

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 quarterly economic and 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' Ten Year and Twenty Year Forecasts;
- monitoring and maintaining files of gas utilities' Five Year Forecasts;
- providing statistical and graphic support for other SCC Division; and
- maintaining database management systems for preparation of economic and financial analysis in utility cases.

SUMMARY OF MAJOR ACTIVITIES DURING 1997

- Presented testimony on capital structure, cost of capital and other financial issues in four investor-owned utility rate cases.
- Presented testimony in three utility merger cases.
- Presented testimony on forward looking capital structure and cost of capital in one telephone unbundled network element pricing proceeding.
- Completed ten Annual Informational Filing reports for electric, gas and water utilities.
- Analyzed and processed 42 applications for utilities seeking authority to issue securities.
- Moderated a workgroup investigating environmental issues related to restructuring of the electric industry and prepared a report and recommendations.
- Assisted in the development of the Staff's Draft Working Model for Restructuring the Electric Industry in Virginia which was presented to the General Assembly.
- Prepared a report or testimony in filings for Commission action regarding two electric and two gas demand-side management programs.
- Prepared and presented testimony in four electric fuel factor proceedings.
- Prepared and presented testimony in three cogeneration rate proceedings.
- Reviewed and summarized the 1997 Ten Year Forecasts for each of the five investor-owned electric utilities in Virginia.
- Reviewed and summarized the 1997 Five Year Forecasts for each of the seven gas utilities in Virginia.
- Developed guidelines regarding special contracts complying with §56-235.2D of Code of Virginia.
- Prepared testimony regarding Commonwealth Chesapeake Corporation's request for a certificate of public convenience and necessity to construct a combustion turbine facility on the Eastern Shore.
- Continued monitoring the status of additional nine electric and two gas demand-side programs implemented as experimental pilot programs.
- Prepared the Staff Report on the Developments in the Wholesale Electric Power Market.
- Prepared the Staff Report on the Status of Retail Wheeling Experiments.
- Prepared a forecast of escalation rates to apply to the biennial budget for the Office of Commission Comptroller.
- Prepared a report regarding financial condition for each of 25 competitive local exchange carriers applying for certification.
- Presented testimony on the appropriate economic principles for use in pricing of telephone company unbundled network elements.
- Developed a forecast of budget items for the Bureau of Insurance.
- Developed a forecast for the Virginia telecommunications relay service projecting the possible impact on the surcharge if the cost of relay service increases significantly.
- Developed a forecast of the Clerk's office special fund collection.