Leases

• **Submitted by:** Tricia Simons
• **Company:** Eversource
• **Question:**
  Did any companies include the lessor revenue disclosure requirements for operating leases related to the rental of distribution properties (5-year table of future revenues)?
Leases

• **Submitted by:** Tricia Simons
• **Company:** Eversource
• **Question:**
  
  Does any company have a sales-type lessor arrangement?
Payable Lease – Straight-line GAAP to FERC

• **Submitted by:** Jan Kirsch
• **Company:** Black Hills Energy

• **Question:**

As a member of the EEI Lease Task Force, my understanding is there is diversity in practice in regards to the payable lease straight-line accounting for GAAP and FERC. I would like to more clearly understand for those Companies that record a GAAP to FERC difference:

1) What is the entry?
2) Is a regulatory asset/liability recorded without a Commission Order?
Leases – Lessons Learned

- **Submitted by:** Tracy Lau *(Corp Acct Committee)*
- **Company:** Con Edison
- **Question:**
  What are the most significant changes and challenging you are facing when implemented the new lease accounting standards? Any key lessons learned?
Revenue Subject to Refund

• **Submitted by:** Stephen Hipkiss
• **Company:** Ameren
• **Question:**
  
  When ordered to refund revenue, a debit is recorded to account 449.1 Provision for Rate Refunds. In the future when customer bills are reduced, do you record a credit to account 449.1, or to the “normal” customer revenue accounts (440/442/444/etc.)? How do you treat amounts recorded to the 449.1 account from an operating statistics/disaggregated revenue perspective?
Income Statement Presentation of Non-Alternative Revenue Regulatory Mechanisms

• Submitted by: Stephen Hipkiss
• Company: Ameren
• Question:
  
  Scenario 1: Assume you have specific identification of the source of the regulatory asset/liability.
  • For non-alternative revenue regulatory mechanisms, what FERC income statement account do you use when your regulatory mechanism is in a regulatory asset position? Is this a different line item for your SEC financial statements?
  • For non-alternative revenue regulatory mechanisms, what FERC income statement account do you use when your regulatory mechanism is in a regulatory liability position? Is this a different line item for your SEC financial statements?

  Scenario 2: Assume you do not have specific identification of the source of the regulatory asset/liability.
  • For non-alternative revenue regulatory mechanisms, what FERC income statement account do you use when your regulatory mechanism is in a regulatory asset position? Is this a different line item for your SEC financial statements?
  • For non-alternative revenue regulatory mechanisms, what FERC income statement account do you use when your regulatory mechanism is in a regulatory liability position? Is this a different line item for your SEC financial statements?
Facility Service Agreements for Transmission System Upgrades

• Submitted by: Stephen Hipkiss

• Company: Ameren

• Question:

Does your company have facility service agreements (FSAs) related to transmission system upgrades that allow for the customer to either:

(1) Pay a calculated amount over a fixed amount of time (e.g., 20 years), or
(2) Pay a lump sum net present value of the amount calculated in option (1)

In either scenario, how do you treat the payment for rate purposes (i.e., a revenue credit in year of payment, a revenue credit over a period of time, a reduction in rate base, etc.)?
SEC Market Risk Disclosure Requirements (Item 7A)

• **Submitted by:** Stephen Hipkiss
• **Company:** Ameren
• **Question:**

For companies that receive regulatory offset for all commodity derivative instruments, do you still consider the quantitative disclosure requirement in [Item 305](#) (tabular presentation, sensitivity analysis, or value at risk) to be applicable? What about the requirement in [Release 33-8056](#) for entities applying fair value estimation techniques for commodity contracts to disclose a maturity table (broken down by FV Level) and a FV rollforward?
Unbilled Revenue with AMI

• **Submitted by:** Anita Hansen *(Corp Acct Committee)*
• **Company:** Black Hill Corporation
• **Question:**

Do you use or have MDMS with AMI meters as a tool to calculate unbilled Revenue? If so, is it SOX Certified and what are the Automated Controls around the data, as only controls related to meter read integrity and validation, if performed at the MDMS application would be considered relevant. Some examples are if there are any parameters set up on the MDMS to filter reads, identify things outside of norm read, or anything that would make it not billable. In some companies it was noted that the MDMS system is where some of these things are flagged, and the billing system relies on these integrity flags.
Credit Losses – Trade Receivables

• Submitted by: Jan Kirsch
• Company: Black Hills Energy
• Question:
  Will ASU 2016-13 change the methodology you use to determine expected credit losses for trade receivables? If so, how?
Credit Losses – External Resources

• **Submitted by:** Irene Wagner
• **Company:** Avangrid, Inc.
• **Question:**
  Does your company plan to use internal or external resources to generate or substantiate forecasts and future losses in connection with estimates of current expected credit losses?
Credit Losses – AFS Securities

• **Submitted by:** David Batten
• **Company:** Entergy
• **Question:**
  For those with Available-for-Sale securities (such as in an NDT), how are companies planning to evaluate the valuation allowance for credit losses when the fair value is below amortized cost? Is anyone planning to use a qualitative approach?
Credit Losses – Early Adoption

• **Submitted by:** Irene Wagner
• **Company:** Avangrid, Inc.
• **Question:**
  Has your company early adopted ASU 2016-13, or does it plan to do so?
Credit Loss – Recovery on State Programs

• **Submitted by:** Tricia Simons
• **Company:** Eversource
• **Question:**

For the credit loss standard, we are evaluating all of our receivables/energy efficiency loans and gas expansion loans.

Some energy efficiency and protected customer programs are state mandated, and any losses on loans or protected receivables would be deferred as regulatory assets and recovered in future rates. Are other companies that have similar programs considering including an estimate of future losses, with the offset in regulatory assets, or will you assume no loss because of the regulatory mechanism?
Credit Loss - Scoping

• **Submitted by:** Tricia Simons
• **Company:** Eversource
• **Question:**
  o Are other companies considering receivables from non-606 revenue in scope? For example, are you adding an incurred loss amount to late fees?
  
  o Are you considering items that are recorded net on our income statement to be in scope? These item include mutual aid or other transactions with other utilities for cost recovery (joint line billing with the phone company as an example).
  
  o Is anyone considering unbilled revenues in scope?
Credit Losses – Uncollectible Account Recovery

• **Submitted by:** Tom Lemke
• **Company:** FirstEnergy

• **Question:**
  Many jurisdictions allow for the recovery of uncollectible customer accounts receivable. Should this recovery mechanism be incorporated into the forecast component of the CECL model? If yes, how should it be incorporated?
Credit Losses – Process Changes

• **Submitted by:** Mike Behrens
• **Company:** Berkshire Hathaway Energy
• **Question:**
  
  What steps have companies completed, or plan to complete, to implement the new credit loss standard, ASU 2016-13? What impacts and process changes are anticipated, if any?
Cloud Computing – Presentation

• **Submitted by:** David Batten

• **Company:** Entergy

• **Question:**

How are other companies planning to present implementation costs for hosting arrangements after the adoption of ASU 2018-15? Is anyone planning to treat as an embedded regulatory asset in plant?
Cloud Computing – Tracking Implementation Costs

• Submitted by: David Batten
• Company: Entergy
• Question:
  Are other companies planning use a system to capture and accounting for implementation costs on hosting arrangements after the adoption of ASU 2018-15?
Cloud Computing – Significant Penalty

• Submitted by: Cheryl Sumner
• Company: Eversource
• Question:
  Do other companies have a policy for what would be considered a significant penalty for purposes of determining whether the cost of software in the Cloud may be capitalized?
Cloud Computing - Capitalization of Hosting Fees

• **Submitted by:** Stephen Hipkiss
• **Company:** Ameren
• **Question:**
  Do you capitalize the portion of hosting fees attributable to the application development stage of a cloud computing arrangement that is a service contract as cloud implementation costs?
Cloud Computing – Data Conversion Costs

• **Submitted by:** Tom Lemke
• **Company:** FirstEnergy
• **Question:**
  Costs to develop/obtain software that allows for access or conversion of old data by new systems is eligible for capitalization. However, costs incurred to convert old data to a new system are period costs. What is the amortization period for costs eligible for capitalization?
Software Licensing

• **Submitted by:** Stephen Hipkiss
• **Company:** Ameren
• **Question:**
  What accounting model should be applied when entering into a software licensing arrangement that grants an entity licenses to an entire portfolio of software products on an as needed basis over a specified period (e.g., certain Oracle PULA arrangements)?
Software Projects - Define Stages

- **Submitted by:** Amber De Lucenay (*Property Acct Committee*)
- **Company:** TECO Energy
- **Question:**

  Do you capitalize the costs of leveraging consultants to help negotiate/complete the vendor contracts for software/system implementors? Do you require a signed contracts with software vendor to start capitalizing costs? do you start capitalizing costs with just a system implementor signed contract?
Subsequent Software Implementation (New Jurisdiction)

• **Submitted by:** Linda Miller (*Property Acct Committee*)
• **Company:** Duke Energy

• **Question:**

  Do you always expense the subsequent implementation for a software application that is already in use in another jurisdiction/business unit, or does it depend on whether the application is a separate "instance" or somehow segregated from the initial application?
Tax Equity Financing for Regulated Wind/Solar

• Submitted by: Rich Briggs
• Company: Xcel Energy
• Question:
  Are any members evaluating and/or proposing regulated ownership of solar or wind facilities financed with tax equity? If so, what is the structure and what is recovered in rates (e.g., Forward PPA, ISO Swap)?
Depreciable Lives for Renewable Facilities

• Submitted by: Rich Briggs

• Company: Xcel Energy

• Question:
  o What depreciable lives are you using for your renewable facilities (wind, solar, batteries)?

  o Does this vary by regulated jurisdiction or if the facility is reg./non-reg.?

  o Have you been able to support the use of different lives for different technologies/vintages (e.g., fixed solar arrays vs. axis tracking with more moving parts; more recent battery technologies expected to last longer)?
COLI Income Statement Presentation

• **Submitted by:** Stephen Hipkiss
• **Company:** Ameren
• **Question:**
  Do you report income or loss on COLI policies purchased to help defray the costs of providing deferred compensation as an operating or non-operating activity?
Pipeline Recoating Costs

• **Submitted by:** Jan Kirsch
• **Company:** Black Hills Energy
• **Question:**
  
  We would like an informal poll of those that capitalize pipeline recoating costs. For those that capitalize these pipeline recoating costs, what are the guidelines referenced and the parameters used?
AROs on Solar Facilities

- **Submitted by:** David Batten
- **Company:** Entergy
- **Question:**
  How are companies assessing the need for AROs on Solar Facilities?
Wind Useful Life

• Submitted by: Jeff Gast (*Property Acct Committee*)
• Company: Alliant Energy
• Question:

Does anyone have a useful life different in one jurisdiction compared to another for generation assets that are the same? Does anyone use a different useful life for GAAP purposes then it does for regulatory recovery? If you do have different lives for GAAP and regulatory recovery can you speak to how your company addressed ASC 980-340-25 on accounting for phase-in plans? Does anyone else have a useful life of 40 years are plan to ask for it for new wind development?
Battery Storage

• Submitted by: Jeff Gast *(Property Acct Committee)*
• Company: Alliant Energy
• Question:
  How do you determine the proper classification of the assets between distribution, generation, and other?
Internal Use Software Classification

• **Submitted by:** John Schwartz (*Property Acct Committee*)
• **Company:** PPL Electric Utilities Corp
• **Question:**
  
  Do you classify capitalized internal-use software as PPE or Intangible?
Vegetation Management/Tree Trimming

• **Submitted by:** John Schwartz *(Property Acct Committee)*
• **Company:** PPL Electric Utilities Corp
• **Question:**
  
  Are you capitalizing tree trimming costs incurred as part of conductor replacement activities (not first time clearing)? If yes, are you capitalizing the same during storm events?
Interim Pipeline Replacements

• Submitted by: Matt Williams *(Property Acct Committee)*
• Company: Dominion Energy
• Question:

  How do companies treat their interim pipeline replacements? Do they account for them through AROs, cost of removal, or retirements to accumulated depreciation?
Transmission Grade Battery Storage Augmentation

• **Submitted by:** Marilyn Yenter *(Property Acct Committee)*
• **Company:** American Transmission Company
• **Question:**
  Is battery augmentation considered a capital or O&M expenditure?
Identifying Operational Changes

• Submitted by: Kathleen Pope Bingaman *(Corp Acct Committee)*
• Company: Southern Company
• Question:
  How does your accounting team insure that you are kept apprised of operational changes to the business such as creation of new rates, expansion into new lines of business or new programs? Is it a formal or an informal process?
Sales to the Utility

• **Submitted by:** Dylan Syse *(Corp Acct Committee)*
• **Company:** Alliant Energy
• **Question:**

Does your company record revenue associated with sales to the utility in FERC account 448 or 929? Are these revenues considered a source of supply by other utility departments (448) or the use of utility service from its own supply (929)? Are revenues booked to 448 limited to the use of supply from other sources such as the gas utility selling natural gas to the electric utility in order to generate electricity for sale? Does your company think of this as a fundamentally different activity than providing electric and gas utility service to an operations center (929)?
Accounting Structure

• Submitted by: Valarie Boal (Corp Acct Committee)
• Company: Black Hill Corporation
• Question:

How is your finance and accounting teams structured? Are they separate teams? Are they structured functionally (margin, accounts receivable, general accounting, etc.) or structured as a support team for each business?