

Regulatory for Accounting and The Case for Automation

Meet the Growing Demands on Accounting with Efficiency, Automation and Accuracy

You've just completed your FERC Form 1 quarterly reporting and you're finally done with annual filing. When you step back to assess the impact on your teams, just how painful was your process this past year relative to not only FERC, but also the state commission reporting, riders and trackers, and the countless other aspects of reporting accounting must support? And the process never ends. With year-end behind you, now is an ideal time to begin regulatory accounting prep for next year. But first, it's important to consider what's happening in the industry as a whole.

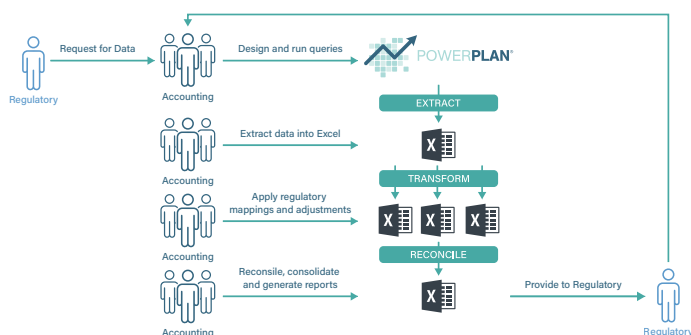
Regulatory and operational trends increase both pressure and opportunity for accounting

Countless factors are adding to the reporting burdens on utility accounting teams, often keeping them mired down in manual process with less capacity to play a more strategic role for the business. Here are just a few among the many pressures bearing down on utility accounting teams as they support the business demands for regulatory reporting:

- Rising rate pressures from increased investment, especially in renewables and in early abandonment of coal-fired plants
- More frequent need for incremental forecasting, often on extremely short notice
- Evolving complexity and prevalence of various cost-recovery mechanisms
- Increased scrutiny of costs and performance
- Higher frequency of rate reviews and regulatory filings

All these issues combined increase the frequency and accuracy of reporting you're required to provide. And with that, you also need more granularity in your data, so you can be prepared to remix, re-analyze, and re-visualize it for virtually any need you might face.

While this creates a significant business challenge, at the same time it enhances the opportunity for accounting teams to successfully deliver the financial reporting that is crucial to the success of the business. But to play that role, accounting teams must find a way to break free of complexity.



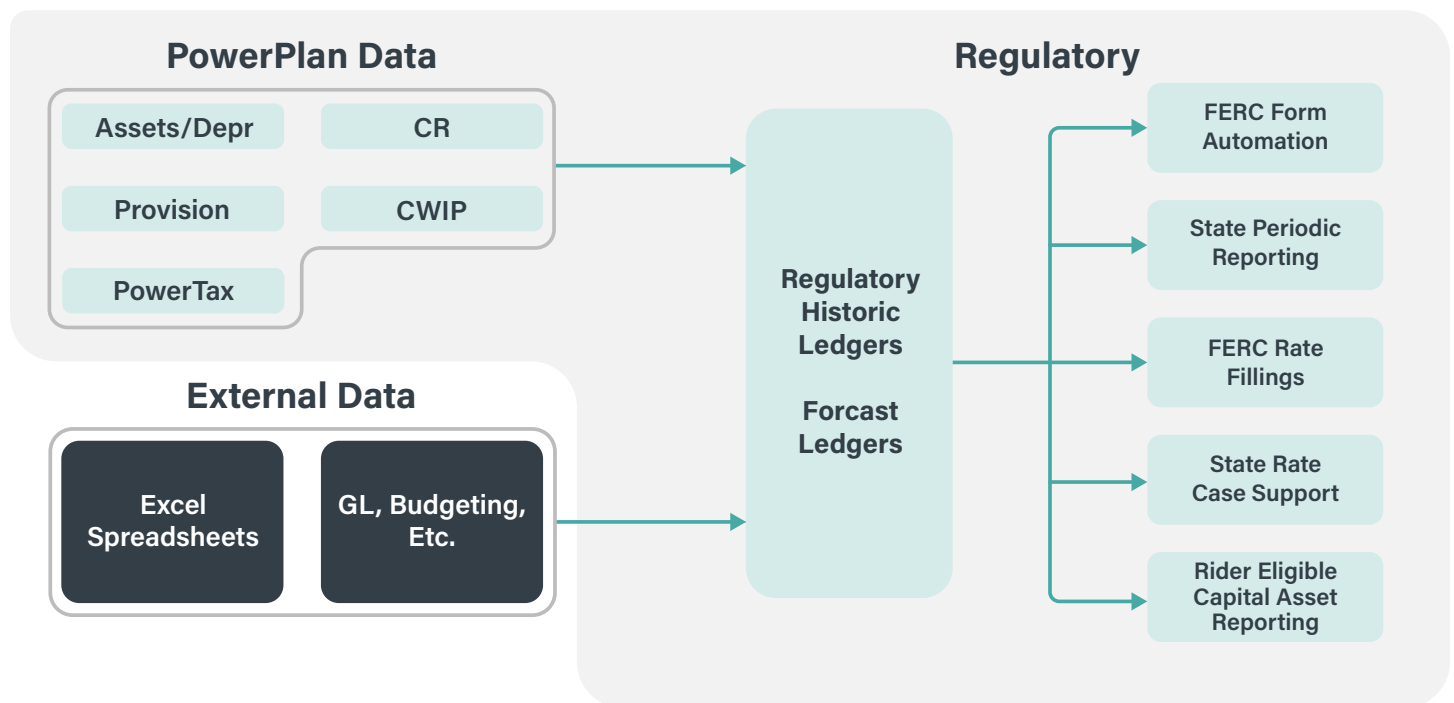
Accounting teams get constant requests from regulatory, often requiring that they pull and combine data from PowerPlan and other sources. When the process isn't automated, it's cumbersome, it's redundant, and usually involves countless spreadsheets. As a result, it's often inaccurate, impossible to scale and leaves the utility open to multiple layers of risk. Most teams know there must be a way to escape this relentless cycle, they just don't know how to get there.

The benefit of automating regulatory reporting for accounting

For utility accounting teams who make the move to automate regulatory reporting, the advantages add up quickly:

- ✓ Automates extraction and transformation of your data from subsidiary ledgers into a regulatory-ready format
- ✓ Can be used for FERC form reporting, mandatory periodic state reports, rate case preparation, internal regulatory reporting and more
- ✓ Eliminates the need for accounting to perform extensive extraction and transformation exercises
- ✓ Enables you to automate repetitive requests and manual data pulls
- ✓ Drastically reduces the time needed to satisfy requests
- ✓ Reduces the regulatory department's dependence on accounting
- ✓ Frees up time for more strategic evaluation of filings rather than time-consuming manual compilation and analysis
- ✓ Supports virtually every aspect of your rate case development
- ✓ Automates mapping and consolidation of data
- ✓ Gives every business function far greater confidence in accounting data
- ✓ Brings new levels of consistency to your reporting

Automating the data flow



Automating your asset accounting - such a crucial sub-ledger to your GL - can drastically improve the effectiveness and efficiency of your overall regulatory reporting, while greatly easing the burden on your accounting team.

Why accounting automation matters: credibility, consistency and productivity

As a utility, credibility is your primary currency. You don't have a choice but to be accurate, fast and ready to be audited or respond to regulatory requests quickly and efficiently. By looking at pressure points on your accounting team relative to regulatory reporting and automating the most cumbersome parts, you achieve multiple outcomes for your business:

- ✓ Ensure consistency in your methodology that's so valued by regulators
- ✓ Improve forecasting and modeling
- ✓ Makes both regulatory and accounting more productive by solving a critical data management problem and ensuring the business has what's needed, when, and can deliver reports quickly and with confidence

Multiple use cases for automation: What's yours?



FERC form filing. Anything you can do to automate this process is a win. PowerPlan solutions automate key FERC pages supported by PowerPlan modules, including Plant, Accumulated Reserve, Depreciation, Tax and Statistical pages, which show plant investment by generating type. These pages are validated using a reconciliation workspace and are then seamlessly transmitted to the XBRL filing solution.



Periodic mandatory filing (for example, trackers, riders, other public utility-mandated filings). Riders and trackers involving plant in service amounts have proliferated in the past decade. Our experience shows that many clients manage extensive offline queries and Microsoft Excel models in an effort to meet the rider calculation and reporting requirements. In contrast, utility-specific technology like PowerPlan automates the data extraction for complex rider filings and categorizes eligible work orders. Depreciation expense, accumulated reserve and other activity can also be calculated within the PowerPlan Regulatory solution to streamline rider periodic reporting and journal entries.



Rate case accounting prep. Case after case, scenario after scenario, utility accounting teams spend a considerable amount of time preparing details of plant-in-service and accumulated depreciation for key rate case schedules. Automating these processes frees up your skilled accountants and analysts to work on far more value-added activities.



Other cases such as commission surveillance. Many state commissions require periodic annual reporting which may be slightly different or more detailed than the FERC pages. Other states require periodic reporting of return on equity. Fully or partially automating these reports can also reduce the burden on accounting significantly.



Internal regulatory requests. In addition to streamlining and automating routine internal reporting, shifting away from spreadsheets and manual processes allows for much easier auditing and driver analysis. Making use of drill-down capability, flexible search options and other embedded query tools allow accounting technology users to quickly follow up on ad-hoc requests and provide the rapid insights needed for better decision-making.

Want to make your accounting prep for regulatory reporting less painful and more productive? We can help.

The 2023 reporting season will be here before you know it. Let us share how we've helped other energy companies make the process easier and offer ideas on how you manage the process more efficiently with our Regulatory for Accounting Solutions. Contact us at info@powerplan.com to learn more today.

About the authors



Tim Zeldenrust

Manager of Product Marketing and Research

Tim has more than 35 years of experience in regulatory consulting, accounting, audit and litigation services to clients in the utilities, telecommunications and cable television industries. He has audited large, diversified multi-location public companies regulated by the SEC. His experience includes extensive involvement in rate cases before utility commissions and in accounting and income tax matters for utility and other companies. He joined PowerPlan in 2010 and helped develop their Regulatory Solution software and is involved in sales and implementation of this software. Tim began his career as an auditor in the Utilities and Telecommunication division of Arthur Andersen. He then went on to become a principal in Arthur Andersen's Economic and Financial Consulting group. After that he was a Director at Huron Consulting Group. Mr. Zeldenrust received a BA from Carthage College in Accounting and Business Administration and is a Certified Public Accountant.



Rick Fisher

Product Director of Planning and Regulatory

Rick directs the development of new products and enhancements to existing software solutions supporting Financial Planning and Analysis processes for the North American energy industry. Rick has more than 20 years of experience in the utility industry, including management of financial, accounting and regulatory functions for a large U.S. electric utility. Rick has supported strategy and analysis in various rate cases and single-issue filings and has served as an expert witness for filings with the FERC and California Public Utilities Commission. He holds a B.S. in Finance, Real Estate, and Law from California Polytechnic University, Pomona and an M.B.A. from the University of Southern California.

The information contained herein is general in nature and not intended, and shall not be construed, as legal, accounting or tax advice or opinion provided by PowerPlan to the reader. The reader is also cautioned that this material may not be applicable to, or suitable for, the reader's specific circumstances or needs, and may require consideration of non-tax and other tax factors if any action is to be contemplated. The reader should contact their tax professional prior to taking any action based upon this information. PowerPlan assumes no obligation to inform the reader of any changes in tax laws or other factors that could affect the information contained herein.