

## DIVISION OF ECONOMICS AND FINANCE

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

The Division has ongoing responsibility for:

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

## SUMMARY OF MAJOR ACTIVITIES DURING 2001

- 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 two utility merger cases.
- Completed 12 Annual Informational Filing reports for electric, gas, telephone and water utilities.
- Analyzed and processed 29 applications of utilities seeking authority to issue securities.
- Prepared reports regarding the financial condition of 35 competitive local exchange carriers applying for certification.
- Prepared reports on applications for certificates to construct nine electric generating facilities.
- Presented testimony on the appropriate level of interest expense in three electric cooperative rate cases.
- Prepared reports regarding the financial condition of 24 companies seeking licensure as competitive service providers or aggregators.
- Presented testimony regarding the financing plans of a company seeking a certificate to construct a natural gas pipeline.
- Prepared reports concerning the natural gas hedging programs of two natural gas distribution companies.
- Prepared testimony in the functional separation cases of five investor-owned electric utilities and 12 electric cooperatives.
- Coordinated the revision of the filing requirements for the siting of electric generation facilities in Virginia.
- Coordinated the development of rules governing electric and natural gas programs to offer customer retail access in Virginia.
- Monitored existing natural gas pilot programs and transition to open access.
- Monitored electric retail pilot program activities and helped shape the transition to open access.
- Facilitated the establishment of Electronic Data Interchange (EDI) guidelines for electronic communication among utilities and competitive service providers in Virginia and surrounding region.
- Represented the Commission at regional and national meetings to establish Uniform Business Practices (UBP) among states offering competitive retail access.
- Represented the Commission at regional and national meetings to establish the North American Energy Standards Board (NAESB) encompassing wholesale and retail electricity and natural gas sectors.
- Prepared and presented testimony in one electric fuel factor proceeding.
- Developed the Status report to the Legislative Transition Task Force and Governor of Virginia regarding the Development of a Competitive Retail Market for Electric Generation within the Commonwealth of Virginia.
- Supported working group activities regarding supplier consolidated billing.
- Supported working group activities regarding competitive metering and corresponding Staff reports.
- Maintained and revised the Virginia Electric Data Transfer (VAEDT) website.
- Began design of a comprehensive competitive service provider database.
- Assisted in drafting revision rules governing the certification and regulation of competitive local exchange carriers.
- Participated in the Collaborative Committee to Establish Carrier Performance Standards and Performance Assurance Plan.
- Prepared a report regarding the proposed refinancing of the Dulles Greenway, a private toll road.
- Developed a forecast of the Virginia electric utility consumption tax collections.
- 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.