

ELECTRIC UTILITY FINANCIAL BASICS: AN INTRODUCTORY PRIMER

April 19-20, 2017
EUCI Offices, 4601 DTC Blvd
Denver, CO



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

OVERVIEW

Electric utilities are monopoly service providers and therefore subject to unique financial requirements and regulation. Unlike competitive service providers, the rates they charge 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 basics 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 (munis, coops, gencos, discos, transcos, IOUs, ISOs, RTOs)
- Discuss the basic financial elements for an electric utility (IOU/Muni)
- 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

This basic introductory level class would be applicable to regulators, commissioners, utility finance staff, general managers, accounting personnel, rate analysts and similar industry stakeholders.



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

Manager, Transmission Service, MISO



“Knowledgeable speaker!”

Senior Accountant, Xcel Energy

AGENDA

WEDNESDAY, APRIL 19, 2017

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

8:30 am – 5:00 pm Course Timing

12:00 – 1:00 pm Group Luncheon

- **Introductions and Overview**
- **Evolution of the American Electric Power Industry**
 - o Background & History
 - o Timeline of Key Regulations
 - o Current Industry Organization and Participants
- **Price Regulation of a Monopolistic Enterprise**
 - o Basic Concepts
 - o Rules for Price Setting
 - o Regulatory Regimes and Industry Participants
- **Introduction to Electric Utility Finance and Ratemaking**
 - o Electric Utility Business Sectors (Genco, Disco, Transco, ISO/RTO)
 - o Types of Ownership (Municipal, Cooperative, IOU)
 - o Regulatory Oversight by Sector and Type of Enterprise
 - o Basic Financial Elements of the Electric Utility Business
 - Revenues
 - Capital Assets
 - Operating Expenses
 - Debt
 - Other
 - o Public Versus Private Utility Accounting Concepts
 - Enterprise Funds
 - Franchise Fees/Taxes/Payments in Lieu of Taxes (PILOT)
 - Transfers
 - Margins Versus Profit
 - Ratebase/Rate of Return
 - Depreciation
- **Basic Electric Utility (IOU/Muni) Financials**
 - o Elements
 - Fixed Versus Variable Costs
 - Operating Versus Capital
 - Depreciation
 - Taxes/Franchise Fees, Pilots, Etc
 - Margin/Profit
 - o Reports
 - Income Statement
 - Balance Sheet
 - Operating Budget
 - Capital Budget
- **How Electric Utility Financials Translate into Rates**
 - o Revenue Requirement
 - o Capital Improvement Plan
 - o Cost of Service
 - o Rate Design
- **Wrap Up and Adjourn**

AGENDA

THURSDAY, APRIL 20, 2017

8:00 – 8:30 am

Continental Breakfast

8:30 am – 12:00 pm

Course Timing

- **Review of Day 1**
- **Long-Term Financial Planning**
 - Forecasting
 - Capital Improvement Plan
 - Financial Planning Considerations
 - Rate Structures
 - Impact on Customers
 - Utility Goals & Objectives
 - Competitiveness with Surrounding Utilities
 - Cost Based Impact Fees/Charges (Growth Pays for Growth)
 - Projected Operating Results (Cash Flow Basis)
- **Electric Utility Financial Planning Tools**
 - Structuring expenditures
 - Phasing of Rate Increases
 - Key Performance Indicators (Historical/Projected)
 - Benchmarking
 - Dashboards
- **Wrap Up and Adjourn**

INSTRUCTOR

Lisa M. Vedder, MBA, CIA, CCSA

Principal Consultant, Willdan Financial Services

Harvard University: Master in Public Administration

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

Ms. Vedder is a Principal Consultant at Willdan Financial Services. 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.

REQUIREMENTS FOR SUCCESSFUL COMPLETION OF PROGRAM

Participants must sign in/out each day and be in attendance for the entirety of the course.

INSTRUCTIONAL METHODS

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

PROCEEDINGS

The proceedings of the course will be published, and one copy will be distributed to each registrant at the course.

EVENT LOCATION

EUCI Offices

4601 DTC Blvd. Suite 800
Denver, CO 80237

NEARBY HOTELS

Hyatt Regency Denver Tech Center

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

Denver Marriott Tech Center

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

Hampton Inn & Suites

5001 S. Ulster Street
Denver, CO 80237
Phone: 303-804-9900
0.5 miles away

Hilton Garden Inn Denver Tech Center

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

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 1.0 CEUs for the course.

REGISTER 3, SEND THE 4TH FREE

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

REGISTRATION
to register [CLICK HERE](#) or

Call: 201 871 0474
fax: 253 663 7224
email: register@pmaconference.com
web: <http://pmaconference.com/>
Mail: POB 2303 Falls Church Va 22042

Please make checks payable to: "PMA"

EVENT LOCATION

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4601 DTC Blvd. Suite 800
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See nearby hotels on page 5

PLEASE SELECT

- ELECTRIC UTILITY FINANCIAL BASICS:
 AN INTRODUCTORY PRIMER COURSE:
 APRIL 19-20, 2017: US \$1395,
 Early Bird on or before MARCH, 31, 2017: US \$1195**

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

Print Name Job Title

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What name do you prefer on your name badge?

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City State/Province Zip/Postal Code Country

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List any dietary or accessibility needs here

CREDIT CARD INFORMATION

Name on Card Account Number

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Billing Zip Code/Postal Code Exp. Date Security Code (last 3 digits on the back of Visa and MC or 4 digits on front of AmEx)

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 March 16, 2017 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 (201) 871-0474.