



## IPU's Advanced Studies Program

ACCOUNTING, FINANCE, AND EVALUATION

Sep. 30 – Oct. 4, 2019 | Kellogg Center, MSU | East Lansing, MI

*Intensive, interactive, and technical workshops emphasizing analytical methods and issues relevant to public utility ratemaking.*

### Program Agenda

#### Sunday

4:00-6:00 Early Registration – Vista Room Hallway

#### Monday

7:30-8:30 am

#### Registration and breakfast

A full breakfast is provided daily at 7:30 am in the Vista Room Hallway. Breaks daily at 10:00 am and 3:00 pm.

8:30-12:15 pm

#### Concurrent Sessions (210 Min.)

Room 105

#### GAAP, Life-Cycle, and Regulatory Accounting [Zeldenrust]

Fixed asset overview, FERC accounts for asset life cycle; construction process; work in progress calculations; CWIP to in service; asset retirements.

Room 104

#### Financial Statement Analysis [Dharan]

Analyzing information in financial reports; capital structure; effect of leverage on the return on assets; risk of default.

Room 103

#### Forecasting for Resource Planning [Gotham]

Forecasting techniques; projecting peak demand from energy forecasts; determining capacity needs from demand forecast; incorporating load management and conservation measures.

12:15-1:30 pm

#### Lunch Break

1:30-5:15 pm

#### Concurrent Sessions (210 Min.)

Room 105

#### Regulatory Treatment of Income Taxes [Zeldenrust]

Ratemaking impacts of income and other taxes; deferred income taxes; accounting for tax reform.

Room 104

#### Utility Credit Markets and Ratings [Chapman]

Capital market overview; role of credit rating agencies; credit rating systems for corporate and municipal utilities.

Room 103

#### Econometric Forecasting Methods [Upton]

Nonstationary series and spurious regression; time series decomposition; stochastic time series generation; review of regression analysis; constructing a forecast.

5:30-7:00 pm

#### Welcome Reception

**Tuesday**

8:30-12:15 pm

Concurrent Sessions (210 Min.)

Room 105

**Utility Asset Depreciation [Watson]**

Depreciation and why it matters; depreciation analysis.

Room 104

**Mergers, Acquisitions, and Affiliate Transactions [Edmonds]**

Merger and acquisition fundamentals and trends; types of mergers; merger and acquisition terms.

Room 103

**Cost-Benefit Evaluation in Regulation [Upton]**

Conceptual foundations; time value of money, uncertainty and sensitivity analysis; accounting for externalities.

12:15-1:30 pm

Lunch Break

1:30-5:15 pm

Concurrent Sessions (210 Min.)

Room 105

**Utility Asset Retirement [Watson] [continued]**

Room 104

**Regulatory Compliance and Risk Management [Friedman]**

Noneconomic regulation and compliance; tools for risk mitigation and management; evaluating cost effectiveness.

Room 103

**Economics of Energy Resource Options [Upton]**

Market developments; profiles, advantages, and disadvantages of alternatives; evaluation criteria.

**Wednesday**

8:30-12:15 pm

Concurrent Sessions (210 Min.)

Room 105

**Ratecase Auditing for Capital Costs**

Planning the audit process; data sources; prudence review; discovery power.

Room 104

**Utility Performance Benchmarking [Fenrick]**

Measuring utility performance; influencing factors; economic balance; applications in PBR

Room 103

**Pricing, Behavior, and Demand Response [TBA]**

Price elasticity of demand for utilities; how prices to shape demand; nonprice methods and synergies; behaviors and preferences.

12:15-1:30 pm

Lunch Break

1:30-5:15 pm

Concurrent Sessions (210 Min.)

Room 105

**Ratecase Auditing for Operating Costs [Hunsaker]**

Rate case auditing process; adjustments to test year revenues and expenses; corporate allocations.

Room 104

**Incentive-Focused Regulation [Hemphill]**

Performance incentives for utilities; profit and other incentives; multi-year ratemaking; formula rates; PBR models and experience; issues in implementation and monitoring.

Room 103

**Net Metering Methodologies [Ozar]**

Foundations of net metering; cost-of-service; onsite usage modeling; economic and payback analysis.

**Thursday**

8:30-12:15 pm

Concurrent Sessions (210 Min.)

Room 105

**Cost Allocation and Rate Design: Energy [Peterson]**

Cost of service studies and modeling; functionalization, classification, and allocation; rate design for energy utilities.

Room 104

**Cost Allocation and Rate Design: Water [Burnham]**

Cost-of-service studies for water, wastewater, and stormwater; metering; capacity factors; system development; fire protection; conservation; reuse; implementing changes in rates.

Room 103

**Energy Efficiency Program Evaluation [Steiner]**

Overview of energy efficiency evaluation; emerging trends.

12:15-1:30

Lunch Break

1:30-5:15 pm

Concurrent Sessions (210 Min.)

Room 105

**Cost Allocation and Rate Design: Energy (continued)**

Room 104

**Cost Allocation and Rate Design: Water (continued)**

Room 103

**Planning and Implementing Pilot Programs [Cappers]**

Pilot program design, implementation, and evaluation; costs and benefits; case studies.

6:00 pm

**Informal Networking at the Harrison Roadhouse Pub (Nearby)**

**Friday**

8:30-12:15 pm

Concurrent Sessions (210 Min.)

Room 104

**Utility Rates and Affordability  
[Beecher]**

Measuring affordability; rate and other methods; customer assistance programs; implementation considerations.

Room 103

**Corporate Value, Risk, and  
Incentives  
[Kihm]**

Understanding the role of risk; risk and the cost of capital; implications of shifting risk; what drives stock value; managerial incentives for performance

## Program Notes

**Internet access**

Free internet access is available throughout the Kellogg Center using the login MSUnet Guest.

**Accessing program materials**

Presentations and supplemental materials are available to all attendees. Please navigate to the attendee link on the program web page and enter the program password: \_\_\_\_\_.

**Continuing education credits**

If you would like IPU-MSU to certify your attendance for continuing education purposes, please complete the personal attendance form and turn it in at the conclusion of the program. IPU programs are NASBA approved for Continuing Professional Education (CPE) credits in accounting. For Continuing Legal Education (CLE) credits and others, attendees must submit application materials to their certifying body.

IPU will provide a confirmation letter and certificate based on reported attendance and program hours. Attendees from the public and nonprofit sectors will also earn credit toward IPU's Certificate of Continuing Regulatory Education. Please visit [ipu.msu.edu/ccre](http://ipu.msu.edu/ccre) for details.

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# IPUMSU

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## IPU's Advanced Studies Program








RATEMAKING, ACCOUNTING, FINANCE, AND EVALUATION

October 1-5, 2018 | Kellogg Center, MSU | East Lansing, MI

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