

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

SUMMARY OF MAJOR ACTIVITIES FOR 1998

- Presented testimony on capital structure, cost of capital and other financial issues in eight investor-owned utility rate cases.
 - Presented testimony on financial issues in a utility merger case.
 - Completed nine Annual Informational Filing reports for electric, gas and water utilities.
 - Analyzed and processed 33 applications for utilities seeking authority to issue securities.
 - Prepared a report regarding the financial condition for each of 30 competitive local exchange carriers applying for certification.
 - Prepared a report on a forecast of revenue neutrality, based upon proposed tariff changes for United Telephone Company.
 - Prepared a report regarding the relevant economic issues in the merger between MCI and Worldcom.
 - Prepared and presented testimony in five electric fuel factor proceedings.
 - Prepared and presented testimony in one cogeneration rate proceeding.
 - Conducted a survey of various states regarding the treatment of financial derivative transactions of utilities.
 - Prepared a report and recommendation on the proposed refinancing of the Dulles Greenway toll road pursuant to the Virginia Highway Corporation Act of 1988.
 - Reviewed and summarized the 1998 Five-Year Forecast for each of the five investor-owned electric utilities in Virginia.
 - Received and began review of the 1998 Five-Year Forecast for seven of the eight gas utilities in Virginia.
 - Prepared and presented testimony regarding a special contract proposed by Virginia Power pursuant to § 56-235.2 D of the Code of Virginia.
 - Prepared testimony regarding Virginia Power's request for CPCN to construct combustion turbine facilities in Virginia.
 - Continued monitoring the status of electric and gas experimental demand-side programs.
 - Continued review and analysis of existing gas and proposed electric retail choice pilot programs.
 - Prepared and presented a Staff report on the Principles of Locational Marginal Pricing.
 - Prepared and presented a Staff report on the Midwest Power Supply Crisis of June 1998.
 - Prepared and presented a Staff report on the Economic View of Potential Outcomes of Competition in the U.S. Electric Power Industry.
 - Prepared and presented a Staff report on an Overview of the Merchant Plant industry.
 - Developed a forecast of budget items for the Bureau of Insurance.
 - Developed a forecast of the Virginia Telecommunications relay service bank balance for the Office of Commission Comptroller.
 - Developed a forecast of the Clerk's office special fund collection for the Office of Commission Comptroller.
- Prepared a forecast of escalation rates to apply to the biennial budget for the Office of Commission Comptroller.