



**IPU Advanced Regulatory  
Accounting and Auditing Course**  
October 25-27, 2022  
**INSTITUTE OF PUBLIC UTILITIES**

**MICHIGAN STATE**  

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**UNIVERSITY**

# About the IPU-MSU

- Institute of Public Utilities
  - ▶ Serving the regulatory policy community since 1965
  - ▶ Thousands of domestic and international program alumni
  - ▶ A national network of experienced experts in regulation
  - ▶ Financially self-sustaining at Michigan State University
  
- IPU's mission
  - ▶ To support informed, effective, and efficient economic regulation of electricity, natural gas, water, and broadband
  
- Integrative educational programs and research
  - ▶ A principled approach to regulatory practice
  - ▶ An empirical approach to regulatory analysis
  - ▶ A reasoned approach to regulatory reform
  
- We teach the “ideal” of economic regulation in the public interest
  - ▶ Interdisciplinary theory, regulatory institutions and culture, and critical thinking
  - ▶ Commitment to lifelong learning and appreciating what we do not know
  - ▶ Our purpose is not to formulate answers – but to help form good questions
  - ▶ Objective – but not unopinionated

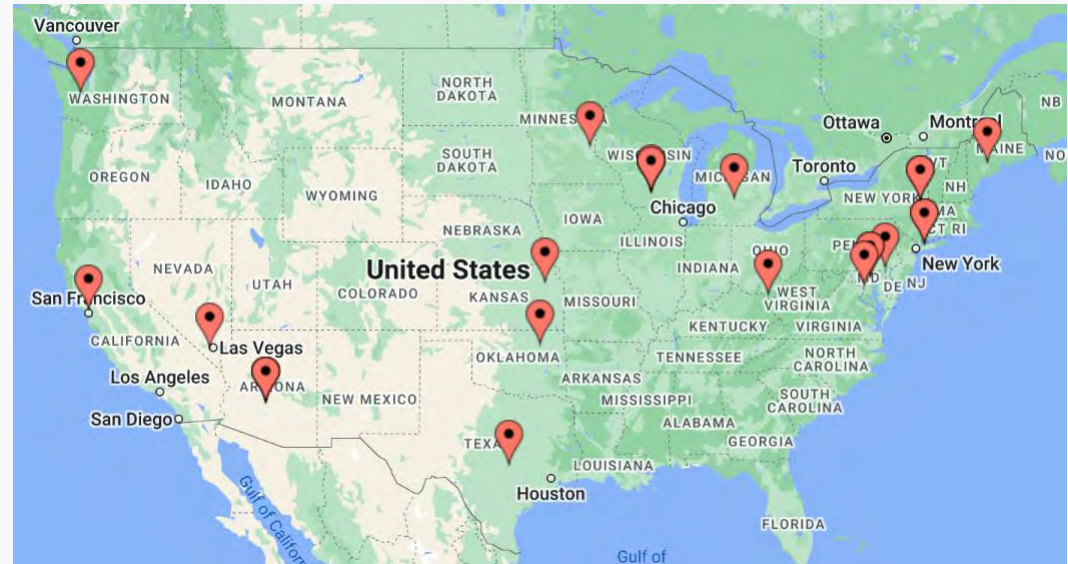


# Welcome!

- Welcome to this live online learning experience
  - ▶ Thanks for being part of our community and joining us today
  - ▶ We recommend closing other screens and turning off notifications
  - ▶ Enjoy the relaxed dress code and remember to stretch, stand, and hydrate!
- We hope to give you a positive and interactive experience
  - ▶ Feel free to raise your hand to ask a question (clarifying or otherwise) at any time
  - ▶ Use the chat function for questions or comments during the program
  - ▶ For help, contact Erin West via the Q&A, [erinwest@msu.edu](mailto:erinwest@msu.edu), or 517-355-1876
- A few program notes
  - ▶ Accessing course materials
  - ▶ Polls and practical exercises
  - ▶ Certificates of attendance
  - ▶ Course evaluation forms
  - ▶ Continuing education credits
  - ▶ Opening code word: \_\_\_\_\_
- Schedule
  - ▶ From 10 am to 5 pm Eastern Time Zone Tu-Th (ending at 3:20 pm Thursday)
  - ▶ Four 80-min. modules with lunch from 1-2 pm and 20-min. breaks at 11:20 and 3:20

## Poll 1: Where do you work?

- State commissions and agencies
- Federal commissions and agencies
- Consumer and environmental advocates
- Public utility providers – investor-owned
- Public utility providers – public or cooperative
- Law and consulting firms
- Universities
- Other



Q. Use the **chat** function to introduce yourselves – who and where are you?

## Poll 2: What is your role?

- Commissioner
- Accountant or financial analyst
- Economist or policy analyst
- Engineer or technical analyst
- Attorney or law judge
- Manager
- Advisor
- Consultant
- Educator
- Other

## Program learning objectives

- To review the purpose, methods, and issues of regulatory rate case accounting and auditing for capital and operating expenses.
- To review the purpose, methods, and issues of specialized audits regulated utilities, including cost adjustments and management practices.
- To understand the role of asset depreciation and valuation in regulatory accounting.
- To consider the intersection between contemporary regulatory policies and the principles and practices of regulatory accounting.
- To gain an advanced understanding of regulatory accounting and auditing through examples and interactive exercises

**Q. Use the **chat** function to tell us what you hope to learn – what is your “burning issue” when it comes to utility ratemaking?**

## Your learning objectives

- CLE credits
- Improve accounting and auditing efficiency
- Specific to gas and electric
- Enhance knowledge of regulatory accounting
- Additional regulatory skills

Q. Use the **chat** function to tell us what you hope to learn – what is your “burning issue” when it comes to utility ratemaking?

# Introduction to the course

- **Tuesday, October 25** 10:00 am - 5:00 pm (Eastern)
  - ▶ Rate case auditing I (Danny Kermode)
  - ▶ Utility asset depreciation and retirement (Dane Watson)
  
- **Wednesday, October 26** | 10:00 am - 5:00 pm (Eastern)
  - ▶ Rate case auditing II (Danny Kermode)
  - ▶ Regulatory treatment of income taxes (Tim Zeldenrust with Danny Kermode)
  
- **Thursday, October 27** | 10:00 am – 3:20 pm (Eastern)
  - ▶ XBRL for regulators and utilities (Danny Kermode )
  - ▶ Methods for the valuation of utility assets (John Mastriacchio)
  - ▶ Regulatory policy and accounting practice (J. Beecher and D. Kermode) – *please submit questions in advance!*



# Program faculty

- About the instructors and our community of participants
  - ▶ Janice Beecher, Ph.D., Professor and IPU Director, Michigan State University
  - ▶ Danny Kermode, CPA, Washington Utilities and Transportation Commission (retired)
  - ▶ John Mastracchio, Vice President, Raftelis Financial Consultants, Inc.
  - ▶ Dane Watson, Managing Partner, Alliance Consulting Group
  - ▶ Tim Zeldenrust, Vice President Strategic Consulting, PowerPlan



## Upcoming IPU Programs

# IPU Advanced Cost Allocation and Rate Design: November 14-17, 2022

