

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 and technical fitness of non-regulated firms seeking approval to build generating facilities, transmission lines or gas pipelines.

SUMMARY OF MAJOR ACTIVITIES DURING 2003

- Presented testimony on capital structure, cost of capital and other financial issues in one investor-owned utility rate case.
- Completed 13 Annual Informational Filing reports for electric, gas, telephone and water utilities.
- Analyzed and processed 22 applications of utilities seeking authority to issue securities.
- Prepared reports regarding the financial condition of 22 new entrants applying for certification to the telecommunications market.
- Continued work on applications for certificates to construct electric generating facilities resulting in three approved projects, one projected remanded for additional analysis, and four dismissed projects.
- Prepared and presented testimony in two electric fuel factor proceedings.
- Prepared reports regarding the financial condition of four companies seeking licensure as competitive energy service providers or aggregators.
- Coordinated the revision of the Commission's rules pertaining to the interest rate on customer deposits.
- Completed a Staff study of Virginia Power's energy trading activities.
- Continued participation in the collaborative committee that negotiated Verizon's duties with respect to the Telecommunications Act of 1996 and its service to competitive providers. Continued analysis of metrics from Verizon's Performance Appraisal Plan, measuring the levels of service provided to competitors.
- Continued monitoring, through the carrier to carrier guidelines, of the levels of service provided by incumbent telephone companies to competitor companies.
- Provided statistical and analytical support for the audit of Verizon's Performance Appraisal Plan.
- Proposed revisions to the Commission's Rules governing competitive local exchange carriers and proposed rules to govern the municipal local exchange carriers, adopted in Case No. PUC-2002-00115.
- Monitoring the levels of service provided by incumbent telephone companies to competitor companies.
- Monitored the implementation of rules governing electric and natural gas retail access programs regarding supplier consolidated billing, competitive metering, and aggregation.
- Prepared reports regarding open retail access programs for remaining electric cooperatives.
- Prepared reports and monitored development of pilot programs within Dominion Virginia Power's service territory.
- Assisted the development and implementation of recommendations regarding elements of the Restructuring Act, particularly those involving default service, stranded costs, and energy infrastructure.
- Supported and monitored activities regarding the continued development of Regional Transmission Organizations and associated participation of Virginia electric utilities.
- Facilitated the continued development of Electronic Data Interchange guidelines for communication among utilities and competitive service providers in Virginia and the surrounding region.
- Represented the Commission at meetings of the North American Energy Standards Board, encompassing wholesale and retail electricity and natural gas sectors, to establish Uniform Business Practices.
- Developed the Status Report to the Legislative Transition Task Force and Governor of Virginia regarding the Development of a Competitive Retail Market for Electric Generation within the Commonwealth of Virginia.
- Developed a forecast of the consumption tax collected on electricity usage for Public Service Taxation.
- Developed a forecast of budget items for Bureau of Insurance.
- Developed with the Division of Communications a forecast of the Virginia Telecommunications relay service bank balance.

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- Developed a forecast of the Clerk's office special fund collection for the Office of Commission Comptroller.
- Developed a forecast of the non-general fund revenue collections and bank balances for the Division of Securities and Retail Franchising.
- Maintained the Virginia Electronic Data Transfer website.
- Designed a comprehensive database of competitive energy service providers.
- Filed comments at the Federal Energy Regulatory Commission in four proceedings.