

“Solid
grounding in the basics
of corporate finance
as it impacts utility
decision-making.”



Essentials of Utility Finance

Learn and apply the principles of corporate finance specific to regulated power and gas utilities.

March 22-23, 2010
Sheraton Denver Downtown Hotel
Denver, CO

Essentials of Utility Finance provides you with the skills you need to understand the principles of corporate finance specific to utilities and successfully apply them in the current regulatory environment.

Combining intensive instruction and 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 foundational theories of utility capital & risk and return and their application as practiced in the sector 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 under the current regulatory environment
- Familiarity with the key metrics for measuring risk and performance
- The advantages, drawbacks and impact of the capital-raising instruments employed by utilities
- Knowledge of equity performance measures, including EVA and cash flow ROI
- Exposure to the ways utilities practice risk management
- Insight into the effects of regulation and rate cases on a company's financial decision-making frameworks and financial outlook

Prerequisites This program presumes an understanding of basic accounting and finance concepts, as well as a familiarity with utility business models.

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 for utilities.

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. Knecht is a Registered Professional Mechanical Engineer. He holds a J.D. from the University of San Francisco law school and M.S. in Engineering - Economic Systems from Stanford University.

Agenda

DAY ONE - Monday March 22

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 environment

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 - Tuesday, March 23

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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Denver, CO

REGISTRATION: [CLICK HERE](#), OR

CALL
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REGISTER@PMACONFERENCE.COM

FAX
253 663 7224

MAIL
PO BOX 2303 FALLS CHURCH VA
22042

Registration fee: \$1,595

\$1,395 (Early bird available through Feb. 5)

(Federal/state regulatory commissions: \$995)

Location

Denver Sheraton Downtown Hotel in Denver CO. A special room rate of \$119 per night plus tax has been arranged. To reserve, please call the hotel directly at (888) 627-8405 by February 19, 2010 and mention "SNL Essentials of Utility Finance".

Cancellations

Received by February 26, 2010: Full refund, less a \$150 administrative fee.
Received by March 16, 2010: Full credit, less a \$150 administrative fee, toward attending another SNL CFE program within 13 months.
After March 16, 2010: 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:

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