

# ELECTRIC UTILITY FINANCIAL BASICS: AN INTRODUCTORY PRIMER

October 29-30, 2018  
EUCI Conference Center  
Denver, CO

“

*“This was a great course. It filled gaps I know I had, but also gaps I didn't know about.”*

Associate Director, Bipartisan Policy Center



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EUCI is authorized by IACET to offer 1.1 CEUs for the course



EUCI is authorized by CPE to offer 13 credits for the course

## OVERVIEW

Electric utilities are monopoly service providers and therefore subject to unique financial requirements and regulations. Unlike competitive service providers, rates charged and cost recovery mechanisms are subject to unique principles and differing levels of regulatory oversight ranging from self-regulation in the case of electric cooperatives to local board or council regulation in the case of municipals, to state commission price regulation in the case of Investor Owned Utilities (IOUs). This introductory class provides a brief overview of the American power industry evolution and explains the principles of monopolistic price regulation (i.e., cost of service), the various types of electric utilities, and financial basis for each. Explanations of the basic financial concepts for electric utilities will be provided with a focus on Investor Owned Utilities.

## LEARNING OUTCOMES

- Discuss the regulatory evolution of the American power industry
- Identify the need for price regulation of a monopolistic enterprise
- Describe different regulatory regimes governing electric utilities
- Examine different types of electric industry participants (Muni, Coops, Gencos, Dis Cos, Trans Cos, IOUs, ISOs, RTOs)
- Explain the basic elements of financial reports for an electric utility (IOU/Muni)
- Define basic cost of service approach (IOU, Muni)
- Identify the concept of rate base, rate of return, and return on equity
- Identify financial planning tools for electric utilities

## WHO SHOULD ATTEND

- Regulators
- Commissioners
- Utility Finance Staff
- General Managers
- Accounting Personnel
- Rate Analysts
- Similar Industry Stakeholders



***“Fantastic primer on electric utility financials. The material covered in this course was extremely relevant and will be applicable to my role.”***

Communications Manager, EPRI



***“Engaging discussion for key concepts appropriate for all levels. Highly recommend.”***

Consumer Counsel, CT Office of Consumer Counsel

REGISTER TODAY! CALL **303-770-8800** OR VISIT **WWW.EUCI.COM**



# AGENDA

MONDAY, OCTOBER 29, 2018

**8:00 – 8:30 am**      **Registration and Breakfast**

**8:30 am – 5:00 pm**      **Course Timing**

**12:00 – 1:00 pm**      **Group Luncheon**

## **Introduction/Background/Overview**

### **Evolution of the American Electric Power Industry**

- Background + History
- Timeline of Key Regulations
- Current Industry Organizations and Participants

### **Current Industry Organization and Participants**

- Genco
- Transco
- Disco
- RTO/ISO

### **Price Regulations of a Monopolistic Enterprise**

- Basic Concepts
- Rules for Price Setting
- Regulatory Regimes and Industry Participants

### **Introduction to Electric Utility Finance and Ratemaking**

- Types of Ownership
- Regulatory Oversight by Sector and Participant

### **Basic Financial Elements of the Electric Utility Business**

- FERC Uniform System of Accounts
- FERC Form 1
- Rate Base
  - o Capital Assets
    - Allowance for Funds Used During Construction
    - Construction Work in Process
  - o Regulatory Assets
  - o Accumulated Depreciation
  - o Working Capital
  - o Deferred Taxes
- Return of Rate Base
- Revenue Requirement

### **Public Versus Private Utility Accounting Concepts**

- Depreciation
- Debt Service
- Franchise Fees/Taxes/Payments in Lieu of Taxes (PILOT)
- Margins Versus Profit
- Rate Base/Rate of Return
- Enterprise Funds



*“Good course to introduce high level concepts of utility financials, as well as, the history leading to today’s structure.”*

Manager,  
Transmission  
Service, MISO

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# AGENDA

MONDAY, OCTOBER 29, 2018 (CONTINUED)

**Base Electric Utility (IOU/MUNI) Financials**

- Reports
  - o Balance Sheet
  - o Income Statement
  - o Operating Budget
  - o Capital Budget

**How to Read Your Bill**

**Wrap Up and Adjourn**

TUESDAY, OCTOBER 30, 2018

**8:00 – 8:30 am**      **Continental Breakfast**

**8:30 am – 12:00 pm**      **Course Timing**

**Review of Day 1**

**How Electric Utility Financials Translate into Rates**

- Revenue Requirement
- Capital Improvement Plan
- Cost of Service
- Rate Design

**Financial Planning Tools**

- Financial Management Plan
- Competitiveness with Surrounding Utilities
- Examine Rate Design Impacts
- Dynamic Dashboards

**Wrap Up and Adjourn**



*“Knowledgeable speaker!”*

Senior Accountant, Xcel Energy

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# INSTRUCTOR

**Lisa M. Vedder, MBA, CIA, CCSA**

**Principal Consultant, LM Vedder Consulting**

**Harvard University: Master in Public Administration**

**University of Wisconsin-Madison: B.S. Industrial Engineering**

Ms. Vedder is a Principal Consultant at LM Vedder Consulting. She has over 25 years of experience in the utility industry with special emphasis on electric and natural gas industry restructuring in the U.S. Her career spans the electric, natural gas, solid waste, wastewater, water and telecommunications utility sectors. Her responsibilities include utility cost of service and rate design studies, strategic business planning, and organizational assessments. Her areas of expertise include finance, regulatory policy, cost allocation, complex quantitative modeling, power markets, power supply contracts, and auditing. She specializes in regulatory treatment methodologies for costs associated with both regulated and competitive activities, fuels portfolios, bond financing, transmission rates and services, and the electric and natural gas sectors at the wholesale and retail levels. She has served as an Independent Auditor to an IOU for large-scale third party solar and wind procurements and as a subject matter expert to the Provincial Auditor of Saskatchewan in an audit of a competitive power solicitation. She was technical lead to the Joint Outreach Team for the Department of Energy's Defining the Future of the Grid Initiative in 2012. She served as Lead Auditor for an ISO 14001 Environmental Management System Consolidated Audit of a \$245M state-of-the art wastewater treatment plant. Ms. Vedder has conducted privatization and securitization analyses, negotiated complex deals, and mediated disputes. She has led workshops; prepared written testimony, white papers, and briefs; and submitted to the Federal Energy Regulatory Commission (FERC), various state regulatory agencies, and an international tribunal. She is a trained facilitator and studied leadership and change management at Harvard where her Methodological Areas of Concentration included Negotiation & Conflict Resolution and Regulation & Industry Analysis.

Ms. Vedder, a member of Tau Beta Pi and Alpha Pi Mu, was the Women's Leadership Initiative Fellow for her class at Harvard. She is a Certified Internal Auditor and holds a Certification in Control Self-Assessment.

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## REQUIREMENTS FOR SUCCESSFUL COMPLETION

Participants must sign in/out each day and be in attendance for the entirety of the course to be eligible for continuing education credit.

## INSTRUCTIONAL METHODS

This program will use PowerPoint Presentations, group discussions, as well as active participation.

## IACET CREDITS



EUCI has been accredited as an Authorized Provider by the International Association for Continuing Education and Training (IACET). In obtaining this accreditation, EUCI has demonstrated that it complies with the ANSI/IACET Standard which is recognized internationally as a standard of good practice. As a result of their Authorized Provider status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standard.

**EUCI is authorized by IACET to offer 1.1 CEUs for the course.**

## CPE CREDITS



EUCI is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: [www.learningmarket.org](http://www.learningmarket.org).

Upon successful completion of this event, program participants interested in receiving CPE credits will receive a certificate of completion. **EUCI is authorized by CPE to offer 13 credits for the course**

## EVENT LOCATION

### **EUCI Conference Center**

4601 DTC Blvd., B-100, Denver, CO, 80237

## PREFERRED HOTEL

### **Hyatt Place Denver Tech Center**

8300 E. Crescent Parkway, Greenwood Village, CO 80111 (0.9 miles away)

Call Central Reservations at **888-492-8847** and ask for the EUCI rate of US \$159 plus applicable tax (**CODE: EUCI**)

or visit [Hyatt Place Denver Tech Center - EUCI](#)

## OTHER NEARBY HOTELS

### **Hyatt Regency Denver Tech Center**

7800 E. Tufts Ave  
Denver, CO 80237  
Phone: 303-779-1234  
0.3 miles away

### **Hilton Garden Inn Denver Tech Center**

7675 E. Union Ave  
Denver, CO 80237  
Phone: 303-770-4200  
0.6 miles away

### **Denver Marriott Tech Center**

4900 S. Syracuse St  
Denver, CO 80237  
Phone: 303-779-1100  
0.7 miles away

# REGISTRATION INFORMATION

## Mail Directly To:

EUCI  
4601 DTC Blvd., Ste. 800  
Denver, CO 80237  
OR, scan and email to: conferences@euci.com

**WWW.EUCI.COM**  
**p: 303-770-8800**  
**f: 303-741-0849**

# EVENT LOCATION

## EUCI Offices

4601 DTC Blvd, B-100  
Denver, CO

**See nearby hotels on page 6**

# PLEASE REGISTER

**ELECTRIC UTILITY FINANCIAL BASICS: AN INTRODUCTORY PRIMER COURSE**  
October 29-30, 2018: US \$1395  
Early bird on or before October 12, 2018: US \$1195

## ENERGIZE WEEKLY

EUCI's Energize Weekly e-mail newsletter compiles and reports on the latest news and trends in the energy industry. Newsletter recipients also receive a different, complimentary course presentation every week on a relevant industry topic. The presentations are selected from a massive library of more than 1,000 current presentations that EUCI has gathered during its 30 years organizing courses.

Sign me up for Energize Weekly

How did you hear about this event? (direct e-mail, colleague, speaker(s), etc.)

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What name do you prefer on your name badge?

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## CREDIT CARD INFORMATION

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Exp. Date

Security Code (last 3 digits on the back of Visa and MC or 4 digits on front of AmEx)

Billing Zip Code/Postal Code

**OR** Enclosed is a check for \$ \_\_\_\_\_ to cover \_\_\_\_\_ registrations.

## Substitutions & Cancellations

Your registration may be transferred to a member of your organization up to 24 hours in advance of the event. Cancellations must be received on or before September 28, 2018 in order to be refunded and will be subject to a US \$195.00 processing fee per registrant. No refunds will be made after this date. Cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event. This credit will be good for six months from the cancellation date. In the event of non-attendance, all registration fees will be forfeited. In case of course cancellation, EUCI's liability is limited to refund of the event registration fee only. For more information regarding administrative policies, such as complaints and refunds, please contact our offices at 303-770-8800. EUCI reserves the right to alter this program without prior notice.

