

Commonwealth of Virginia

# State Corporation Commission

Division of Information Resources  
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09-01

## SCC NEWS RELEASE

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January 14, 2009

### SCC SETS RATE FOR NORTHERN NECK ELECTRIC COOPERATIVE

**RICHMOND** – The State Corporation Commission (SCC) has approved new rates for customers of Northern Neck Electric Cooperative. The rate adjustment provides an additional \$2 million in annual revenue, an increase of approximately six percent.

This is the first adjustment to the cooperative's base rates since 1992. Base rates cover all operating costs other than the power the cooperative purchases for delivery to customers across its member-owned distribution system. Purchased power costs are adjusted monthly through the cooperative's electricity supply service charge.

The Commission accepted an agreement offered by the cooperative and the SCC staff on the overall revenue adjustment. There were differences, however, on how to collect the additional revenue.

The cooperative requested a monthly access charge on residential, small commercial and church service customers of \$22.23, up from \$8.50. The Commission approved \$16.

The Commission said establishing the access charge at \$16 "reasonably balances the goals of cost causation and gradualism in rate increases." The Commission noted that "consumers have control over the volumetric portion of their bill, but not over the fixed portion (which includes the access charge)."

The rates, terms and conditions approved by the Commission are effective for service as of January 1, 2009.

Northern Neck serves nearly 18,000 members in Stafford, King George, Westmoreland, Richmond, Northumberland, and Lancaster counties.

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Case number PUE-2008-00076

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09-02

## SCC NEWS RELEASE

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January 27, 2009

### REVISED

### SCC RESCHEDULES TIME OF JANUARY 29 PUBLIC HEARING IN CULPEPER ON SKYLINE WATER COMPANY'S RATE REQUEST

**RICHMOND** – The State Corporation Commission (SCC) has rescheduled the January 29, 2009, public hearing to receive comments on an application by Skyline Water Company to change its rate structure and increase its Plant Improvement Contribution Surcharge.

Originally planned for 10 a.m., the rescheduled hearing will now begin at 1 p.m. that day.

The hearing will be held in the Board of Supervisors' Meeting Room, 302 North Main Street, Culpeper, Virginia. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

Skyline Water Company serves 359 customers in Culpeper, Orange and Fauquier counties.

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**Case Number PUE-2008-00065**

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09-03

## SCC NEWS RELEASE

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February 12, 2009

### SCC NAMED RECEIVER OF ROANOKE-BASED SHENANDOAH LIFE INSURANCE COMPANY

**RICHMOND** – The State Corporation Commission (SCC) has been named receiver for Shenandoah Life Insurance Company by the Circuit Court of the City of Richmond. Both Shenandoah Life and the Commission determined that the receivership was necessary to protect the interests of policyholders and creditors.

Shenandoah Life is a Virginia-domiciled life and health insurer writing primarily life, annuities and dental insurance. The company is headquartered in Roanoke, Virginia and is licensed to do business in 31 states plus the District of Columbia.

Shenandoah Life recently experienced financial difficulties because of impairments in its investment portfolio. Shenandoah Life lost approximately \$50 million when the value of its equity position in Fannie Mae and Freddie Mac preferred stock was significantly diminished.

Virginia Commissioner of Insurance Alfred W. Gross has been appointed deputy receiver in an effort to rehabilitate the company. A moratorium has been placed on the payment of claims and benefits, except for accident and health claims, death claims, and periodic annuity payments, until the deputy receiver completes his evaluation of Shenandoah Life's financial condition. The company currently will no longer issue new insurance policies.

Policyholders with questions about the receivership are encouraged to call the SCC's Bureau of Insurance. From within Virginia, the toll-free number is (800) 552-7945. Callers may also dial directly at (804) 726-2630. Information is also available by calling Shenandoah Life at (540) 985-4400 or from the company's website at [www.shenlife.com](http://www.shenlife.com).

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**SCC case number INS-2009-00032**

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09-04

## SCC NEWS RELEASE

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February 25, 2009

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

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a public hearing in June 2009 to receive comments on a request by Mecklenburg Electric Cooperative for a 12.15 percent increase in base rates.

In its application to the Commission, Mecklenburg 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.

Mecklenburg's proposed rates and charges will take effect on July 19, 2009, on an interim basis and subject to refund.

The public hearing is scheduled for 10 a.m. on Wednesday, June 17, 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 June 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 PUE-2009-00006.

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-2009-00006.

Mecklenburg serves 31,000 members in Brunswick, Charlotte, Greensville, Halifax, Lunenburg, Mecklenburg, Pittsylvania, Southampton, and Sussex counties.

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**Case Number PUE-2009-00006**

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09-05

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March 10, 2009

### **SCC SETS SCHEDULE TO CONSIDER KENTUCKY UTILITIES FUEL RATE REQUEST; INTERIM RATE EFFECTIVE APRIL 1**

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a public hearing in May to receive comments on a request by Kentucky Utilities Company to increase the company's fuel rate. The increase takes effect on an interim basis on April 1.

Kentucky Utilities, doing business as Old Dominion Power Company in Virginia, says the fuel rate adjustment is necessary because of an under-recovery of past fuel costs to generate electricity and to meet the projected costs of fuel through March 2010. As filed, the company seeks to raise its current fuel rate from 2.597 cents per kilowatt hour (¢/kWh) to 3.360¢/kWh. A typical residential customer using 1,000 kilowatt hours of electricity per month would see their monthly bill increase by \$7.63.

A public hearing on the request is scheduled for 10 a.m. on Tuesday, May 5, 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 April 24, 2009. 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-2009-00008.

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-2009-00008

Kentucky Utilities provides electric service to approximately 30,000 customers in Wise, Lee, Russell, Scott, and Dickenson counties.

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Case Number PUE-2009-00008

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09-06

## SCC NEWS RELEASE

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March 12, 2009

### SCC INTRODUCES UNIFORM GROUP HEALTH INSURANCE APPLICATION

**RICHMOND** – Things may just have gotten a little easier for some small employers seeking insurance rate information or applying for group health insurance.

The State Corporation Commission's (SCC) Bureau of Insurance is introducing a new uniform group health insurance application form to insurers doing business in Virginia. The form allows employers that are required to provide information regarding their employees to an insurer when applying for a group health insurance policy to use a standardized form that group insurers may elect to accept.

This form, called the Virginia Small Employer Group Health Insurance Medical History Form, may be used by small employers submitting group health insurance applications to, or seeking rate and coverage information from, one or more insurers. The form is intended to relieve small employers and their employees of the burden of completing multiple health insurance applications. Use of the form by insurers and small groups is voluntary.

The new form is the result of legislation passed by the 2008 Virginia General Assembly. House Bill 728 directed the Bureau of Insurance to convene a work group made up of representatives from insurers, insurance agent organizations, employer organizations, and the Virginia Association of Health Plans to develop - by July 1, 2009 - a uniform group health insurance application form.

The Bureau of Insurance has distributed copies of the form and instructions for its use to all health insurance companies, health services plans, and health maintenance organizations doing business in Virginia. Insurers may begin using the form, as approved, in hard copy or electronic format immediately. The text of the form may not be altered, and Bureau of Insurance guidelines allow for only minimal formatting changes. In addition, the form must contain the full and proper corporate name of the health insurance carrier using it.

The Bureau of Insurance will periodically survey insurance carriers concerning their use of this form, and will review and revise it, as needed, to ensure its ongoing compliance with applicable statutory and regulatory requirements and to ensure that it meets the needs of the insurers and small employers using it.

For more information or a copy of the application form, visit the Bureau of Insurance website at <http://www.scc.virginia.gov/division/boi/webpages/boicompany.htm> or call the Bureau at 1-877-310-6560.

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09-07

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March 27, 2009

### SCC APPROVES CONSTRUCTION OF POWER PLANT IN BUCKINGHAM COUNTY

**RICHMOND** – The State Corporation Commission (SCC) has approved the construction of a new 580-megawatt electric generation facility in Buckingham County by Dominion Virginia Power.

The Bear Garden Generating Station will burn natural gas, although it will have the capacity to burn oil as a back-up fuel source. It will be built on a site across the James River from Dominion's Bremono Power Station. The company purchased the development rights for the Bear Garden project from Tenaska Virginia Partners II, L.P. in March 2008.

Dominion also received permission to build a 230-kilovolt transmission interconnection line that will extend 1.4 miles from the generating station to the existing Bremono switching substation in Fluvanna County.

In its final order, the Commission said that there is a need for new generating capacity in the Dominion Zone of PJM Interconnection region to meet growing energy demand and system conditions that continue to change over time. "New generation within the zone provides a greater certainty that additional capacity will be available within the Dominion Zone as needed than can reliably be provided through existing resources within or outside of the zone," the SCC wrote.

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#### **Case Number PUE-2008-00014**

Editor's Note: SCC Commissioner James C. Dimitri did not participate in this case.

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09-08

## SCC NEWS RELEASE

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March 31, 2009

### 2009 VIRGINIA MEDICARE SUPPLEMENT INSURANCE PREMIUM COMPARISON GUIDE AVAILABLE

**RICHMOND** – Whether you are currently receiving Medicare benefits, or will soon be eligible for Medicare, or are helping your parents make decisions about their Medicare coverage, the *2009 Virginia Medicare Supplement Insurance Premium Comparison Guide* provides basic information you need to know about Medicare and private insurance plans designed to supplement Medicare.

The State Corporation Commission's Bureau of Insurance developed this free publication to facilitate comparison shopping for Medicare supplement insurance (also called Medigap) products. The guide contains the rates for more than 35 companies writing Medicare supplement insurance in Virginia. It also includes the companies' telephone numbers – most of which are toll-free – and their website addresses.

There are 12 different Medicare supplement plans, A through L, from which consumers can choose the benefit level that best suits them. There is a significant range in the premiums between plans and insurers. While price is an important consideration, consumers should also consider an insurer's stability, benefits, and service. Comparison shopping can result in considerable cost savings, but the process can also help consumers evaluate what is important to them; thereby ensuring that they get a policy with suitable benefits from a company that has the most appropriate services for their needs.

Because Medicare supplement rates vary widely, the Bureau of Insurance recommends that consumers compare prices before making a decision. The *Premium Comparison Guide* helps to make this task much easier. Consumers can request free individual copies of the *Premium Comparison Guide* by calling the Bureau of Insurance toll-free at 1-877-310-6560 or in Richmond at (804) 371-9092. Consumers may also visit the Bureau's website at [www.scc.virginia.gov/boi](http://www.scc.virginia.gov/boi). The website includes the current Medigap rates for the companies included in this publication as well as other valuable consumer information.

The Bureau of Insurance also offers free consumer outreach programs on a number of insurance topics. Speakers are available to talk to your group or organization on the insurance topics of your choice, and provide answers to general questions regarding insurance. The Bureau offers outreach through many different means: health fairs, seminars, and speakers for civic or professional group meetings. For more information, please refer to the above referenced phone numbers or contact the Bureau's Life and Health Insurance Outreach Coordinator, Olivia B. Claud at 804-371-9389 or e-mail [L&HOutreach@scc.virginia.gov](mailto:L&HOutreach@scc.virginia.gov)

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09-09

## SCC NEWS RELEASE

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April 22, 2009

### SCC SETS SCHEDULE TO CONSIDER FIVE DOMINION VIRGINIA POWER RATE PROPOSALS

**RICHMOND** – The State Corporation Commission (SCC) has set the schedule for public participation in each of the five cases involving rate changes proposed by Dominion Virginia Power. Each case involves a rate adjustment that has its own impact on the total monthly electric bill. The net result of these requests would be a 6.8 percent increase for a residential customer who uses 1,000 kilowatt-hours of electricity a month. The adjustments would be phased in over the next 14 months.

Persons wishing to comment should carefully review each proposal and address each through written comments, electronically-filed comments, or by testifying at the hearing scheduled for that particular rate adjustment. It is important to reference the case number to ensure that comments are directed to the proper case record.

The first request to be considered by the SCC in case **PUE-2009-00018** is a new surcharge to recover \$78 million in costs resulting from federally-approved wholesale rates charged to the company by the regional transmission coordinator PJM Interconnection. As proposed, the surcharge will add \$1.26 to the monthly bill of a typical residential customer. Comments are due by June 9. The SCC hearing is scheduled for June 16 at 10 a.m.

In case number **PUE-2009-00016**, the SCC will review a reduction in the company's fuel rate of \$236 million. The fuel rate is the portion of the customer's bill that pays for the fuel used to generate electricity. As proposed, the reduction will lower the monthly bill of a typical residential customer by \$3.64. Comments are due by July 9. The SCC hearing is scheduled for July 16 at 10 a.m.

Another new surcharge is proposed in case **PUE-2009-00017** to recover \$77 million in costs associated with the construction of a natural-gas fired power plant in Buckingham County known as the Bear Garden Generating Station. As proposed, the surcharge will add \$1.40 to the monthly bill of a typical residential customer. Comments are due by August 4. The SCC hearing is August 11 at 10 a.m.

The next case is **PUE-2009-00011** which increases the current surcharge that recovers costs associated with the ongoing construction of a coal-fired power plant in Wise County, Virginia. As

(more)

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proposed, the \$99 million increase will raise the monthly bill of a typical residential customer by \$1.78. Comments are due by August 11. The SCC hearing is scheduled for August 18 at 10 a.m.

In case **PUE-2009-00019**, the SCC will consider a \$289 million increase in the base rate that recovers costs associated with the provision of generation and distribution services. It is the company's first base rate review in more than a decade.

As proposed in an amended filing, the company seeks an increase that will raise the monthly bill of a typical residential customer by \$6.10 per month. Comments are due by January 13, 2010. The SCC hearing is scheduled for January 20, 2010, at 10 a.m.

In its scheduling order, the SCC suspended Dominion's proposed base rate increase. Dominion may put its proposed increase into effect on September 1, 2009, on an interim basis, subject to refund, should the SCC ultimately approve a lower rate.

Persons wishing to comment at any of these hearings should arrive early and notify the SCC bailiff. Hearings are held in the SCC's courtroom on the second floor of the Tyler Building, 1300 East Main Street in downtown Richmond.

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

Written comments on any of these requests may be sent to the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Please refer to the proper case number.

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, find the correct case number, and hit the SUBMIT COMMENTS button for that specific case.

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**Case PUE-2009-00011** Adjustment to Rider "S" for Virginia City Hybrid Energy Center

**Case PUE-2009-00016** Revision to fuel factor

**Case PUE-2009-00017** Establish Rider "R" for Bear Garden Generating Station

**Case PUE-2009-00018** Establish Rider "T" for regional transmission costs

**Case PUE-2009-00019** Revision to base rates (per amended filing on April 6, 2009)

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09-10

## SCC NEWS RELEASE

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May 1, 2009

### SCC SEEKS COMMENTS REGARDING ENERGY CONSERVATION AND DEMAND RESPONSE TARGETS FOR GENERATING ELECTRIC UTILITIES

**RICHMOND** – The State Corporation Commission (SCC) invites persons and organizations interested in energy conservation to submit comments on determining practical conservation and demand response targets for the state's three generating electric utilities.

In the 2009 session of the Virginia General Assembly, the SCC was directed to conduct a proceeding to determine achievable, cost-effective energy conservation and demand response targets that can realistically be accomplished in the Commonwealth through demand-side management portfolios administered by Dominion Virginia Power, Appalachian Power, and Kentucky Utilities.

The Commission will examine the range of consumption and peak load reductions that each utility can potentially achieve, the range of costs that consumers would pay to achieve those reductions, and the range of financial benefits or savings that could be realized if the targets were met over a 15-year period. The SCC also will determine a just and reasonable ratemaking methodology to be employed to quantify the cost responsibility of residential, commercial, and industrial customers to pay for utility-administered demand-side management programs.

Written comments on the issue must be submitted by July 31, 2009. 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-2009-00023.

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-2009-00023.

The SCC will convene a public hearing to receive evidence from interested parties and SCC staff at 10 a.m. on Wednesday, September 23, 2009. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. 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>.

The SCC will submit its findings and recommendations to the Governor and General Assembly by November 15, 2009.

**Case Number PUE-2009-00023**

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## SCC NEWS RELEASE

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May 18, 2009

### **SCC SETS PUBLIC HEARING TO CONSIDER RATE INCREASE REQUEST FOR ALLEGHENY POWER; ALLOWS INTERIM INCREASE**

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a public hearing for September 16, 2009 on Allegheny Power's request to increase the average residential customer's bill by approximately six percent.

Allegheny says the requested increase in the company's fuel factor is necessary to cover the higher costs of purchasing power for its Virginia customers. For a residential customer using 1,000 kilowatt-hours of electricity in a month, the bill would increase by \$5.47 to approximately \$96.

The SCC set an interim fuel factor at 2.898 cents per kilowatt-hour for residential customers for service rendered on and after July 1. Interim rates are temporary and subject to refund once the SCC issues a final order setting the company's fuel factor. Allegheny claims the proposed rates are consistent with a Commission-approved agreement reached last year among the company, Office of the Attorney General, Commission staff, and industrial consumers.

A public hearing on the request is scheduled for 10 a.m. on Wednesday, September 16, 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.

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 9, 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-2009-00028.

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-2009-00028.

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**Case Number PUE-2009-00028**

Commonwealth of Virginia

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09-12

## SCC NEWS RELEASE

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May 19, 2009

### SCC APPROVES MERGER OF EMBARQ INTO CENTURYTEL

**RICHMOND** – The State Corporation Commission (SCC) has approved a merger plan involving Embarq, the parent company of two Virginia local telephone companies. Under the transaction that still requires other state and federal approvals, 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. United provides service to the Bristol area as well as to several rural counties in southwest Virginia. After the proposed merger transaction, the companies will continue as certificated local exchange carriers in Virginia, and customers will continue to receive service under the same rates, terms, and conditions.

Under Virginia law, the SCC must approve a merger that involves the transfer of control of a local exchange carrier operating in Virginia. In its order granting approval, the Commission applied the statutory criteria saying, “We find that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the joint petition.”

The Commission did impose a condition recommended by the SCC staff and agreed to by the merger partners. The companies will track and provide to staff the costs and savings resulting from the merger for a period of three years following its consummation. The company anticipates that to occur by mid-year.

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

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09-13

## SCC NEWS RELEASE

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May 22, 2009

### SCC SEEKS COMMENTS ON APPALACHIAN POWER FUEL RATE REQUEST; SCHEDULES PUBLIC HEARING

**RICHMOND** – The State Corporation Commission (SCC) will hold a public hearing on June 30, 2009 to consider a request by Appalachian Power to increase the portion of the electric bill that pays for the fuel used to generate electricity. Written comments will be accepted through June 23.

As proposed by the company, the monthly bill of a typical residential customer would increase by approximately 13 percent. The company offered an alternative proposal that would result in partial recovery through August 2010, leaving the remainder to be recovered thereafter. The proposed alternative would result in an increase of 9.6 percent for the same customer through August 2010.

Appalachian Power seeks to raise its current fuel rate from 2.160 cents per kilowatt-hour (¢/kwh) to 3.381 ¢/kwh. Under the alternative method, the fuel rate would be set at 3.050 ¢/kwh and would be increased after August 2010 to recover any remaining actual fuel costs incurred.

In its order scheduling the case, the Commission declined to put into effect an interim rate increase pending the final order in this case. The company asked for a July 1, 2009 interim rate increase.

A public hearing on the request is scheduled for 10 a.m. on Tuesday, June 30, 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.

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 23, 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-2009-00038.

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-2009-00038.

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**Case Number PUE-2009-00038**

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Commonwealth of Virginia

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09-14

### SCC NEWS RELEASE

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May 26, 2009

#### SCC'S BUREAU OF INSURANCE URGES VIRGINIANS TO PLAN AHEAD FOR HURRICANE SEASON

**RICHMOND** – Hurricane season is right around the corner. In conjunction with National Hurricane Preparedness Week May 24-30, the State Corporation Commission's Bureau of Insurance encourages Virginians to consider their insurance options **before** the winds and rains arrive. Once a hurricane develops in the Atlantic, it will be difficult to find an insurance company willing to write related coverage until the storm threat passes.

Hurricane season runs from June 1 through November 30 each year. Many Virginians have experienced first-hand the devastating impact of these storms. No matter where you live in Virginia, hurricanes and their resulting flooding can threaten lives and property. History has shown that flooding is the most costly natural disaster in the United States, causing extensive damage to homes, businesses, and belongings.

"Take steps now to protect yourself financially by ensuring you have the insurance coverage you need in the event of a disaster. The time to review and update your insurance coverage is before the first hurricane begins to brew," said Virginia Insurance Commissioner Alfred W. Gross. "Review your existing insurance policy carefully and make sure you understand what it does and does not cover. Know your policy limits, deductibles, exclusions, and requirements for filing an insurance claim. Contact your insurance agent or company or the Bureau of Insurance if you have questions," he said.

The Bureau encourages policyholders to ask their insurance company or agent if their homeowner's policy contains a special deductible for wind or hurricane losses. Some insurance companies automatically include a wind or hurricane deductible, while others offer this deductible at the policyholder's option. Remember that the deductible is the amount that you are responsible for paying before the insurance company pays its portion of the claim. Wind or hurricane deductibles may be written as a flat amount, such as \$1,000. Or, they can be applied to the loss as a percentage of the insurance coverage on the dwelling. For example: assume a hurricane causes damage amounting to \$3,000 and the dwelling is insured for \$100,000. If the policy has a two-percent hurricane deductible, the insured would pay \$2,000 and the insurance company would pay \$1,000.

Most hurricane damage comes from flooding, not high winds. Homeowners insurance policies issued in Virginia generally do not provide coverage for damage to your home and belongings due to floods. However, the federal government does sell insurance for direct flood and

(more)

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flood-related damage to residents of eligible communities through its National Flood Insurance Program (NFIP). Keep in mind that there is a waiting period for flood insurance policies to take effect. For more information on this program, contact your insurance agent or the NFIP at 1-888-379-9531 or visit [www.floodsmart.gov](http://www.floodsmart.gov). Also, be sure to find out whether your flood policy provides coverage for your contents.

Policyholders may also want to consider the following:

- Does your insurance pay replacement costs, or actual cash value for a covered loss?
- Are contents of your home covered in the event of a hurricane? Mortgage lenders only require insurance coverage on the structure itself, but coverage for contents is also available. Homeowners' policies generally cover contents up to specified limits.
- Are automobiles and other vehicles covered in the event of a hurricane or other windstorm?
- Does your homeowners' policy provide any coverage for costs to remove debris?

Advance preparation is the key to weathering a hurricane or other disaster. Know what to do if a disaster strikes your property, and ask your insurance agent or company how you can reduce the severity of a loss. If you must evacuate, know the name of your insurer(s) and take your homeowners, auto, and other insurance policies with you. They will contain your policy numbers and the phone numbers of your insurance companies in case you have questions or need to file a claim.

The Bureau encourages policyholders to prepare a complete inventory of their personal property ahead of time including serial numbers, photographs, and videotapes. Keep this inventory in a safe place, and take it with you if you evacuate. If a hurricane damages your property, make any necessary emergency repairs and take reasonable steps to protect your property from further damage. Make a list of all damage to the house and its contents, and include photographs, notes, and repair-related receipts.

The Bureau of Insurance offers free consumer guides for homeowners and commercial property owners with information about what to do when a disaster strikes. These 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](http://www.scc.virginia.gov/division/boi).

The Bureau also has specially trained staff that can assist consumers with their insurance-related questions and concerns. For more information, contact the Bureau of Insurance Property and Casualty Division toll-free at 1-877-310-6560 or in Richmond at (804) 371-9185. 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. The mailing address for the Bureau of Insurance is P.O. Box 1157, Richmond, Virginia 23218.



## NEWS RELEASE

09-15

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**FOR IMMEDIATE RELEASE**  
May 28, 2009

### SPECIAL ADVISORY COMMISSION TO MEET JUNE 29

**RICHMOND** – The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) will meet on Monday, June 29 at 10 a.m. in Senate Room A 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 telehealth services and a proposal that would require coverage for 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.

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

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09-16

## SCC NEWS RELEASE

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May 29, 2009

### SCC DIRECTS EMBARQ TO REDUCE GRADUALLY INTRASTATE ACCESS CHARGES

**RICHMOND** -- The State Corporation Commission (SCC) has directed Embarq, Virginia's second largest local telephone company, to reduce gradually the charges it imposes on other telephone companies to connect to its local network. The initial reduction will occur in two phases to be completed by July 1, 2011. The Commission determined that the gradual approach will ameliorate alleged upward pressure on basic local phone rates paid by Embarq customers.

Embarq is the parent company of Central Telephone Company of Virginia (Centel) and United Telephone Southeast (United). Centel provides service to the Charlottesville area and a number of rural counties throughout central Virginia. United provides service to the Bristol area as well as to several rural counties in southwest Virginia. Combined, the two companies serve approximately 370,000 access lines in 90 communities.

The Commission found that Embarq's revenues from intrastate access charges represent a subsidy to Embarq that is inconsistent with the policy established by the Virginia General Assembly to promote competition and a level playing field in the Virginia telephone marketplace.

The Commission rejected Embarq's allegation that reducing its subsidies from access charges would force it to raise local telephone rates to unaffordable levels. The Commission concluded that, "Embarq has no reasonable basis to claim that access charge reductions as set forth herein force the company to immediately raise retail local exchange rates."

The Commission directed its staff to monitor any changes in basic local exchange rates during the transition period.

The Commission stated it will conduct additional proceedings to determine what amount -- if any -- of access charge subsidies remain appropriate in a competitive market. And, to ensure that Embarq's retail rates remain affordable, the Commission indicated it "will take appropriate action if necessary" should Embarq attempt to raise rates to unaffordable levels.

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**Case number PUC-2007-00108**

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Commonwealth of Virginia

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09-17

## SCC NEWS RELEASE

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June 3, 2009

### SCC's BUREAU OF FINANCIAL INSTITUTIONS JOINS NATIONWIDE MORTGAGE LICENSING SYSTEM ON AUGUST 3, 2009

**RICHMOND** – The State Corporation Commission's Bureau of Financial Institutions (Bureau) will join the Nationwide Mortgage Licensing System (NMLS) on August 3, 2009. The system will be used to license mortgage loan originators in accordance with new provisions of Virginia law and the Federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act).

Mortgage loan originators are required to be licensed as the result of legislation adopted by the 2009 Virginia General Assembly. The new law prohibits an individual from acting as, or holding oneself out to the public as being, a mortgage loan originator on or after July 1, 2010, unless licensed by the State Corporation Commission (SCC) and registered in the nationwide mortgage licensing system.

Virginia Commissioner of Financial Institutions E. Joseph Face, Jr., says, "This is the most significant piece of mortgage legislation in Virginia in the last twenty years." He added, "The Bureau is proud to be a part of the new regulatory framework. The national registration system links the Bureau with other states to help us supervise mortgage licensees and protect consumers."

NMLS began operations on January 2, 2008. It was developed by the Conference of State Bank Supervisors, the American Association of Residential Mortgage Regulators, and the State Regulatory Registry LLC. The NMLS allows mortgage loan originators to apply for and manage their licenses electronically.

Currently, 27 states are using the system to accept and process national, uniform license applications. Licensees are able to electronically manage a single record in the NMLS to apply for, amend, renew, and surrender licenses in one or more participating states.

Mortgage loan originators operating in Virginia will be able to complete an application for a license in the NMLS beginning August 3, 2009. Upon completion, the NMLS will submit the application to the Bureau for investigation. If the Bureau determines that the licensing requirements are met, a license will be granted.

(more)

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Any individual wishing to apply for a mortgage loan originator license pursuant to Chapter 16.1 of Title 6.1 of the Code of Virginia can do so through the NMLS beginning August 3. Applications for Virginia mortgage lender/broker licenses will not be processed through the NMLS at this time, but will continue to be processed directly by the Bureau.

Regulations to carry out the new requirements of the law governing mortgage loan originators have been proposed by the Bureau. Interested parties have an opportunity to comment on the proposed SCC rules through June 22, 2009

More information can be found on the Bureau's website at <http://www.scc.virginia.gov/bfi>. Questions can be directed via e-mail to [mlo@scc.virginia.gov](mailto:mlo@scc.virginia.gov) or by calling 804-371-0484.

Complete information about the NMLS can be found online at:  
[www.stateregulatoryregistry.org/NMLS](http://www.stateregulatoryregistry.org/NMLS)

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**Case number BFI-2009-00290**

Proposed rules governing licensing of mortgage loan originators

Commonwealth of Virginia

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09-18

## SCC NEWS RELEASE

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June 4, 2009

### SCC SCHEDULES ADDITIONAL HEARING IN SW VIRGINIA TO RECEIVE TESTIMONY ON APPALACHIAN POWER FUEL RATE REQUEST

**RICHMOND** – The State Corporation Commission (SCC) will hold a public hearing on July 1, 2009 in Wytheville on a request by Appalachian Power to increase the portion of the electric bill that pays for the fuel used to generate electricity. The additional hearing will give members of the public in Appalachian's southwestern Virginia service territory a more convenient location to offer testimony as public witnesses.

The hearing is scheduled to begin at 6 p.m. in Snyder Auditorium on the campus of Wytheville Community College, 1000 East Main Street, in Wytheville. Any person wishing to testify at the hearing should arrive early and notify the SCC bailiff. Public witnesses are sworn in and are subject to cross-examination.

The Wytheville hearing will be in addition to a hearing on the request already scheduled for 10 a.m. on Tuesday, June 30, 2009 in Richmond. The Richmond hearing will be held in the Commission's second floor courtroom located in the Tyler Building at 1300 East Main Street. Public witnesses may comment at the Richmond hearing in addition to the local hearing in Wytheville, but the Wytheville hearing will be for the sole purpose of receiving testimony from public witnesses.

The SCC intends to webcast the audio portion of the June 30 hearing via the Internet. Instructions can be found on the SCC website at <http://www.scc.virginia.gov/case>.

Written comments on the fuel rate request must be submitted by June 23, 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-2009-00038.

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-2009-00038.

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Case PUE-2009-00038

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Commonwealth of Virginia

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09-19

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June 12, 2009

### SCC SCHEDULES LOCAL HEARINGS ON A PROPOSAL TO BUILD 765-KV ELECTRIC TRANSMISSION LINE IN NORTHERN VIRGINIA

**RICHMOND** – The State Corporation Commission (SCC) will conduct hearings in Winchester and Loudoun County in early August to hear public comments on an application by Allegheny Energy and American Electric Power to build 31 miles of a 765-kilovolt electric transmission line in northern Virginia. The local hearings will give members of the public more convenient locations to offer testimony as public witnesses.

The first local hearing will be in Winchester on Monday, August 3 at the John Handley High School auditorium, 425 Handley Boulevard. The hearing will begin at 2 p.m. and then reconvene at 7 p.m. It will continue on Tuesday, August 4 at 10 a.m. at the school.

The next local hearing will be in Purcellville in Loudoun County on Wednesday, August 5 at the Loudoun Valley High School auditorium, 340 North Maple Avenue. The hearing will begin at 2 p.m. and then reconvene at 7 p.m. It will continue on Thursday, August 6 at 10 a.m.

The evidentiary hearing will begin in Richmond on Tuesday, January 19, 2010, at 10 a.m. Public comments will also be accepted at the beginning of this hearing in the Commission's second floor courtroom located in the Tyler Building at 1300 East Main Street. Any person wishing to comment at any of these hearings should arrive early and sign in with the SCC bailiff.

Written comments on the proposal must be submitted by January 12, 2010. 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-2009-00043.

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-2009-00043.

(MORE)

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Known as the Potomac-Appalachian Transmission Highline or PATH Project, the new overhead transmission line would cross Frederick, Clarke, and Loudoun counties. The segments in Virginia are part of a plan to build a high-voltage line from the existing Amos substation near St. Albans, West Virginia to a new substation at Kemptown near New Market, Maryland.

The public may view the companies' application and related documents during regular business hours at the SCC Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond. Interested persons may also access a copy of the application through the SCC's Docket Search portal at <http://www.scc.virginia.gov/case>.

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**Case Number PUE-2009-00043 –Application of PATH Allegheny Virginia Transmission Corporation**

Commonwealth of Virginia

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09-20

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June 24, 2009

### SCC SEEKS COMMENTS ON APCO RATE HIKE REQUEST FOR ENVIRONMENTAL AND RELIABILITY COSTS; SCHEDULES PUBLIC HEARING

**RICHMOND** – The State Corporation Commission (SCC) will hold a public hearing on October 1, 2009 on a request by Appalachian Power Company to increase its surcharge to recover environmental compliance and transmission and distribution system reliability costs (E&R costs).

The company seeks to implement the increased surcharge beginning January 1, 2010. As proposed by the company, the monthly bill of a typical residential customer would increase by approximately 3.5 percent.

A public hearing on the request is scheduled for 10 a.m. on Thursday, October 1, 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.

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 24, 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-2009-00039.

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-2009-00039.

The SCC also is considering a request by Appalachian Power to increase the portion of the electric bill that pays for the fuel used to generate electricity. The case number in that proceeding is PUE-2009-00038.

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### **Case PUE-2009-00039 – Application of Appalachian Power Company for Recovery of Environmental and Reliability Costs**

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Commonwealth of Virginia

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09-21

## SCC NEWS RELEASE

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June 26, 2009

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

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a public hearing for October 19, 2009, to consider a request by Columbia Gas of Virginia to implement a conservation and ratemaking efficiency plan.

Columbia Gas states that the proposed plan includes new energy conservation and efficiency programs for residential and small business customers. As part of the filing, the company proposed an alternative rate mechanism under provisions of the Conservation and Ratemaking Efficiency Act adopted during the 2008 session of the General Assembly.

Over a three-year period beginning January 1, 2010, the company proposes to spend \$9 million on the conservation initiatives. It projects a customer savings of \$22 million over the life of the program.

A public hearing on the request is scheduled for 10 a.m. on Monday, October 19, 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 proposals must be submitted by October 13, 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-2009-00051.

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-2009-00051.

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**Case Number PUE-2009-00051**

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Commonwealth of Virginia

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09-22

## SCC NEWS RELEASE

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June 30, 2009

### SCC SETS SURCHARGE FOR DOMINION VIRGINIA POWER TO RECOVER TRANSMISSION COSTS BEGINNING SEPTEMBER 1

**RICHMOND** – Dominion Virginia Power can recover its costs associated with the regional electric transmission system through a new surcharge beginning September 1. Identified as “Rider T,” the net effect of the new surcharge means a typical residential customer will pay an additional \$1.20 per month.

The surcharge recovers from retail customers the federally-approved wholesale rates Dominion Virginia Power pays to the coordinator of the regional transmission grid, PJM Interconnection. PJM provides various transmission services and demand response programs.

“Rider T” will generate \$217.8 million in revenue over 12-months. Since the surcharge will now recover transmission costs that had been included in the company’s base rates, there is a corresponding reduction in base rates. The net impact means an additional \$78 million will be collected from customers pending the outcome of other Commission proceedings involving the company’s rates.

The “Rider T” rate adjustment may be reviewed annually and re-set, as necessary. Virginia law requires that wholesale transmission costs “be recovered on a timely and current basis from customers.”

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**Case number PUE-2009-00018**

Commonwealth of Virginia

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09-23

## SCC NEWS RELEASE

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July 9, 2009

### **SCC URGES VIRGINIANS TO REFRAIN FROM PURCHASING HOME PROTECTION INSURANCE FROM AN UNLICENSED COMPANY**

**RICHMOND** – A New York-based seller of home warranty products offered and sold contracts to Virginians in violation of a Virginia insurance law that requires licensure by the State Corporation Commission (SCC). Earlier this year, the SCC penalized National Home Protection, Inc. \$25,000 and directed the company to stop operating in Virginia as a home protection insurance company without a license.

National Home Protection offers contracts on a nationwide basis through a company-sponsored website. Despite the Commission's "cease and desist" order, Virginia homeowners shopping for a home service contract may be unaware that the company has never been granted a license by the SCC.

Virginia insurance law regulates both home protection insurance contracts and home service contracts. Home protection and home service contracts provide coverage for the repair, replacement, or maintenance of a system or appliance that becomes inoperable.

The SCC's Bureau of Insurance is warning consumers that a contract issued to a Virginia resident by an unlicensed company, such as National Home Protection, could lack certain coverages required by Virginia law. Furthermore, unlicensed companies may be unresponsive to Bureau inquiries regarding complaints it receives from homeowners.

The Bureau reminds Virginians to make sure that insurance companies, insurance products, and the individuals promoting them are licensed and approved. For more information, contact the Bureau in Richmond at (804) 371-9741 or toll-free (nationwide) at 1-877-310-6560 or visit: [www.scc.virginia.gov/division/boi](http://www.scc.virginia.gov/division/boi).

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**Case number INS-2008-00030**

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09-24

## SCC NEWS RELEASE

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July 14, 2009

### **SCC SEEKS COMMENTS ON KENTUCKY UTILITIES RATE REQUEST; PUBLIC HEARINGS SCHEDULED IN NORTON AND RICHMOND**

**RICHMOND** – The State Corporation Commission (SCC) will hold public hearings in Norton and Richmond to receive comments on a request by Kentucky Utilities to increase its electric base rates. The proposed rate increase would raise the monthly bill of a typical residential customer using 1,000 kilowatt-hours of electricity from \$70.05 to \$91.64, an increase of \$21.59 or 30.81 percent.

The SCC suspended the proposed increase through October 31, 2009. The company may, but is not obligated to, implement the proposed rates for service rendered on and after November 1 on an interim basis, subject to refund with interest.

The Norton hearing will be held on Wednesday, November 18, 2009, beginning at 4 p.m. and reconvening at 7 p.m. in the auditorium of the John I. Burton High School at 109 11<sup>th</sup> Street. The hearing will be for the sole purpose of receiving testimony from public witnesses. Any person wishing to comment at the hearing should arrive early and notify the SCC bailiff.

The Richmond hearing will be held on Wednesday, January 6, 2010, in the Commission's second floor courtroom located in the Tyler Building at 1300 East Main Street.

Written comments on the base rate request must be submitted by December 30, 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-2009-00029.

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-2009-00029.

Kentucky Utilities, doing business in Virginia as Old Dominion Power Company, serves 30,000 retail customers in Wise, Lee, Russell, Scott, and Dickenson counties.

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**Case Number PUE-2009-00029**

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Commonwealth of Virginia

# State Corporation Commission

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09-25

## NEWS RELEASE

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July 15, 2009

### SCC ANNOUNCES \$1.3 MILLION SETTLEMENT IN SECURITIES CASES

**RICHMOND** – Two securities firms are paying nearly \$1.3 million to the Commonwealth of Virginia to settle allegations that Virginia investors were misled about the safety of the auction-rate securities market. The State Corporation Commission (SCC) has issued consent orders finalizing Virginia's participation in global settlements involving Citigroup Global Markets and Banc of America Securities.

Under the terms of the settlement, these brokerage firms are required to complete or confirm that they have repurchased auction-rate securities from their clients. Although marketed and sold to investors as safe, liquid, and cash-like investments, auction-rate securities were actually long-term investments subject to a complex auction process that failed in early 2008, leading to illiquidity and lower interest rates for investors.

Global settlements involving each brokerage firm were achieved by a multi-state task force of state regulators formed by the North American Securities Administrators Association. During the investigation, state regulators discovered that various securities dealers failed to adequately inform customers and train employees on the risks associated with buying auction-rate securities.

The SCC's Division of Securities and Retail Franchising actively participated as a member of the task force which included 11 other states. The task force was formed in April 2008, shortly after the division and other state securities regulators began receiving complaints from investors holding these instruments. When the auctions for these instruments collapsed in February 2008, there was no longer any demand for the investments despite promises that they were "just as good as cash" and "just as safe as a money market investment."

The following amounts are the civil monetary penalties being paid to the Treasurer of Virginia:

Citigroup Global Markets, Inc.	\$924,781.20
Banc of America Securities, LLC & Banc of America Investment Services, Inc.	\$351,693.67

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Case numbers SEC-2009-00029 and SEC-2009-00056.

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Commonwealth of Virginia

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09-26

## SCC NEWS RELEASE

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July 30, 2009

### SCC SEEKS COMMENTS ON A PROPOSAL TO BUILD ELECTRIC TRANSMISSION LINE IN FAUQUIER AND PRINCE WILLIAM COUNTIES

**RICHMOND** – The State Corporation Commission (SCC) will hold a public hearing on December 15, 2009, to consider a proposal by Dominion Virginia Power to construct a 230-kilovolt (kV) transmission line in Fauquier and Prince William counties.

The proposed 24.31-mile transmission line project involves the conversion of 9.81 miles of an existing line from 115 kV to 230 kV. In the second part of the project, 14.5 miles of a new 230-kV line will be installed on the lower empty arms of structures being built for the Meadow Brook-Loudoun 500-kV line. The proposed project will begin at the company's Remington combustion turbine station in Fauquier County and end at the Gainesville substation in Prince William County.

A public hearing on the request is scheduled for 10 a.m. on Tuesday, December 15, 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 December 8, 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-2009-00050.

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-2009-00050.

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**Case PUE-2009-00050**

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Commonwealth of Virginia

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09-27

### NEWS RELEASE

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August 3, 2009

#### SCC REDUCES APPALACHIAN POWER FUEL RATE INCREASE REQUEST

**RICHMOND** – The State Corporation Commission (SCC) has reduced by \$97.3 million the revenue increase for fuel expenses contained in an application by Appalachian Power Company (APCo). Filed May 15, 2009, the company set forth revisions to the fuel rate representing an estimated revenue increase of \$226.8 million. The SCC has approved an increase of \$129.5 million to recover fuel costs during the period of July 2009 through August 2010.

The typical residential customer using 1,000 kilowatt-hours would have paid \$12.21 more a month, or 13.1 percent, under APCo's original unmitigated request. Instead, this customer will pay an increase of \$7.16 per month, or 7.7 percent, per the SCC's order.

The SCC stated, "[We are] concerned about the significant increase in APCo's [requested recovery of fuel costs] and its ultimate impact on customer bills, especially at this time of economic hardship for many people in APCo's service territory. APCo, however, by law, is entitled to recover its prudently incurred fuel costs."

The SCC made several legal and factual findings that reduced the amount of rate increase that APCo will be allowed to charge customers at this time. APCo may seek to recover some portion of the reduced revenues at a later date.

The SCC rejected APCo's proposed treatment of revenues and costs resulting from its use of the regional transmission grid. APCo had proposed including "financial transmission rights" (FTR) revenues in off-system sales, which, under Virginia law, would allow APCo to keep 25 percent of such revenues. The SCC ruled that only a small fraction of such FTR revenues could be considered as off-system sales; and all other FTR revenues, associated with serving Virginia customers, must be credited 100 percent to Virginia customers.

The SCC also denied recovery at this time of the costs to purchase power from two wind projects that were not included in APCo's renewable energy program, which the SCC approved last year, because of the high cost of the purchased power.

(more)

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The SCC also reduced APCo's revenue increase through the use of the latest balances for the actual under-recovery of fuel costs in the past 12 months, and directed that the projection for off-system sales in the 14 months covered by this fuel factor order be based on half of the difference between APCo's projected off-system sales as contained in its application and APCo's historic off-system sales.

In its application, APCo had proposed an alternative to its total \$226.8 million revenue increase, which would have included deferring some of the amount for later recovery from APCo customers, along with recovery through base rates of carrying costs on the amount deferred.

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**Case Number PUE-2009-00038**



## SCC NEWS RELEASE

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August 12, 2009

### 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 industrial, federal, surface coal mine, and underground coal mine classifications in both the voluntary market and assigned risk plan. The proposed changes, which would become effective on April 1, 2010, 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	+ 3.0%	+ 1.1%
"F" (Federal)	+ 4.4%	+ 4.1%
Coal Mines (Surface)	+17.6%	+18.1%
Coal Mines (Underground)	+ 1.7%	+ 4.2%

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 20, 2009, 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-2009-00142**

Commonwealth of Virginia

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09-29

## SCC NEWS RELEASE

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August 12, 2009

### MORTGAGE RATE LOCK-INS NOT ALWAYS "LOCKED" CAUTIONS SCC'S BUREAU OF FINANCIAL INSTITUTIONS

**RICHMOND** – Many Virginians have taken advantage of recent record low interest rates to refinance their mortgage loans. However, with home mortgage rates fluctuating in recent months, some consumers are finding that their promised rates are not locked in after all.

Whether consumers refinance their mortgages to lower monthly payments, decrease the term of the loan, or take out some of their equity in the form of cash, many of them are learning late in the process that their interest rate or points are going to be higher than they were originally told.

The State Corporation Commission's (SCC's) Bureau of Financial Institutions has received a number of consumer complaints regarding this issue against companies licensed under the Mortgage Lender and Broker Act. Some of these complaints stem from a mortgage lender's or broker's refusal to honor a lock-in promise, which causes the consumer's interest rate or points to be higher at loan closing than what the consumer was told at the time he thought that he had "locked in."

The SCC has defined a lock-in agreement as "a written agreement between a mortgage lender, or a mortgage broker acting on behalf of a mortgage lender, and an applicant for a mortgage loan that establishes and sets an interest rate and the points to be charged in connection with a mortgage loan that is closed within the time period specified in the agreement." This time period is referred to as the lock-in period. Lock-in periods average 30-45 days, but may be shorter or longer. Sometimes consumers must pay a lock-in fee in order to lock in the rate and points. The SCC's regulation applicable to licensed mortgage lenders and brokers requires that if a lock-in agreement is issued in connection with a Virginia mortgage loan, it must be signed by a representative of the mortgage lender or mortgage broker and include certain information, such as the interest rate and points, the amount of any lock-in fee and the terms under which it would be refunded, the length of the lock-in period, and a statement that if the loan is not closed within the lock-in period, the mortgage lender is no longer obligated by the lock-in agreement.

Virginians need to be aware of some pitfalls related to lock-ins. The most common one occurs at the time of application when a mortgage broker or lender verbally promises to lock in the consumer's rate and points. Although Virginia law does not require mortgage lenders or brokers to issue lock-in

(more)

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agreements, the Bureau of Financial Institutions encourage consumers to always obtain a lock-in agreement. The terms of a written lock-in agreement are typically easier to prove and enforce than the terms of an oral agreement.

Some consumers have indicated that they learned from their mortgage lender that the mortgage broker, while having represented to them that their loan terms were locked in, never locked in the promised rate with the mortgage lender. Under the SCC's regulations, a mortgage broker is prohibited from issuing a lock-in agreement to a consumer unless the mortgage broker has actually locked in a mortgage loan, including the applicable interest rate, points, and other terms, with a mortgage lender.

Another common pitfall is that a consumer's lock-in period expires prior to the closing of the loan. Any lock-in period should be long enough to allow for settlement, as well as the handling of any other factors that might arise that would delay settlement. Consumers should verify with their mortgage lender or broker the average time it is currently taking to process and close a mortgage loan. When demand for mortgage loans is high, processing times increase and a longer lock-in period may be appropriate.

While the actions or inactions of a mortgage lender or broker may cause a lock-in period to expire prior to loan closing, delays are occasionally caused by borrowers who fail to furnish required documents to the mortgage lender or broker in a timely manner. After a lock-in period expires, mortgage lenders may be unable to offer the same lock-in terms because they can no longer profitably sell the loan to investors based on such terms. Lenders who keep their own loans have more flexibility with rates after the lock-in period expires.

In some cases, consumers may need to consult with an attorney to help determine contractual rights under a lock-in agreement. Of course, consumers may also contact the appropriate state or federal regulatory agency that regulates the mortgage broker or lender. If there is a lock-in agreement and a lock-in fee was paid, the borrower may be entitled to a full or partial refund of the fee. This will depend in large part on the language of the agreement. Always read the fine print in any agreement.

In summary:

- Always obtain a written lock-in agreement.
- Carefully read the lock-in agreement prior to signing it.
- Be sure the lock-in period is adequate for current market conditions. Keep in mind that a very active market increases the time it takes to process a loan.
- Submit all information requested as expeditiously as possible.

For additional information, contact the SCC's Bureau of Financial Institutions by calling toll-free within Virginia at 1-800-552-7945 or in Richmond at (804) 371-9657 or visit its website at <http://www.scc.virginia.gov/bfi/index.aspx>.

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09-30

## SCC NEWS RELEASE

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August 13, 2009

### **SCC SEEKS COMMENTS ON ENERGY EFFICIENCY AND DEMAND REDUCTION PROGRAMS PROPOSED BY DOMINION VIRGINIA POWER**

**RICHMOND** – The State Corporation Commission (SCC) will hold a public hearing on February 16, 2010 to consider a proposal by Dominion Virginia Power to implement 12 programs designed to reduce customer electricity usage and demand.

A major component of the package of demand-side management programs is the installation of digital “smart” meter technology throughout the Dominion Virginia Power service area. The company states that the installation of “smart” meters will enable it to save energy by delivering it more efficiently to customers.

Dominion Virginia Power requested that most of the programs be implemented by April 1, 2010. As part of its application, the company asked that the SCC approve a pair of rate increases to cover the initial costs of the programs. If approved, a typical residential customer using 1,000 kilowatt-hours of electricity in a month would see a rate increase of about \$0.95 or 0.9 percent beginning in April 2010.

A public hearing on the request is scheduled for 10 a.m. on Tuesday, February 16, 2010. It will be held in the Commission’s second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Public witnesses wishing to make statements 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 for listening to the proceeding can be found on the SCC website at <http://www.scc.virginia.gov/case>.

Written comments on the proposal must be submitted by February 9, 2010. 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-2009-00081.

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-2009-00081.

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**Case PUE-2009-00081**

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09-31

## SCC NEWS RELEASE

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August 19, 2009

### VIRGINIA TO RECEIVE MORE THAN \$1.2 MILLION IN WACHOVIA SETTLEMENT

**RICHMOND** – Wachovia Securities, LLC and Wachovia Capital Markets, LLC will pay more than \$1.2 million to the Commonwealth of Virginia to settle allegations that Virginia investors were misled about the safety of the auction-rate securities market. The State Corporation Commission (SCC) has issued a consent order finalizing Virginia's participation in global settlements involving the two firms.

Under the terms of the settlement, these brokerage firms are required to complete and confirm that they have repurchased auction-rate securities from their clients. Although marketed and sold to investors as safe, liquid, and cash-like investments, auction-rate securities were actually long-term investments subject to a complex auction process that failed in early 2008, leading to illiquidity and lower interest rates for investors.

The global settlement involving these firms was achieved by a multi-state task force of state regulators formed by the North American Securities Administrators Association. During the investigation, state regulators discovered that various securities dealers failed to adequately inform customers and train employees on the risks associated with buying auction-rate securities.

The SCC's Division of Securities and Retail Franchising actively participated as a member of the task force that included 11 other states. The task force was formed in April 2008, shortly after the division and other state securities regulators began receiving complaints from investors holding these instruments. When the auctions for these instruments collapsed in February 2008, there was no longer any demand for the investments despite promises that they were "just as good as cash" and "just as safe as a money market investment."

Under the terms of the settlement, Wachovia will pay a civil monetary penalty of \$1,220,592.50 to the Treasurer of Virginia.

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Case number **SEC-2009-00044**

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Commonwealth of Virginia

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09-32

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August 26, 2009

### **SCC SEEKS COMMENTS ON APPALACHIAN POWER BASE RATE REQUEST; SCHEDULES HEARINGS IN SOUTHWEST VIRGINIA**

**RICHMOND** – The State Corporation Commission (SCC) will hold public hearings in Abingdon and Rocky Mount in November on a request by Appalachian Power to increase the base rate that recovers costs associated with the provision of generation and distribution services. The local hearings will give members of the public in Appalachian's southwestern Virginia service territory more convenient locations to offer testimony as public witnesses.

Appalachian seeks an increase in base rates in the amount of \$154 million. The proposed rate increase would raise the monthly bill of a typical residential customer using 1,000 kilowatt-hours of electricity from \$91.49 to \$107.14, an increase of \$15.65 or 17.1 percent.

The hearing in Abingdon will be held on Wednesday, November 18, beginning at 6 p.m. in the Grand Hall of the Southwest Virginia Higher Education Center, 1 Partnership Circle at Exit 14 of Interstate 81.

The next local hearing will be in Rocky Mount on Thursday, November 19, beginning at 6 p.m. in the Franklin County High School auditorium at 700 Tanyard Road.

The evidentiary hearing will begin in Richmond on Tuesday, March 16, 2010, at 10 a.m. Public witness testimony will also be accepted at the beginning of this hearing in the Commission's second floor courtroom located in the Tyler Building at 1300 East Main Street. Any person wishing to offer public witness testimony at any of these hearings should arrive early and sign in with the SCC bailiff.

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

Written comments on the proposal must be submitted by March 3, 2010. 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-2009-00030.

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-2009-00030.

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Case PUE-2009-00030

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09-33

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September 3, 2009

### SCC SETS SCHEDULE TO CONSIDER RATE HIKE REQUEST BY PRINCE GEORGE ELECTRIC COOPERATIVE

**RICHMOND** – The State Corporation Commission (SCC) has scheduled a public hearing in March 2010 to receive comments on a request by Prince George Electric Cooperative for a 7.56 percent increase in base rates.

In its general rate application to the Commission, Prince George states that substantial increases in capital and operating costs have occurred since 1985 when the cooperative last received SCC approval for an increase in electric rates.

Prince George's proposed rates will become effective for service rendered on or after October 1, 2009, on an interim basis. By law, interim rates, based on the cooperative's request, are temporary and subject to refund with interest pending the SCC's final decision.

The public hearing is scheduled for 10 a.m. on Wednesday, March 3, 2010. It will be held in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, in downtown Richmond. Public witnesses wishing to make statements at the hearing should arrive early and notify the SCC bailiff.

Written comments on the proposal must be submitted by February 24, 2010. 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-2009-00089.

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-2009-00089.

Prince George serves 11,000 members in Dinwiddie, Isle of Wight, Prince George, Southampton, Surry, and Sussex counties.

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**Case Number PUE-2009-00089**

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Commonwealth of Virginia

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09-34

## SCC NEWS RELEASE

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For release:  
September 8, 2009

### LOW-INCOME VIRGINIANS CAN STAY CONNECTED WITH TELEPHONE ASSISTANCE PLAN

**RICHMOND** – Low-income Virginians can stay connected to local resources and emergency services by participating in discounted telephone service programs offered by their local telephone company

The State Corporation Commission (SCC) encourages qualifying Virginia residents to “stay connected” by taking advantage of the Virginia Universal Service Plan program. The plan makes phone service available to those who otherwise cannot afford it.

The first week after Labor Day (Sept. 14-20) has been designated “National Telephone Discount Lifeline Awareness Week.” The SCC joins a unique partnership with the Federal Communications Commission, the National Association of Regulatory Utility Commissioners, and the National Association of State Utility Consumer Advocates to raise the level of awareness of these programs and expand the number of qualified participants.

The Virginia Universal Service Plan has existed since 1988. Under the plan, telephone customers who participate in certain medical or food public assistance programs are entitled to receive basic telephone service discounts, which, in some cases, are valued at over \$14 per month.

Another program called “Link-Up” provides a 50 percent reduction in the telephone service installation charge, up to a maximum of \$30. This program can be used by qualifying households that do not currently have telephone service.

Most telephone companies in Virginia provide this assistance and will help with enrollment. If you have more than one local telephone provider in your area, you should contact each company to verify which ones offer Lifeline and Link-Up support, as all companies are not required to offer these programs.

Additional universal service plan information is available on the website of the SCC’s Division of Communications at: [www.scc.virginia.gov/puc/univ.aspx](http://www.scc.virginia.gov/puc/univ.aspx).

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Commonwealth of Virginia

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09-35

## NEWS RELEASE

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September 11, 2009

### SCC ADOPTS REVISED LOCAL TELEPHONE SERVICE QUALITY RULES

**RICHMOND** – The State Corporation Commission (SCC) has revised the rules governing the quality of local telephone service provided in Virginia. The rules establish minimum standards for protecting the public health and safety while allowing competition to offer customers choices that exceed the minimum service requirements.

The revised rules set the minimum acceptable customer care performance standards for out-of-service reports –

- most customers should expect service restored within 48 hours; and no longer than 96 hours;
- service should be restored within 24 hours for any customer stating a medical necessity;
- upon a customer complaint to the SCC, service should be restored within 24 hours.

The rules also set the minimum acceptable standards for service installation orders –

- most customers should expect orders to be completed within five business days;
- most customers should expect installation commitments to be met;
- upon a customer complaint to the SCC, delayed installations should be completed within five business days.

To enhance the effectiveness of the rules and to ensure customer awareness, local exchange carriers are being required to publish periodically on customers' bills the information customers need in order to lodge a service-related complaint with the Commission.

According to the Commission, "These requirements recognize the vital importance to personal and public safety, as well as to the expectations of modern commerce, that reliable communications networks and services provide."

The revised service quality rules take effect November 1, 2009.

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**Case number PUC-2008-00047**

Commonwealth of Virginia

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09-36

## SCC NEWS RELEASE

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September 21, 2009

### **SCC SCHEDULES ADDITIONAL HEARING IN NORTON TO RECEIVE TESTIMONY ON KENTUCKY UTILITIES RATE REQUEST**

#### **Location of All Sessions Changed to Norton City Council Chambers**

**RICHMOND** – The State Corporation Commission (SCC) will hold an additional hearing on November 18, 2009, in Norton to receive testimony from public witnesses on a request by Kentucky Utilities to increase its electric base rates. The additional hearing will begin at 10 a.m. and will be held in Norton City Council Chambers at 618 Virginia Avenue.

The hearings previously scheduled for November 18 at 4 p.m. and 7 p.m. at John I. Burton High School are changed to the Norton City Council Chambers at the same times. Any person wishing to testify at the hearings should arrive early and notify the SCC bailiff.

The evidentiary phase of the case will continue in Richmond on January 6, 2010, in the Commission's second floor courtroom located in the Tyler Building at 1300 East Main Street.

The company seeks an increase in base rates in the amount of \$12.2 million over present total revenue. The proposed rate increase would raise the monthly bill of a typical residential customer using 1,000 kilowatt-hours of electricity from \$70.05 to \$91.64, an increase of \$21.59 or 30.81 percent.

Written comments on the base rate request must be submitted by December 30, 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-2009-00029.

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-2009-00029.

Kentucky Utilities, doing business in Virginia as Old Dominion Power Company, serves 30,000 retail customers in Wise, Lee, Russell, Scott, and Dickenson counties.

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**Case Number PUE-2009-00029**

**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

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09-37

## SCC NEWS RELEASE

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September 22, 2009

### **SCC SEEKS COMMENTS ON INTEGRATED RESOURCE PLANS FILED BY INVESTOR-OWNED ELECTRIC UTILITIES**

**RICHMOND** – The State Corporation Commission (SCC) is taking public comments on integrated resource plans (IRPs) submitted by Allegheny Power, Dominion Virginia Power and Appalachian Power, Virginia's three largest electric utilities.

An IRP is a forecast of a utility's load obligations and its plan to meet those obligations by supply side and demand side resources over the next 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility.

The IRPs are available in electronic files on the SCC's Docket Search portal at [www.scc.virginia.gov/case](http://www.scc.virginia.gov/case). Copies of the plans also are available for review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street in downtown Richmond during normal business hours.

Persons wishing to comment may address each plan through written or electronically-filed comments. It is important to reference the case number to ensure that comments are directed to the proper case record. Allegheny Power's plan has been assigned case number PUE-2009-00095. Dominion Virginia Power's plan has been assigned case number PUE-2009-00096. Appalachian Power's plan has been assigned case number PUE-2009-00097.

Written comments or requests for a hearing on each of the IRPs must be submitted by November 13, 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.

Interested persons desiring to submit comments electronically may do so at the SCC's website: [www.scc.virginia.gov/case](http://www.scc.virginia.gov/case). Click on the PUBLIC COMMENTS/NOTICES link, find the correct case number, and hit the SUBMIT COMMENTS button for that specific case.

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**Case Number PUE-2009-00095 Allegheny Power's Integrated Resource Plan**  
**Case Number PUE-2009-00096 Dominion Virginia Power's Integrated Resource Plan**  
**Case Number PUE-2009-00097 Appalachian Power's Integrated Resource Plan**

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Commonwealth of Virginia

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09-38

## NEWS RELEASE

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September 25, 2009

### SCC DIRECTS CUT IN FUEL RATE FOR DOMINION VIRGINIA POWER ON OCTOBER 1

**RICHMOND** – The State Corporation Commission (SCC) is directing a reduction in the fuel rate for Dominion Virginia Power on an interim basis for service rendered on and after October 1. This is in addition to a decrease in the fuel rate that occurred on July 1.

The fuel rate is the portion of the electric bill that pays for the fuel used to generate electricity and costs associated with power purchased by the utility company to serve its customers.

The new interim fuel rate of 3.31 cents per kilowatt-hour (¢/kWh) results in an additional reduction of approximately \$2.19 on a typical monthly bill for a customer who uses 1,000 kWh of electricity.

The Commission is still reviewing several remaining issues in the case but finds it reasonable to lower the company's fuel rate at this time. During an SCC hearing on September 1, updated fuel cost information and other resolved issues made possible the reduced interim rate.

Earlier this year, Dominion Virginia Power filed an application to decrease its annual fuel expense recovery by approximately \$236.4 million. The adjustments presented at the September 1 hearing amount to another reduction of \$102.6 million.

The combined effect of the July 1 and October 1 fuel rate reductions is a monthly savings of \$5.83 for a customer using 1,000 kWh of electricity.

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**Case number PUE-2009-00016**

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Commonwealth of Virginia

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09-39

## SCC NEWS RELEASE

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October 7, 2009

### SCC SCHEDULES ADDITIONAL HEARING IN LOUDOUN COUNTY TO RECEIVE TESTIMONY ON PROPOSAL TO BUILD HIGH VOLTAGE TRANSMISSION LINE

**RICHMOND** – The State Corporation Commission (SCC) will hold a public hearing on November 19, 2009 in Lovettsville on an application by Allegheny Energy and American Electric Power to build 31 miles of a 765-kilovolt electric transmission line in northern Virginia.

The hearing is scheduled to begin at 7 p.m. in the Lovettsville Community Center, 57 E. Broad Way in Lovettsville. Any person wishing to testify at the hearing should arrive early and notify the SCC bailiff. Public witnesses are sworn in and are subject to cross-examination.

The Lovettsville hearing will be in addition to a hearing on the proposal already scheduled for 10 a.m. on Tuesday, January 19, 2010, in Richmond. The Richmond hearing will be held in the Commission's second floor courtroom located in the Tyler Building at 1300 East Main Street. Public witnesses may comment at the Richmond hearing in addition to the local hearing in Lovettsville, but the Lovettsville hearing will be for the sole purpose of receiving testimony from public witnesses.

Written comments on the transmission line application must be submitted by January 12, 2010. 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-2009-00043.

Interested persons desiring to submit comments electronically may do so at the SCC's website: [www.scc.virginia.gov/case](http://www.scc.virginia.gov/case). Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2009-00043.

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**Case PUE-2009-00043**

## NEWS RELEASE

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09-40  
**FOR IMMEDIATE RELEASE**  
October 8, 2009

### SPECIAL ADVISORY COMMISSION TO MEET NOVEMBER 17

**RICHMOND** – The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) will meet on Tuesday, November 17 at 10 a.m. in Senate Room A 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 a proposal that would require coverage for telehealth services and a proposal that would require coverage for 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.

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

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0941

## NEWS RELEASE

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October 9, 2009

### SCC SETS SCHEDULE TO CONSIDER SALE OF ALLEGHENY POWER'S SERVICE TERRITORY IN VIRGINIA TO TWO ELECTRIC COOPERATIVES

**RICHMOND** – The State Corporation Commission (SCC) is receiving public comments and has set a March hearing to consider the sale of the service territory of Allegheny Power to Rappahannock Electric Cooperative and Shenandoah Valley Electric Cooperative. The proposed transaction affects approximately 100,000 customers in all or parts of 14 counties in Virginia's northern valley region.

Potomac Edison Company (which does business as Allegheny Power) and the two cooperatives filed a joint petition seeking Commission approval of the transaction. The estimated purchase price for the distribution facilities and associated attributes of retail service is approximately \$350 million.

In its scheduling order, the Commission said, "This transaction may impact significantly the future rates for electric power paid by more than 100,000 residential, commercial and industrial customers in Allegheny's current service territory, with a corollary impact on the future prospects for economic growth and job development in this region of Virginia. It could also impact significantly the current customers of [the cooperatives]. We must give this transaction the careful examination that the statutes require."

The hearing is scheduled to begin at 10 a.m. on Tuesday, March 2, 2010, in the SCC's courtroom on the second floor of the Tyler Building, 1300 East Main Street in downtown Richmond. Any person wishing to testify 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 for listening to the proceeding can be found on the SCC website at [www.scc.virginia.gov/case](http://www.scc.virginia.gov/case).

Written comments on the proposed sale must be submitted by February 23, 2010. 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-2009-00101.

Interested persons desiring to submit comments electronically may do so at the SCC's website: [www.scc.virginia.gov/case](http://www.scc.virginia.gov/case). Click on the PUBLIC COMMENTS/NOTICES link and then the SUBMIT COMMENTS button for case number PUE-2009-00101.

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**Case number PUE-2009-00101**

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## SCC NEWS RELEASE

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October 14, 2009

### SCC'S BUREAU OF INSURANCE ENCOURAGES MILITARY PERSONNEL TO REVIEW THEIR INSURANCE OPTIONS

**RICHMOND** – Military service may generally require deployment and return to the United States. The State Corporation Commission's (SCC) Bureau of Insurance and the National Association of Insurance Commissioners (NAIC) encourage servicemembers to review their insurance coverage to make certain that they and their families stay protected no matter where they are.

“Frequent moves and changes in deployment status create a unique situation for members of the armed services when it comes to insurance,” said Virginia Insurance Commissioner Alfred W. Gross. “By staying on top of their insurance options, military personnel can make sure that they have the right coverage for any situation, whether they are in Afghanistan, Iraq, or Virginia.”

Information covering a wide range of insurance topics is available on the Bureau of Insurance (Bureau) and NAIC websites. In addition, the NAIC has tailored a section of its consumer education website – [www.InsureUonline.org](http://www.InsureUonline.org) – to the special circumstances military personnel should take into account when shopping for insurance. The site provides insurance tips and special considerations on the four basic types of insurance: auto, home, health, and life. Comprehensive insurance information specifically for the military can be found at [www.insureuonline.org/course\\_military.htm](http://www.insureuonline.org/course_military.htm).

The Bureau and NAIC offer the following insurance tips for members of the armed services:

#### **Auto Insurance**

- Generally, if you will be deployed for an extended period of time and no one will be driving your vehicle, you may be able to suspend some of your auto insurance coverage to save on premium payments.
- If you are a holder of a Virginia auto insurance policy and are on military duty outside of Virginia and your auto is stored on a military base's impound lot, your insurer is required to honor your request to suspend certain types of auto coverage. Contact your agent or insurance company to see if your situation allows your insurer to suspend auto coverage. Ask whether the following types of coverage can be suspended while you are deployed: liability, collision, comprehensive, uninsured/underinsured motorist, and medical payments. Because of Virginia's financial responsibility laws, contact the Department of Motor Vehicles for

(more)



information about suspending coverage *before* you ask your agent or insurance company to suspend your auto coverage.

### **Homeowners Insurance**

- Many homeowners' policies have a "vacancy clause" that may be activated if you are deployed for an extended period of time and the home remains vacant during your deployment. Such policies might not pay certain types of claims if your house is vacant for a specified period of time, such as 30 or 60 consecutive days or more. Ask your insurance company how it defines "vacancy" and whether it will pay claims submitted on a vacant house.
- Review your policy with your agent before leaving for military duty. Make sure your policy limits are sufficient to cover your home and your personal property at today's costs. Consider increasing your coverage if you have made additions or improvements to your property.

### **Health Insurance**

- Many reservists and National Guard members have health coverage for themselves and their families through an employer-sponsored health plan. Some may wish to continue that coverage, particularly for their dependents, during their active duty period. Talk to your benefits administrator to learn what will happen with your health coverage when called to active duty.
- Your right to continue health coverage under an employment-based group health plan is covered by federal laws, and for smaller employers, may be covered by state continuation laws. The Consolidated Omnibus Budget Reconciliation Act (COBRA) provides health coverage continuation rights to employees and their families after an event such as reduction in employment hours. The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) is intended to minimize the disadvantages that occur when a person needs to be absent from civilian employment to serve in the uniformed services. Both COBRA and USERRA generally allow individuals called for active duty to continue coverage for themselves and their dependents under an employment-based group health plan for up to 24 months.
- When you are called to active duty for more than 30 consecutive days, you and your dependents should be eligible for military health care coverage. Dependents have medical and dental services provided through uniformed services facilities subject to availability and are eligible for health benefits from civilian sources through the federally-funded TRICARE program, the triple option benefit plan available for military families. Consult your TRICARE benefit information for specific details.

### **Life Insurance**

- Anyone who sells life insurance at military installations is required to obtain permission from the Department of Defense. Virginia's *Rules Governing Military Sales Practices* also identify a number of special requirements that apply to the sale of life insurance and annuities to

(more)

members of the United States Armed Forces. When inquiring about insurance, ask to see the permits granted by installation commanders as well as Virginia licenses and appointments with insurance companies to be sure you are dealing with a legitimate agent.

- Many private insurance policies do not provide coverage for acts of war, and the sale of a life insurance product with such an exclusion by an insurer to an individual known to be a servicemember is prohibited in Virginia. Military personnel are provided some death benefits, and may purchase a limited amount of additional coverage through the Servicemembers' Group Life Insurance (SGLI), a low-cost group life insurance program that includes benefits for death resulting from acts of war. Be sure you understand the benefits paid by the policy in the event the policyholder's death occurs in a war zone or is the result of an act of war. When purchasing life insurance coverage, check with your agent to make sure it does not duplicate life insurance coverage you have or for which you may be eligible as a servicemember.
- Servicemembers can contact their Payroll, Finance, or personnel Flight Office for details on insurance premium payment and refund issues. Servicemembers and their beneficiaries should contact the Office of Servicemembers' Group Life Insurance (OSGLI) for pending claims.

Get smart about your insurance needs. For more information about auto, home, life, and health insurance options — as well as tips for choosing the coverage that is right for military personnel — visit the Bureau of Insurance website at [www.scc.virginia.gov/boi](http://www.scc.virginia.gov/boi). Consumers should also visit [www.InsureUonline.org](http://www.InsureUonline.org) or take the military insurance quiz at [www.insureuonline.org/quiz\\_military.htm](http://www.insureuonline.org/quiz_military.htm).

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09-43

## SCC NEWS RELEASE

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October 26, 2009

### VIRGINIA TO RECEIVE \$270,000 IN AUCTION RATE SECURITIES SETTLEMENT

**RICHMOND** – RBC Capital Markets Corporation is paying \$272,000 to the Commonwealth of Virginia to settle allegations that Virginia investors were misled about the safety of the auction-rate securities market.

The State Corporation Commission (SCC) has issued a consent order finalizing Virginia's participation in a global settlement involving the firm doing business as RBC Wealth Management, a subsidiary of Royal Bank of Canada.

Under the terms of the settlement, the brokerage firm is required to confirm that it has repurchased auction-rate securities from its clients.

Although marketed and sold to investors as safe, liquid, and cash-like investments, auction-rate securities were actually long-term investments subject to a complex auction process that failed in early 2008, leading to illiquidity and lower interest rates for investors.

The global settlement was achieved by a multi-state task force of state regulators formed by the North American Securities Administrators Association. During the investigation, state regulators discovered that various securities dealers failed to adequately inform customers and train employees on the risks associated with buying auction-rate securities.

The SCC's Division of Securities and Retail Franchising actively participated as a member of the task force. The task force was formed in April 2008, shortly after the division and other state securities regulators began receiving complaints from investors holding these instruments.

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**Case number SEC-2009-00053**

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Commonwealth of Virginia

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09-44

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October 30, 2009

### SCC REDUCES ALLEGHENY POWER FUEL RATE EFFECTIVE NOV. 1

**RICHMOND** – The State Corporation Commission (SCC) has set a fuel rate for Virginia customers of Allegheny Power that reduces the company's interim fuel rate (in effect since July 1) on customer bills beginning with service on November 1. The SCC's action thus reduces the current monthly bill of a typical residential customer by nearly \$2.

Under the terms of a settlement accepted by the Commission, Allegheny Power will receive an additional \$16.2 million to pay for its costs of purchasing power to service customers for a 12-month period that ends June 30, 2010. The company originally sought an additional \$19.4 million in fuel revenues.

Allegheny Power customers have been paying a higher, interim fuel rate since July 1, 2009 based upon the company's request for \$19.4 million in additional fuel revenues. As a result of the Commission's decision, that interim fuel rate will be adjusted downward. For a residential customer, the new fuel rate will be 2.706 cents per kilowatt-hour (¢/kWh). On July 1, the fuel rate had increased from 2.351 ¢/kWh to 2.898 ¢/kWh.

For a typical residential customer using 1,000 kWh of electricity a month, the new fuel rate reduces the bill by \$1.92, to approximately \$94 a month. As a result, such customers will now pay \$3.55 monthly in additional fuel charges instead of \$5.47, as initially sought by the company.

The Commission determined that the stipulation negotiated between the company and the SCC staff represents "a fair and reasonable resolution of the issues." The Commission expressed concern about the increase "and its ultimate impact on customer bills, especially at this time of economic hardship for many people and businesses in Allegheny's service territory." The company, however, by law is entitled to recover its prudently incurred fuel costs.

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**Case number PUE-2009-00028**

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November 16, 2009

### **SCC SUBMITS DEMAND SIDE MANAGEMENT REPORT TO GOVERNOR AND GENERAL ASSEMBLY**

**RICHMOND** – The State Corporation Commission (SCC) submitted a report to the Governor and the General Assembly that finds Virginia’s existing policy regarding a goal of a 10 percent reduction in electric energy consumption through demand side management, demand response, and energy efficiency programs is realistic and achievable.

While the Commission acknowledges that additional reductions in electrical energy consumption through demand side management programs (DSM) offered by the state’s three generating electric utilities, Dominion Virginia Power, Appalachian Power, and Kentucky Utilities, appear to be possible, such reductions could potentially come at additional cost to ratepayers. The Commission noted that from January 2006 to August 2009, an average residential customer consuming 1,000 kilowatt-hours of electricity per month has seen rate increases ranging from 22.84 percent to 60.52 percent.

Due to current economic conditions, rate impact implications, and the limited amount of time for this report, the SCC is not recommending specific mandates to utilities regarding particular targets to be achieved, programs to be required, or specific technologies to be used. The SCC will evaluate proposals on a case-by-case basis and anticipates that each utility will work toward achieving the Commonwealth’s stated consumption reduction goal individually, with programs and technologies tailored to the specific needs of the utility and its customers.

The full DSM report may be downloaded from the Commission website at [www.scc.virginia.gov/eaf/conserves.aspx](http://www.scc.virginia.gov/eaf/conserves.aspx).

Separate from this study, the SCC has numerous proceedings ongoing to evaluate and/or implement various DSM and related programs.

Commonwealth of Virginia

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09-46

## SCC NEWS RELEASE

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December 14, 2009

### VIRGINIA TO RECEIVE \$1.37 MILLION IN AUCTION RATE SECURITIES SETTLEMENT

**RICHMOND** – Merrill Lynch is paying nearly \$1.37 million to the Commonwealth of Virginia to settle allegations that Virginia investors were misled about the safety of the auction-rate securities market.

The State Corporation Commission (SCC) has issued a consent order finalizing Virginia's participation in a global settlement involving the firm which is organized as Merrill Lynch, Pierce, Fenner and Smith, Incorporated.

As part of the settlement, the brokerage firm was required to confirm that it has repurchased auction-rate securities from its clients.

Although marketed and sold to investors as safe, liquid, and cash-like investments, auction-rate securities were actually long-term investments subject to a complex auction process that failed in early 2008, leading to illiquidity and lower interest rates for investors.

The global settlement was achieved by a multi-state task force of state regulators formed by the North American Securities Administrators Association. During the investigation, state regulators discovered that various securities dealers failed to adequately inform customers and train employees on the risks associated with buying auction-rate securities.

The SCC's Division of Securities and Retail Franchising actively participated as a member of the task force. The task force was formed in April 2008, shortly after the division and other state securities regulators began receiving complaints from investors holding these instruments.

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**Case number SEC-2009-00065**

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09-47

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December 16, 2009

### **MERRILL LYNCH PAYS VIRGINIA \$425,000 TO SETTLE INVESTIGATION OF UNREGISTERED CLIENT ASSOCIATES**

**RICHMOND** – Merrill Lynch is paying approximately \$425,000 to the Commonwealth of Virginia to settle allegations that certain client associates involved in Virginia securities transactions were not registered under the Virginia Securities Act. Client associates typically provide administrative and sales support to Merrill Lynch's financial advisors.

The State Corporation Commission (SCC) has issued a consent order finalizing Virginia's participation in a global settlement involving the firm which is organized as Merrill Lynch, Pierce, Fenner & Smith Incorporated.

The global settlement was achieved following a multi-state investigation coordinated by the North American Securities Administrators Association (NASAA) that began in May 2008. As a result of the investigation, the firm discovered that approximately 60 percent of its client associates were only registered in their home state or their home state and one additional state.

In Virginia, many unregistered client associates were assisting registered financial advisors. The company has implemented a new internal system to ensure registration compliance.

The amount the company is paying to Virginia is a proportional share of the \$26.56 million in fines, penalties and sanctions available to the 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands represented by NASAA's working group.

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**Case number SEC-2009-00122**

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Commonwealth of Virginia

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09-48

## NEWS RELEASE

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December 16, 2009

### SCC ORDERS FURTHER FUEL RATE REDUCTION FOR DOMINION VIRGINIA POWER ON JANUARY 1

**RICHMOND** – The State Corporation Commission (SCC) is directing another reduction in the fuel rate for Dominion Virginia Power. The new fuel rate effective for service rendered on and after January 1 follows interim reductions that occurred July 1 and again on October 1.

The fuel rate is the portion of the electric bill that pays for the fuel used to generate electricity and costs associated with power purchased by the utility company to serve its customers. Virginia law requires that a utility's fuel costs be recovered on a dollar-for-dollar basis if they are proven to be reasonable and were not the result of the utility's unreasonable failure to minimize such costs.

The new fuel rate of 2.927 cents per kilowatt-hour (¢/kWh) results in an additional reduction of approximately \$3.83 on a typical monthly bill for a customer who uses 1,000 kWh of electricity.

Earlier this year, Dominion Virginia Power filed an application to decrease its fuel rate from 3.893 ¢/kWh to 3.529 ¢/kWh on July 1. On October 1, the fuel rate was lowered to 3.310 ¢/kWh.

The adjustments made by the Commission take into account updated fuel expense figures and represent a fuel rate reduction of 0.383 ¢/kWh, or a reduction in revenue of approximately \$119.2 million from January 1, 2010 through June 30, 2010.

The combined effect of the July, October, and January 1 fuel rate reductions means a residential customer using 1,000 kWh of electricity is paying \$9.66 a month less for fuel than was being paid last June.

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**Case number PUE-2009-00016**

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Commonwealth of Virginia

# State Corporation Commission

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## NEWS RELEASE

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December 16, 2009

### SCC SETS SURCHARGES FOR DOMINION VIRGINIA POWER POWER PLANT CONSTRUCTION COSTS BEGINNING JANUARY 1

**RICHMOND** – The State Corporation Commission has set the rates that Dominion Virginia Power customers will pay beginning January 1, 2010, to recover costs associated with the construction of two new power plants. The net effect of the surcharges, identified as “Rider R and Rider S,” means a typical residential customer will pay an additional \$3.03 per month in charges related to the plants.

“Rider R” is a new surcharge that allows recovery of, on a timely and current basis, the costs of financing construction of the Bear Garden natural gas-fired power plant in Buckingham County. The surcharge will generate \$73.355 million in revenue over 12 months.

“Rider S” was established a year ago to allow recovery of the costs of financing construction of a new coal-fired power plant in Wise County. The surcharge is reviewed annually and re-set, as necessary. The reset surcharge for 2010 will generate \$174.433 million in revenue over 12 months. It represents an increase from the 2009 surcharge of approximately \$91.1 million.

Neither surcharge appears directly on the bill. Instead, both are components of the supply service portion of the utility bill. For a residential customer using 1,000 kilowatt-hours of electricity, Rider “R” adds \$1.33 to the typical monthly bill. Rider “S” adds \$1.70.

Under Virginia law, utilities may request rate surcharges for, among other things, environmental and reliability costs, conservation programs, renewable energy programs, and generation facilities. These rate surcharges are separate from a utility’s base rates. A base rate case for Dominion Virginia Power is pending before the Commission with a hearing set to begin on January 20, 2010.

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**Case number PUE-2009-00011** – Rider S surcharge

**Case number PUE-2009-00017** – Rider R surcharge

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