporation Commission (SCC) has modified the Commission's rules governing late payment and bad check charges for local telephone companies. The revised rules take effect December 1, 2008.

Changes to the existing rules were sought by the Virginia Telecommunications Industry Association (VTIA).

The revised rules permit a telephone company to charge up to \$30 any time a check used to pay a customer's account is dishonored by the bank. The previous general limit was set by rule more than 30 years ago. Most companies have been charging more after obtaining a waiver of that rule in various Commission proceedings.

For paying a bill after the due date, the SCC allows telephone companies to charge a fee of 1.5 percent of the unpaid charges. This is the same late payment fee limitation that has been in place for other regulated utilities, including electric and natural gas.

The VTIA was seeking permission to charge either the 1.5 percent fee or a flat fee of \$5 on residential customers and \$20 on business customers. Based on the information provided in this case, the Commission was unable to find that the alternative flat fee is warranted at this time.

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**Case number PUC-2008-00054**

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**SCC NEWS RELEASE**

Contact: **Katha Treanor**  
 (804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

November 26, 2008

**SCC SETS WORKERS' COMPENSATION PREMIUM LEVEL ADJUSTMENTS**

**RICHMOND** – The State Corporation Commission (SCC) has approved revisions to the premium levels charged for workers' compensation insurance in Virginia.

Workers' compensation insurance provides medical care and wage replacement benefits to injured workers. Almost all Virginia employers are required to provide the coverage to their employees.

The National Council on Compensation Insurance (NCCI) sought the revisions. The changes approved by the SCC will increase the overall premium levels for surface coal mines and federal ("F") classes in both the voluntary market and the assigned risk plan.

Overall premium levels will decrease for underground coal mines and industrial classes in both the voluntary and assigned risk markets. The changes will become effective April 1, 2009, for new and renewal workers' compensation policies, as follows:

<u>Class</u>	<u>Voluntary Market Loss Costs</u>		<u>Assigned Risk Rates</u>	
	<b>Proposed</b>	<b>SCC Approved</b>	<b>Proposed</b>	<b>SCC Approved</b>
Industrial	-1.4%	-1.4%	-5.0%	-5.0%
"F" (Federal)	+5.5%	+5.5%	+3.2%	+3.2%
Coal Mines (Surface)	+10.2%	+9.8%	+8.0%	+7.4%
Coal Mines (Underground)	-15.2%	-15.6%	-18.2%	-18.7%

NCCI, a Florida-based rate service organization, represents insurance companies licensed to write workers' compensation insurance in Virginia.

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**Case number INS-2008-00138**

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A new law requires utilities to file integrated resource plans (IRP) with the Commission beginning in 2009. These plans forecast a utility's load obligations and how it will meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility.

In its order, the Commission said, "We expect the IRP that Allegheny will file in 2009 to examine rigorously all reasonable alternatives to meet its supply obligations, including (among other things), wholesale purchases of varying term lengths, and 'electricity generated from generation facilities that it may construct or purchase.'"

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**Case number PUE-2008-00033**

Note: Commissioner James C. Dimitri did not participate in this case.

Commonwealth of Virginia

## State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-55

### SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9858, (804) 334-6454, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

November 26, 2008

#### **SCC ACCEPTS ALLEGHENY POWER RATE SETTLEMENT;** **Anticipates Company's Plan for Meeting Future Demand**

**RICHMOND** – The State Corporation Commission (SCC) has determined that an agreement to settle a rate increase request by Allegheny Power in Virginia is a “fair and reasonable” resolution of the issues, consistent with the laws and facts governing the case, and therefore should be accepted.

The agreement was negotiated by Allegheny Power, industrial customers within the company’s Virginia service territory, the Office of Attorney General’s Division of Consumer Counsel, and the staff of the SCC.

Under the agreement, the interim rate authorized by the SCC on July 1, 2008, remains in effect. The rate of 2.351 cents per kilowatt-hour (kWh) to recover purchased power costs will continue through June 30, 2009. As compared to the previously effective rate, the approved rate increases Allegheny’s annual revenue by \$63.4 million. When placed into effect in July, the monthly bill of a residential customer using 1,200 kWh increased by \$24.54, or 29.7 percent.

Among other things, the accepted agreement establishes a methodology for recovering purchased power costs from retail customers from July 1, 2009 through June 30, 2011. The methodology affords a reasonable degree of protection for residential and small commercial customers from the effects of significant increases in the cost of purchased power during this two-year period. The adopted agreement also includes a provision that ensures that residential and small commercial customers will not experience a rate increase of more than 15 percent for the period of July 1, 2009 through June 30, 2010.

Allegheny Power is the only investor-owned electric utility in Virginia with no self-owned power plants. To meet customer demand, the company is completely dependent on purchases of power from the regional wholesale market. In this proceeding, the Commission expressed its concern that Allegheny’s total dependence on purchased power may not be in the best long-term interests of its Virginia ratepayers.

(more)

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-55

## SCC NEWS RELEASE

Contact: **Andy Farmer**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

December 3, 2008

### SCC APPROVES RENEWABLE ENERGY OPTIONS FOR DOMINION VIRGINIA POWER AND APPALACHIAN POWER

**RICHMOND** – The State Corporation Commission (SCC) has approved voluntary renewable energy options for customers of Dominion Virginia Power and Appalachian Power. In both programs, customers will have the opportunity to purchase renewable energy certificates (RECs), for some or all of the electricity that they consume, from renewable sources such as wind, solar, falling water, biomass, energy from waste, wave motion, tides, and geothermal power.

The companies will purchase RECs procured from “green” power sources equivalent to the amount of renewable energy purchased through customer contributions. A customer would see a separate line item on his or her monthly bill that would show the additional costs for participating in the renewable energy program.

The SCC, however, found that the Dominion and Appalachian renewable energy options fail to meet Virginia’s statutory definition for electric energy provided 100 percent from renewable energy. If the company programs had qualified as tariffs for electric energy provided 100 percent renewable sources, then Dominion and Appalachian customers would no longer be permitted to purchase 100 percent renewable electricity supply service from competitive suppliers licensed by the SCC.

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**Case Number PUE-2008-00044 Dominion Virginia Power Renewable Energy Tariff**

**Case Number PUE-2008-00057 Appalachian Power Renewable Power Rider**

Note: Commissioner James C. Dimitri did not participate in these cases.

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## SCC NEWS RELEASE

Contact: **Katha Treanor**  
(804) 371-9141, [Katha.treanor@scc.virginia.gov](mailto:Katha.treanor@scc.virginia.gov)

December 10, 2008

### SCC'S BUREAU OF INSURANCE OFFERS TIPS FOR RENTERS

**RICHMOND** – As the economy continues its downward trend, increasing numbers of people who were once homeowners may find themselves renting places to live.

Unlike homeowners who have to purchase a homeowner's insurance policy if they carry a mortgage, renters generally have a choice regarding whether to purchase coverage. However, renters have many of the same risks as homeowners when it comes to protecting possessions or being liable for accidents at home.

Some people believe that renter's insurance is too expensive or that they do not have enough valuables to make it worth purchasing coverage. However, replacing all of your possessions or being liable for an accident on your premises will generally cost much more than your renter's insurance premiums. Renter's insurance policies can cover everything from electronics to clothing to household appliances. Even a few items could add up to thousands of dollars' worth of merchandise, which can all be covered in a basic policy.

Some renters mistakenly believe that they are protected under their landlord's insurance coverage. This is not the case. Your landlord has insurance for structural damage to the building, and may be protected against damage caused by tenants. However, this coverage does not extend to a tenant's personal property, nor does it protect tenants from being liable for damage they might inadvertently cause to the building (i.e. a kitchen fire or a plumbing mishap). In order to make sure that tenants' belongings are protected, some landlords may require their tenants to purchase a renter's insurance policy.

Consumers who are accustomed to owning their own home may not understand the differences between homeowner's and renter's insurance. The State Corporation Commission's (SCC) Bureau of Insurance encourages anyone considering renter's insurance to ask the following:

1. **How much renter's insurance do I need?** Talk to your insurance agent or company about the property you want to protect and the property hazards against which you would like to be insured. Your agent can give you policy coverage specifics based on the type of policy you want. They can also answer any questions you have about:

(more)

- What hazards are included in your plan and if you need a separate policy for specific circumstances
  - If your insurance plan affects your roommate(s), if any
  - How you should determine value for your items
  - What some of the insurance terms mean or what they include
  - What optional coverage might be available to you
  - How much liability coverage is included in your plan
2. **What, if any, discounts can I get on renter's insurance?** Many insurers will reduce your premiums if your residence has safety features such as fire or burglar alarms, fire extinguishers, sprinkler systems, and/or deadbolts on exterior doors. Some companies might also offer discounts if you have more than one policy with them.
  3. **Am I covered in the event of a flood or earthquake?** These natural disasters typically are not covered by a renter's or homeowner's insurance policy. Ask your insurance agent or company if your policy fully protects you, or whether you need to purchase additional coverage.
  4. **Does renter's insurance only cover me when I am at home?** Many policies do not limit protection to home-based situations. Items you have insured often are covered if they are stolen by someone who breaks into your car or if they are damaged while not on your property.
  5. **Is personal liability included?** A renter's insurance policy covers your property and your personal legal responsibility (or liability) for injuries to others and/or their property while they are on your property.
  6. **Will I receive additional living expenses if I have to live somewhere else while my apartment is being repaired?** If there is damage to the building you are renting and you must live elsewhere while the building is being repaired, you will have coverage for additional living expenses incurred during the reconstruction period.
  7. **How do I expedite my renter's insurance claim?** A home inventory – along with photos and proof of ownership – make it easier to file an accurate, detailed insurance claim in case your home is damaged or destroyed in a disaster. A home inventory can also help you determine how much coverage you need from your renter's insurance. For a free home inventory checklist, visit the National Association of Insurance Commissioners' (NAIC) website at [www.naic.org/index\\_disaster\\_section.htm](http://www.naic.org/index_disaster_section.htm).

For additional information about renter's insurance, contact the Bureau of Insurance Property and Casualty Division at (804) 371-9185 or toll-free (in Virginia) at 1-800-552-7945 or visit its website at <http://www.scc.virginia.gov/division/boi>. Consumers who are deaf and hearing or speech impaired may call through the SCC's Telecommunications Device for the Deaf and hard of hearing (TDD) at (804) 371-9206. Additional information may also be found on the NAIC website at <http://www.insureonline.org/>.

Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-5.8

## NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

December 15, 2008

### SCC CONTINUES WORK ON TELEPHONE SERVICE QUALITY RULES; SEEKS 2<sup>ND</sup> ROUND OF COMMENTS

**RICHMOND** – The State Corporation Commission (SCC) is seeking additional comments on proposed service quality standards for local telephone service in Virginia. After receiving comments on the original revisions, the Commission requests additional input on specific performance standards and on modifications that are under consideration.

The proposed rules address the minimum acceptable level of service quality expected from local phone service providers. The Commission is seeking comments on minimum standards to protect the public health and safety and to minimize economic impacts of service interruptions, particularly for business customers.

The SCC determined that, as a matter of law, “the General Assembly has not directed this Commission to leave service quality standards for landline service from local exchange carriers solely to the marketplace.” It also found that it has the legal authority to promulgate minimum service quality standards.

A public hearing to consider the revised proposed rules will be held on March 10, 2009, at 10 a.m. in the SCC’s courtroom on the second floor of the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

The SCC will webcast the audio portion of the hearing via the Internet. Instructions can be found on the SCC website at <http://www.scc.virginia.gov/case>.

Written comments must be submitted by February 5, 2009. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUC-2008-00047.

Interested persons desiring to submit comments electronically may do so at the SCC’s website at <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUC-2008-00047.

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**Case number: PUC-2008-00047**

**ADVISORY:** E-mail distribution of SCC news releases is now available.  
Please register online at <http://www.scc.virginia.gov/newsrel/>.

Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-59

## SCC NEWS RELEASE

Contact: Ken Schrad  
(804) 371-9141, [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)

December 16, 2008

### SCC SETS SCHEDULE TO CONSIDER PLAN OF MERGER BETWEEN EMBARQ AND CENTURYTEL

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a hearing in March to consider a merger plan involving Embarq, the parent company of two Virginia local telephone companies. Under the proposal, Embarq will become a wholly-owned subsidiary of CenturyTel. Embarq and CenturyTel announced the merger plan in late October.

Embarq is the parent company of Central Telephone Company of Virginia (Centel) and United Telephone Southeast (United). Under the Embarq name, Centel provides service to the Charlottesville area and a number of rural counties throughout Central Virginia and United provides service to the Bristol area as well as in several rural counties in Southwest Virginia. After the proposed merger transaction, the companies will continue as certificated local exchange carriers in Virginia.

Under Virginia law, when such a transfer of control is proposed, the SCC must be satisfied that the merger will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates. The merger of the corporate parents also requires approval by other federal and state regulatory authorities. Embarq has local phone companies operating in 18 states.

A public hearing to consider the proposed merger will be held on March 17, 2009, at 10 a.m. in the SCC's courtroom on the second floor of the Tyler Building, 1300 East Main Street, in downtown Richmond. Any person wishing to comment should arrive early and notify the SCC bailiff.

The SCC will webcast the audio portion of the hearing via the Internet. Instructions can be found on the SCC website at <http://www.scc.virginia.gov/case>.

Written comments must be submitted by March 10, 2009. All correspondence should be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and refer to case number PUC-2008-00104.

Interested persons desiring to submit comments electronically may do so at the SCC's website at <http://www.scc.virginia.gov/case>. Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUC-2008-00104.

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**Case number: PUC-2008-00104**

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-60

## NEWS RELEASE

Contact: Ken Schrad [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)  
(804) 371-9141 (office), (804) 334-6454 (cell)

December 23, 2008

### FREE LOCAL DIRECTORY ASSISTANCE CALLS SET AT TWO PER MONTH

**RICHMOND** – The State Corporation Commission (SCC) has rejected a request from the Virginia Telecommunications Industry Association (VTIA) to eliminate the requirement that local telephone companies in Virginia provide free directory assistance to their customers. The SCC instead reduced the mandatory number of free monthly directory assistance calls from three to two.

Free directory assistance calls are included with basic local dial tone telephone service. The VTIA was seeking to eliminate the provision.

The three call allowance has been in place since 1990. According to the VTIA, only a small percentage of customers call directory assistance more than once in a given month.

In its order, the Commission said, “While we acknowledge that options [for obtaining directory assistance over the past 18 years] have increased, we are unable to find just cause for the complete elimination ... based on the information that has been provided in this proceeding.”

The Commission added, “Given the decline in ... demand and the increase in alternative directory assistance providers, we find it appropriate to reduce the current three free call allowance to two.”

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Case number PUC-2008-00046

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

08-61

## NEWS RELEASE

Contact: Ken Schrad [ken.schrad@scc.virginia.gov](mailto:ken.schrad@scc.virginia.gov)  
(804) 371-9141 (office), (804) 334-6454 (cell)

December 23, 2008

### SCC APPROVES VIRGINIA NATURAL GAS CONSERVATION AND RATE "DECOUPLING" PLAN

**RICHMOND** – The State Corporation Commission (SCC) has approved a natural gas conservation and rate “decoupling” plan for Virginia Natural Gas (VNG).

The approved conservation programs provide incentives to residential customers of VNG to reduce the amount of natural gas they consume. The rate “decoupling” plan guarantees the company a certain level of revenue whether or not customers use less natural gas.

Over the initial three years of the plan, VNG anticipates spending approximately \$6.6 million on various conservation programs. The programs include monetary incentives to customers to replace furnace filters, purchase efficient water heaters, and conduct seasonal home energy audits. The SCC directed the company to include in its conservation program a significant incentive to customers to install programmable thermostats.

All residential customers will see a new line item on their monthly bills that represents a sales adjustment as permitted by law. The Revenue Normalization Adjustment (RNA) Rider means residential customers – whether or not they decrease their individual natural gas usage – will pay more to VNG for the non-gas portion of their bills (approximately 25% of the total bill). However, those customers who participate in the conservation programs can achieve savings on the gas portion of the bill by reducing consumption.

In its order, the SCC wrote, “While we approve the plan herein pursuant to [law], we must acknowledge that the ultimate price that VNG’s residential customers will pay for non-gas service under the plan may be higher than the frozen rates established by the Commission [in a 2006 case].”

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**Case number PUE-2008-00060**

**Final Order**

Note: Commissioner Dimitri did not participate in this case

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Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
P. O. Box 1197, Richmond, Virginia 23218

Ken Schrad  
Director

Angela P. Bowser  
Assistant Director

[www.scc.virginia.gov](http://www.scc.virginia.gov)

*OS-Car*

## SCC NEWS RELEASE

Contact: **Andy Farmer or Ken Schrad**  
(804) 371-9141, [andy.farmer@scc.virginia.gov](mailto:andy.farmer@scc.virginia.gov)

December 30, 2008

### SCC REVISES UTILITY REGULATIONS AND ISSUES GUIDELINES FOR ELECTRIC UTILITY INTEGRATED RESOURCE PLANS

**RICHMOND** – The State Corporation Commission (SCC) has adopted revised rules governing utility rate applications and proposals to construct electric generating facilities. The SCC also established guidelines for Virginia’s investor-owned electric utilities to develop integrated resource plans.

The revisions to the regulations for utility rate applications accommodate statutory changes for electric utility rate adjustments enacted by the General Assembly in 2007. The need to make changes provided the SCC with an opportunity to update and reform the rules generally applicable to all utilities whose rates are subject to the Commission’s ratemaking authority. The new rules are effective on January 1, 2009.

In a second order, the SCC adopted revised regulations governing applications to construct and operate electric generating facilities in the Commonwealth. The new rules reflect statutory changes enacted in 2007 that require electric utilities, once again, establish convenience and necessity, or “need” as a prerequisite to the Commission’s approval and certification of any electric generation facility proposed by a utility. The changes also streamline the certification process for generation facilities under 50 megawatts and renewable energy facilities under 100 megawatts. The new rules are effective on January 15, 2009.

In a third order, the SCC established guidelines for investor-owned electric utilities in developing initial integrated resource plans that will be submitted to the Commission by September 1, 2009. An integrated resource plan is a forecast of a utility’s electric power demand obligations and a plan to meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility.

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**Case Number PUE-2008-00001** Revised Utility Rate Case Rules

**Case Number PUE-2008-00066** Revised Rules for Applications to Construct and  
Operate Electric Generating Facilities

**Case Number PUE-2008-00099** Guidelines for Developing Electric Utility Integrated Resource Plans

Note: Commissioner James C. Dimitri did not participate in these cases.

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