

DIVISION OF ECONOMICS AND FINANCE

The Division of Economics and Finance performs analysis and research on economic and financial issues pertaining to utility regulation. The Division also provides analytical and research support as needed by non-utility divisions within the Commission.

The Division has ongoing responsibility for:

- issuing monthly Fuel Price Index reports;
- maintaining and issuing monthly reports for the electric utility Fuel Monitoring System;
- issuing quarterly Natural Gas Price Index reports;
- analyzing and presenting testimony on capital structure, cost of capital, and other finance-related issues in utility rate cases;
- analyzing and presenting testimony on interest expense, appropriate earnings level and other finance-related issues in electric cooperative rate cases;
- monitoring the financial condition of Virginia utilities;
- monitoring the diversification activities of holding companies with utility subsidiaries operating in Virginia;
- reviewing annual financing plans of Virginia utilities;
- analyzing utility applications for the issuance of securities and providing the Commission with recommendations;
- conducting studies of intermediate/long range issues in electric, gas and telecommunications utility regulations;
- acquiring and running analytic computer models used to simulate, project, and/or evaluate utility operations and regulatory issues;
- issuing annual energy forecast reports;
- monitoring inter-LATA and intra-LATA telecommunications competition;
- monitoring the incumbent local exchange companies participating in the Alternative Regulatory Plans;
- monitoring competitive local exchange carriers;
- monitoring and maintaining files of electric utilities' operating forecasts;
- monitoring and maintaining files of gas utilities' Five Year Forecasts;
- providing statistical and graphic support for other SCC divisions;
- maintaining database management systems for preparation of economic and financial analysis in utility cases;
- maintaining a utility stock price database;
- maintaining an electric energy market price database;
- monitoring electric and natural gas retail access programs;
- analyzing applications for licenses to become a competitive service provider or aggregator; and
- analyzing financial fitness of non-regulated firms seeking approval to build generating facilities or gas pipelines.

SUMMARY OF MAJOR ACTIVITIES DURING 2000

- Presented testimony on capital structure, cost of capital and other financial issues in two investor-owned utility rate cases.
- Presented testimony on financial and competitive issues for six utility merger cases.
- Completed 16 Annual Informational Filing reports for electric, gas, telephone and water utilities.
- Analyzed and processed 45 applications of utilities seeking authority to issue securities.
- Prepared reports regarding the financial condition of 58 competitive local exchange carriers applying for certification.
- Prepared reports on applications for certificates to construct three electric generating facilities.
- Presented testimony on the appropriate level of interest expense in an electric cooperative rate case.
- Helped develop the Commission's rules governing net energy metering.
- Prepared reports regarding the financial condition of 25 companies seeking licensure as competitive service providers or aggregators.
- Coordinated the development of interim rules governing electric and natural gas pilot programs to offer retail access.
- Monitored two existing natural gas retail access pilot programs.
- Coordinated implementation of three electric retail access pilot programs.
- Facilitated the establishment of Electronic Data Interexchange guidelines for electronic communication between competitive service providers and utilities.
- Represented the Commission at regional and national meetings to develop Uniform Business Practices for electric retail access.
- Prepared a report regarding market power and effective competition in the electric industry.
- Prepared testimony regarding five applications for special energy contracts.
- Prepared testimony in AEP's application to construct a 765kv transmission line.
- Prepared a report recommending a phase-in schedule for all investor-owned and cooperative electric companies in Virginia to implement full retail access.
- Prepared testimony in two electric fuel factor proceedings and two cogeneration rate proceedings.
- Developed a computer program to project the new consumption tax to be collected on electricity usage.
- Maintained and updated the Virginia Electronic Data Transfer website.
- Developed a forecast of budget items for the Bureau of Insurance.
- Developed a forecast of the Virginia Telecommunications Relay Service bank balance.
- Developed a forecast of the Commission Clerk's Office special fund collection.