

PUBLICATION UPDATE

Route to: _____ _____ _____ _____
 _____ _____ _____ _____

Accounting for Public Utilities

Publication 00016 Release 31

November 2014

HIGHLIGHTS

- *Accounting for Public Utilities* is a must-have for anyone involved in utility accounting, finance, ratemaking, and deregulation. This publication brings into focus all the special types of accounting rules, situations, and adaptations that are essential in this highly specialized industry. The volume includes:
- discussions of ratemaking concepts, including styles of ratemaking, determining utility rate base, cost allocations and normalization;
- analyses of regulatory accounting and reporting requirements; and
- explanations of accounting for taxes, public utility regulation, management accounting systems, pricing and depreciation.

Development of Public Utility Regulation. Chapter 2 has been extensively updated to include new discussions relating to the Nuclear Regulatory Commission (§ 2.07[5]) as well as the latest developments in environmental regulations (§ 2.07[6]). *See* Ch. 2.

Determination of Utility Rate Base. Chapter 4 has been updated to incorporate references to FERC Order Nos. 636 and 888 pertaining to recovery of stranded costs. *See* § 4.04[12].

Working Capital Component of Rate Base. Changes have been made to Chapter 5 to provide updated discussions on the methods used to determine estimates of cash working capital, with special emphasis on (1) the 45-day standard formula approach, (2) the lead-lag study approach, and (3) the balance sheet approach. *See* § 5.04.

Rate of Return. Chapter 9 has been updated to reflect the application of asset-specific rate of return. *See* § 9.10.

Pricing Utility Services. Updates have been incorporated throughout Chapter 10 to reflect the latest developments relating to techniques and methods used by rate analysts to translate overall annual revenue requirements into actual service rates. *See* §§ 10.04 and 10.05.

Regulatory Accounting and Reporting. Chapter 11 has been expanded to discuss accounting guidance set forth in

FERC Order No. 784 relating to energy storage devices and power purchased for storage operations. *See* § 11.04.

Relationship of Rate Regulation to Generally Accepted Accounting Principles. Chapter 12 has been substantially revised to set forth the latest developments pertaining to accounting for the effects of certain types of regulations (§ 12.02), accounting for the abandonments and disallowances of plant costs (§ 12.03), phase-in plans (§ 12.04), and accelerated depreciation (§ 12.06[5][a]). *See* Ch. 12.

Accounting and Reporting Practices of Public Utilities. Chapter 13 has been revised to provide up-to-date discussions relating to the presentation of Statement of Comprehensive Income. *See* § 13.03.

Derivative Accounting Implications for the Energy and Utility Industry. Chapter 14A has been substantially revised to include new discussions of FASB Accounting Standards Update (ASU) 2014-03, which simplifies the application of hedge accounting to certain interest rate swaps by providing qualifying private companies more time to complete their hedge documentations (§ 14A.04[5]). Other updates have also been incorporated throughout Chapter 14A to reflect current industry trends and practice. *See* Ch. 14A.

Renewable Energy Accounting. Chapter 18 has been updated to provide expanded discussions of revenue recognition issues (§ 18.02). In addition, a new subsection has been added to the analysis of accounting for renewable energy tax credits and grants in § 18.04 to now include discussions of rate-regulated entities (§ 18.04[6]). A new subsection has also been added to the analysis of structuring project arrangements in § 18.05 to include discussions of master limited partnerships and yield companies (§ 18.05[8]). Further-

more, new analysis of start-up and development costs has also been incorporated (§ 18.06). *See* Ch. 18.

Cost Allocations for a Diversified Utility. Chapter 19 includes updates relating to general cost allocation principles promulgated by NARUC, SEC examples for parent company operating expenses, and CASB standards to general cost allocation methodologies (§ 19.03[4][d]). The updates to Chapter 19 also include new discussions of FERC Order No. 684 and exceptions for centralized service companies set forth in the Energy Policy Act of 2005 (§ 19.06). *See* Ch. 19.

Updates have also been incorporated in the following chapters to reflect current industry trends and developments:

- Chapter 6, Public Utility Depreciation;
- Chapter 7, Test Period Cost of Service;
- Chapter 8, Attrition;
- Chapter 14, Consumer-Owned Utility Systems;
- Chapter 15, Business Structures and Management Tools for Competitive Utilities;
- Chapter 16, Utility Management Information Systems;
- Chapter 17, Accounting for Taxes; and
- Chapter 20, Competition in the Public Utility Industry.

LexisNexis® Tax Center

It's all here.

Faster research: Streamline tax analysis with one search across the broadest array of leading tax publishers on a single platform.

Superior tax content: Enhance your productivity with access to the widest array

of tax sources on a single platform.

Comprehensive results: Be confident you're providing the most complete and accurate tax guidance:

- Leverage proven strategies and practical approaches by leading tax practitioners.
- Quickly validate IRS Administrative rulings with exclusive Shepard's® Signals indicators.
- Keep informed about current developments with exclusive current awareness resources from Tax Analysts® and other premier publishers.

LexisNexis® Tax Center—What you need when you need it . . .

Call: 800-227-4908 or visit:
www.lexisnexis.com/taxcenter.

LexisNexis® Tax Law Community

Join the more than **10,000 legal profes-**

sional members who access **FREE** up-to-date content and resources across multiple practice and professional areas in the LexisNexis Communities. Visit the LexisNexis® Tax Law Community (www.lexisnexis.com/Community/taxlaw/) for tax news, up-to-date analysis of recent tax developments by top practitioners, and other resources.

Matthew Bender provides continuing customer support for all its products:

- Editorial assistance—please consult the “Questions About This Publication” directory printed on the copyright page;
- Customer Service—missing pages, shipments, billing or other customer service matters (1-800-833-9844).
- Outside the United States and Canada, (518) 487-3000, or fax (518) 487-3584;
- Toll-free ordering (1-800-223-1940).



www.lexis.com

Copyright © 2014 Matthew Bender & Company, Inc., a member of the LexisNexis Group.
Publication 00016, Release 31, November 2014

LexisNexis, the knowledge burst logo, and Michie are trademarks of Reed Elsevier Properties Inc., used under license. Matthew Bender is a registered trademark of Matthew Bender Properties Inc.

FILING INSTRUCTIONS

Accounting for Public Utilities

Publication 16 Release 31

November 2014

**Check
As
Done**

- 1. Check the Title page in the front of your present Volume 1. It should indicate that your set is filed through Release Number 30. If the set is current, proceed with the filing of this release. If your set is not filed through Release Number 30, DO NOT file this release. Please call Customer Services at 1-800-833-9844 for assistance in bringing your set up to date.
- 2. This Release Number 31 contains only White Revision pages.
- 3. Circulate the "Publication Update" among those individuals interested in the contents of this release.

**Check
As
Done**

*Remove Old
Pages Numbered*

*Insert New
Pages Numbered*

For faster and easier filing, all references are to right-hand pages only.

VOLUME 1

Revision

- | | | |
|--------------------------|------------------------------|--------------------|
| <input type="checkbox"/> | Title page thru xi | Title page thru xi |
| <input type="checkbox"/> | 2-1 thru 2-25 | 2-1 thru 2-23 |
| <input type="checkbox"/> | 4-1 thru 16-23 | 4-1 thru 16-23 |
| <input type="checkbox"/> | 16-39. | 16-39 thru 16-40.1 |
| <input type="checkbox"/> | 16-53 thru 20-5 | 16-53 thru 20-5 |
| <input type="checkbox"/> | 20-19 thru I-17 | 20-19 thru I-19 |

FILE IN THE FRONT OF THE FIRST VOLUME
OF YOUR SET

To order missing pages log on to our self service center, www.lexisnexis.com/printcdsc or call Customer Services at 1 (800) 833-9844 and have the following information ready:

- (1) the publication title;
- (2) specific volume, chapter and page numbers; and
- (3) your name, phone number, and Matthew Bender account number.

Please recycle removed pages.

MISSING FILING INSTRUCTIONS?
FIND THEM AT www.lexisnexis.com/printcdsc

Use the search tool provided to find and download missing filing instructions, or sign on to the Print & CD Service Center to order missing pages or replacement materials. Visit us soon to see what else the Print & CD Service Center can do for you!



www.lexis.com

Copyright © 2014 Matthew Bender & Company, Inc., a member of the LexisNexis Group.
Publication 16, Release 31, November 2014

LexisNexis, the knowledge burst logo, and Michie are trademarks of Reed Elsevier Properties Inc., used under license. Matthew Bender is a registered trademark of Matthew Bender Properties Inc.

