

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;
- 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 Divisions; and
- maintaining database management systems for preparation of economic and financial analysis in utility cases.

SUMMARY OF MAJOR ACTIVITIES DURING 1995

- Presented testimony on capital structure, cost of capital and other financial issues in six investor owned utility rate cases.
- Presented testimony on interest expense and appropriate earnings level for one electric cooperative rate case.
- Presented testimony in support of recommended changes to the cooperative rate case rules.
- Completed Annual Informational Filing reports for five telephone companies and seven electric, gas and water utilities.
- Analyzed and processed 29 applications for utilities seeking authority to issue securities.
- Helped prepare a final report in the investigation of Dominion Resources, Inc. and Virginia Power.
- Presented oral testimony in one gas company certificate case.
- Assisted in preparing comments to the Securities and Exchange Commission regarding proposed modification to the Public Utility Holding Company Act.
- Prepared testimony for the Commission's consideration of Section 115 standards for electric utilities under the Energy Policy Act of 1992.
- Prepared a report in filings by two electric utilities and three gas utilities for approval of demand-side management programs.
- Prepared testimony in three electric fuel factor proceedings.
- Prepared testimony in two cogeneration rate proceedings.
- Prepared a report on the 1995 Twenty Year Resource Plans for three of the five investor-owned electric utilities in Virginia, and a report on the 1995 Ten Year Forecast for the other two.
- Prepared a report on the 1994 Five Year Forecasts of the gas utilities in Virginia.
- Developed a series of indices for use in preparing the SCC budget.
- Continued monitoring the status of demand-side programs implemented as experimental pilot programs.
- 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.
- Provided trend analysis in the APCO expedited rate case for the Division of Public Utility Accounting.
- Developed an Excel macro that is based on the OGIVE method used by gas companies for calculating rateblocks for residential customers and for some commercial customers for the Division of Public Utility Accounting.
- Submitted for publication in Financial Management magazine a paper on electric utility risk premiums.