

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

### SUMMARY OF MAJOR ACTIVITIES DURING 1996

- 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.
- Completed seven Annual Information Filing reports for telephone companies.
- Completed eleven Annual Information Filing reports for electric, gas and water utilities.
- Analyzed and processed 25 applications for utilities seeking authority to issue securities.
- Prepared a report or testimony in filings for Commission action regarding twelve electric and five gas demand-side management programs.
- Prepared a report or testimony in four electric fuel factor proceedings.
- Prepared a report or testimony in three cogeneration rate proceedings.
- Reviewed and summarized the 1996 Ten Year Forecasts for each of the five investor-owned electric utilities in Virginia.
- Reviewed and summarized the 1995 Five Year Forecasts for each of the seven gas utilities in Virginia.
- Prepared and presented testimony regarding Virginia Power's request for a certificate of public convenience and necessity to construct a dispersed energy facility at Chesapeake Paper Products Corporation.
- Continued monitoring the status of eight electric and two gas demand-side programs implemented as experimental pilot programs.
- Prepared text, graphs, and statistics in the Staff Report on the Restructuring of the Electric Industry.
- Prepared and presented testimony regarding Virginia Power's request to acquire a cogeneration facility under contract.
- Prepared reports regarding proposed alterations to various electric utility rate schedules.
- Prepared and presented a report regarding AEP's request to amend its pumped storage facility.
- Presented testimony on the appropriate use of elasticities in one telephone company rate case.
- Prepared reports on the financial condition of fifteen companies which applied for and received certification as competitive local exchange carriers in Virginia.
- 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.