

ELECTRIC UTILITY FINANCIAL BASICS: AN INTRODUCTORY PRIMER

December 11-12, 2019
Hyatt Regency Houston/Galleria
Houston, TX

“

“The Electric Utility Financial Basics course was a perfect primer and an excellent introduction to core concepts.”

Federal Policy Manager, Duke Energy



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1.1 CEUs for the
course



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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, Discos, Transcos, 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



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

Consumer Counsel,
Connecticut Office of
Consumer Counsel



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

Communications Manager, ERPI



“I strongly suggest operations and field personnel attend this course! It will make you rethink how you do your job on a daily basis.”

UG/Aerial Lines Supervisor, PECO

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

AGENDA

WEDNESDAY, DECEMBER 11, 2019

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



“This course is a must attend for anyone seeking comprehensive information in the financial basics for utilities.”

Attorney, Crowe & Dunlevy

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AGENDA

WEDNESDAY, DECEMBER 11, 2019 (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

THURSDAY, DECEMBER 12, 2019

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



“The introductory primer course is a great first look at the industry for new personnel!”

Accounting Analyst,
Xcel Energy



“This course helped me connect the dots between my regular responsibility as a Sr. Accountant at an IOU and the bigger picture. My work feels more important now that I have a better understanding of my company and industry.”

Sr. 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.



"This is a fantastic course, I gained much more than I expected."

Senior Business Analyst, Baltimore Gas & Electric



"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



"Loved hearing about the history behind all the regulations that now exist. The history helps us understand the reasons..."

Sr. Accountant, Xcel Energy

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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.

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

A room block has been reserved at the **Hyatt Regency Houston/Galleria**, 2626 Sage Rd, Houston, TX 77056, for the nights of December 10-11, 2019. Room rates are US \$159 plus applicable tax. Call **1-832-803-1234** for reservations and mention the EUCI event to get the group rate. The cutoff date to receive the group rate is November 10, 2019 but as there are a limited number of rooms available at this rate, the room block may close sooner. **Please make your reservations early.**

REGISTER 3, SEND THE 4TH FREE

Any organization wishing to send multiple attendees to this conference may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.

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REGISTRATION INFORMATION

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Denver, CO 80237
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WWW.EUCI.COM
p: 303-770-8800
f: 303-741-0849

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PLEASE REGISTER

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AN INTRODUCTORY PRIMER COURSE**
DECEMBER 11-12, 2019: US \$1395
Early bird on or before November 22, 2019: US \$1195

ENERGIZE WEEKLY

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

Print Name

Job Title

Company

What name do you prefer on your name badge?

Address

City

State/Province

Zip/Postal Code

Country

Phone

Email

List any dietary or accessibility needs here

CREDIT CARD INFORMATION

Name on Card

Billing Address

Account Number

Billing City

Billing State

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 November 8, 2019 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.

