



“A solid grounding
in the basics of corporate
finance, nicely
linked to utility
decision-making.”

Essentials of Utility Finance

Understanding and applying the principles
of corporate finance specific to regulated
power and gas utilities.

July 23-24, 2009
Marriott Metro Center
Washington, D.C.

Essentials of Utility Finance provides you with the skills you need to master the principles of corporate finance specific to utilities in the current regulatory environment.

Combining intensive instruction and a variety of case studies under the tutelage of one of the country's most highly respected authorities on energy finance, *Essentials of Utility Finance* provides two days of graduate-level instruction on the finance theories and their application related to capital, risk and return as practiced in the utility space today.

Who benefits from this program

- Professionals in corporate finance and corporate development at power and gas companies
- Investment banking, project finance and equity or fixed income research professionals
- Public Service Commissioners and staff
- Traditional asset managers, as well as investors at private equity, sovereign and hedge funds
- Consultants and strategic advisors to power and gas companies
- Ratings agency professionals

What you'll take away

- A thorough understanding of the issues in cost of capital calculations, capital allocation frameworks and alternative capital structures in the current regulatory environment
- The key metrics for measuring risk and performance
- The advantages, drawbacks and the impact of capital-raising instruments specific to utilities
- Measures of equity performance, including EVA and cash flow ROI
- An understanding of risk measurement and risk management practices
- The effects of regulation and rate cases on a utility's financial decision-making framework and financial outlook

Prerequisites This program presumes an understanding of basic accounting and finance concepts, as well as a familiarity with utility business models. Participants will need to bring a laptop equipped with Microsoft Excel. Please let us know in advance if you will need a loaner (available at additional fee).

"Thorough and professional"

S. Gilcrease, Director Financial Analysis, Cleco Corp.

About the instructors

Dr. Roger Morin (*Primary Instructor*)
Distinguished Professor of Finance for Regulated Industry, Georgia State University

One of the foremost authorities on finance and value creation in regulated industries, Dr. Morin has held positions at Wharton School of Finance, Amos Tuck School of Business, Drexel University, McGill University, and Georgia State University, among others. Dr. Morin holds a Ph.D. in Finance and Econometrics from Wharton, and an undergraduate degree in Engineering Physics. Dr. Morin has engaged in extensive consulting in financial management and corporate litigation.

Ron Knecht (*Guest Instructor*)
Economist, Resource and Market Analysis Division, Public Utilities Commission of Nevada

Mr. Knecht conducts a wide range of economic, financial, technical and policy analyses for the PUC of Nevada, and has written and testified extensively as an expert witness in all of those areas. In addition, Mr. Necht is a Registered Professional Mechanical Engineer and law school graduate.

DAY ONE - Thursday, July 23

Registration with continental breakfast opens at 8:30 a.m. Program begins at 9:00 a.m.

The Regulatory Framework: Overview and Key Issues

Cost of service, revenue requirements and rate cases • Computation of revenue requirements
• Rate base and rate of return • Rate case issues in the current regulatory environment

Capital Allocation and Economic Value Creation

Net Present Value vs. revenue requirements • IRR • Economic Value Added • Market Value Added

Understanding Financial Statements and Performing Risk Analysis

Accounting vs. economic metrics • Essential ratios for measuring risk and performance • Impact of business risk and competition on financial ratios • The risk profile of utilities • Influence of unregulated activity • Impact of the current financial crisis

Determining Credit Ratings: A Case Study

Rate of Return and Value Creation: The Value Movement

Spread and return on invested capital (ROIC) • Linking capital budgeting and returns

Cost of Capital and Capital Structure

Understanding risk and return in capital markets • Modern portfolio theory and asset pricing models • Cost of equity methodologies and illustrations • Divisional cost of capital; unbundling risk and return across segments • Practical applications illustrated through a case study

Capital Structure Issues

Appropriate capital structures in a restructured regulatory environment • Optimal capital structure simulation model • Double leverage • Case Study: Florida leverage formula

Day One ends at approximately 5:00 p.m.

DAY TWO - Friday, July 24

Continental breakfast opens at 8:00 a.m. Program begins at 8:30 a.m.

Utility Applications and Cutting-Edge Techniques

Contemporary rate of return techniques (empirical CAPM, Arbitrage Pricing Model, Fama-French Pricing Model, Market-Derived CAPM) • The new performance metrics applied to utilities • Cutting-edge techniques in capital allocation • Case studies

Performance-Based Regulation: Alternatives to Traditional Ratemaking

Focused vs. integrated rate of return incentives • Price cap regulation • Market-basket ratemaking • Innovative rate mechanisms • Case studies

The Regulator's Perspective

Guest Presenter: Ron Knecht, Economist, Resource and Market Analysis Division, Public Utilities Commission of Nevada

Key issues in the current economic environment • The financial capabilities commissions are expecting from utilities now • How regulators judge value/performance metrics • The role of cost of capital issues

Day Two concludes at approximately 4:00 p.m.

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TO REGISTER, CALL 201 871 0474 OR:

Online: www.snlfcenter.com/euf

Phone: (434) 951-7786

Registration fee: \$1,595

(Federal/state regulatory commissions: \$995)

Location

Marriott Metro Center in Washington, D.C.

A special room rate of \$199 per night plus tax has been arranged. To reserve, please call the Marriott directly at (202) 737-2200 by July 1, 2009, and mention "SNL Center for Financial Education Essentials of Utility Finance".

Cancellations

Received by July 1, 2009: Full refund, less a \$150 administrative fee.

Received by July 17: Full credit, less a \$150 administrative fee, toward attending another SNL CFE program within 13 months.

After July 17: Not eligible for a refund or future conference credit.

Substitutions from the same company may be made at any time.

Professional Development Credits



Completion of this program qualifies attendees for 12 hours of Professional Development credits as granted by CFA



Institute and 14.5 hours of CPE

credit from the National Association of State Boards of Accountancy. Complete details available on the Accreditation page of the program website: www.snlfcenter.com/euf.

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Get a deeper understanding of corporate finance as it applies to regulated power and gas utilities.

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