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**PIERCE
ATWOOD**
— LLP —
ATTORNEYS AT LAW

Reporting Requirements

Bruce N. Hutchinson
EMCS, Inc.

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Regulatory Needs

- **Tariffs**
- **Licensing**
- **License Monitoring**
- **Reporting**
- **Benchmarking**
- **Market Monitoring**



Regulatory Needs

TARIFFS

- **Revenue Requirements**
 - OPEX
 - CAPEX
 - RAB
 - Return
 - Other
- **Cost of Service (Cost Allocation)**
 - Sales (kWh, # customers, kW, revenue)
 - Load data
- **Tariff Design**
- **Regulatory Approval**



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Regulatory Needs

LICENSING

- **Application for License**
 - Contact information (e.g. location, key personnel, etc.)
 - Experience
 - Financial Status
- **Business Planning**
 - Operational & Maintenance Expenses
 - Assets
 - Financing
 - Investments
- **Construction**
 - Planned work



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Regulatory Needs

LICENSE MONITORING

Regulatory monitoring of the company's performance to ensure compliance with the license requirements.

- Investments (Planned and Actual)
- Expenses (Planned and Actual)
- Service Quality
- Customer Service



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Regulatory Needs

REPORTING using the USoA

- **Financing of Investments**
 - Debt
 - Equity
 - Other
- **Sales (Budget and Actual)**
 - kWh
 - Number of Customers
 - Revenues
- **Expenses (Budget and Actual)**
- **Assets**



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Regulatory Needs

MARKET MONITORING

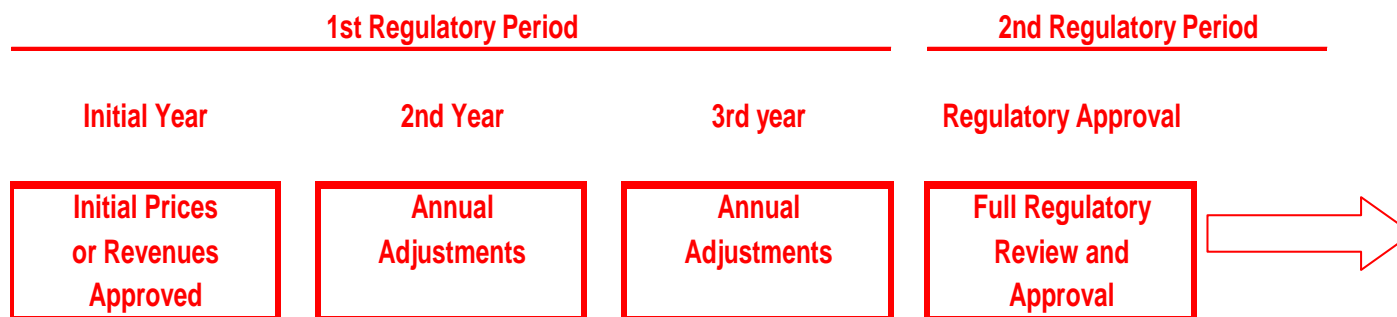
- Investments
- Purchases
 - Amount of kWh
 - Prices paid
- Imports/Exports



Uses of Regulatory Reports

Annual PBR Adjustments

Performance Based Regulation (PBR) Process





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Uses of Regulatory Reports

Annual PBR Adjustments

$$A_1 = [(A_{n-1}) * (1 + RPI - X)] + Z$$

Where:

A = Price, or Revenue

RPI = Retail Price Index (could be CPI)

X = Productivity Factor

Z = Exogenous costs



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Schedule for Reporting

- Monthly
- Quarterly
- Annually



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Regulatory Format for Reports (Example)

Distribution Company Name: _____ S.P.J.S.Co. Report for year ending: _____

Table No. 7
Revenues, Energy Sales & Customers

Line No.	Account Number	Description	Revenues			Energy Sales			Customers		
			Previous Year Total '000 BGN	Current Year Total '000 BGN	Increase/Decrease in '000 BGN	Previous Year Total mWh	Current Year Total mWh	Increase/Decrease over Previous mWh	Previous Year Total (year end)	Current Year Total (year end)	Increase/Decrease over Previous
Sales of Electricity											
1		Residential									
2		Residential (Lifeline)									
3		Residential (TOU)									
4		Commercial (LV)									
5		Commercial (MV)									
6		Commercial (TOU)									
7		Industrial (LV)									
8		Industrial (MV)									
9		Industrial (HV)									
10		Industrial (TOU)									
11		Industrial Power Factor Charges									
12		Municipal									
13		Other									
14		Sales for Resale									
15		Total Sales of Electricity									
Other Operating Revenues											
17		Miscellaneous Service Revenues									
18		Rent from property									
19		Other Electric Revenues									
20		Total Other Operating Revenues									
18		Totals									

Chief Accountant: _____
(Signature)

Date: _____

Executive Director: _____
(Signature)

Date: _____



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Regulatory Format for Reports (Example)

Operating Expenses

Line No.	Account Number	Description	Previous Year Total '000 BGN	Current Year Total '000 BGN	Increase/Decrease in '000 BGN
1		Distribution Operation & Maintenance Expenses			
2		Management			
3		Research Department (Engineering)			
4		Load Dispatching			
5		Station expenses			
6		Overhead lines			
7		Underground lines			
8		Line transformers			
9		Street lighting			
10		Meters			
11		Labor			
12		Customer installations			
13		Rents			
14		Misc.			
15		Total Distribution Operation & Maintenance			
16		Customer Accounting, Sales & Services Expenses			
17		Management			
18		Meter Reading			
19		Customer Records and Collections			
20		Customer Assistance			
21		Information and Advertising			
22		Misc. Sales Expenses			
23		Total CA, Sales & Service			
24		Administrative & General Expenses			
25		A & G Salaries			
26		Office supplies and Expenses			
27		Outside services			
28		Property Insurance			
29		Injuries and Damages			
30		Employee pensions & benefits			
31		Regulatory Commission expenses			
32		Rents			
33		Transportation			
34		Maintenance of General Plant			
35		Misc. A & G expenses			
36		Total Administrative & General			
37		Total Expenses			



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Regulatory Format for Reports (Balance Sheet Assets Example)

Table No. 1
Balance Sheet

Line No.	ASSET DESCRIPTION	Regulated Operations (in thousand BGN)		Non-Regulated Operations (in thousand BGN)		Total Company Operations (in thousand BGN)	
		Current Year Col. 1	Previous Year Col. 2	Current Year Col. 3	Previous Year Col. 4	Current Year Col. 5	Previous Year Col. 6
1	A. FIXED ASSETS						
2	I. Fixed Tangible Assets						
3	1. Plant & Equipment						
4	2. Buildings & Structures						
5	3. Land						
6	4. Facilities						
7	5. Cost of acquisition and liquidation of assets						
8	6. Vehicles						
9	7. Other fixed assets						
10	<i>Total for Group I</i>						
11	II. Intangible Assets						
12	1. Rights of Use						
13	2. Rights of ownership						
14	3. Software products						
15	<i>Total for Group II</i>						
16	III. Long-term financial assets						
17	<i>Total for Group III</i>						
18	IV. Goodwill						
19	<i>Total for Group IV</i>						
20	V. Deferred Expenses						
21	<i>Total for Group V</i>						
22	TOTAL SECTION A						
23	B. CURRENT (SHORT-TERM) ASSETS						
24	I. Inventories						
25	1. Materials						
26	<i>Total for Group I</i>						
27	II. Current Receivables						
28	1. Recievables from related enterprises						
29	2. Recievables from clients and suppliers						
30	3. Recievables from banks in insolvency						
31	4. Postponed tax assets						
32	5. Other current recievables						
33	6. Receivables from legal disputes						
34	<i>Total for Group II</i>						
35	III. Short-term financial assets						
36	<i>Total for Group III</i>						
37	IV. Cash and Bank						
38	1. Cash - deposits						
39	2. Cash in hand						
40	<i>Total for Group IV</i>						
41	V. Deferred Expenses						
42	<i>Total for Group V</i>						
43	TOTAL SECTION B						
44	TOTAL ASSETS (A + B)						



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Regulatory Format for Reports (Balance Sheet Liabilities Example)

Line No.	LIABILITIES DESCRIPTION	Regulated Operations (in thousand BGN)		Non-Regulated Operations (in thousand BGN)		Total Company Operations (in thousand BGN)	
		Current Year Col. 1	Previous Year Col. 2	Current Year Col. 3	Previous Year Col. 4	Current Year Col. 5	Previous Year Col. 6
1	A. EQUITY CAPITAL						
2	I. Initial (Share) Capital						
3	1. Registered Capital						
4	<i>Total for Group I</i>						
5	II. Reserves						
6	1. Operating reserves, including						
7	a. General Reserves						
8	b. Specialized Reserves						
9	c. Other Reserves						
10	2. Reserves from valuation of assets & liabilities						
11	<i>Total for Group II</i>						
12	III. Financial Result						
13	1. Current profit/loss						
14	2. Accumulated Profit/loss incl. Non-distributed profit						
15	<i>Total for Group III</i>						
16	TOTAL SECTION A						
17	B. LONG-TERM LIABILITIES						
18	I. Long-term liabilities (payables)						
19	1. Liabilities to financial institutions, incl banks						
20	2. Liabilities under commercial loans						
21	<i>Total for Group I</i>						
22	II. Deferred income and financing						
23	<i>Total for Group II</i>						
	TOTAL SECTION B						
	C. SHORT-TERM LIABILITIES						
	I. Short-term liabilities (payables)						
	1. Liabilities to suppliers and clients						
	2. Tax Liabilities						
	3. Liabilities under guarantees						
	4. Liabilities to employees						
	5. Liabilities under commercial loans - leasing						
	6. Liabilities to social insurance agencies						
	7. Provisions						
	8. Liabilities to financial institutions, incl banks.						
	9. Other short-term liabilities						
	<i>Total for Group I</i>						
	II. Deferred income and financing						
	<i>Total for Group II</i>						
	TOTAL SECTION C						
	TOTAL LIABILITIES (A + B + C)						



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Regulatory Format for Reports (Income Statement Example)

Statement of Income and Expenses

Line No.	EXPENSES DESCRIPTION	Regulated Operations (in thousand BGN)		Non-Regulated Operations (in thousand BGN)		Total Company Operations (in thousand BGN)	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
1	A. OPERATING ACTIVITIES						
2	I. Expenses by Economic elements						
3	1. Materials						
4	2. Hired services						
5	3. Depreciation						
6	4. Salaries						
7	5. Social Security						
8	6. Other Expenses, including:						
9	a. Impairment of Assets						
10	b. Provisions						
11	c. Technological Expenses						
12	d. Other						
13	<i>Total Group I</i>						
14	II. Adjustments						
15	1. Book value of sold assets						
16	2. Expenses for acquisition/liquidation of fixed assets						
17	3. Other adjustments						
18	<i>Total Group II</i>						
19	III. Financial Expenses						
20	1. Interest						
21	2. Losses from operations with financial assets and instruments						
22	3. Losses from exchange rate fluctuation						
23	4. Bank Charges and fees						
24	<i>Total Group III</i>						
25	B. TOTAL OPERATING EXPENSES						
26	C. PROFIT FROM OPERATING ACTIVITIES						
27	IV. Extraordinary Expenses						
28	<i>Total for Group IV</i>						
29	D. TOTAL EXPENSES						
30	E. ACCOUNTING PROFIT						
31	V. Expenses for Taxes						
32	1. Tax on profits						
33	2. Postponed taxes						
34	<i>Total for Group V</i>						
	F. PROFIT (E - V)						

Line No.	INCOME DESCRIPTION	Regulated Operations (in thousand BGN)		Non-Regulated Operations (in thousand BGN)		Total Company Operations (in thousand BGN)	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
1	A. INCOME FROM OPERATING ACTIVITIES						
2	I. Net revenues from sales of:						
3	1. Electricity						
4	2. Reintegrated provisions						
5	3. Materials, FTA, surpluses						
6	4. Services, rents						
7	5. Forfeits for electricity						
8	6. Other						
9	<i>Total Group I</i>						
10	II. Revenues from Financing						
11	<i>Total Group II</i>						
12	III. Financial Revenues						
13	1. Interest						
14	2. Gains in exchange rate fluctuations						
15	<i>Total Group III</i>						
16	B. TOTAL INCOME FROM OPERATIONS						
17	C. LOSS FROM OPERATING ACTIVITIES						
18	IV. Extraordinary Income						
19	D. TOTAL INCOME (B + IV)						
20	E. ACCOUNTING LOSS						
21	F. LOSS (E + Taxes)						



Regulatory Format for Reports (Assets in Service Example)

Utility Plant (Assets) in Service

Line No.	Account Number	Utility Plant in Service	Beginning Year Balance '000 BGN	End of Year Balance '000 BGN	Increase/Decrease '000 BGN
1		Intangible Plant (Assets)			
2		Organization			
3		Franchises			
4		Miscellaneous Intangible Plant			
5		Total Intangible Plant			
6		Distribution Plant (Assets)			
7		Land & Land Rights			
8		Structures			
9		Station Equipment			
10		Overhead Conductors & Devices			
11		Underground Conduit			
12		Line Transformers			
13		Meters			
14		Street lighting			
15		Total Distribution Plant			
16		General Plant (Assets)			
17		Land & Land Rights			
18		Structures			
19		Office Furniture and Equipment			
20		Transportation Equipment			
21		Tools, Shop and Garage Equipment			
22		Communication Equipment			
23		Miscellaneous Equipment			
24		Other Tangible property			
25		Total General Plant			
26		Total Utility Plant in Service			



Regulatory Format for Reports (Capital Structure Example)

Capital Structure and Tax Liabilities

Line No.	Description	(1) Unit	(2) Book Value (previous Yr)	(3) Book Value (current yr.)	(4) Increase/Decrease Col. 3 minus Col.4
	Equity				
1	Equity Amount	'000 BGN			
2	Equity Portion of Capital Structure	%			
3	Rate of Return on Equity	%			
	Debt				
4	Debt Amount	'000 BGN			
5	- Financial Leasing Contracts	'000 BGN			
6	- Bank Loans	'000 BGN			
7	Debt Portion of Capital Structure	%			
8	Weighted Average Rate of Return on Debt (1)	%			
9	Tax Liabilities	%	23.50	19.50	0
10	Total Capital (2)	'000 BGN			
11	Rate of Return (3)	%			

- (1) Average rate of return of financial leasing contracts and bank loans.
 (2) Total is the sum of line 1 plus line 4
 (3) Rate of return for column 2 & 3 on line 11 is calculated by:

$$\text{RoR} = \frac{[(\text{Line } 2) \times (\text{Line } 3/1 - \text{Line } 9)] + [(\text{Line } 7) \times (\text{Line } 8)]}{\text{Line } 10}$$



Conclusions

- **Imperative that the regulator adopt:**
 - **Uniform System of Accounts**
 - **Regulatory Reporting forms**
- **Consistent and uniform reporting by all regulated companies for:**
 - **Tariffs**
 - **Licensing & License Monitoring**
 - **Regulatory Reporting**
 - **Benchmarking**
 - **Market Monitoring**



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