

Society of Utility and
Regulatory Financial Analysts



52nd FINANCIAL FORUM

April 23 – 24, 2020

plus

(April 22nd AFTERNOON SITE VISIT TO THE
COLUMBIA GAS SAFETY TRAINING CENTER)



Omni Richmond Hotel
Richmond, VA

OFFICERS 2018-2020

President

Mark Cicchetti, CRRA
FL Public Service Commission
(850) 413-6066

Emily Sears, CRRA

Public Utility Commission of TX

Secretary/Treasurer

Rita Scuris, CFA
CT Public Utilities Regulatory
Authority
(860) 827-2820

BOARD OF DIRECTORS

Pauline M. Ahern, CRRA
ScottMadden

Barbara Chapman
FitchRatings

Michael Gorman
Brubaker & Associates, Inc.

Jim Hempstead
Moody's Investors Services

Paul Hunt, PhD
Southern California Edison

James Jenkins
American Water

Edward Kaufman, CRRA
VA State Corp. Commission

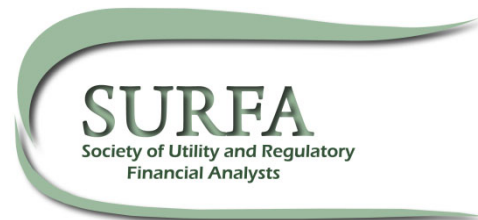
Tommy Oliver, CRRA
RGC Resources

Vincent Rea, CRRA
NiSource Inc.

Carrie Templeton
Public Service Commission of WI

Bente Villadsen, PhD, Ex Officio
The Brattle Group

Randy Woolridge, PhD
Penn State University



Dear Members & Friends:

I am pleased to announce the 52nd Financial Forum of the Society of Utility and Regulatory Financial Analysts (SURFA). The Forum provides attendees insight into current cost of capital issues affecting the utility industry and is appropriate for attorneys, utility company staff, investors, regulatory commissioners & staff, consumer advocates & staff, as well as consultants.

Our 52nd Forum features an outstanding group of speakers and moderators. The topics that will be addressed include:

- The cost of capital implications associated with wildfires & utility bankruptcy in California;
- Do Cost of Equity Models, e.g., the DCF model, results understate the Cost of Equity?;
- The regulatory impacts associated with decarbonization; and
- The implications associated with recent legislative changes to apply fair market value versus original cost for water utility acquisitions.

We are once again privileged to have John Lonski of Moody's present an analysis of current & expected economic conditions. Also, a panel of distinguished Wall Street analysts will discuss the condition of, and outlook for, the utility industry. Attendees will be treated to two exciting & entertaining speakers: Leonard (Len) Hyman & William (Bill) Tilles. Messrs. Hyman & Tilles are renowned utility experts & current contributors to Oilprice.com. They will address Forum attendees at dinner on Thurs., April 23rd, following a networking cocktail reception.

For those arriving on Wed., April 22nd, there will be a site-visit to the Columbia Gas Safety Training Center. The bus will leave at 2:30 PM returning at 4:00 PM, followed by an evening excursion to Scott's Addition, Richmond's restaurant/tavern district with bus transportation provided to & from.

The Certified Rate of Return Analyst (CRRA) exam (late registration ending February 14th) takes place on Wed., April 22nd from 12:00 – 5:00 PM, prior to the Forum. Please visit our website <http://www.surfamembers.com>, for more information.

Please pass this brochure to any associates whom you think may be interested in joining us in Richmond.

I look forward to seeing you and your colleagues April 22-24, 2020.

Very truly yours,

Mark Cicchetti, CRRA
President



52nd Financial Forum

Wednesday, April 22, 2020	NOON – 5:00 P.M.	CRRA Certification Testing – Shenandoah Salon H (Rusty Maddox / Dave Parcell)
	AFTERNOON	<p>Columbia Gas of Virginia, Inc. Safety Training Center Tour</p> <p>Assemble in main lobby. Transportation will leave the hotel at 2:30 PM Tour will take place from 3:00 - 4:15 PM Casual attire is recommended along with walkable closed-toe shoes and socks. Please note that much of the facility is outside. Please check Richmond weather before arrival in case a rain jacket/umbrella is warranted.</p> <p>Excursion to trendy Scott's Addition www.scottsaddition.com www.visitrichmond.com</p> <p>Transportation will leave the hotel at 6:15 PM</p> <p>Transportation will leave Scott's Addition at 10:00 PM (Scott's Addition is a short cab/Uber ride from the hotel for those wanting to leave or return at different times)</p>
	EVENING	
Thursday, April 23, 2020	7:30 – 8:10 a.m.	SURFA Conference Registration and Breakfast – James River Foyer & Salons AB
	8:10 – 8:30 a.m. James River Salon C	<p>Introduction Mark Cicchetti, CRRA, SURFA President Florida Public Service Commission</p> <p>Welcome address The Honorable Mark C. Christie, Commissioner Virginia State Corporation Commission</p>



52nd Financial Forum

PANEL 1 What is our Economic Future? Course Level: Intermediate 8:30 - 10:15 a.m. James River Salon C	Moderator Jim Hempstead, Managing Director Global Project & Infrastructure Finance Moody's Investors Services
	Presenter John Lonski, Chief Economist Managing Director – Moody's Analytics Chief Capital Market Economist
10:15 – 10:30 a.m.	BREAK – James River Foyer
PANEL 2 Inverse Condemnation – California Dreaming Course Level: Intermediate 10:30 – 12:15 p.m. James River Salon C	Moderator Bente Villadsen, PhD, Principal The Brattle Group
	Panelists Jeffrey Cassella, Analyst Moody's Investors Service Paul Hunt, PhD, Director of Cost of Capital So. California Edison (Ret.) Bob Mudge, Principal The Brattle Group Philip Smyth, Senior Director FitchRatings
WORKING LUNCH 12:15 – 2:00 p.m.	Buffet in James River Foyer Seating in James River Salons AB



52nd Financial Forum

Friday, April 24, 2020	PANEL 3: Do Cost of Equity Models e.g. DCF Understate the Cost of Equity? Course Level: Intermediate 2:00 – 4:00 p.m. James River Salon C	Moderator Edward Kaufman, CRRA, Principal Utility Specialist Virginia State Corporation Commission
		Panelists Stephen G. Hill, CRRA, Principal Hill Associates Michael J. Vilbert, PhD, Principal Emeritus The Brattle Group Julien Dumoulin-Smith, Managing Director Head of US Power, Utilities & Alt. Energy Research BofA Securities, Inc.
	6:00 – 8:30 p.m. Cocktails: James River Foyer Dinner: James River Salons AB	DINNER: Introduction: Mark Cicchetti, CRRA, President Dinner speakers: Leonard (Len) Hyman & William (Bill) Tilles Decarbonization Is Not That Expensive, So Let's Get On With It
	7:30 – 8:00 a.m.	SURFA Conference Registration and Breakfast James River Foyer & Salons AB
	PANEL 4 A Carbon Free Future or No Future at All? Course Level: Intermediate 8:00 – 9:45 a.m. James River Salon C	Moderator Barbara Chapman, Senior Director FitchRatings Panelists Humayn Tai, Senior Partner McKinsey & Company Steven Ridge, Vice President, Investor Relations Dominion Energy The Honorable John B. Rhodes, Chair & CEO New York Public Service Commission (Invited)



52nd Financial Forum

9:45 – 10:00 a.m.	BREAK – James River Foyer
-------------------	----------------------------------

PANEL 5: Fair Market Value vs. Original Cost Course Level: Intermediate 10:00 – 11:30 p.m. James River Salon C	Moderator Dylan D'Ascendis, CRRA ScottMadden, Inc.
	Panelists James Jenkins, Vice President Regulatory Services American Water Christine Hoover, JD, Sr. Ass't Consumer Advocate Pennsylvania Office of Consumer Advocate Rachel Maurer, CRRA Office of Commissioner Ralph V. Yanora Pennsylvania Public Utility Commission
PANEL 6 Wall Street's Perspective Course Level: Advanced 11:30 – 1:00 p.m. James River Salon C	Moderator Tommy Oliver, CRRA, Vice President, Regulatory Affairs and Strategy, Roanoke Gas Company
	Panelists Heike Doerr, Principal Analyst S&P Global Market Intelligence Greg Gordon, CFA, Sr. Managing Director & Head of Power & Utilities Research Evercore ISI Jim Hempstead, Managing Director Global Project & Infrastructure Finance Moody's Investors Services Mike Gaugler, Managing Director of Utilities & Infrastructure Janney Montgomery Scott



52nd Financial Forum

Who Should Attend the 52nd Financial Forum?

The SURFA Financial Forum offers a program that will interest accounting, finance and non-finance professionals with an interest in utility regulation, electric, natural gas, and water issues including:

Utility Personnel
Investment Analysts
Public Advocates
Consultants

Commissioners
Commission Staff
Accountants
Attorneys

A corporate financial background and working knowledge of utility ratemaking are prerequisites in order to receive CPE credit. There is no advanced preparation required. After completion of this conference you should be able to:

- Identify key issues affecting the utility industry;
- Understand how certain cost of capital estimation methods work;
- How a utility's cost of capital affects investor perceptions;
- Identify recent developments in utility consolidation; and
- List current regulatory issues impacting the utility industry.

SURFA's History

The Society was founded in 1977 by a cross-section of financial analysts who recognized the need for increased dialogue on the subject of rate of return. SURFA, originally organized to study public utilities and their cost of capital, is now broader in scope. The Society focuses on the general concept of risk and its impact on the financial viability and market cost of capital for regulated entities. SURFA also sponsors the Certified Rate of Return Analyst (CRR) program, an educational service covering cost of capital concepts. The objectives of the Society are:

- To discuss and disseminate concepts and practices in the application of utility financial issues;
- To promote the education and understanding of rate of return analysis;
- To promote the highest level of ethics in the discharge of members' duties; and
- To develop fellowship among members.

Membership Information

Financial Forums are held annually in the spring. Our membership includes regulators, regulated utility personnel, consultants, attorneys, academicians as well as other members of the financial community. Refer to the next page for further information on how to become a member of SURFA.

Hotel Information

Omni Richmond Hotel
100 South 12th Street
Richmond, VA 23219

804-344-7000 (direct) or 800-443-6664 (toll free)

**Daily Rates: \$169 (single) \$169 (double) plus tax
(for the dates of April 21-24)**

Prevailing Federal Per Diem rate will apply

Reserved rate **cut-off date** is **March 24, 2020**

<https://www.omnihotels.com/hotels/richmond/meetings/surfa-52nd-financial-forum-04212020>

SURFA Forum Refund and Complaint Resolution Policy

Forum fees are fully refundable if registration is cancelled by April 6th. A \$50 fee will be charged for cancellations received April 7th through April 22nd. No refunds will be made for cancellations received after April 22nd. It is SURFA's policy to resolve questions and complaints with its members on a case-by-case basis. For more information on the refund policy, or if you have a complaint, please contact Mark Cicchetti, President, at **850.508.4141** or Mark.Cicchetti@PSC.state.fl.us.



52nd Financial Forum

SURFA 52nd Financial Forum April 4 & 5, 2019 REGISTRATION & MEMBERSHIP DUES

Registration for the 52nd Financial Forum & Memberships is online only*

***** PLEASE PURCHASE / RENEW YOUR MEMBERSHIP *****
***** BEFORE REGISTERING FOR THE FORUM *****

Please visit <http://www.surfamembers.com> to register for the 52nd Financial Forum.

Registration Fees

SURFA Government Members	\$400 (Plus membership dues)
If registering prior to March 26, 2020	\$370 (Plus membership dues)
SURFA Corporate Members	\$500 (Plus membership dues)
If registering prior to March 26, 2020	\$470 (Plus membership dues)
Nonmembers	\$700

Multiple Registration Discount for Members

- Two SURFA members from the same organization may take a \$50 discount per person.
- Three or more SURFA members from the same organization may take a \$100 discount per person.

Membership Renewals & New Memberships

Please visit <http://www.surfamembers.com> to renew or become a member.

Membership Dues: \$100

Student Membership Dues: \$25

* Payment may be by credit card at our website (you will receive a receipt via email) or by check (you will receive an invoice via email). Please contact Rita Scuris at Rita.Scuris@ct.gov for check payment questions.



52nd Financial Forum

Continuing Education Credits

Certificate of Continuing Regulatory Education

For public and nonprofit sector employees, full attendance at the program will earn 20 credits toward a Certificate of Continuing Regulatory Education (CCRE) sponsored by the Institute of Public Utilities at Michigan State University and endorsed by the National Association of Regulatory Utility Commissioners. Credits may be earned for up to two programs hosted by the same professional organization and past attendance may be eligible. For program details, please visit www.ipu.msu.edu/CCRE or contact ipu@msu.edu.

CPE Credits

This conference provides a general overview of financial, accounting and economic issues impacting regulated utilities and their cost of capital. The conference presentation is group-live and the course level is intermediate.

Perquisite: Previous experience in utility ratemaking and regulatory proceedings or an understanding of the ratemaking process from an accounting, economic or financial perspective. There is no advanced preparation required. Conference participants can earn up to 10 CPE credits in fields of Regulatory Ethics, Finance and Economics.

The individual sessions CPE Credits, prerequisites and format are as listed on the next page

SURFA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have the final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org

Bente Villadsen, PhD
Past President - SURFA
c/o The Brattle Group
One Beacon St., Suite 2600
Boston, MA 02108
617.234.5608
Bente.Villadsen@brattle.com



52nd Financial Forum

CPE Credits for the SURFA Conference:

Panel 1: What is our Economic Future?

Level:	Intermediate
Time:	105 minutes (2 Credits)
Prerequisite:	None
Field of Study:	Economics - Technical
Delivery Method:	Group Live

After the session, the participants are expected to know recent trends in interest rates and equity markets, as well as to be able to articulate the impact of interest rate changes on utilities' cash flow and cost of capital. The session will also enhance the participants' understanding of current and anticipated economic growth, of labor productivity, and of their impact on upcoming monetary policy decisions.

Panel 2: Inverse Condemnation – California Dreaming?

Level:	Intermediate
Time:	105 minutes (2 Credits)
Prerequisite:	A basic understanding of finance and regulation
Field of Study:	Finance and regulation
Delivery Method:	Group Live

After the session, participants should be familiar with the impact of California's inverse condemnation legislation on utilities as well as with the state and regulatory commission's initiatives to mitigate the impact. Participants should also be able to articulate potential methods to determine the magnitude in the form of insurance for disasters and the impact on credit metric

Panel 3: Do Cost of Equity Models, e.g., DCF, Understate the Cost of Equity?

Level:	Intermediate
Time:	120 minutes (2 Credits)
Prerequisite:	A basic understanding of finance and regulation
Field of Study:	Finance
Delivery Method:	Group Live

After the session, participants should understand how the current low interest rate environment affects the results of cost of equity models used in utility regulation. Participants should be able to evaluate whether the current economic environment artificially suppresses the results of cost of equity models and whether certain models provide more reliable results at this time.

Panel 4: A Carbon Free Future or No Future at All?

Level:	Intermediate
Time:	105 minutes (2 Credits)
Prerequisite:	A basic understanding of finance and regulation
Field of Study:	Finance



52nd Financial Forum

Delivery Method: Group Live

After the session, participants should understand some of the key issues and challenges that decarbonization pose to the utility industry. Participants should also be familiar with potential operational, legislative, and regulatory issues, which are expected to arise from the shift to a less carbon intensive economy.

Panel 5: Wall Street's Perspective

Level: Intermediate
Time: 90 minutes (1.5 Credits)
Prerequisite: None
Field of Study: Finance
Delivery Method: Group Live

After the session, the participants will understand the risk and rewards in the utility sector. In addition, participants will understand investors' views of the risks facing the utility sector and how such risks may impact the ratings and cost of capital for utilities.

Panel 6: Fair Market Value vs. Original Cost

Level: Intermediate
Time: 90 minutes (1.5 Credits)
Prerequisite: None
Field of Study: Finance
Delivery Method: Group Live

After the session, the participants will understand the pros and cons of valuing municipal water or wastewater assets acquired by investor owned utilities at market value when setting rate base rather than the traditional depreciated original cost (book value). In addition, participants will understand utility, regulatory commission and consumer advocate perspectives on fair market value legislation which addresses the issue.

Total Credits available for completing all sessions is 11 (Economics 2 and Finance 9).

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits will be granted based on a 50-minute hour.

CPE Credit eligibility requires you to sign-in and sign-out for each session. This must be done at the administrative table, which is monitored.

Following successful participation in the SURFA Financial Forum that is properly documented, you will be issued a certificate of completion.